REPUBLIC OF KENYA

MANDERA COUNTY GOVERNMENT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

September 2018

ABBREVIATIONS

CBROP County Budget Review and Outlook Paper

CFSP County Fiscal strategy Paper

FY Financial Year

PFMA Public Financial Management Act

CIDP County Integrated Development Plan

CG County Government

CRA Commission on Revenue Allocation

GDP Gross Domestic Product

IFMIS Integrated Financial Management and Information System

SME Small and Medium Enterprise

MTEF Medium Term Expenditure Framework

SRC Salaries and Remuneration Commission

CBSP County Public Service Board

KDSP Kenya Devolution Support Program

PPP Public Private Partnership

CG County Government

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FOREWORD

This County Budget Review Outlook Paper (CBROP) was prepared as required by section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the financial year 2017/2018 and makes comparisons to the budget appropriations of the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show changes from the forecast in the County Fiscal Strategy Paper (CFSP) of February, 2018.

In reviewing the fiscal performance, this paper analyzes the performance of county own revenue in the FY 2017/2018. It has included the total revenue collected and made comparison to the budgeted revenue for the same year. In addition, possible causes of the low local revenue performance are also highlighted.

The paper also provides ministerial expenditures for both recurrent and development

For the year under review. A comparison of actual performance against targets for FY 2017/18 is provided.

The preparation of this CBROP will be an important tool that will help in the formulation of 2018/19 budget and will also provide foundation for the 2019 CFSP.

Through proper panning, the county intends to achieved maximum fiscal discipline that ensure proper management of public resources and delivery of expected output. To ensure transparency and accountability, the county executive will involve and relay budget performance and management reports to all county stakeholders as required by the constitution 2010 and Public Finance Management Act, 2012.

In line with presidential directive of zero tolerance to pending bills, the county starting with the 2018/19 supplementary budget, will clear all pending debts including low value projects to create a debt free regime.

Ibrahim B. Hassan

Executive Committee Member- County Treasury

Legal Basis for the Publication of the County Budget Review and Outlook Paper

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

1. The County Treasury shall prepare and submit to County Executive committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include:

a) Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;

b) Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal strategy paper

c) Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest County Fiscal strategy paper; and

d) The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

2. County Executive committee shall consider the County Budget Review and outlook Paper with a view to approving it with or without amendments, not later than fourteen days after its submission.

3. Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:

a) Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County assembly; and

b) Publish and publicize the paper not later than fifteen days after laying the Paper before County Assembly.

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107(b)) states that:

1) The county government’s recurrent expenditure shall not exceed the county government’s total revenue

2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure

3) The County government’s expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.

4) Over the medium term, the County government’s borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5) Public debt and obligations shall be maintained at a sustainable level as approved by County Government (CG)

6) Fiscal risks shall be managed prudently

7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

CHAPTER ONE

1.1Introduction

This is yea's   Budget Review and outlook paper (CBROP) is the fifth to be prepared by Mandera County in line with the Public Finance Management Act, 2012 section 118. The CBROP is one of the planning documents that a county must prepare by law. It is supposed to link planning, policy formulation and budgetary allocations.

The PFM Act 2012 requires that every county to prepare a CBROP by 30th September of every financial year and submit the same to the County Executive Committee. Upon consideration by the County executive committee, the CBROP must be submitted to the County assembly by the 21st October for consideration and approval. As per the requirement of the PFM Act, this CBROP contains a review of the fiscal performance of the FY 2017/2018.

The main goal of this CBROP is to provide a review of the previous year fiscal performance and how this impacts on the financial objectives and fiscal responsibility principles set out in the PFM Act, 2012.This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be provided in the County Fiscal Strategy Paper which will be ready early next in line with section 117 of PFM Act 2012.

1.2 Objective of the CBROP

As a planning documents, CBROP endeavors to address several objectives. Key among them is

(a) Provide a review of the county Fiscal performance in the financial year 2017/2018

Compared to the appropriation of that year and how this had an effect on the Economic performance of the county.

