



MANDERA COUNTY GOVERNMENT

DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND STATISTICS

COUNTY FISCAL STRATEGY PAPER FOR FY 2022/2023

OCTOBER 2021

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COUNTY VISION AND MISSION

VISION

Regionally competitive and self- reliant count

MISSION

To strategically position ourselves as a county guided by innovative competitiveness in order to achieve progressive, wealthy, healthy, cohesive and secure

ABBREVIATIONS

ADP	Annual Development Plan
ATI	Agricultural Training Institute
BOP	Balance of Payments
CBROP	County Budget Review and Outlook Paper
CCO	County Chief Officer
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CEREB	Central Region Economic Bloc
CIDP	County Integrated Development plan
CORe	County Own Revenue
COG	Council of Governors
CPI	Consumer price Index
CRA	Commission of Revenue Allocation
EAC	East Africa Community
ECDE	Early Childhood Development & Education
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Human Immunodeficiency Virus
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System

KNBS	Kenya National Bureau of Statistics
Kshs	Kenya Shillings
MTDS	Medium-term Debt Management Strategy
LAN	Local Area Network
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
OSR	Own Source Revenue
PE	Personnel Emoluments
PEM	Public Expenditure management
PFM	Public Finance Management
PWDs	People With Disabilities
REA	Rural Electrification Authority
SACCO	Savings and Credit Cooperatives
SRC	Salaries and Remuneration Commission
USA	United States of America
YP	Youth Polytechnic

FOREWORD

The Mandera County Fiscal Strategy Paper (CFSP 2022) is prepared as provided under section 117 of PFM Act of 2012. It sets out the county priority programmes to be implemented during the financial year 2022/2023 and over the MTEF period. Preparation of this document has been done through collaborated effort and therefore reflects the needs of people of Mandera County. The document has been aligned to key National and County policy documents which include and not limited to; the Kenya Vision 2030, MTP III 2018-2022, Mandera County Integrated Development Plan (CIDP 2018-2022) and County Annual Development Plan (CADP 2022/2023), Governor's manifesto, the 'BIG FOUR' National agenda and the Kenya Vision 2030.

The paper is also aligned with the national objectives contained in the Budget Policy Statement (Draft BPS 2022), in this regards, the policy goals, priority programs and fiscal framework are aligned to support achievement of the objectives of the Second CIDP and ultimately the Vision 2030. The expenditure priorities in this CFSP have been critically reviewed to ensure that they are in accordance to the County Government strategic priorities. In addition, the County has already initiated a number of revenue reforms and will continue to invest in technology geared towards automating additional revenue streams. These reforms are expected to make revenue payment more convenient and increase Own Source of Revenue which will help in financing future County Budgets. As we finalize preparation of the budget for the FY 2022/23, we are clearly conscious of our limited fiscal space occasioned by revenue shortfalls and rising expenditure pressures.

Finally, we are grateful to H.E the Governor for guidance and counsel in the development of this document. My sincere gratitude goes to my cabinet colleagues and all Chief Officers as well as the Economic Planning staffs led by the Chief Officer Economic Planning, and other County Government officials, for their valuable contributions.



CPA SULEKHA H. HARUN
CECM - MINISTRY OF FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGMENT

The 2022 County Fiscal Strategy Paper is prepared in accordance with the provisions of the Public Finance Management Act; 2012. It outlines the current state of the County and outlook over the medium term, it also gives broad macroeconomic issues and medium term fiscal framework of the National Economy as contained in the 2022 Budget Policy Statement (BPS). The 2022 CFSP specifies the set strategic priorities and policy goals and a summary of Government spending plans, as a basis of the FY 2022/23 budget.

The document is expected to improve the public's understanding of public finances and guide public debate on economic and development matters. Much of the information in this document was obtained from the various County Government Departments. We also received valuable inputs from Sector Working Groups and the public during budget consultation process. I am grateful to all Economic Planning and County Treasury staffs for their teamwork and support that has contributed immensely to the timely delivery of the policy paper. It is with great humility that I take the opportunity to express my profound gratitude and deepest regards to especially His Excellency the Governor, **ALI IBRAHIM ROBA** and the County Executive Committee Member, led by **SULEKHA H. HARUN**, CEC for Finance and Economic Planning.

In the same vein, I would like to sincerely thank the County chief officers and agency/departmental directors for their cooperation and efforts in the preparation of this document that meets the aspirations of the County residents. Special thanks go to Economic planning staff for their commitment and hard work. I am also grateful to the County Secretary and all Chief Officers for the valuable information they provided in their respective fields and for the cooperation shown during the period of the assignment.

Furthermore, I appreciate the efforts and inputs of the members of the public. In addition, the Commission for Revenue Allocation (CRA), the National Treasury, the Controller of Budget (COB), among many other stakeholders were very instrumental in the preparation of this document by providing important information in their policy documents and advisories. I would like to thank Treasury and Planning team for their significant contribution to the development of the 2022 CFSP.

FARTUN IBRAHIM BULLE
CHIEF OFFICER, ECONOMIC PLANNING AND STATISTICS

CHAPTER ONE

1.0: INTRODUCTION

The County Fiscal Strategy Paper (CFSP) is a primary financial policy statement of the county government which sets out the priority programmes the government intends to implement. The County Fiscal Strategy Paper 2022 identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2022/23 and the Medium Term.

Through this, the government is able to achieve its priorities and within the context of limited resources in the medium-term expenditure framework (FY 2022/23 - FY 2024/25). These priorities may be new or continuing sector-specific programmes that are to be funded in the next budget year and over the medium term.

1.1: BACKGROUND INFORMATION

The is prepared pursuant to section 117 of PFM Act 2012. The Constitution of Kenya, 2010, provided for two levels of government, National and County levels with each having clear functions. To ensure financial discipline and accountability with the way public finances are handled, various legal frameworks have been laid down including the Public Finance Management (PFM) Act, 2012 which requires counties to prepare County Fiscal Strategy Paper (CFSP) each year.

Background

The County Fiscal Strategy Paper (CFSP) 2022 is the fourth to be prepared under the new County Administration and the eighth since the advent of devolution. It seeks to actualize the priorities laid down under the **Six Pillars** of the County Administration as well as the Socio-Economic Transformative Agenda spelt out in the Second County Integrated Development Plan (CIDP2). These include:

- ❖ Creating an enabling environment for business in order to encourage investment growth and expansion of economic opportunities;
- ❖ Development of key infrastructure facilities including roads, water and ICT in order to stimulate growth, create employment and reduce poverty;

Promotion of health and education service

- ❖ Promotion of value addition for agricultural produce, environment management and food security;
- ❖ Promotion of equitable economic and social development;
- ❖ Enhancing governance, transparency and accountability in the delivery of public goods and services.

1.2 OBJECTIVES OF THE CFSP

The objective of the 2022 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County Budget. It is a requirement under Section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February each year but because of elections this year's CFSP should be submitted by 28th October 2021.

Pursuant to the provisions of the PFM Act 2012, this County Fiscal Strategy Paper addresses the following:

- i. The Medium-Term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it impacts on the County economic environment;
- ii. A statement of fiscal responsibility principles, as specified in the PFM Act, 2012 and regulations indicating how the Fiscal Strategy Paper adheres to these principles;
- iii. The economic assumptions underlying the County budgetary and fiscal policy over the Medium Term;
- iv. Indicative allocation of available resources among County Government entities; and
- v. A medium-term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels.

