

THE 2017/2018 HALF YEAR BUDGET IMPLIMENTATION REPORT

Introduction

The Financial year 2017/2018 approved budget for Mandera County was Kshs **12,246,856,931**. It was made up of Kshs **6,471,919,190** recurrent budget and Ksh **5,774,937,741** for Development. 53% of the budget was appropriated for recurrent expenditure while the remaining 47% was for development. On the revenue side, this budget was financed by Kshs. 9,739,500,000 equitable share allocated by Commission on Revenue Allocation, Local revenue of Kshs. 141,000,000 and various conditional grant and donor funds totaling Kshs 806,967,645. Further there were about Kshs 1.6 billion relating to projects brought forwards from 2016/2017 financial year.

The table summarizes county revenues for FY 2017/18 budget

	2016/2017	2017/2018
Revenue summary By Sources	Kshs	Kshs
Equitable share of Revenue	9,663,203,837	9,739,500,000
Local Revenue Collections	265,643,516	141,000,000
Danida Funds to Rural Health facilities	7,310,000	
World Bank Funding for Health sector - Result Based Financing	42,477,798	28,305,000
World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	-	160,000,000
Danida Funding for Health sector - Transforming Health care - Universal Health (new funding)	-	40,078,375
Road Maintenance Fuel Levy (Conditional Grant)	148,476,828	381,574,994
Kenya Devolution Support Program	39,304,000	54,795,936
Free Maternity Reimbursement (Conditional Grant)	55,335,158	
Foregone user fees in Health Facilities in rural Area (Conditional Grant)	15,521,730	25,474,920
Unspent Fund for Ongoing Projects from the previous FY (Unreleased funds by the exchequer)	1,783,413,954	1,559,407,928
Unspent fund from Recurrent Budget for 2016/2017 Financial Year	-	42,477,798
Free Maternity from previous years captured in the supplementary budget that was not passed	-	
Danida Funds from 2015/2016 reflected in the supplementary that was not passed	-	7,310,000
Unspent Amount b/f (under stated in 2016/2017 budget)	-	37,119,207
Development of youth Polytechnics	-	29,831,415
Total	12,020,686,821	12,246,875,573

Source: Mandera County Treasury

Resource allocation among the ministries

Table shows the breakdown of county's budget per ministry.

2017/2018 BUDGET SUMMARY	2017/2018 Departmental Allocations		
Departments	Recurrent Expenditure	Developments Expenditure	Total Departmental Allocation
Ministry of Agriculture Livestock and Fisheries	251,184,914	452,986,692	516,410,353
Ministry of Education, Culture and Sports	578,870,804	287,798,144	881,222,006
Ministry of Gender, Youth and Social Service	98,590,712	58,200,000	154,090,712
Ministry of Finance	608,625,705	355,916,847	964,542,552
Ministry of Health Services	1,774,421,190	788,459,774	2,562,880,964
Ministry of Trade, Investments Industrializations and Cooperative Development	51,924,032	259,136,036	311,060,068
County Assembly	802,350,157	123,174,818	925,524,975
Lands, Housing and Physical Planning	83,278,301	258,003,094	341,281,395
Office of the Governor and Deputy Governor	389,801,167	-	389,801,167
County Public Service Board	57,161,652	-	57,161,652
Ministry of Public Service, Management and Devolved Unit	1,060,059,068	255,217,393	1,315,276,461
Public Works Roads and Transport	118,411,141	1,824,180,858	1,942,591,999
Ministry of Water, Environment and Natural Resources	597,240,346	1,287,772,280	1,885,012,626
GRAND TOTAL	6,471,919,190	5,774,937,741	12,246,856,931

Source: Mandera County Treasury

The table above has analyzed the budget inform of recurrent and development. As shown in table, the county assembly passed a total budget of Kshs 12.247 billion across all spending units in the period under review.