(b)Provide an updated economic and financial forecast with sufficient information to show any Changes from the most recent forecasts which may have been provided in fiscal documents like the CFSP

(c) Reasons for any deviations from the financial objectives in the CFSP together

With the proposals to address the deviation

1.3 The structure of the CBROP

The CBROP has five chapters. Chapter one includes introduction and objectives of CPROP. Chapter two provides a review of the fiscal performance in FY 2017/2018 and its implications on the financial objectives. This is followed by brief highlights of the recent economic development and updated macroeconomic outlook in chapter three. Chapter four provides the resources allocation framework while chapter five concludes the document.

CHAPTER TWO

REVIEW OF FISCAL PERFORMANCE IN THE FINANCIAL YEAR 2016/2017

2.0 Overview

This chapter discusses the 2017/18 budget performance and its implementation. It provides comparisons between actual budget performances against the targeted results. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets as well as a way forward for Mandera County.

In the FY 2017/18, the county's fiscal performance was very satisfactory despite existence of numerous challenges occasioned by factors such as proloned electioneering period heightened political tension between executive and the county assembly, fund delays and local revenue underperformance. The county government in its 2017/2018 budget expected a local collection of 231 million which was about 2% of the county's budget. But only KSH 61,561,395 was realized at the end of the financial year. On other revenue streams, the equitable share of revenue allocated by Commission on Revenue Allocation accounted for Kshs. 9,663,203837 (81%). Other notable components of county revenue included unutilized funds from previous year amounting to Kshs 1,646,195,726.45. This accounted of 14% of county's total revenue. This money was unspent but committed funds from 2016/2017 financial year. There was also some Kshs 40,000,000 by Danish government and 160,000,000 from World Bank to support health sector. 53% of the budget was allocated to recurrent expenditure while 47% was for development expenditure

The fiscal performance for FY 2017/2018 very convincing despite a number of short comings which included;

a) Delays in disbursement of funds from the national government thereby delaying county programs
b) Under performance of the local revenue. The county collected only 61 million instead of the budgeted 231 million
c) Frequent IFMIS breakdowns impacting negatively on county's absorption of funds

d) Security challenges which negatively affected many sectors of the county's operations and economy.

B. Fiscal Responsibility

. In observing fiscal responsibility the PFMA section 15 states that;

i. Over medium term a minimum of thirty percent of the county government's Budget shall be allocated to the development expenditure.

ii. The county expenditure on wages and benefits for its public officers shall not exceed a percentage of the county revenue as prescribed by regulations.

iii. Over medium term the county government borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

iv. Public debt and obligations shall be maintained at a sustainable level as approved by the county assembly.

v. Fiscal risks shall be managed prudently.

vi. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in future.

2.1 Fiscal Performance

The following table shows revenue analysis for the FY 2017/2018 as realized from local sources and the equitable share from national government with deviations

Revenue source	**Actual (Kshs)**	**Target (Kshs)**	**Deviation**	**Deviation percentage**

Equitable Share (Exchequer releases)	9,739,500,000.	9,739,500,000.	0	0
Local collections	61,561,395	231,000,000	(169,438,605)	(73%)
Unspent fund from FY 2016/2017	1,646,195,726.45	1,646,195,726.45	0	0
Danida Fund	40,078,375	40,078,375	0	0
World Bank	50,000,000	160,000,000.00	(110,000,000)	(69%)
Fuel Levy Fund (State Department of Infrastructure)	381,574,994.	381,574,994.00	0	0
KDSP	60,963,717	60,963,717	0	0
Youth Polytechnics	29,831,415	29,831,415	0	0
User Fees foregone (Ministry of Health)	15,521,730	25,474,920	(9,953,190)	39%
Total Revenue	**11,963,665,957.09**	**12,083,619,147.45**	**(119,953,190.36)**	**1%**

An analysis of the table indicates that local collections, World Bank and User Fees foregone had the highest negative deviations from the targets. These three sources of revenue performed poorly and hence have impacted negatively on the budget implementation process. The rest of the revenue source has shown good performance. The fiscal performance for the FY 2017/2018 was therefore considered good and a great success. The following challenges were however notable:

1. The 2017 general election was a bit disruptive. There was prolonged electioneering period that affected the general economy in a negative manner.
2. Low local revenue performance continued to be major headache for the county government. Local revenue underperformed by a whopping 73%.
3. Incidences of insecurity such as frequent terror activities along the major highways has scaled down county's economic prospects.
4. Delayed disbursement of funds national government had negatively affected county's budget execution.
5. Local political misunderstanding has led to delayed appointment of key office holders such as CECs and Chief Officers.