1.3: CFSP BROAD STRATEGIC PRIORITIES AND POLICY GOALS

The key broad strategic priorities and policy goals which will be the focus during the preparation of this Paper and over the medium term include the following:

1.3.1: AGRICULTURE, LIVESTOCK AND FISHERIES

The key policy goal of this sector is to achieve food security and sustainable land management as provided for in the Constitution, under Article 43 on the Bill of Rights which seeks to provide accessibility of adequate food of acceptable quality. The broad priorities of this sector include: reducing the dependence on rain fed agriculture through expansion of irrigation; raising agricultural productivity through value addition, increasing market access and adoption of technologies; exploiting irrigation potential; increased commercialization of the sector activities; creating an enabling policy and legal framework, improving efficiency and effectiveness of sector institutions; effective administration and management of land and land based resources; and sustainable management of resources in the sector. The priorities for livestock sector include: improved livestock market access; improvement of livestock marketing infrastructure; increased livestock production; Improved availability of high quality livestock feeds and water; improved livestock breeds; Improved management and dissemination of market information; Promotion of value addition in livestock, livestock products and by-products; creation of a Livestock Development Master Plan; improved Emergency preparedness on drought and livestock diseases; Establishment of a cross border trade; and improved veterinary services

1.3.2: MINISTRY OF GENDERS, YOUTH AND SOCIAL SERVICES

The priorities for this sector include taking care of vulnerable members of the society by coming up with policies and programs specifically designed to suit their unique needs. It looks into priority issues and needs of youth, women and persons with disabilities.

1.3.3: MINISTRY OF EDUCATION, CULTURE AND SPORTS

The education sub-sector is mandated to address the following: provision of early childhood education; quality assurance, teacher resource management at early childhood level, technical vocational education and training (TVET); and youth training.

The social services sub-sector which comprises of youth training; sports; and gender aims to promote sport activities and promote youth and women empowerment.

1.3.4: MINISTRY OF HEALTH SERVICES

The mandate of the sector is to build a progressive, responsive and sustainable technologically-driven health system for accelerated attainment of the highest standard of health. The five most common diseases in order of prevalence are Disease of Malaria, Upper Respiratory Tract Infection (URTI), Pneumonia, Urinary Tract Infection (UTI) and skin disease.

1.3.5: MINISTRY OF WATER, SANITATION, ENERGY AND NATURAL RESOURCES

Mandera County is one of the most water insecure counties in the country. The Key objective of this ministry is thus to improve water supplies and infrastructure throughout the county. Major part of the allocation for this ministry is going towards improving existing water infrastructure as well as developing new ones.

1.3.6: MINISTRY OF PUBLIC WORKS, ROADS AND TRANSPORT

Improved road network; Completion of ongoing road projects, keep the repair works going on roads that were already done; improved market access; and improved transport infrastructure are the major priorities under this sector.

1.3.7: MINISTRY OF PUBLIC SERVICE AND DEVOLVED UNITS

The strategic priorities and policy goals of this sector include: enhanced public service delivery; enhanced early warning and response mechanisms of public issues; and ensure citizens enjoy services at the lowest level.

1.3.8: MINISTRY OF LANDS, HOUSING AND PHYSICAL PLANNING

This sector seeks to address land ownership and registration; resolution of land disputes; settlement of internally displaced persons; management of land resource; land policy development; and improved housing facilities.

1.3.9: MINISTRY OF FINANCE, ECONOMIC PLANNING AND ICT

This sector's priorities and policy goals include: improved local revenue collection; enhanced resource mobilization and utilization; improved financial control; improved development planning, monitoring and evaluation and provision of ICT infrastructure and services.

1.3.10: MINISTRY OF TRADE, INDUSTRIALIZATION, INVESTMENT AND COOPERATIVE DEVELOPMENT

This sector comprises of Trade, Industrialization, investment and Co-operatives development. Its major priorities include: promotion of both cross-border and local trade; promotion of industrial

development; and promotion of local and foreign investment and strengthening of cooperative development to the people of Mandera County.

CHAPTER TWO

ECONOMIC FRAMEWORK AND OUTLOOK

2.0: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1: OVERVIEW

The Kenyan economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019. This performance reflects the adverse effects of the COVID-19 pandemic, which disrupted activities mainly in the services sectors particularly wholesale and retail trade, education, accommodation and restaurant, and transport and storage. The economy is expected to rebound to 6.0 percent in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand. This is reflected robust performance of construction, manufacturing, education, real estate and transport and storage sectors.

2. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.

3. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020. The current account deficit is estimated at 5.5 percent of GDP in the 12 months to August, and is projected at 5.2 percent of GDP in 2021.

2.1.1: GROSS DOMESTIC PRODUCT GROWTH AND ITS MAIN DRIVERS BY SECTOR

Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012.

In 2021, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy is

estimated to slow down to around 0.6 percent in 2021 from a growth of 5.4 percent in 2020. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2022 and above 6.2 percent over the medium term.

Per capita income rose from Ksh 113,539 in 2013 to Ksh 204,783 in 2020, a compounded annual growth rate of 11.5 percent. This enabled generation of around 827,000 new jobs per year in the period 2013 - 2019 up from 656,500 new jobs per year in the period 2008 -2012. Quarterly GDP growth of 2020.

The economy grew by 4.9 percent in the first quarter of 2021 compared to a growth of 5.5 percent in the first quarter of 2021. The slowdown in quarter one was as a result of the decline in economic activities in most of the country's major trading partners due to the uncertainty associated with the Covid-19 pandemic.

The economy further contracted by 5.7 percent in quarter two of 2021 from a growth of 5.3 percent in the same quarter in 2020. The poor performance in the quarter was to a large extent negatively affected by measures aimed at containing.

The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2021 compared to a growth of 2.9 percent in the corresponding quarter of 2020. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector's contribution to GDP growth was at 1.5 percentage points in the second quarter of 2021 compared to 0.7 percentage points over the same period in 2020.

The non-agriculture (service and industry) sectors was adversely affected by the Covid-19 pandemic during the second quarter of 2021. As a result, the sector contracted by 8.5 percent in the second quarter of 2021 down from a growth of 6.4 percent in a similar quarter in 2020. The sector's contribution to real GDP was percentage points in the second quarter of 2020 compared to a contribution of percentage points in the same quarter of 2020.

Services sector contracted by 11.0 percent in the second quarter of 2021 compared to a growth of 6.8 percent in the same quarter in 2020. The decline was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration. The Services sub-sector contributed -5.4 percentage point to real GDP growth in the second quarter of 2021 compared to the 3.3 percentage point contribution in the same quarter of 2020.

The industry sector contracted by 1.0 percent in the second quarter of 2021 compared to a growth of 5.4 percent in the same quarter of 2020. This was mainly due to a decline in activities in the electricity and water supply and manufacturing sub-sectors. The industry sector was however supported by the Construction sector which grew by 3.9 percent in the second quarter of 2021.

The industry sector accounted for -0.2 percentage points of growth in the second quarter of 2021 compared to 0.7 percentage point contribution to GDP in 2020 the spread of the Covid-19. As a result, the performance of most sectors of the economy contracted in the second quarter of 2021. However, the economy was supported by improved performance of Agriculture, Forestry and Fishing activities), Health Services and Mining and Quarrying activities.

Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.7 percent for the last six years (2013 to 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 5.4 percent in the period 2003 to 2007. Growth is estimated at 5.6 percent in 2019 and projected to recover to 6.1 percent in 2021 Per capita income rose from Ksh 113,539 in 2013 to an estimated Ksh 202,859 in 2020, a 79 percent increase. This enabled generation of around 831,000 new jobs per year in the period 2013 - 2018 up from 656,500 new jobs per year in the period 2008 -2012.we note the following main drivers of the growth by sector:

In the third quarter of 2020, the economy grew by 5.1 percent compared to a growth of 6.4 percent in a similar quarter in 2018, mainly supported by strong performance in the services sub-sector such as information and communication, transportation and storage, and accommodation and restaurant.

The agriculture sector recorded a decreased growth of 3.2 percent in the third quarter of 2020 compared to a growth of 6.9 percent in a similar quarter of 2018, as a result of delayed long rains. Consequently, the sector's contribution to GDP growth declined to 0.6 percent in the third quarter of 2019 compared to 1.3 percent in the same period in 2018.

The non-agricultural sector (service and industry) remained vibrant and grew by 5.7 percent in the third quarter of 2020 down from a growth of 6.5 percent in a similar quarter in 2018. It has the largest percentage points contribution to real GDP growth at 4.0 in the third quarter of 2020, mainly supported by the services sector.

Services remained the main source of growth and expanded by 5.7 percent in the third quarter of 2020 compared to a growth of 6.5 percent in the same quarter of 2018. The service sector was supported by improved growth in accommodation and restaurant (9.0 percent), transport and storage (7.1 percent) and financial and insurance (5.6 percent). Growth of activities in information and communication (8.4 percent) and real estate (4.9 percent) also remained vibrant.

The services sector contributed 3.0 percentage points to real GDP growth in the third quarter of 2020 largely supported by Transport and storage (0.5 percentage points), wholesale and retail trade (0.4 percentage points) and Real estate (0.4 percentage points).

2.1.2: The inflation rate trend

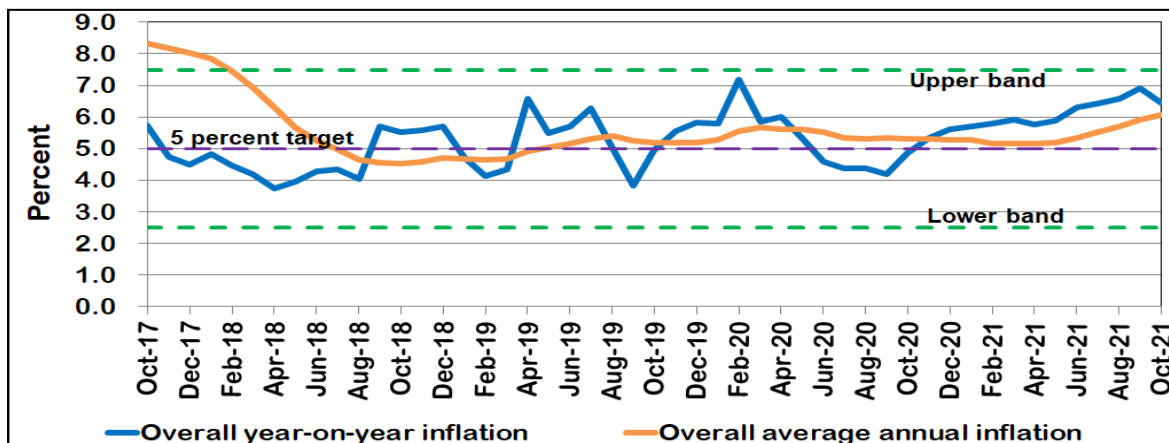
Food inflation remained the main driver of overall inflation in October 2021, contributing 3.8 percentage points, an increase, compared to a contribution of 2.3 percentage points in October 2020. The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly tomatoes, spinach, beef with bones, onions, oranges and Potatoes (Irish). Fuel inflation contributed 1.6 percentage points to overall inflation in October 2021 compared to 1.7 percentage points in October 2020 following relatively lower international oil prices largely on account of buildup of oil inventories amid concerns on supply growth.

The contribution of core inflation to overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation increased to

0.9 percentage points in October 2021 from 0.7 percentage points in October 2020, reflecting a pick-up in economic activity and the effects of the implemented tax measures.

(Figure 4)

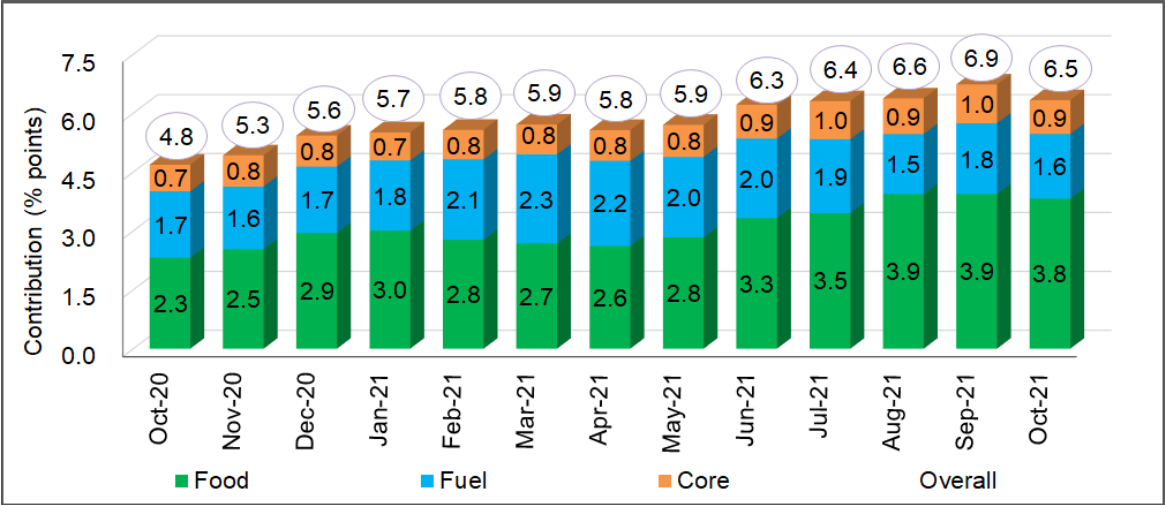
Figure 4: Inflation Rate, Percent



Core inflation (Non-Food-Non-Fuel) contribution to inflation remained low at 0.7 percentage points in January 2021 from 0.5 percentage points in January 2020 reflecting muted demand pressures in the economy on account of prudent monetary policies. However, the contribution of fuel inflation to overall year-on-year inflation rose to 1.8 percentage points in January 2021 compared to 0.8 percentage points in January 2020 on account of increasing electricity prices (Figure 5).

The major driver of the overall inflation has been food inflation, but its contribution to overall inflation declined from 4.3 percentage points in January 2020 to 3.0 percentage points in January 2021 on account of a reduction in food prices particularly tomatoes and fortified maize flour.

Figure 5: Contribution to Overall Inflation, Percentage Points



2.1.4: Interest rate

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on January 27, 2021 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by Covid-19 Pandemic. The interbank rate remained low at 5.2 percent in January 2021 from 4.4 percent in January 2020 in line with the easing of the monetary policy and adequate liquidity in the money market.

CHAPTER 3

3.0: GLOBAL AND NATIONAL ECONOMIC OUTLOOK

3.1 NATIONAL ECONOMIC DEVELOPMENT OUTLOOK

In 2021, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2021 from a growth of 4.9 percent in the first quarter in 2021. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2021 from the earlier projection of 2.6 percent in the 2021 Budget Review and Outlook Paper (BROP). Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2021. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on- year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2021. This lower inflation was mainly supported by a reduction in food prices.

