

REPUBLIC OF KENYA



**BARINGO COUNTY GOVERNMENT
COUNTY TREASURY AND ECONOMIC PLANNING**

TREASURY CIRCULARNO.BCG/CT/CIR/05/VOL.1/25

TO: ALL ACCOUNTING OFFICERS

RE: GUIDELINES FOR THE PREPARATION OF FY 2024/25 AND THE MEDIUM-TERM BUDGET

I. INTRODUCTION

1. In accordance with the provisions of Article 220 of the Constitution and Section 128 (2) Not later than the 30th August in each year, the County Executive Committee member for finance shall issue a circular setting out guidelines to be followed by all of the county government's entities in the budget process. In this regard, the County Treasury and Economic Planning hereby issues guidelines for the preparation of the FY 2024/25 and the Medium-Term Budget.

Purpose

2. The purpose of the guidelines is to inform and guide departments and County Government Entities on the preparation of Medium-Term Budget for Financial Year 2024/25 MTEF period and the key dates for its delivery. The circular is issued in accordance to section 128(2) of the Public Finance Management Act no. 18 of 2012 and shall apply to all Departments and Entities.

The Circular outlines the following:

- i. Background to the FY 2024/25 and Medium-Term Budget;
- ii. Policy Priorities for the FY 2024/25 and Medium-Term Budget;
- iii. schedule for preparation of the budget, specifying the key dates by which the various processes are to be completed;
- iv. the methodology for the review and projection of revenues and expenditures;
- v. key policy areas and issues to be taken into consideration when preparing the budget;

- vi. the procedures to be followed by members of the public who wish to participate in the budget process;
- vii. the format in which information and documents relating to the budget are to be submitted;
- viii. the information to be in conformity with standard budget classification systems as prescribed by regulations; and
- ix. any other information relevant to the budget process.

Background

3. The FY2024/25 and the Medium-Term Budget is being formulated against an improving economic outlook albeit a slow growth recovery among economic sectors and regions. According to the latest forecast, Global GDP growth in 2023 and 2024 is projected to decline from 3.5% in 2022 to 3.0%.
4. The tightening monetary policy by Central Bank to fight inflation continues to impact negatively on economic activities. Assuming no further supply-based shocks, extreme weather and escalations of Russia-Ukraine crisis, Global headline inflation is expected to ease from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024.
5. Advanced economies are expected to see a decline in growth, reflecting a slowdown in growth in the USA, Euro Area, and United Kingdom. Growth in the USA is expected to decline from 2.1 % in 2022 to 1.8% and 1.0% in 2023 and 2024 respectively. The Euro Area is expected to experience a decline from 3.5% in 2022 to 0.9% in 2023 and a rebound of 1.5% in 2024.
6. In the emerging markets and developing economies of Asia, growth is projected to rise modestly from 4.5% in 2022 to 5.3% in 2023 before declining slightly to 5.0% in 2024 mainly driven by the recovery of activities in China with the full reopening in 2023. In the Sub-Saharan Africa region, growth is projected to decline slightly from 3.9% in 2022 to 3.5% in 2023 before rebounding to 4.1 % in 2024
7. The Kenyan economy is expected to remain resilient in 2023 and grow by 6.0% and maintain that momentum over the medium-term. This growth outlook will be supported by, a broad-based private sector growth, including continued strong performance of the services sector and recoveries in agriculture, while the public sector consolidates.

8. Given the limited resources that the economy is likely to generate under the prevailing circumstances, departments are required to prioritize and accommodate programmes within the available resource envelope.

Assumptions Underpinning the FY2024/25 and Medium-Term Fiscal Framework

9. The Medium-Term Fiscal Framework supporting the budget will be anchored on the following assumptions:
 - a) Real GDP is projected to grow at 6.0 % in 2022 and over the medium-term;
 - b) Inflation is expected to be maintained within the target range of $\pm 2.5\%$ of 5%;
 - c) Interest and exchange rates are expected to remain stable and this will be safeguarded over the medium term;
 - d) Total Revenue will be expected to improve gradually to reach 18.3% of the GDP in FY 2024/25 and over the medium-term; and
 - e) GDP in FY 2024/25 and over the medium-term; and
 - f) Total expenditure is expected to decrease to below 22.3% of GDP in FY 2024/25 and Medium Term in line with the fiscal consolidation policy.