Notable projects in each ministry's development budget are discussed below:

3.3.2.1 Health Services sector:

Much of this ministry's development budget was allocated to finance already ongoing projects. However, new projects to be implemented in this financial year include: Accident and Emergency for Elwak and Mandera County Referral Hospital at a cost of 157m, Eye

equipment for 6 sub County Hospitals at 30m, Dental equipment for 6 Sub County Hospitals (30m) and construction of 6 new dispensaries at a cost of 35m. New theatres will also be constructed at Dandu and Takaba sub county hospitals at a cost of 23m each. There will also be construction of water infrastructure for MCRH at a cost of 30m as well as administration block.

3.3.2.2 Water, Energy and Natural Resources sector:

As it has been in the past, allocation for ongoing projects has taken a big chunk of this ministry's development budget. This has been necessitated by the need to clear ongoing projects before starting new ones. Some of the new projects include: Extension of Elwak water distribution system at a cost of 20m, water supply to Mandera TTI (20m), drilling & equipping of boreholes in Banisa and Mandera west at 27m and construction of 20,000m³ earth pans in Mandera West, Kutulo and Banisa sub counties at a cost of 10m each.

3.3.2.3 Roads, Public works and transport Sector:

This ministry received a total development budget of 2,124,322,166 shillings. Over 90% of this investment budget went towards completion of already ongoing projects from previous financial years. Some of those projects include: tarmacking of Mandera Town roads with a cumulative budget of about 1.04 billion, settlement of pending bills at 158m and completion of County Headquarter at a cost of 40m.

3.3.2.4 Agriculture, Livestock and Fisheries:

This ministry received total budget of Kshs.516,410,353 of which Kshs 265,225,439 was for development. Some of the major projects to be implemented in this year include: construction of Rain fed farms infrastructure development in six sub counties at a cost of 21m, flood control in Aresa and Neboi at a cost of 12m and Repair and fencing of slaughter house in six sub counties at a proposed cost of 13m.

3.3.2.5 Ministry of Genders, Culture and Social Services

This ministry was allocated a total budget of 154,090,712 shillings. Some of its key projects in the year under review include Setting up one children's home in Mandera East at 20m, Mandera County rehabilitation center at 20m and construction of Persons with disabilities' resource center at a cost of 12m.

3.3.2.6 Trade, Industrialization, investment and Co-operatives development:

In the year under review, the ministry was allocated Kshs 311,060,068, of which 259,136,036 was for development and 51,924,032 was for recurrent. Major projects implemented in the FY 2017/18 include Mandera County Trade Development Fund 60.2m, Non-Interest bearing Co-operative Societies Fund in the 30 wards of Mandera County at 20m and Fencing of the old Mirra Market and ablution block at 15m.

3.3.2.7 Ministry of Education, Culture and Sports:

This ministry had a development budget of Kshs 302,351,202. Major projects undertaken include Mandera Technical Training Institutes 2 workshops 60m and settlement of pending bills at 57.8m.

3.3.2.8 Ministry of Public Service and Devolved Units:

A bulk of this ministry's budget was for recurrent activities. However a budget of Ksh 255,217,393 was allocated for development initiatives. Some of its development projects include construction of sub county headquarters for Kutulo and Elwak at 40m each, Purchase of 1 Fire Fighters Vehicle 46.2m and purchase of sanitation equipment at a cost of 30m.

3.3.2.9 Land, Housing and physical planning sector:

This ministry was allocated a budget of Kshs 258,003,094. Kshs 304,733,094 was for development. Some of its projects implemented include Completion of Cadastral survey for Mandera town, Elwak and Kutulo and Construction of sub-county land office-Elwak at a cost of 20m.

3.3.2.10 Finance and Economic Planning sector:

The ministry was allocated Kshs **964,542,552** which was composed of Kshs 608,705 on recurrent and Kshs 355,916,847 for development. Most of this ministry's recurrent are Kshs 210m on relief food and 200 on County emergency fund. For development budget, the bulk of the fund is allocated for the construction of IDP Housing (Kshs 300m).