The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2021 from 5.8 percent in 2020 mainly supported by an improvement in the trade balance.

3.2 IMPACT OF THE NATIONAL ECONOMIC OUTLOOK TO THE COUNTY ECONOMY

The positive economic performance has a corresponding positive impact on the county economy. The county on its own guided by its own plans is making strides in key sectors such as health, water, infrastructure and social development to meet the unique needs of its deserving population. Over the last 5 years, the county has invested massive resources into projects such as tarmacking

and murraming of roads, constructing and upgrading of water infrastructure and construction of health facilities. The results of these investments is beginning to be felt across the county inform of adequate water, good road networks and functioning health services. The county will continue with its reform agenda to realize best results for its people by taking the following measures

- Improvement of local revenue collection to boost its resource base for budgetary support.
- Adoption of Program Based Budgeting to guarantee maximum value for money in its budgetary allocations.
- Liaise with security stakeholders to create secure environment that can enhance investments
- Initiate measures to boost vulnerable members of society such as cooperative loans and scholarships to need students.

3.3 FISCAL PERFORMANCE OF THE 2021/2022 BUDGET

3.3.1 INTRODUCTION

This Budget Implementation Report is prepared in conformity with Article 228(6) of the Constitution of Kenya, 2010 and Section 39(8) of the Public Finance Management Act, 2012's requirement that counties report on the implementation progress of their budgets. It covers the period July 2021 to January 2022.

The report presents revenue and expenditure performance by the County. Revenue is disintegrated by source while expenditure is analyzed by economic classification. It also highlights the County government's activities for the period under review and seeks to objectively review budget implementation in the county by highlighting performance of revenues, transfers received from the National Government and actual expenditure. Key issues that affect budget implementation during the financial year are identified and appropriate recommendations made on how the issues can be addressed to enhance efficiency and effectiveness in budget execution.

Compiled by the Mandera County Treasury after consultation with all the County departments, the report presents the status of budget execution as at 31st January 2021 for internal consumption and performance appraisal. It also offers valuable information to members of the public on budget implementation and the County Assembly, which is bestowed, with the oversight mandate on utilization of public funds.

3.4 FISCAL OUTLOOK

The fiscal assumption underlying the FY 2021/2022 budget is that there would be improved revenue collection from local sources and timely release of funds by the National Treasury.

3.5 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

The County had an approved budget of Kshs. 13,254,971,045 which comprised of Kshs. 7,541,255,231 (57%) for recurrent expenditure and Kshs. 5,713,715,814 (43%) allocation for development expenditure.

3.6 BUDGET COMPONENTS

In order to finance the budget, the County expected to receive Kshs. 11,190,382,598 (84 percent) as the equitable share of revenue raised nationally, Kshs. 732,456,200.01 (6 percent) as total Conditional Grants, generate Kshs. 200,037,792 (2 percent) from own sources of revenue, and a cash balance of Kshs. 1,132,094,455 (9 percent) from FY 2020/2021.

TABLE 1: BUDGET COMPONENTS

The table summarizes county revenues for FY 2021/2022 budget

REVENUE SUMMARY 2021/2022 FY		2021/2022 Approved	%
Funding Types	Revenue summary By Sources	Kshs	%
Equitable Sharable Revenue	Equitable share of Revenue	11,190,382,598	84%
Own Source Revenue	Local Revenue Collections	200,037,792	2%
Unutilized Exchequer from 2020/2021 FY	On-Going Projects funds b/f from 2020/2021	60,000,000	0%
	On-Going Projects funds b/f from 2020/2021	729,267,722	6%
	Sweden -Agricultural Sector Development Support Progam (ASDSP) II - Co Funding	500,000	0%

Conditional Grants - Development Partners	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	54,586,272	0%
	Danida Funding for Health sector - Transforming Health care - Universal Health	22,650,375	0%
	UNFPA- 9th County Programme implementation	4,432,000	0%
	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health -	262,571	0%
	Kenya Devolution support Program (KDSP) B/F (from 17/2018) - Amount n SPA	4,295,329	0%
	Kenya Devolution Support Program b/f 2020/2021	143,000,000	1%
	Kenya Climate smart Agriculture Project (NEDI)	298,883,700	2%
	Sweden -Agricultural Sector Development Support Program (ASDSP) II	32,096,096	2%
	Kenya Climate Smart Agriculture Project (NEDI) - Conditional Grant B/F 2019/2020	49,173,647	0%
	Kenya Climate Smart Agriculture Project (NEDI) - Conditional Grant B/F 2020/2021	218,112,057	0%
	Conditional Grant from KDSP (balance from B//F	6,209,534	2%
	World Bank Emergency locust response Project(ENRP)	52,925,333	0%
	Kenya Devolution Support Program Allocation for 2021/2022	141,844,646	0%
	Kenya Urban and Institutional Grant b/f	46,311,374	1%
	TOTAL	13,254,971,045	0%

3.7 REVENUE PERFORMANCE ANALYSIS

During the first three months of the FY 2021/2022, the County received Kshs. 1,846,413,129 as equitable share of revenue raised nationally, raised Kshs. 36,454,021 from own source revenue, and had a cash balance of Kshs. 1,132,094,455 from FY 2020/2021.

3.7.1 OWN SOURCE REVENUE PERFORMANCE

The County Government targeted to collect Kshs. 200,037,791 million from local sources during FY 2021/2022. The actual achievement during the first quarter was Kshs. 36,454,021 million which translates to 18% of the targeted collection. This represented a 1% decrease from Kshs. 38,079,175 million generated in the first half year of FY 2020/2021. The decline is attributed to the severe drought that impacted the local economy which was declared a national disaster by his excellency President Uhuru Kenyatta

TABLE 2: OSR PERFORMANCE PER STREAM

In the period under review, the County's top performing streams included Land rates, Hospital collections, Land Transfers, Miraa movements, Market stalls and Slaughter charges. Notable nosedive in revenue collection was on income from Income from Single Business Permit, public health and tender documents. The monthly collection breakdown is shown in table below.

Mandera County Government FY 2021/2022 1st Quarter Own Source Revenue Performance (Monthly Analysis)					
Revenue Sources	Target 2021/2022	July	August	September	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Land rents	45,399,995	3,228,301	2,458,859	3,542,646	9,229,806
Plot Tranfers/Sub-Divisions/Application Fees	26,692,722	1,711,000	1,443,000	1,275,000	4,429,000
Miraa Movements	12,483,768	1,292,000	1,278,125	1,199,598	3,769,723
single Business Permit	22,084,457	129,900	271,900	388,700	790,500
Markets stalls	6,757,201	508,800	1,147,300	666,600	2,322,700
Market Gates	534,936	19,210	16,011		35,221
Market Shades	3,036,802	186,000	224,000	235,000	645,000
Buspark/Taxis	1,200,000	102,706	180,650	97,790	381,146
Income from Quarries	1,005,000	74,000	106,350	125,000	305,350
Building plan	1,500,000	42,000	26,000	84,000	152,000
Barriers	6,317,387	435,785	344,110	500,807	1,280,702
Livestock Markets	4280908.375	343850	97100	97543	538493
Livestock Movement	7,785,796	602,400	498,635	336,285	1,437,320
Slaughter fees and Charges	8,116,214	437,800	505,300	486,000	1,429,100
Produce Cess	1,235,704	39,400	45,502	71,500	156,402
Agriculture Mechanization/Hire of Equipments	1,300,000	67,000	30,400		97,400
Income from Sale of Tenders documents	737,765				-
Rental income	1,400,000				-
Tender	4,558,082				-
Public Health	3,800,150	39,325	88,200	40,500	168,025
Hospital collection	32,892,981	2,397,423	2,731,608	2,603,752	7,732,783
Income from Water Management	6,917,923	337,000	659,650	556,700	1,553,350
Grand Toatal	200,037,792	11,993,900	12,152,700	12,307,421	36,454,021

3.8 EXCHEQUER ISSUES

The Controller of Budget approved withdrawal of Kshs. 1,846,413,129 from the County Revenue Fund (CRF) account, which was 17% of the approved allocations. This amount represented an increase of 52% from Kshs. 879,173,700 received in the FY 2020/2021 and was meant to fund both development and recurrent expenditures.