II. SPECIFIC GUIDELINES

10. The following are the specific guidelines to be followed in the preparation of FY 2024/25 and the Medium-term budget proposals.

(i) Timelines and requirements for key activities in the budget process

11. The budget process involves preparation of key policy documents for approval by Executive and assembly. In this regard, the following policy documents will require to be prepared and approved within the timeframes outlined in the public Finance Management Act, 2012 and Regulations, 2015:
 - g) The County budget Review and Outlook Paper (CBROP).
 - h) The Sector Groups budget proposals
 - i) The County Fiscal Budget strategy paper
 - j) The Budget Estimates
 - k) Debt Management Strategy Paper;
 - l) Programme Based Budgets and supporting details
 - m) Appropriate bill and
 - n) The Finance Bill.
12. To facilitate the finalization and approval of the above documents and bills within stipulated timelines, Accounting Officers are required to strictly undertake the activities outlined in the budget calendar within the set timeframes. The timeframes for delivery of the policy documents, reports, and relevant bills are provided in Annex 1 of this circular.

(ii) Institutional framework to guide the budget process

13. In line with the UN-classification of the functions of Government (COFOG), departments and agencies performing closely related functions have been mapped to form Sector Working Groups (SWGs). The SWGs will remain as follows:
 - (i) Agriculture, Rural and Urban Development (ARUD)
 - (ii) Energy, Infrastructure and ICT (EI&ICT)
 - (iii) General Economic and Commercial Affairs (GECA)
 - (iv) Health
 - (v) Education
 - (vi) Public Administration
 - (vii) Social Protection, Culture and Recreation
 - (viii) Environmental Protection, Water and Natural Resources
14. Mapping of Departments and Agencies into Sectors is provided in **Annex 2** of this Circular. Respective Sector Working Groups shall be responsible for the prioritization and formulation of sector budget proposals. The structure and composition of SWGs is provided in **Annex 3** and the terms of reference are provided in **Annex 4** of this Circular.
15. All accounting Officers are reminded that the SWGs remain central in guiding the prioritization and resource allocation for planned programmes/projects. It is therefore crucial for Sector Working Groups to ensure that they only consider proposals for funding which are aimed at supporting these objectives and County Government's priority policies as outlined in the Governor's manifesto, County Integrated Development Plan (CIDP), Sector plans, Annual Development Plans (ADP), The Bottom Up Economic Transformation Agenda and Fourth Medium Term Plan towards realization of Vision 2030. Departments are therefore required to fully participate in their relevant Sector Working Groups and bid for resources within the available ceilings.

(iii) FORM AND CONTENT OF THE BUDGET

Programme-Based Budget (PBB)

16. In line with the Public Finance Management Act, 2012, the budget will continue to be prepared and presented by vote and programme. SWGs are therefore required to review programmes and align them to the mandates of the respective Departments and Agencies.

Developing 'Rolling' Three-Year Medium-Term Budget Estimates

17. In a "Rolling" Medium-Term Budget Plan, the first-year estimate forms the starting point for the next financial year's budget estimates. Under this approach, budget resources will continue to be appropriated on an annual basis but the budget planning process will include estimates of expenditure and revenue for the two outer years. Accounting Officers should note that the ceilings for the outer years remain binding in accordance to the Public Finance Management Regulations, 2015.
18. The 2024/25 MTEF budget will focus on the implementation of the Governor's Manifesto and aligning it to Bottom Up Economic Transformation Agenda (BETA) and continue with context of stimulating growth and creating jobs, reducing poverty, enhancing food security and protecting the livelihoods of the poor and the most vulnerable members of our society. Therefore, emphasis will be given to:

- Agricultural transformation
- Development and promotion of tourism
- Health care and
- Leverage on National Government in promoting Micro, Small and Medium Enterprise (MSME); and
- Digital Superhighway and Creative Industry