Local Revenue Collections

The table below summarizes comparisons between local revenue targets and what was realized for the year under review.

Revenue Sources	Target (Ksh)	Actual (Ksh)	% Achieved
Land rents	40,810,115.00	4,426,760.00	11%
Plot Transfers/Sub-Divisions/Application Fees	9,900,000.00	1,879,800.00	19%
Miraa Movements	1,877,430.56	4,712,035.00	251%
single Business Permit	2,685,816.96	309,550.00	12%
Markets cess	1,178,490.51	1,031,700.00	88%
stores	9,950,000	0	0%
Buspark/Taxis	10,000,000.00	11,200,575.00	112%
Income from Quaries	3,308,958.38	3,936,380.00	119%
Building plan	2,422,514.95	1,169,150.00	48%
Barriers	24,944,467.47	1,769,600.00	7%
Local Flights Tickets-Mandera Airstrip	14,151,098.13	2,779,150.00	20%
Livestock Markets	7,463,526.84	1,811,060.00	24%
Livestock Movement	1,877,076.32	0	0%
Slaughter fees and Charges	3,868,865.01	4,603,230.00	119%
Cess	24,201,844.70	3,440,700.00	14%

Agriculture Mechanization/Hire of Equipment	14,586,877.90	1,063,140.00	7%
Income from Sale of Tenders documents	17,078,000.00	607,474.00	4%
Rental income	1,491,169.58	383,900.00	26%
Administrative fees	9,908,920.08	2,091,894.00	21%
Others	118,745.35	0	
Public Health	16,767,851.64	11,881,407.00	71%
Hospital collection	9,173,030.13	2,463,890.00	27%
Income from Water Management	3,235,200.51	0	0%
Total	**231,000,000.00**	**61,561,395.00**	**27%**

The table above shows revenue performance of the county. In the 2016/2017 financial year, the total expected revenue from all sources for the county revenue sources was Kshs **12,020,686,822.** Out of this amount, Budgeted amount from local collections was **265,643,523 (2.2%).** Despite this budgeted figure, only ksh **61,092,033** was realized at the end of financial year. An analysis of local revenue performance shows that single business licenses, Land rents and barrier income were the top three revenue generators for the year. A total revenue collection for the year was ksh **61,092,033**.

As shown above, the county's local collection has underperformed for the years under review.

The following factors are chiefly responsible for local revenue collection performance:

- Closure of quarries, sand and blast sites due to terrorism
- Frequent Closure of the Kenya Somalia boarder due to insecurity
- Lack of enforcement capacity
- Curfews imposed by national government that reduced movement of goods and services and limited business hours
- Poor infrastructure that makes the cost of doing business very high. This means few businesses survive in our county.
- Persistent droughts that has negatively impacted the economic powers of the communities
- General insecurity that discourages investment in the county

Expenditure Performance

The county's approved budget for FY 2017/2018 was Ksh 12,246,856,930. The total expenditure for the FY 2017/18 was about Kshs 9,551,120,364. This absorption accounted for 78% of the total approved budget. The recurrent expenditure for the year was Ksh 5,658,837,703 against a target of 6,471,919,189. The recurrent budget absorption was about 87%. On the development side, the absorption rate was 67% of the development vote. The actual development expenditure was ksh 3,892,282,661 against a budgeted figure of Ksh5, 774,937,741.

For both the development and recurrent classes, the overall budget execution status was good for the FY 2017/2018.

Recurrent Expenditure

As stated earlier, the county performed well in the execution of the recurrent budget for the FY 2017/18. The county had a total recurrent budget of Ksh 6,471,919,190. Except the ministry of Gender, Youth and Social Service assembly, all other ministries were able to absorb above 70%

of their recurrent budget within the financial year. The ministry of finance and office of governor have exhausted their recurrent budget within the financial year. Ministries of Agriculture Livestock and Fisheries, Lands, Housing and Physical Planning and Public Service Management and Devolved Unit have recorded an absorption rate of above 90%. The ministry of Gender, Youth and Social Service and the county assembly were the lowest spender of recurrent budget in the year at an absorption rate of 60% and 73% respectively. The table below shows a tabulated analysis of county's recurrent expenditure for FY 2017/2018.