3.9 CONDITIONAL GRANTS

The County did not receive any Conditional Grants during the reporting period.

TABLE 3: REVENUE PERFORMANCE BY SOURCE (JULY 2021- SEPTEMBER 2021)

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Remarks
		A	B	C=A-B	
1	Equitable share of Revenue	11,190,382,598	1,856,844,905	9,333,537,693	17%
2	Local Revenue Collections	200,037,792	36,454,021	163,583,771	18%
3	On-Going Projects funds b/f from 2020/2021	60,000,000	60,000,000	-	100%
4	On-Going Projects funds b/f from 2020/2021	729,267,722	729,267,722	-	100%
5	Sweden -Agricultural Sector Development Support Program (ASDSP) II - Co Funding	500,000	-	500,000	0%
6	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	54,586,272	-	54,586,272	0%
7	Danida Funding for Health sector - Transforming Health care - Universal Health	22,650,375	-	22,650,375	0%
8	UNFPA- 9th County Programme implementation	4,432,000	-	4,432,000	0%
9	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	262,571	-	262,571	0%
10	Kenya Devolution support Program (KDSP) B/F (from 17/2018) - Amount n SPA	4,295,329	-	4,295,329	0%
11	Kenya Devolution Support Program b/f 2020/2021	143,000,000	-	143,000,000	0%
12	Kenya Climate smart Agriculture Project (NEDI)	298,883,700	-	298,883,700	0%
13	Sweden -Agricultural Sector Development Support Program (ASDSP) II	32,096,096	-	32,096,096	0%
14	Kenya Climate Smart Agriculture Project (NEDI) - Conditional Grant B/F 2019/2020	49,173,647	-	49,173,647	0%

15	Kenya Climate Smart Agriculture Project (NEDI) - Conditional Grant B/F 2020/2021	218,112,057	-	218,112,057	0%
16	Conditional Grant from KDSP(balance from B//F	6,209,534	-	6,209,534	0%
17	World Bank Emergency locust response Project(ENRP)	52,925,333	-	52,925,333	0%
18	Kenya Devolution Support Program Allocation for 2021/2022	141,844,646	141,844,646	-	100%
19	Kenya Urban and Institutional Grant b/f	46,311,374	46,311,374	-	100%
	TOTAL	13,254,971,045	2,870,722,668	10,384,248,377	22%

Source: Mandera County Treasury

3.10 EXPENDITURE ANALYSIS

The overall Mandera County Government's expenditure for the period ending 30th September, 2021 amounted to Kshs. 1,646,927,450 out of which Kshs. 247,738,264 was for Operations & Maintenance and Kshs. 1,155,631,377 was for Personnel Emoluments. Transfers amounting to Kshs. 243,557,808 were made to the County entities. This comprised of transfer of Kshs. 157,557,808 and Kshs. 26,000,000 to the County Assembly and Mandera Water and Sewerage Company respectively for their operations while Mandera Municipality received Kshs. 30,000,000 for the same. ELWASCO and Elwak Municipality received Kshs. 15,000,000 each. Expenditures amounting to Kshs. 39,853,374 were utilized on development programmes.

3.11 EXPENDITURE BY ECONOMIC CLASSIFICATION

Out of the total expenditures, expenditures on Personnel Emoluments had the highest utilization at 70% of the total expenditure incurred in the first three months of the FY 2021/2022 while Transfers to other County entities accounted for 15% of the total expenditure. Expenditure of 12% was incurred on operations and maintenance while expenditure on development projects was at 3%.

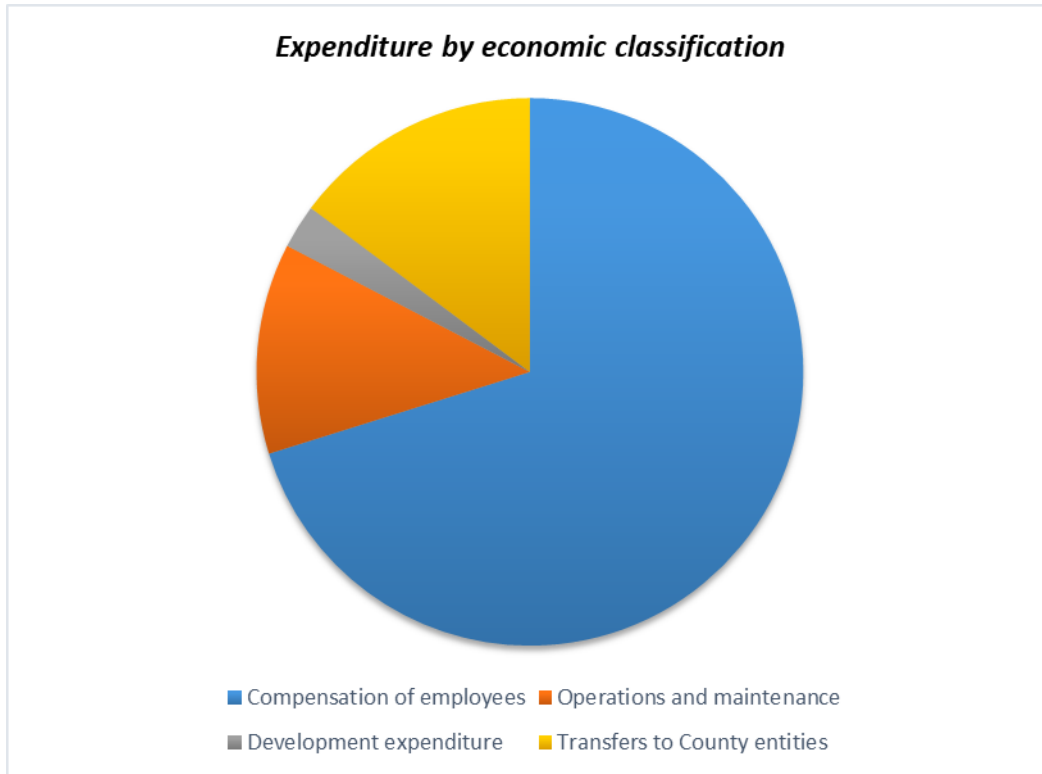


Figure 1: Expenditure by Economic Classification

3.12 BUDGET AND BUDGET PERFORMANCE BY COUNTY DEPARTMENTS

3.12.1 BUDGET ESTIMATES

The County Government’s mandate as stipulated by the Constitution of Kenya is discharged by Departments through implementation of projects and programs. These projects and programs are allocated funds through County Budgeting process. In the FY 2021/2022 the County Departments were funded in line with the ceilings captured in the 2021 County Fiscal Strategy Paper drawn to champion key priority programmes highlighted in the second Mandera County Integrated Development Plan (2018-2022).