(iv) Expenditure/Programme Performance Reviews

19. Departments and Agencies are expected to undertake a detailed assessment of the progress achieved towards the realization of the targeted outcomes and outputs after the implementation of the FY 2020/21 to FY 2022/23 Budgets. The assessment should entail analyzing the previous budgetary allocations, actual expenditure and achievement of actual outputs and outcomes
20. The Expenditure/Programme Performance Reviews reports should indicate both financial and non-financial indicators of performance for each programme. In addition,; the review should focus on efficiency and effectiveness towards the achievement of programme outcomes. Accounting Officers should ensure that previous Programme Performance, outstanding commitments, implementation experiences and lessons learnt form the basis for guiding resource allocations in the Medium-Term
21. Departments and Agencies will only be allowed to bid for resources in their respective sectors after finalization of the Expenditure/Programme Performance Reviews. Departments and Agencies will be required to present PPR reports in their respective SWGs prior to discussing the funding requirements. The guidelines and formats for undertaking Programme Performance Reviews are provided in **Annex 4 (A-E)** of this Circular.
22. It is therefore crucial for Sector Working Groups to ensure that they only consider proposals for funding which are aimed at supporting these objectives and County Government's priority policies as outlined in the Governor's manifesto, County Integrated Development Plan (CIDP), Sector plans, Annual Development Plans (ADP), The Big Four Agenda and Fourth Medium Term Plan towards realization of Vision2030.
23. I wish to remind accounting officers that, sector proposal priorities agreed will be funded. It is therefore expected that you will have to work on complying with the priorities agreed within the sectors. More weight should be put on completion of ongoing programmes. The county government will continue with its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quicker economic-social growth and development.

(v) Prioritization and Allocation of Resources

24. The County Government will continue to pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic activities. In this regard, provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, environmental protection and climate change measures will be prioritized. Consequently, the following will serve as the criteria to guide prioritization and final allocation of resources:
 - a. Programmes that enhance value chain

- b. Linkage of the programme with the priorities of CIDP
- c. Completion of ongoing projects and stalled projects
- d. Degree to which a programme addresses job creation and poverty reduction;
- e. Programmes that support mitigation and adaptation of climate change;
- f. Cost effectiveness, efficiency and sustainability of the programme; and Requirements for furtherance and implementation of the Constitution.

(vi) Costing of Programmes

25. Accounting Officers are required to ensure that costing of activities in respective programmes is in line with these guidelines. The costing of activities, projects and programmes will be guided by the following principles:

a) Recurrent Budget Estimates

Personnel Emolument

26. SWGs should ensure that, succession management is clearly indicated and resources for new recruitment must have prior approval for funding from the County Treasury. Allocation for personnel emolument must be supported by Integrated Personnel Payroll Data (IPPD).

Use of Goods and Services

27. SWGs are required to critically review department and agencies requirements of the recurrent budget especially in respect of use of goods and services. All requirements for the use of goods and services should be costed accurately and justified. Each allocation should be supported by service providers' agreements, demand notes, and any documentary evidence of past trends.

Subscriptions/Contributions

28. All subscriptions to organizations/registered bodies shall remain consolidated under the County Treasury. However, department and agencies are expected to review and justify both current and proposed requirements for international subscriptions/payments.

Transfers to Semi-Autonomous Government Agencies (SAGAs)

29. Support/Transfers to SAGAs must be critically reviewed and justified, while taking into account its revenue base. Where no sufficient documentation or evidence is provided, the earmarked provision should be forfeited and the savings realized redirected to other priority programmes within or across departments within the Sector.

30. SAGAs are required to present their audited accounts, projected revenue levels, and the planned revenue raising measures to enable the SWGs to determine the required support.

31. SAGAs are also required to develop and implement measures that will allow diversification and increase in internally generated revenue, reduction in operational and administrative costs, and leveraging on ICT in delivery of services among others with a view to minimizing or eliminating reliance on the County Government support.

b) Development Budget Estimates

32. In particular, SWGs should ensure that the following requirements have been met before a new project is considered for resource allocation:

- a) All conditions precedent are fulfilled, including land acquisition, compensation,

Public/stakeholder participation and management, and other development partners' requirements;

- b) Detailed designs are completed and relevant approvals obtained where applicable;
- c) Project has received necessary regulatory approvals; and
- d) Detailed resource requirements including funding sources and personnel to operationalize the project are planned for.