Table 2: Recurrent Expenditure by Ministries

Name the Programme	Recurrent budget	Total Recurrent Expenditure	Deviations from the target	Deviations in percentage
County Assembly	802,350,157	586,236,537	216,113,620	27%
Agriculture Livestock and Fisheries	251,184,914	229,087,434	22,097,480	9%
Education, Culture and Sports	578,870,804	440,250,343	138,620,461	24%
Gender, Youth and Social Service	98,590,712	59,041,974	39,548,738	40%
Finance, Economic Planning, ICT and Special Program	608,625,705	599,499,840	9,125,864	1%
Health Services	1,774,421,190	1,539,133,103	235,288,087	13%

Trade, Investments Industrializations and Cooperative Development	51,924,032	44,491,904	7,432,128	14%
Lands, Housing and Physical Planning	83,278,301	76,419,952	6,858,349	8%
Office of the Governor and Deputy Governor	389,801,167	389,801,167	-	0%
County Public Service Board	57,161,652	46,776,048	10,385,604	18%
Public Service, Management and Devolved Unit	1,060,059,068	993,506,330	66,552,738	6%
Public Works Roads and Transport	118,411,141	107,166,177	11,244,964	9%
Water, Environment and Natural Resources	597,240,346	547,426,894	49,813,452	8%
TOTAL	**6,471,919,190**	**5,658,837,703**	**813,081,487**	13%

Source: County Treasury

Development Expenditure

In the FY 2017/18, the county's gross development budget was Ksh 5,774,937,741. Ksh 3,892,282,661 representing 67% of the development vote was utilized within the financial year. Ministry of Gender and social services was the best performer having exhausted its entire development vote. This was followed of by ministries of Public works, Roads &transport and Health Services with absorption rates of 83% and 73% respectively. The lowest performers in the development budget execution were the county assembly (25%) and ministry of finance and economic planning (40%).

Table 3: Development Expenditure by Ministries

Ministry	Development Budget	Development Expenditure	Deviations from Target	Deviations in percentage
County Assembly	123,174,818	30,456,323	92,718,495	75%
Agriculture Livestock and Fisheries	265,225,439	204,303,151	60,922,288	23%
Education, Culture and Sports	302,351,202	176,181,164	126,170,038	42%
Gender, Youth and Social Service	55,500,000	-	55,500,000	0%
Finance, Economic Planning, ICT and Special Programm	355,916,847	142,301,530	213,615,317	60%
Health Services	788,459,774	575,249,440	213,210,334	27%
Trade, Investments Industrializations and Cooperative Development	259,136,036	163,533,905	95,602,131	37%
Lands, Housing and Physical Planning	258,003,094	152,115,321	105,887,773	41%
Offfice of the Governor and Deputy Governor	-			
County Public Service Board	-			
Public Service, Management and Devolved Unit	255,217,393	101,767,506	153,449,887	60%
Public Works Roads and Transport	1,824,180,858	1,506,757,186	317,423,672	17%

Water, Environment and Natural Resources	1,287,772,280	839,617,136	448,155,145	35%
GRAND TOTAL	**5,774,937,741**	**3,892,282,661**	**1,882,655,080**	**33%**

Source: County Treasury

CHAPTER THREE

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

According to the national treasury statistics, the Kenyan economy is on a recovery path and is projected to recover to 6.0 percent in 2018, an upward revision from the earlier projection of 5.8 percent in the 2018 Budget Policy Statement. This strong growth momentum is reflected in the strong growth of 5.7 percent in quarter one of 2018 compared to a growth of 4.8 percent in the same quarter in 2017. The outlook is supported by a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the stable macroeconomic environment, ongoing public infrastructural investments and regain in business and consumer confidence following political stability in the country.

3.1 Recent Economic Developments

The country's macroeconomic stability has shown great positive prospects. This is evidenced by low and stable interest rates and competitive exchange rate to support exports. The overall year on year inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected a decrease in food prices which outweighed the rise in international oil prices. the country's foreign exchange also remained competitive. The current account deficit narrowed to 5.8 percent of GDP in the 12 months to June 2018 from 6.4 percent over the same period in 2017 reflecting strong growth of agricultural exports particularly tea and horticulture, resilient diaspora remittances and improved tourism receipts.