Table 4 shows the breakdown of county’s budget per ministry in FY 2020/2021.

TABLE 4: RESOURCE ALLOCATION AMONG THE MINISTRIES

The highest beneficiary of the FY 2021/2022 budget allocation was the Ministry of Health Services getting Kshs 2,645,478,980 (20 percent), Ministry of Water, Environment and Natural Resources getting Kshs 2,038,464,121 (15 percent), Ministry of Public Service, Management and Devolved

Unit got Kshs. 1,554,352,184 (12 percent), Ministry of Public Works Roads and Transport were allocated Kshs 1,526,662,099 (12 percent), Ministry of Agriculture Livestock and Fisheries and got Kshs. 1,167,934,250 (9 percent) while the County Assembly and Ministry of Finance and economic planning got Kshs. 1,083,301,739 (8 percent) and Kshs. 1,033,572,591 (8%) respectively. Other departments were allocated below 6 percent.

SUMMARY OF DEPARTMENTAL BUDGET ALLOCATIONS FOR FY 2021/2022					
Departments	Total Allocations 2020/2021	Recurrent Expenditure	Development Expenditure	Total Allocations 2021/2022	%
Ministry of Agriculture Livestock and Fisheries	1,098,923,122	222,912,879	945,021,372	1,167,934,250	9%
Ministry of Education, Culture and Sports	642,467,888	433,993,506	319,692,015	753,685,521	6%
Ministry of Gender, Youth and Social Service	207,638,978	69,522,396	105,000,000	174,522,396	1%
Ministry of Finance	636,753,203	603,272,591	430,300,000	1,033,572,591	8%
Ministry of Health Services	2,781,082,213	1,957,903,586	687,575,394	2,645,478,980	20%
Ministry of Trade, Investments Industrializations and Cooperative Development	151,327,021	68,654,504	77,793,432	146,447,936	1%
County Assembly	977,053,564	911,048,184	172,253,555	1,083,301,739	8%
Lands, Housing and Physical Planning	653,474,004	457,165,439	24,410,211	481,575,650	4%
Office of the Governor and Deputy Governor	466,713,498	502,211,083	-	502,211,083	4%
County Public Service Board	82,079,319	84,762,495	62,000,000	146,762,495	1%
Ministry of Public Service, Management and Devolved Unit	1,537,120,403	1,451,158,997	103,193,187	1,554,352,184	12%
Public Works Roads and Transport	1,437,399,370	138,404,873	1,388,257,226	1,526,662,099	12%
Ministry of Water, Environment and Natural Resources	2,539,328,264	640,244,699	1,398,219,422	2,038,464,121	15%
GRAND TOTAL	13,211,360,847	7,541,255,231	5,713,715,814	13,254,971,045	100%

Source: Mandera County Treasury

3.13 DEPARTMENTAL EXPENDITURES

During the period under review, the county Government incurred expenditures totaling to Kshs. 1,646,927,450 on both development and recurrent activities. This absorption accounted for 12% of the total approved budget.

3.13.1 DEVELOPMENT EXPENDITURE PERFORMANCE

In the FY 2021/2022, the County's gross development budget was Kshs. 5,713,715,814.34. An expenditure of Kshs. 42,707,798.00 representing 1% of the development vote was utilized during first three months of the financial year. Only two Ministries were able to incur expenditure. These were the Ministry of Finance and Economic Planning and the Ministry of Public Service, Management and Devolved Unit which spent Kshs. 35,208,498 (8%) and Kshs. 7,499,300 (7%) respectively. The following factors were responsible for low absorption rate;

The following factors were responsible for low absorption rate;

- Delays in approval of request for funds by office of Controller of Budget
- Delay in Fund disbursements by the National Treasury
- Natural calamities e.g. persistent drought in the County

THE TABLE 5 ANALYSES DEVELOPMENT EXPENDITURE PERFORMANCE BY MINISTRIES.

Departments	Approved Budget	Expenditure	Utilization
County Assembly	172,253,555.35	-	0%
Agriculture Livestock and Fisheries	945,021,371.55	-	0%
Education, Culture and Sports	319,692,015.00	-	0%
Gender, Youth and Social Service	105,000,000.00	-	0%
Finance and Economic Planning	430,300,000.00	35,208,498.00	8%
Health Services	687,575,394.32	-	0%
Trade, Investments Industrializations and Cooperative Development	77,793,432.40	-	0%
Lands, Housing and Physical Planning	24,410,210.70	-	0%
Public Service, Management and Devolved Unit	103,193,187.02	7,499,300.00	7%
County Public Services Board	62,000,000.00	-	0%
Public Works Roads and Transport	1,388,257,226.00	-	0%
Water, Environment and Natural Resources	1,398,219,422.00	-	0%
TOTAL	5,713,715,814.34	42,707,798.00	1%

3.13.2 RECURRENT EXPENDITURE PERFORMANCE

The County performed well in the execution of the recurrent budget in the first quarter of the FY 2021/2022. The County had a total recurrent budget of Kshs. 7,169,045,514.34. An expenditure of Kshs. 1,604,219,652.00 representing 22% of the recurrent vote was utilized during first three months of the financial year. The Ministry of Trade, Investments, Industrializations and Cooperative Development recorded the highest overall absorption rate at 31% followed by the the Ministry of Finance & Economic Planning and ICT and the Ministry of Education, Culture and Sports at 30% and 27% respectively.

The Ministry of Water, Environment and Natural Resources and the Ministry of Gender, Youth and Social Service were the lowest spenders of recurrent budget in the first quarter at an absorption rate of 13% and 11% respectively.

Overall, the recurrent vote performed better than the development vote.

The following factors were responsible for low absorption rate;

- Technical and capacity challenges in application of IFMIS
- Delays in approval of request for funds by office of controller of budget
- Slow release of funds from national treasury
- The adverse effects of the coronavirus pandemic

THE TABLE 6: ANALYSES RECURRENT EXPENDITURE PERFORMANCE BY MINISTRIES.

Departments	Approved Budget	Expenditure	Utilization
County Assembly	790,834,897.00	157,557,808.00	20%
Agriculture Livestock and Fisheries	238,840,955.91	39,430,873.80	17%
Education, Culture and Sports	325,863,122.45	87,995,848.40	27%
Gender, Youth and Social Service	73,515,054.65	8,339,722.20	11%
Finance and Economic Planning	586,750,086.31	175,379,865.30	30%
Health Services	2,042,920,853.04	530,900,317.90	26%
Trade, Investments Industrializations and Cooperative Development	49,492,635.86	15,347,375.90	31%
Lands, Housing and Physical Planning	317,415,231.62	61,915,903.00	20%
Office of the Governor	472,202,366.80	86,057,926.67	18%
County Public Service Board	69,602,672.49	11,334,243.80	16%
Public Service, Management and Devolved Unit	1,331,886,296.38	296,389,095.69	22%
Public Works Roads and Transport	154,109,033.33	37,158,715.74	24%
Water, Environment and Natural Resources	715,612,308.49	96,411,955.60	13%
TOTAL	7,169,045,514.34	1,604,219,652.00	22%

IMPLEMENTATION CHALLENGES

Mandera County Government experienced several challenges that affected budget implementation during the first quarter of the financial year 2021/2022. These are:

Slow release of funds from National Treasury

The delay in disbursement of funds from the National Treasury was a major hindrance to the implementation of County Programmes This particularly affected implementation of development activities in the reporting period.