Ongoing and Stalled Projects

33. As earlier noted, the FY 2024/25 and Medium Budget will put more emphasis on Governor's Manifesto and BETA projects, completion of ongoing and viable stalled projects. In particular, projects nearing completion should be funded adequately to ensure that citizens benefit from such investments. Further, departments and agencies should review all the stalled projects and only submit requirements for viable projects to the County Treasury.
34. In order to have uniform and comparable information on projects, SWGs are required to adopt the following operational definition of projects:
- a) **On-going project** - a project that is underway with implementation works having commenced or contractual commitments entered into;
 - b) **Stalled project** - a project which has stopped being implemented for whatever reason or has been receiving inadequate budget allocations which cannot facilitate meaningful progress over the medium term;
 - c) **New project** - a pipeline project that has been prioritized for financing, but implementation works are yet to commence and no commitments entered into; and
 - d) **Pipeline Project** - a project that has been appraised and granted necessary approvals and uploaded in the Public Investment Management System ready for prioritization and budget allocation.

Projects with Counterpart Requirement

35. SWGs should ensure that partner financed projects are in line with overall departments'/agency priorities, and have adequate provision for counterpart funding in accordance with the financing agreement. The SWGs should also ensure that performance for results projects as well as programmes with Disbursement Linked Indicators are properly identified with supporting financing agreement. Departments/agencies are required to provide supporting documents for allocation of counterpart funding. The requirement and the supporting documentation for counterpart funding for each planned project in the FY 2024/2025 and the Medium Term Budget should be forwarded to the County Treasury by 7th December, 2023.

Public Participation and Stakeholder Involvement

36. Public participation and involvement of other stakeholders in the budget making process is essential and a constitutional requirement. SWGs should identify their critical stakeholders including development partners, private sector, community-based organization, local communities, among others and engage them in programme prioritization. Engagements with stakeholders should be documented. SWGs should confirm the extent to which departments and agencies Budget Proposals have inputs from stakeholders.

III. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

37. Sector Chairpersons are requested to ensure that all activities of SWGs including the drafting of Sector Budget Proposals are completed on scheduled timelines. The proposals should be ready for submission to the County Treasury not later than 12th January 2024 in line with the format indicated in Annex 8.

IV. CONCLUSION

38. Finally, Accounting officers are requested to ensure strict adherence to these guidelines and to bring the contents of this Circular to the attention of all officers working under them, including the heads of Semi-Autonomous Government Agencies (SAGAs).

Hon. Wilson Cheserek

CECM-Finance and Economic Planning

Copy to:

H.E. The Governor
H.E. The Deputy Governor
County Secretary
Controller of Budget

ANNEXES

ANNEX 1: BUDGET CALENDAR FOR THE FY 2024/25 AND MEDIUM-TERM BUDGET

Activity	Responsibility	Timeline
Issue MTEF Guidelines	County Treasury	30 th August 2023
Public participation on ADP	County Treasury	21 st -25 th August 2023
present ADP to CEC for approval	County Treasury	30 th August 2023
Submit ADP to County Assembly	County Treasury	1 st September 2023
Review of Expenditure	Departments	4 th – 15 th September 2023
Draft County Budget Review and Outlook Paper (CBROP)	County Treasury	17 th September 2023
Launch of Sector working groups (SWG)	County Treasury	19 th September 2023
Submission of CBROP to Cabinet	County Treasury	30 th September 2023
Submit CBROP to County Assembly	County Treasury	18 th October 2023
Submit draft sector reports to treasury	Sector Chairpersons	16 th December 2023
Hold Sector Hearings	County treasury/ SWGs	16 th -19 th January 2024
Submission of final Sector reports to County Treasury	Sector Chairpersons	30 th January 2024
Preparation of the CFSP	County Treasury	3 rd February 2024
Finalize and circulate Fiscal Strategy paper (CFSP) to Heads of Departments	County Treasury	10 th February 2024
Public participation on CFSP	County Treasury	13 th –15 th February 2024
Submission of CFSP to cabinet for review and approval	County Treasury	22 nd February 2024
Submission of CFSP to County Assembly	County Treasury	28 th February 2024
Preparation of Draft Sector Budget Proposals	Sector Working Groups	4 th -13 th March 2024
Submission of Budget Proposals to Treasury	Line Departments	29 th March 2024
Public participation on Budget Estimates	County Treasury	18 th – 22 nd March 2024
Consolidation of the Draft Budget Estimates	County Treasury	1st April 2024
Submission to Cabinet for Approval	County Treasury	15 th April 2024
Submission of Draft Budget Estimates to County Assembly	County Treasury	29 th April 2024
Review of Draft Budget Estimates by County Assembly	County Assembly	15 th May 2024
Report on Draft Budget Estimates from the County Assembly	County Assembly	30 th May 2024
Consolidation of the Final Budget Estimates	County Treasury	7 th June 2024
Submission of Appropriation Bill to County Assembly	County Treasury	10 th June 2024
Budget Statement	County Treasury	23 rd June 2024
Appropriation Bill Passed	County Assembly	30 th June 2024