Revenue Performance for the second half of the financial year

Local Revenue

The table below shows the local revenue performance for the first six months of FY 2017/2018

Revenue Sources	Budgeted Amount for 2017/18 in Ksh	Amount collected in second Half in Ksh
Land rents	40,810,115.00	
Plot Transfers/Sub-Divisions/Application Fees	9,900,000.00	2,213,380
Miraa Movements	1,877,430.56	939,900
single Business Permit	2,685,816.96	2,356,018
Markets cess	1,178,490.51	154,775
stores	9,950,000	515,850
Bus park/Taxis	10,000,000.00	0
Income from Quarries	3,308,958.38	5,600,289
Building plan	2,422,514.95	1,968,190
Barriers	24,944,467.47	584,575
Local Flights Tickets-Mandera Airstrip	14,151,098.13	884,800
Livestock Markets	7,463,526.84	1,389,575
Livestock Movement	1,877,076.32	905,530
Slaughter fees & charges	3,868,865.01	0
Cess	24,201,844.70	2,301,615
Agriculture Mechanization/Hire of Equipments	14,586,877.90	1,720,350
Income from Sale of Tenders documents	17,078,000.00	531,570
Rental income	1,491,169.58	303,737
Administrative fees	9,908,920.08	191,950
Others	118,745.35	1,045,947
Public Health	16,767,851.64	0
Hospital collection	9,173,030.13	5,940,704
Income from Water Management	3,235,200.51	0
Total	141,000,000	30,780,698

Source: County Treasury

Although a slight improvement has been noted compared to previous years, Local revenue collection continues to perform below par. Factors such as insecurity and poor business environment are chiefly responsible for the county's underperformance in local revenue collection.

Source: Manderla County Treasury

As shown in the table above, the counties local revenue performance was below par standing at 21% for the second half of the year. This is largely due to the prolonged electioneering period and the drought that was hurting the county. The county was only able to achieve 21% of local revenue targets for the second half of FY 2017/18. This performance is unsatisfactory and requires major efforts to reverse it.

**REVENUE PERFORMANCE
FOR Q3 AND Q4 (Actual
Money received)**

VARIOUS REVENUE SOURCES	2017/2018 approved Budget	GRAND TOTAL FOR HALF YEAR
Revenue summary	Kshs	Kshs
Equitable share of Revenue	9,739,500,000.00	6,825,107,354
Local Revenue Collections	231,000,000	61,561,395.
Road Maintenance Fuel Levy (Conditional Grant)	381,574,994.00	151,236,915
Kenya Devolution Support Program	60,963,717.00	39,304,000
Development of youth Polytechnics	29,831,415.00	22,373,561
User Fees foregone (Ministry of Health)	25,474,920	15,521,730
Danida	40,078,375	14,221,359
Total	10,508,423,421	7,129,326,314

Source: County Treasury

The table above shows the revenue receipts for the second half of FY 2017/2018. Out of approved budget of about 12.2 billion, over 7.1 billion of the county's revenues was released in the second half of the financial year. This accounted for over 58% of the budgeted revenue. Delayed release of funds by the national treasury has been a traditional problem for the county government. This also causes delays in funds absorption which culminates in poor budget execution.

Expenditure Performance

a) Recurrent expenditure performance

The table below analyses recurrent expenditure performance by ministries for FY 2017/2018

Departments	Approved Budget for FY 2017/18	Total for Half year	% Absorption
Agriculture Livestock and Fisheries	251,184,914	141,088,828	56%
Education, Culture and Sports	578,870,804	266,043,018	46%
Gender, Youth and Social Service	98,590,712	21,699,524	22%
Finance	608,625,705	336,358,038	55%
Health Services	1,774,421,190	668,594,821	38%
Trade, Investments Industrializations and Cooperative Development	51,924,032	25,096,440	48%
Lands, Housing and Physical Planning	83,278,301	39,762,630	48%
Office of the Governor and Deputy Governor	389,801,167	217,797,692	56%
County Public Service Board	57,161,652	17,518,225	31%
Public Service, Management and Devolved Unit	1,060,059,068	520,493,680	49%
Public Works Roads and Transport	118,411,141	60,659,006	51%
Water, Environment and Natural Resources	597,240,346	384,595,819	64%
Sub-Total For Executive	5,669,569,032	2,699,707,721	48%
County Assembly	802,350,157.00	394,076,859	49%