IFMIS connectivity challenges

Recurrent IFMIS breakdowns decelerate the approval of procurement requests and lead to delays in payments to suppliers thus slowing down the County's ability to absorb funds in a timely manner.

Natural Calamities

The Coronavirus pandemic, locust re-invasions, persistent drought, and other natural calamities affected smooth implementation of the planned programmes in the budget.

High public expectation

Increased awareness of members of the public on their rights through numerous public participation and community engagement programmes has seen an increase in agitation for better service delivery hence creating expectation pressure.

Under-performance of own revenue collection

This was due to, amongst other reasons shortage of staff. The department of revenue services which are tasked with local revenue collection and administration was critically understaffed. Insecurity in the region also affected collections of revenues greatly.

RECOMMENDATIONS

Mandera County Government has made progress in addressing some of the challenges previously identified as affecting budget implementation. The following lessons learnt in the prior financial periods shall be replicated in the budget implementations:

- The County Government should always involve other PFM stakeholders to settle the budget impasse so as to ensure timely preparation and approval of the key budget planning documents.
- The County Government should liaise and cooperate with the National Government for timely release of funds as per disbursement schedule to foster smooth operations and successful project implementations.
- The County Government should also liaise with the Controller of Budget to avoid limitations in expenditure to ensure proper implementation of planned projects.
- The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
- Departments should capacity build their human capital so as to increase their efficiency and productivity.
- Civic education- building the capacities for communities to understand the roles played by both the National and County Government to avoid scenarios where the residents demand the County Government starts planning and financing of functions under the National Government or vice versa.

CHAPTER 4

4.0: FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR FY 2021/2022 AND THE MEDIUM-TERM

4.1 OVERVIEW

The 2021/22 Medium-Term Fiscal Policy aims at supporting a sustainably wealthy and vibrant county providing high quality services to improve the livelihoods of its citizens. The county will pursue prudent fiscal policies to ensure economic growth and development. In addition, these policies will provide support to economic activities while allowing for sustainable implementation of the projects and programs. Adhering to these policies will also enhance local revenue collection which will ensure there are adequate resources for capital investments.

In respect to local revenue generation, the county is striving to institute corrective measures to reduce revenue leakages from local sources. This include operationalization of the County Revenue Agency that has been formed to solely be responsible for efficient and effective revenue collections, enforcement of local revenue laws and regulations, automation of revenue collection systems and speedy implementation of collection of other revenue streams. It also has responsibility to undertake sensitization and education of the public on revenue matters. For efficient and effective service delivery, there is need to increase the County human resource capacity especially the technical staff.

The total resource envelope for FY 2022/23 is expected to be Kshs **11,756,645,789**. Based on the budget policy statement 2021 and the trend of growth of the Country revenues, The County Government will strive to ensure that the budget is balanced in the medium term and that expenditure for development shall constitute 50%, across the FY 2021/2022 and FY 2022/23. Expenditure ceilings are based on county priorities extracted from the CIDP 2018-2022, ADP 2022/23 and the sector working group reports for each of the sectors. Moreover, the ceilings were also adjusted based on reduction on total revenue, expenditure trends and the changes in priority based on sector working group discussions. Expenditure related to conditional funding and grants has been ring fenced based on the purpose for the funding and estimates developed and included in the sector working group reports.

4.2: FISCAL POLICY

The government's fiscal policy objective in the medium term will be to focus resources to priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in CIDP 2018-2022 and other county plans; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012. In this regard, the county government is committed to keeping recurrent spending at sustainable levels and devotion of more funds to development. Reforms in the budget expenditure management and revenue administration will be implemented to increase efficiency, reduce wastages and increase revenues collected and hence create fiscal space that frees more funds for productive areas. The county government is truly committed to implementing a program based budget system in the following financial year. This is expected to create budget clarity that emphasis on results as opposed to mere absorption of funds.

4.3: SPENDING PRIORITIES

The FY 2022/23 budget framework is set out against background of the medium term fiscal policy of the county government and county government's broad policies as domesticated in the County through the CIDP, the ADP and departmental strategic plans.

Considering the limited resources facing the county Government and competing needs for funding, priorities for funding in FY 2022/2023 will be given to projects/programmes that focus on strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. The projects to be funded must also be in line with the county goals and objectives as outlined in this CFSP, the CIDP and the ADP. In this regard, ministries are required to rationalize and prioritize their expenditure programmes in the FY 2022/23 to focus only on the strategic interventions and projects as captured in these documents.

4.3: FISCAL STRATEGY FOR FY 2022/2023

The FY 2022/2023 fiscal strategy has been designed to address the following objectives:

- Fast tracking of implementation of development programs to encourage faster absorption of funds
- Completion of all ongoing/stalled projects
- Streamlining and improving local revenue performance to realize more resources

- Collaborating with key and donors to finance flagship projects in health, water and infrastructure.
- Increasing budget transparency and accountability as required by law.
- Devolving services closer to the people and ensuring count services are visible in all parts of the county.
- Under take programs that will address the plight of the most vulnerable in the Society. This will entails building some shelter for them as well as providing some sources livelihood inform of a given heads of livestock.

4.4: RISKS TO THE COUNTY’S FISCAL PERFORMANCE

Despite its ambitious development agenda, the county faces a number of risks and uncertainties that curtail realization of its objectives.

Some specific risks to the county’s fiscal performance are:

- Reduction in county population in 2019 census result that has since been disputed in court will significantly impact in reduction of resource allocation by CRA.
- Low performance by local revenue collections results in budget deficits.
- Delays of release of funds from national treasury
- Large portfolio of ongoing projects that will reduce resources available for new investments
 - Insecurity that poses the single biggest risk to the success of the County.
- New IFMIS requirements such as e-sourcing create slow and cumbersome procurement processes.

CHAPTER 5

5.0: DETAILS OF CEILINGS AND MINISTERIAL PRIORITIES

5.1: RESOURCE ALLOCATION GUIDELINES

Resource allocation for the FY 2021/22 will be geared towards financing priority programmes and projects that will culminate in the realization of county strategic objectives such as investments in the agricultural sector; food security, provision of adequate and clean water, boosting road infrastructure, Well Functioning Universal Health Care, support to ECD and vocational training as well as addressing the plight of the most vulnerable in our society.

In this regard special focus will be directed areas such as:

- Sound governance, transparency, and accountability and Human Resource productivity in the delivery of services to the county residents. To achieve this, adequate resources will be committed to staff salaries, allowances and capacity buildings.
- Promotion of accessible and affordable health care for all County resident by providing skilled health staff and drugs
- Improving food security by encouraging Agricultural production through increased extension services to reduce cost to farmers and support to small scale farmers.
- Expansion and maintenance of road infrastructure and network to enhance productivity and reduce cost of doing business in the county
- Promotion of ECDs and adult education to uplift county literacy levels
- Investing in youth and women by ways of loans and Scholarships/Bursary
- Under take programs that will address the plight of the most vulnerable in the Society

In establishing budget ceilings for the financial year and subsequent financial allocations, nondiscretionary expenditures take first charge. Examples of these include statutory obligations such as salaries and other related staff expenses. In development expenditure, first consideration will be given to the completion of ongoing projects while availing adequate resources to the new projects which are key to growth of the County. Priority will be given to projects identified in the CIDP, ADP and the public participation reports.