Annex 2: SECTOR WORKING GROUPS FOR THE FY 2024/25 AND MEDIUM-TERM

Sector	Sector Composition
Agriculture and Rural Development	Agriculture
	Livestock Development
	Lands, Housing and Urban development
	Fisheries Development
General Economics and Commercial Affairs	Co-operative Development
	Trade & Enterprise Development
	Industrialization
Energy, Infrastructure and ICT	Infrastructure
	Roads
	Transport
	Energy Access
	Public Works
	ICT
Environment Protection, Water and Natural Resources	Water and Irrigation
	Tourism
	Mining
	Environment and Natural resources
	Forestry & Wildlife
Health Services	Medical Services
	Public Health
Education	ECDE
	Vocational Training
Public Administration	County Assembly
	Office of the Governor
	Office of the Deputy Governor
	Office of the County Secretary
	County Public Service Board
	County Treasury and Economic Planning
Social Protection Culture and Recreation	Youth
	Sports Development
	Social Protection
	Gender, Arts and Culture

ANNEX 4(B): ANALYSIS OF EXPENDITURE TRENDS FOR THE FY 2020/21-2022/23

Table 2.2: Analysis of Recurrent Expenditure (Ksh. Million)

Sector.....						
Vote.....						
Economic classification	Approved budget			Actual Expenditure		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Gross						
Compensation to Employees						
Transfers						
Other Recurrent						
...etc						
Utilities						
Rent						
Insurance						
Subsidies						
Gratuity						
Contracted Guards & Cleaners Services						
Others Specify						

NB: Briefly explain reasons for the deviations between approved and actual expenditure

Table 2.3: Analysis of Development Expenditure (Ksh. Millions)

Sector name							
Vote and Vote Details	Description	Approved budget			Actual Expenditure		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Department/Agency	Gross						
	BCG						
	Grants						
	Others						

NB: Briefly explain reasons for the deviations between approved and actual expenditure

Table 2.4: Analysis of Programme Expenditure (Ksh. Million)

Programme	Approved budget			Actual Expenditure		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Programme 1						
Sub-Programme 1						
Sub-Programme 1						
Total Sub-Programme						
Repeat as above for Programme 2, 3 e.t.c:						
Total Vote.....						

Table 2 .5: Analysis by Category of Expenditure: Economic Classification (Ksh. Million)

Economic Classification	Approved budget			Actual Expenditure		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Programme 1:						
Current Expenditure						
Compensation of Employees						
Use of Goods and Services						
Grants And Other Transfers						
Other Recurrent						
Capital Expenditure						
Acquisition Of Non-Financial Assets						
Capital Grants to Government Agencies						
Other Development						
Total						
Programme.....						
Repeat as above for Programme 2, 3 etc.:						
Total Vote						

NB: Briefly explain reasons for the deviations between approved and actual expenditure

ANNEX 4 (C) ANALYSIS OF PERFORMANCE OF CAPITAL PROJECTS FY 2020/21-2022/23 (KSHS. MILLIONS)

Table 2.6: Analysis of performance of capital projects FY 2020/21-2022/23 (Kshs. Millions)

Estimated Cost of project	Timeline		Actual cumulative Expenditure as at 30th June 2023	% of project Completion (Physical as at 30th June 2023)	Approved budget FY 2023/24	Requirement FY 2024/25	Allocations		Remarks
	Start Date	Expected Date of completion					2025/26	2026/27	
Project 1									
Project 2									
...etc									
Total									

ANNEX 4(D): REVIEW OF PENDING BILLS

Table 2.7: Summary of Pending Bills

Type/nature	Due to lack of Exchequer			Due to lack of provision		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
1. Recurrent						
Compensation of employees						
Use of Goods and Services e.g. utilities, domestic or foreign travel etc.						
Social benefits e.g. NHIF, NSSF Other expense						
2. Development						
Acquisition of non-financial assets						
Use of goods and services						
Others-Specify						
Total Pending Bills						