The Kenya Shilling exchange rate remained remarkably stable and competitive against major international currencies. Against the dollar, the exchange rate strengthened to Ksh 100.6 in August 2018 from Ksh 103.6 in August 2017. Against the Euro and the Sterling pound, the Shilling also strengthened to Ksh 116.2 and Ksh 129.7 in August 2018 from Ksh 122.2 and Ksh 134.2 in August 2017, respectively,

Month-on-month overall inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. The Central Bank Rate was also reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 in order to support economic activity

3.2 Medium Term Fiscal Framework

The Government of Kenya has adopted a policy of expenditure prioritization with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, implementation of the constitution, creation of employment opportunities and improving the general welfare of the people. The country's development agenda is guided by gearing more resources to the achievement of the big four agenda.

Some of the key areas covered under the Big Four Agenda include:

(a) Enhancing Food and Nutrition Security to all Kenyans by 2022 - Under this cluster, the objective is to ensure all citizens enjoy food security and improved nutrition by 2022.

(b) Providing Universal Health Coverage and Guaranteeing Quality and Affordable Healthcare to all Kenyans - under this cluster, the relevant MDAs will be implementing identified interventions with the objective of expanding Universal Health Coverage.

(c) Provision of Affordable and Decent Housing for all Kenyans - under this cluster, the Government intends to provide decent and affordable housing by constructing at least five hundred thousand housing units by 2022.

(d) Supporting value addition and raising the manufacturing sector share of GDP to 15 percent by 2022 - under this cluster, the objective is to increase the share of manufacturing sector to GDP to 15 percent by 2022.

For Mandera County, all the development programs will revolve around the national policy although emphasis will be placed on the funding of devolved functions which is the core business of county government. The following areas will receive the greatest attention in the 2019/20 budget:

- Creation of key infrastructural facilities and public works necessary for stimulating countywide economic growth.
- Water and food security
- Enhanced good governance, transparency and accountability in the delivery of public goods and service.
- Promotion of social economic development and stability
- Promotion of trade and commerce to spur economic growth and development
- Promotion of environmental protection and roper and prudent use of land resource
- Completion of all ongoing projects and payment of all pending liabilities

3.3 Risks to the Outlook

The county government has a good prospects of performing better in the follwing financial year. However, the following factors pose considerable risks to the realization of the county's noble objectives:

- Overreliance on national government funding due to weak local revenue performance.
- There is risk of decreased funding for county governments due to the austerity measures adopted by national government occasioned by a biting cash crunch.

- Insecurity that hampers the smooth operations of county programs/projects and scares away investors and skilled manpower
- Frequent IFMIS breakdowns and Challenges that slow down the county's ability to absorb funds in a timely manner
- Frequent boarder closure. The closure of Kenya Somalia boarder from time to time may disrupt movement of goods and services thereby leading to low revenue collections for the county
- Existence of pending liabilities that will consume large funds.
- Political disturbances from the county assembly and frequent litigations from members of public have the potential to delay timely implementation of projects.

CHAPTER FOUR

RESOURCE ALLOCATION FRAMEWORK

Mandera County's medium term expenditure framework (MTEF) will refocus expenditure on priority sectors by reducing non-priority expenditures. All proposed projects will be evaluated to ensure their appropriateness in addressing county's core objectives and aspirations.

The new formulated County Integrated Development Plan will be used to guide identification of investment programmes and projects by departments as well as guaranteeing regional distribution balance in terms of development projects. Therefore, it is imperative to note the only projects and programmes to be funded in the MTEF are those captured in the CIDP. But for year on year basis and including the following financial year, the resource allocation will be based on the Annual Development Plan which has already been submitted to the county assembly for approval.

In terms of proposed allocations for FY 2019/20, the health, social sectors, early childhood education, vocational training will continue to receive adequate resources. These sectors are already receiving a significant share of resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate and achieve their strategic objectives.