Projects proposals will be subjected to rigorous scrutiny to ensure they are in line with the county vision and development plans. Costing of programs will also be closely monitored to ensure there are no future variations and adjustments.

5.2: REVENUE PROJECTION

The county expects to receive total revenue of Kshs **11,190,382,598** in FY 2022/2023 from national treasury as indicated in the draft Budget Policy statement. The own source revenue is projected to be **204,402,245**.

TABLE 7: SUMMARIZES THE REVENUES EXPECTED IN THE 2022/2023 FINANCIAL YEAR FOR MANDERA COUNTY GOVERNMENT. THE COMPARATIVE FOR 2021/2022 IS ALSO SHOWN.

Financial Year	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	other Loans and Grants	Own Source Revenue	Total
2021/22	11,190,382,598	0	0	0	1,893,248,823	200,037,792	13,283,669,213
2022/23	11,190,382,598	0	0	0	1,812,307,133	204,402,245	13,207,091,976
Proportion of total Revenues (2022/23)	85%	0%	0%	0%	14%	2%	100%

TABLE 8 BELOW: SUMMARIZES THE REVENUES EXPECTED IN THE 2022/2023 FINANCIAL YEAR FOR MANDERA COUNTY GOVERNMENT. THE COMPARATIVE FOR 2021/2022 IS ALSO SHOWN.

		2021/2022	2022/23
Funding Types	Revenue summary By Sources	Kshs	Kshs
Taxes	Equitable share of Revenue	11,190,382,598	11,190,382,598
	Local Revenue Collections	200,037,792	204,402,245
Conditional Grants	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	72,595,873.25	72,595,873.25

Danida Funding for Health sector - Transforming Health care - Universal Health	22,650,375	22,650,375
Road Maintenance Fuel Levy (Conditional Grant)	0	0
Kenya Devolution Support Program	294,493,726.00	294,493,726.00
Kenya Urban and Institutional Grant b/f	46,311,374	0
UNFPA- 9th County Programme implementation	4,432,000	0
Foregone user fees in Health Facilities in rural Area (Conditional Grant)	0	0
On-Going Development Projects funds b/f from 2020/2021	799,699,598.21	800,000,000
Unspent RMLF b/f	20,108,508	0
Development of youth Polytechnics	0	0
Kenya Climate smart Agriculture Project (NEDI)	537,045,729.50	537,045,729.50
Agricultural Sector Development Support Program (ASDSP)	32,596,096.00	32,596,096.00
World Bank Emergency locust response Project(ENRP)	52,925,333	52,925,333
Others	5,880,000	0
TOTAL	13,283,669,213	13,207,091,976

The county relies heavily on the equitable share followed by other loans and grants. Own source revenue is quite low due to the fiscal structure and revenue raising capabilities available to the County.

Traditionally, some amount of funds will remain unspent at end of the financial year. This amount cannot be reliably established at this stage. However, going by the trends of previous years, some of this year's budget will be carried forward to the following year budget as unspent but committed funds. This amount of funds will become clearer as we approach the final phase of budget preparation at the closure of the financial year.

A close look at 2020 Budget Policy Statement (BPS) released by the national treasury shows a marginal increase in the county's equitable share from 10,222,950,000 in 2019/2020 to 10,264,940,000 in the FY 2020/2021.

5.3: PRIORITIZATION AND ALLOCATION OF RESOURCES

The County Government will continue with its policy of expenditure prioritization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies.

The following measures will be adopted as a guideline for resource allocation:

1. ***Linkage of projects and programmes with the objectives of the County Integrated Development Plans:*** The County, in its resource allocation will ensure there is a linkage between plans and budget. Information derived planning documents and CIDP (2018-2022) will guide resource allocation in the FY 2022/23.

2. ***Adherence to Annual Development Plan:***

Another criterion that will be used in prioritization and allocation of resources is that programmes that have been identified in the 2022/23 Annual Development Plan.

3. ***Degree to which the programme is addressing the core mandate of the county entity:*** Projects and Programmes that address the core mandate of the county government will be given priority. The critical sector include Health, Water, Road and other infrastructure, Agriculture and Livestock as well as Education and sports

4. ***Expected outputs and outcomes from a programme:*** Projects and Programmes that have high output and impact will be selected for implementation over those that have a low output and low impact.

5. ***Cost effectiveness and sustainability of a projects/ programmes:*** Projects and programmes that are cost effective and sustainable will be given a higher priority over those that are unsustainable and have a high cost.

5.4: MINISTERIAL CEILINGS

Having identified the key criteria for allocation of resources among the various competing interest, having also established the likely amount of resource available, here blow we allocate these resources as per the table below.

Table 9: showing the full allocation to the ministries for FY 2022/2023

PROPOSED 2022/2023 BUDGET ESTIMATE		2022/2023 Financial Budget Estimate			
MINISTRIES	Total Departmental Allocation 2021/2022	Recurrent Expenditure Estimate	Development Expenditure Estimate	Total Departmental Allocation 2022/2023	% by Ministries
Ministry of Agriculture Livestock and Fisheries	1,133,437,966	262,827,163	650,911,180	913,738,343	7%
Ministry of Education, Culture and Sports	766,922,822	453,993,506	250,541,996	704,535,502	5%
Ministry of Gender, Youth and Social Service	174,223,934	94,000,000	110,000,000	204,000,000	2%
Ministry of Finance	1,387,017,525	933,272,591	450,300,000	1,383,572,591	10%
Ministry of Health Services	2,545,915,839	1,644,778,586	1,000,700,394	2,645,478,980	20%
Ministry of Trade, Investments Industrializations and Cooperative Development	156,731,948	88,654,504	170,045,336	258,699,840	2%
County Assembly	1,083,301,739	941,048,184	200,517,400	1,141,565,584	9%
Lands, Housing and Physical Planning	486,085,860	457,165,439	100,500,000	557,665,439	4%
Office of the Governor and Deputy Governor	484,379,825	542,241,157	-	542,241,157	4%
County Public Service Board	140,280,341	98,762,495	70,000,000	168,762,495	1%

Ministry of Public Service, Management and Devolved Unit	1,462,415,122	1,000,093,602	280,013,187	1,280,106,789	10%
Public Works Roads and Transport	1,226,561,296	148,404,873	1,547,034,429	1,695,439,302	13%
Ministry of Water, Environment and Natural Resources	2,236,394,993	660,244,699	1,051,041,256	1,711,285,955	13%
GRAND TOTAL	13,283,669,212	7,325,486,798	5,881,605,178	13,207,091,976	100%

The setting of the above ceiling for all the spending units within the county government is the most difficult one due to the fact that there are a lot of on-going projects that needs to be completed in the coming financial year such as the County Headquarter, Governor’s residence, County Hotel, as well as anticipated recruitment of more staff to improve service delivery. For the first time, our recurrent expenditure is estimated to take up about 60% of our total budget with personnel and other related cost like insurance and pensions taking up slightly over 50% of the recurrent expenditure and 32% of the total budget respectively.

CONCLUSION

Budgetary resources are always limited against limitless priorities and needs. It is imperative therefore that ministries prioritize their programmes within the available resources to ensure that utilization of public funds are in line with the overall county government priorities. Ministries need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

The set of policies highlighted in this CFSP aims at striking a balance between the ever changing needs of the county government and the content of strategic documents like the CIDP and the fiscal responsibility principles outlined in the PFM law. The fiscal policies are also in line with the tone of the national strategic objectives such as the Big Four Agenda.