ANNEX 5A: FORMAT FOR PRESENTATION OF PROGRAMME PERFORMANCE BASED BUDGET (PBB)

Table 2.8: Summary of Court Awards

Vote No: Title

Part A: Vision

Part B: Mission

Part C: Performance Overview and Rationale Funding

This section is supposed to discuss the following:

- Brief description of mandate;
- Expenditure trends - approved budget against the actual expenditure for the Financial Years 2020/21-2022/23 Budget;
- Major achievements based on the planned outputs/services for the Financial Years 2020/21 - 2022/23 Budget;
- Constraints and challenges in budget implementation and how they will be addressed; and
- Major services/outputs to be provided in the Financial Year 2024/25 and the Medium-Term.
-

Part D: Strategic Objectives

In this part, list all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome which must be linked with Strategic Plan and CIDP.

Part E: Summary of programme Key Outputs, Key Performance Indicators and Targets for the FY 2024/25-2026/27

program me	Delive ry Unit	Key Outpu ts	Key Performa nce Indicators	Targe t 2022/ 23	Actual Achievem ent 2022/23	Target (Baseli ne) 2023/24	Targe t 2024/ 25	Targe t 2025/ 26	Targe t 2026/ 27
Name of Programme Outcome									
SP1.1									
SP1.2									
...ect									

Part F: Summary of Expenditure by Programme and Sub –Programmes for the FY 2024/25-2026/27 (Kshs. Millions)

programme	Approved Budget	Actual Expenditure	Baseline Estimates	Estimates	Projected Estimates	
	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
Name of Programme Outcome						
SP1.1						

SP1.2						
Total Expenditure of Programme 1						

NB: Repeat as shown in the table under section “e” above for each programme and sub-programme and their summation must equal the total expenditure of the vote.

Part G: Summary of Expenditure by vote and economic Classification (Kshs. Millions)

Code	Economic Classification	Approve d Budget	Actual Expenditure	Baseline Estimates	Estimates	Projected Estimates	
		2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
	Current Expenditure						
	Compensation of Employees						
	Use of Goods and Services						
	Current Transfers Govt. Agencies						
	Social benefits						
	Other expenditure						
	Capital Expenditure						
	Acquisition Of Non-Financial Assets						
	Capital Grants to Government Agencies						
	Other Development						
	Total Expenditure of vote						

NB: The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F and G

part H: Summary of Expenditure by Programme and Sub-Programme per economic Classification (Kshs. Millions)

Code	Economic Classification	Approved Budget	Actual Expenditure	Baseline Estimates	Estimate s	Projected Estimates	
		2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
Programme 1:							
	Current Expenditure						
	Compensation of Employees						
	Use of Goods and Services						
	Current Transfers Govt. Agencies						
	Social benefits						
	Other expenditure						
	Capital Expenditure						
	Acquisition Of Non-Financial Assets						
	Capital Grants to Government Agencies						
	Other Development						
	Total Expenditure of vote						
Sub-Programme 1							
	Current Expenditure						
	Compensation of Employees						
	Use of Goods and Services						
	Current Transfers Govt. Agencies						
	Social benefits						
	Other expenditure						

	Capital Expenditure						
	Acquisition Of Non-Financial Assets						
	Capital Grants to Government Agencies						
	Other Development						
	Total Expenditure for the Sub-Programme						

NB: Repeat above in cases where a department has more than one programme and /or Sub-Programmes.

Part I: Summary of Human Resource Requirements

Programme Code	Programme Title	Designation/Position title	Authorized Establishment	In post as at 30th June 2023	Funded positions in 2023/24	Positions to be Funded in 2024/25	Projections for 2025/26	Projections for 2026/27
	General Admin, Planning and Support services							
Total funded positions								

ANNEX 5B: COSTING TECHNIQUES AND GUIDELINES FOR COMPUTING THE BUDGET BASELINE

I. Costing Techniques

All resource requirements should be accurately costed; MDAs are required to select the technique providing the most plausible calculation results from the following:

- a. Quantity multiplied by Price;
Trend;
- b. Lump sum; and
- c. Ad hoc.