On improving infrastructure the County Government will commit a substantial share of resources targeting physical infrastructures, such as roads, energy, water and irrigation. The funding to these sectors will increase interconnectivity, communication, reliable and affordable energy, as well as increased access to clean domestic water and irrigation water.

The national government has already started an integrated water and sewage project which will solve perennial water shortages in mandera town and its environs. This project is funded by African Development Bank (ADB) and will take about two years to complete. Once it is complete, this project will turn mandera into a modern municipality with immense opportunities for growth and development.

The county government will also invest heavily in projects in Roads &public works, Lands, Housing & Physical Planning, Culture, sports & Youth Development, trade and Cooperative Development. The county government will in particular ensure that all ongoing projects under these sector are fast tracked and completed.

4.2 Revenue Outlook

In the FY 2019/2020, the county expects a total resource envelope of about 11 billion. The county's main source of revenue has been the equitable share from national government and this will continue to be the case in the coming FY. The county expects an increase in its equitable share for FY 2019/20 due to larger audited national government budget accounts. Other principal sources of revenue for the county include the Fuel Levy Fund (State Department of Infrastructure), World Bank, DANIDA, Youth Polytechnics Support Grant and ministry of health through the User Fees foregone and local revenue receipts.

The County Treasury has continued to focus extensively on instituting structural reforms aiming at rationalization of revenue collection procedures, harmonizing local revenue policies as well as decentralization of local revenue collections to the ward level. These measures have already yielded results as evidenced by increased collections for the FY 2017/2018 as compared to previous years. We thus expect a local revenue collection of over 100 million for FY 2019/2020.

The National Treasury has advised counties to maintain a balanced budget. To realize this, the county will explore long term and innovative revenue raising measure such as public private partnerships (PPP) to achieve its development objectives in the face of limited resources.

Finally, the proposed budget for FY 2019/20 will be rolled out on the background of updated medium term framework and outlook with expenditure ceilings for the ministries being provided in the 2019 County Fiscal Strategy Paper to be released in February 2019

.3 Medium-Term Expenditure Framework

The county government has prioritized key strategic interventions across all departments to accelerate economic growth for social economic transformation and prosperity.
The main areas being boosting agriculture productivity, improved access to quality health care and clean water, expanding access to affordable energy access, empowering youth and promoting education and facilitating infrastructural development. The county using the lessons learnt in the phase of devolution will allocate resources to key result areas that will spur economic growth and development. There is already a national directive by the president that government entities cannot engage in a new project unless all ongoing projects are completed and fully paid. Mandera County will heed to this call and ensure priority is given to ongoing projects over new investment programs. The county will also adopt reforms in its budget expenditure management and deepen financial management reforms. A lot of capacity building on public finance has already taken place through KDSP. This is expected to have sensitized key officials on key areas such as budgeting and procurement.

Key infrastructural projects such as the county headquarter, the tarmacking of mandera town roads and the mandera water system by ADB are expected to complete in the near future and uplift the county's economic prospects. The county with its new reforms on local revenue collections expects to avoid big revenue shortfalls that leads to budgets deficits.
Despite the positive outlook in the medium term, there are risks to the county's medium term expenditure framework such as insecurity, limited resources, droughts, funds delays and political disturbances. The county will monitor these risks and will adopt appropriate measures to safeguard the economic welfare and stability of the population.

CHAPTER FIVE
CONCLUSION AND NEXT STEPS

The 2018 CBROP has highlighted the key county government policies and objectives that will underpin the creation of the 2019/2020 budget. The fiscal framework discussed is also in line with tone of the CIDP, the sectorial objectives, the ADP and the fiscal responsibility principles outlined in the 2012 PFM law.

The creation of the FY 2019/2020 will be broad based and consultative. To achieve this, the accounting officers have already been advised through budget circular to form Sector Working Groups (SWGs). The SWGs will do a detailed and careful costing of various programs and projects and ensure the key priorities of every sector is articulated in the coming budget. These SWGs is the only vehicle through which county ministries can bid for resources and justify allocations.

The 2019 CFSP which will be issued mid-February next year will provide a more updated fiscal framework and will add more flesh to the information already provided in this CBROP. Further, the CFSP will give a clear budget ceiling to every sector. This will enable SWGs to prioritize their projects and come up with a balanced budget that accommodates their priority programs.