# REPUBLIC OF KENYA
## THE NATIONAL TREASURY AND PLANNING

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**Ref. No. ES/03'P' (50)** **26th August 2020**

**TREASURY CIRCULAR NO.16/2020**

**TO: ALL CABINET SECRETARIES**

**ALL ACCOUNTING OFFICERS/PRINCIPAL SECRETARIES**

**RE: GUIDELINES FOR PREPARATION OF THE 2021/22 – 2023/24 MEDIUM-TERM BUDGET**

## I. INTRODUCTION

- ***Purpose***

1. This Circular is issued in accordance to Section 36 of the Public Finance Management Act, 2012 and provides guidelines on the processes and procedures to be followed when preparing the Medium-Term Budget for FY2021/22 – 2023/24. The guidelines apply to all Ministries, Departments and Agencies (MDAs), Constitutional Commissions, Independent Offices, Parliament and the Judiciary.

2. The purpose of the Circular is therefore to guide MDAs on the following:

   (i) Background to the Medium-Term Budget for 2021/22 – 2023/24;

   (ii) Policy framework supporting the Medium-Term Budget for 2021/22 – 2023/24;

   (iii) Constitutional timelines and requirements for key activities in the budget preparation process;

(iv) Institutional framework to guide the budget process;

(v) Form and content of Budget;

(vi) Programme Performance Reviews (PPRs);

(vii) Prioritization process for programmes;

(viii) Costing of programmes, projects and activities; and

(ix) Framework for public participation in the budget making process.

- ***Background***

3. The Medium-Term Budget for 2021/22 – 2023/24 will be framed against a background of the emergence of the Coronavirus (Covid-19) pandemic. The emergence of COVID–19 as a global pandemic has presented unprecedented challenges to virtually all aspects of life. The pandemic has forced countries to go into partial or total lockdown and this has in turn affected economic performance and plunged many economies into recession.

4. Forecasts for the global economy by the International Monetary Fund (IMF) point to a historic downturn. As we lay the groundwork for the Medium-Term Budget for FY2021/22 – 2023/24, we have to contend with the reality of the worsening macroeconomic conditions across the entire globe. If no cure is found for COVID-19 pandemic, the outlook points to the worst economic recession since the Great Depression of the 1930s.

5. The IMF is projecting Global growth at minus 4.9 percent (-4.9%) in 2020 which is 1.9 percentage points below the April 2020 forecast. The COVID-19 pandemic has had a more negative impact on economic activities in the first half of 2020 than anticipated. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020.

6. Similarly, Kenya's economic growth is expected to decline to below 2.5 per cent in 2020. Revenue collection is likely to be adversely affected by poor business environment occasioned by COVID-19 pandemic.

- ***Policy Framework Supporting the Medium-Term Budget For 2021/22 – 2023/24***

7. As we embark on the preparation of the 2021/22 – 2023/24 Medium-Term Budget, the economic policy will continue to focus on cushioning the vulnerable households through targeted economic stimulus programmes. When the economy fully reopens, the targeted support will gradually be mainstreamed into the regular programmes of the Government to ensure that we continue with the implementation of programmes aimed at safeguarding livelihoods, job creation, and economic recovery. The Government is in the process of developing a Post COVID-19 Economic Recovery Strategy (PC-ERS) that will align with the current strategy (Big Four Agenda").

8. The Medium-Term Fiscal Framework supporting the budget will in this regard, be anchored on the following key assumptions:

a) Real GDP is projected to grow at 2.5% in 2020 and to reach a peak of 6.0% over the medium-term;

b) The inflation is expected to be maintained within the target range of ±2.5% of 5%;

c) Interest and exchange rates stability will be safeguarded over the medium term;

d) Total Revenue will be expected to improve gradually to reach 16.5% of the GDP in 2020/21 and 18.5% over the medium-term; and

e) Total expenditures is expected to decrease gradually to reach 25.2% of GDP in FY 2020/21 and remain broadly unchanged over the Medium Term.

## II. SPECIFIC GUIDELINES

9. The following will guide the preparation of 2021/22 – 2023/24 Medium-Term Budget proposals.

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

10. As outlined in the Public Finance Management Act, 2012 and accompanying Regulations, the budget process involves preparation of key policy documents for approval by Cabinet and Parliament which include the following:

- The Budget Review and Outlook Paper by 30th September 2020;
- Sector Working Group Reports by 30th November 2020;
- The Budget Policy Statement by 15th February 2021;
- Division of Revenue Bill by 15th February 2021;
- County Allocation of Revenue Bill by 15th February 2021;
- Debt Management Strategy Paper by 15th February 2021;
- The Annual Appropriation Bill by 30th April 2021; and
- The Finance Bill by 30th April 2021.

11. To facilitate finalization of the above policy documents and Bills and submit them for approval within the stipulated timelines, MDAs will be required to undertake activities outlined in the Budget Calendar within the set deadlines. The Budget Calendar for the FY2021/22 is provided under Annex 1 of this Circular.

12. Accounting Officers are required to note the timelines and initiate action as required to ensure that Budget is prepared and submitted to Parliament as provided for in the Constitution and the PFM Act, 2012.