Quantity multiplied by Price;

This method requires identifying the Quantities involved as well as the different Prices that are associated with the items. Departments are required to use this calculation method and justification should be provided if this method is not used.

Trend

This should be used if only quantity multiplied by price cannot be applied. It extrapolates past trends based on an item's expenditure pattern of most recent years. The average past annual rate of increase or decrease is applied to outer years if there is no indication that future developments would substantially deviate from the past.

Lump Sum

For very small items and to avoid calculation overload, the lump sum method may be used. This involves taking the cost for the item in the current year and keeping it nominally constant in the medium term. The second case where lump sum can be helpful is if there is no reliable indication that the current amount will increase or decrease.

Ad Hod

Expenditures undertaken to address specific interventions and not usually intended to address other activities or ongoing projects. These activities/projects should be costed by use of quantity multiplied by price.

II. SPECIFIC GUIDELINES FOR COMPUTING THE BUDGET BASELINE

a) Prices

During computation of the budget baseline, departments are required to use current market prices. The County Treasury in consultation with the National Treasury will factor an inflation adjuster in the costing tool to reflect the effects of inflation on prices, which can significantly impact the value of money over time. This will ensure that budgeting and financial planning take into account the potential changes in prices, allowing for more accurate cost projections and informed decision-making.

b) Costing the Recurrent Expenditure

Compensation to Employees

Departments are required to fully cost for personnel emolument using (quantity price). Departments should include provision for recruitment already approved by the County Treasury. They should also include provision for annual salary adjustment from one scale to the other. The increment should be as advised by SRC and set by the respective employers.

Any request for filling of vacancies and creation of additional posts or new posts should be justified in terms of organizational requirements, improvement in service delivery and/or provision of new services as provided in the existing Executive Order. Similarly, filling of consequential vacancies at entry grade as a result of succession management should be justified. The financial implications of such requests should be included in the budget baseline.

Departments are required to submit the following in regard to compensation to employees:

- The number of personnel, both permanent and contractual as at 1st July, 2023 as well as personnel expected to retire by 30th June 2024, 2025 and 2026.
- The expected timing for filling approved funded positions; and Annual financial implications of the above.

Utilities and Rent

Departments are required to cost for all the utilities such as electricity, water and gas including any arrears that may be due. In formulating the requirements for utilities, departments are required to apply (quantity*price) as the primary costing technique while clear justification should be provided where another technique is used.

Other Mandatory Expenditures

Accounting Officers are required to review all the mandatory expenditures that fall under their purview and cost the requirements. Departments are also required to determine the number of personnel whose contracts are ending and provide for the gratuities due in FY 2024/25 and the Medium Term and should be captured in the IFMIS budgeting module.

c) Costing the Development Expenditure

Accounting Officers are required to cost requirements of the capital projects and prioritize them based on realistic implementation plans irrespective of the source of financing.

For ongoing projects, MDAs are required to take into account the current implementation status, actual expenditure as at 30th June, 2023, outstanding expenditure as at 30th June, 2023, the approved Budget for the FY 2023/24, revised project cost where applicable and the requirements over the medium term.

ANNEX 6: PROJECT CONCEPT NOTE

SECTION 1: PROJECTS PROFILE

SECTION 2: PROJECTS BACKGROUND

SECTION 3: SCOPE OF THE PROJECT

SECTION 4: LOGICAL FRAMEWORK

SECTION 5: INSTITUTIONAL ARRANGEMENTS

ANNEX 7: PROJECTS DETAILS FOR FY 2024/25 AND MEDIUM -TERM PROJECTIONS

projec t code and title	Estim ated cost of projec t	Sta rt Da te	Expect ed Date of comple tion	Actual cumula tive expendi ture	outstan ding Project Cost as at 30th June 2023	Appro ved Budge t 2023/2 4	Require ment for FY 2024/25	Alloca tion for FY 2024/2 5	Alloca tion for FY 2025/2 6	Alloca tion for FY 2026/2 7
Proje ct 1										
Proje ct 2										
Total										

NB: Rank projects in terms of percentage completion and order of priority

ANNEX 8: SECTOR BUDGET PROPOSAL FORMAT TABLE OF CONTENTS

(Please ensure that Headings and Subheadings are identical to those in the report)

Chapters 1-6 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations.