Grand Total	6,471,919,189	3,093,784,580	48%
			-

Source: County Treasury

The overall performance for the county's recurrent budget stood at 48%. Total recurrent expenditure for the period under review was Ksh 3,093,784,580. Ministry of Water, Environment and Natural Resources recorded the highest recurrent expenditure performance of 64%. Other good performers in the utilization of the recurrent votes were the ministries of Agriculture Livestock and Fisheries and office of Governor both at 56%. The ministry of Gender Youth and Social Services was the lowest spender at 22%.

Development expenditure

Most of the county's development budget was executed in the second half of the financial year. 56% of the total development budget was received and spent towards the tail end of the year under review. Ksh 3,217,188,621 was the cumulative development expenditure of the county in the second half of FY 2017/2018.

Ministry of Agriculture Livestock and Fisheries was the best performer in the development funds absorption at 77%. This was followed by ministry of Health services and ministry of Education, Culture and Sports and ministry at 59% and 58% respectively. The lowest spenders of development funds was the county assembly which spent a paltry amount of 25% of its development vote. Other poor performers in the absorption of development funds were the ministry of Trade, Investments Industrializations and Cooperative Development and ministry of public service at 36% and 40% respectively.

The table below analyses development expenditure in the first six months of FY 2017/2018.

Departments	2017/2018 approved Budget	TOTAL for 2nd half	% Absorption
Agriculture Livestock and Fisheries	265,225,439	204,303,151	77%
Education, Culture and Sports	302,351,202	176,181,164	58%
Gender, Youth and Social Service	55,500,000	-	0%
Finance	355,916,847	142,301,530	40%
Health Services	788,459,774	461,484,383	59%
Trade, Investments Industrializations and Cooperative Development	259,136,036	92,131,588	36%
Lands, Housing and Physical Planning	258,003,094	144,915,321	56%
Public Service, Management and Devolved Unit	255,217,393	101,767,506	40%
Public Works Roads and Transport	2,124,322,166	1,195,088,984	56%
Water, Environment and Natural Resources	1,287,772,280	668,558,671	51%
Sub-Total For Executive	5,651,762,923	3,186,732,298	56%
County Assembly	123,174,818	30,456,323	25%
Grand Total	5,774,937,741	3,217,188,621	56%

Source: County Treasury

The following factors were responsible for delayed absorption of development funds:

- Delay of funds from National Treasury
- Limited capacity of the contractors in terms of completing works in time.
- Technical and capacity challenges in application of IFMIS
- Delays in approval of request for funds by office of controller of budget

In terms of itemized expenditure, the county almost succeeded in settling the liabilities for ongoing projects. Of notable achievement is the settlement of large chunk of LSOs and LPOs in the second half of FY 2017/18. The following table shows some examples of development expenditure in selected ministries.

Ministries	Projects details	Amount in Kshs
Ministry of Water, Energy, Environment and Natural Resources	Laying of 18km gravity main 1 from Falama Hill to Borehole 11	26,237,538
	Acquifer mapping	42,000,000
	Other small projects	8,514,000
Ministry of Roads, Transport and Public works	Engiconsult for Mandera Tarmack Roads	49,335,600
	Mandera Town Road - Tarmac	525,000,000
	Banisa - Domal Road from RMLF	23,000,000
Health Services	Drilling of new borehole, piping to MCRH, underground water tank, elevated metallic tank and water reticulation at MCRH	30,000,000
	Accident and Emergency equipments for Elwak and Mandera County Referral Hospital (Phase II)	50,000,000
Others	Low value liabilities	67,305,390
	Total	821,392,528

Source: County Treasury