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

1. INTRODUCTION

1.1 Background

1.2 Sector Vision and Mission

1.3 Strategic goals/Objectives of the Sector

1.4 Sub-Sectors and their Mandates

1.5 Autonomous and Semi-Autonomous Government Agencies

1.6 Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

2. PROGRAMME AND PERFORMANCE REVIEW 2020/21-- 2022/23

2.1 Review of Sector Programmes Performance delivery of outputs/ KPI/targets as per the table below (Summarize as per Table 2.1)

2.2 Analysis of expenditure trends for the FY 2020/21- 2022/23 (Summarize as indicated in Table 2.2 to 2.5)

2.3 Analysis of performance of capital projects for the FY 2020/21- 2022/23 (Summarize as indicated in Table 2.6)

2.4 Analysis of pending bills for the FY 2020/21-- 2022/23 (Summarize as indicated in Table 2.7)

CHAPTER THREE

3 MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2024/25-- 2026/27

3.1.1 Prioritization of Programmes and Sub-Programmes

Programmes and their Objectives

3.1.2 Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector

Table 3.1: Programme/Sub-Programme, Outcome, Outputs and KPIs

Programme	Delivery Key	Key Outputs	Key Performance	Target 2022/23	Actual Achievement	Target Baseline	Targ et	Targ et	T
Name of Programme Outcome									
SPL1									
SPL2									
... etc.									

NB: Where applicable, KPIs and target should be gender disaggregated

3.1.3 Programmes by Order of Ranking

3.1.4 Resource Allocation Criteria

3.2 Analysis of Sector and Subsector Resource Requirement versus allocation:

TABLE 3.1: SECTOR & SUB-SECTOR RECURRENT REQUIREMENTS/ALLOCATIONS (AMOUNT KSH MILLION)

Vote Details	Economic Classification	Approved Estimates	Requirement			Allocation		
		2023/24	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Department	Gross							
	Compensation to							
	Employees							
	Grants and Transfers							
	Other Recurrent							

	Utilities Rent							
	Insurance Subsidies Gratuity							
	Contracted Guards & Cleaners Services							
	Others							

TABLE 3.2: SECTOR & SUB-SECTOR DEVELOPMENT REQUIREMENTS/ALLOCATIONS (AMOUNT KSH MILLION)

Sector.....

Vote.....

Description	Approved Budget Allocation	Requirement			Allocation		
		2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Gross							
BCG							
Loans							
Grants							
Local AIA							

Table 3.3: Analysis of Programmes and Su-Programmes (Current and Capital) Resource Requirement (Ksh. Million)

Sector.....

Vote

Programme	Approved Budget		Projection (Requirement)					
	2023/24		2024/25		2025/26		2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Programme No. 1								
Sub-Programme 1								
Sub Programme 2								
Total Programme								
Repeat for above for Programme 2,3,...etc								
Total vote								

Table 3.4: Analysis of Programmes and Su-Programmes (Current and Capital) Resource Allocation (Ksh. Million)

Sector.....

Vote

Programme	Approved Budget		Allocation					
	2023/24		2024/25		2025/26		2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Programme No. 1								
Sub-Programme 1								
Sub Programme 2								
Total Programme								
Repeat for above for Programme 2,3,...etc								
Total vote								

TABLE 3.5: PROGRAMMES AND SUB-PROGRAMMESB BY ECONOMIC CLASSIFICATION ECONOMIC CLASSIFICATION (AMOUNT KSH MILLION)

Sector

Vote

Economic Classification	Resource Requirement			Allocation		
	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Programme I:						
Current Expenditure						
Compensation of Employees						
Use of Goods and Services						
Grants and other Transfers						
Other Recurrent						
Capital Expenditure						
Acquisition Of Non-Financial Assets						
Capital Grants to Government Agencies						
Other Development						
Total Programme						
Repeat as above for Programme 2, 3, .. etc						
Total Vote						

CHAPTER FOUR

CROSS-SECTOR LINKAGES AND EMERGING ISSUES /CHALLENGES

CHAPTER FIVE

CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the Chapters 1-4 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

CHAPTER SIX

RECOMMENDATIONS

This section should outline future actions. The recommendations should be action orientated, and feasible: relate logically to the conclusions; be arranged in order of importance; and be to the point