***(ii) Institutional framework to guide the budget process***

13. In line with the UN-Classification of the Functions of Government (COFOG), MDAs performing closely related functions have been mapped to form a Sector. In this regard, the functions of the Government for the purpose of Medium-Term Budgeting will remain mapped into the following Sectors:

(i) Agriculture, Rural and Urban Development (ARUD);

(ii) Energy, Infrastructure and ICT; (EI & ICT)

(iii) General Economic and Commercial Affairs;

(iv) Health;

(v) Education;

(vi) Governance, Justice, Law & Order (GJLO);

(vii) Public Administration & International Relations;

(viii) National Security;

(ix) Social Protection, Culture and Recreation; and

(x) Environmental Protection, Water and Natural Resources

14. The mapping of MDAs into Sectors is provided in Annex 2 of this Circular. Respective Sector Working Groups (SWGs) shall be responsible for prioritization and formulation of sector budget proposals. The structure and composition of SWGs is provided under Annex 3(A) and the terms of reference are provided in Annex 3 (B) of this Circular.

***(iii) Form and content of Budget***

- ***Programme-Based Budgeting (PBB)***

15. The Budget will continue to be presented by Vote and programme in line with Section 38 (3) (b) of the Public Finance Management Act, 2012. SWGs are therefore required to review Programmes and align them to the mandates of the respective MDAs. Where a new programme is proposed, approval must be obtained from the National Treasury.

16. In designing new programmes, the structure should match the main lines of service delivery in the MDAs. During the review of Programmes, SWGs should ensure that:

(i) Performance targets are Specific, Measurable, Achievable, Realistic, and Time bound;

(ii) Performance indicators are for outputs and outcomes;

(iii) Programme targets are those that MDAs can reasonably influence their achievement;

(iv) Programme service delivery units with no clear outputs, performance indicators and targets are rationalized and funding reduced accordingly; and

(v) There are no crosscutting functions which are not assigned to respective programmes.

17. Each programme should be confined within a single MDA and all functions should fall within programmes. There should be no duplication of programme or programmenames across MDAs. MDAs with more than one programme, should create an additional programme for the purpose of management and administration of overhead costs which cannot be attributed to a single programme. The format for presentation of the Programme Based Budget is provided under Annex 5A of this Circular.

- ***Estimates for the 2021/22 – 2023/24 Medium-Term Budget***

18. The Government will continue pursuing a fiscal consolidation policy which is aimed at reducing the overall fiscal deficit and debt accumulation. The consolidation policy will be supported by enhanced revenue mobilization and rationalization of recurrent expenditure, while enhancing capital expenditure. This will ultimately reduce public debt and create fiscal space over the medium term. SWGs are required to prepare Medium-Term budgets that are consistent with the Medium-Term Fiscal Framework that will be provided in the Budget Review and Outlook Paper (BROP).

- ***Developing 'Rolling' three-year medium-term Budget Estimates***

19. 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 also include estimates of expenditure and revenue for the two forward/outer years. Accounting Officers should note that the Public Finance Management Regulations, 2015 require that the ceilings in the outer years are binding. SWGs should to the extent possible align the FY 2021/22 and Medium Term resource allocation to this requirement.

- ***Medium-Term Development Strategy***

20. The 2021/22 – 2023/24 Medium-Term Budget will be based on MTP III and will build on the progress made in the previous financial years, and the PC-ERS. The Government will continue to address the policy, legal, regulatory, and governance challenges as a priority to ensure that we attain our full potential.

- ***Economic Stimulus Programme (ESP)***

21. The measures to contain the spread of COVID-19 pandemic have contributed to significant reduction in economic activities, loss of business opportunities and negatively affected the incomes and livelihoods of households and firms. To mitigate against these effects and support economic activities, the Government introduced an Economic Stimulus Programme (ESP). The first phase of the ESP involved enhancing the aggregate demand by removing PAYE for those earning KSh. 24,000 and below; reducing corporate and personal income tax rate from 30 % to 25 %; reducing the VAT rate from 16 % to 14 % and reducing turnover tax rate from 3 % to 1 %. The Central Bank of Kenya also lowered the Central Bank Lending rate from 8.25% to 7.25 % in March, 2020 to support economic activity.

22. In addition, implementation of an economic stimulus programme is underway in all the 47 counties. In the FY 2020/21 the Government has set aside **KSh.56.6 billion** for small scale labour intensive projects targeting the following areas:

- Youth Empowerment and Employment Creation under the Kazi Mtaani Programme;
- Improving Education Outcomes;
- Improving Health Outcomes;
- Improving Environment, Water and Sanitation Facilities;
- Road Rehabilitation;
- Agriculture and Food Security;
- Tourism;
- Enhancing Liquidity to Business;
- Social Protection; and
- Interventions to enforce the policy of buy Kenya build Kenya.

- ***The 'Big Four' Plan***

23. The Medium-Term Budget will further support the ongoing priorities for achievement of the "Big Four" Plan taking into account:

(i) Prudent management of public resources;

(ii) Building a resilient, more productive and competitive green economy;

(iii) Delivering better public services within a tight fiscal environment; and

(iv) Deepening governance, anti-corruption and public financial management reforms to guarantee transparency, accountability and efficiency in public spending.

24. In preparing the 2021/22 – 2023/24 Medium-Term Budget, MDAs will be required to prioritize allocations towards the achievement of the 'Big Four' Plan. This will build on the progress made in the previous financial years as we confront the challenges posed by COVID-19 pandemic.

25. To create fiscal space and guarantee appropriate phasing out of expenditure programmes, Sector Working Groups (SWGs) will be required to undertake a thorough review of proposed MDAs Budgets for FY2021/22 and the Medium Term to ensure that they are not only directed towards improving productivity but also aligned to the achievement of the objectives of the "Big Four" Plan and PC – ERS directly as 'drivers' or indirectly as 'enablers'. The exercise should involve the following:

- Prioritizing the PC – ERS and "Big Four" 'drivers' and the 'enablers' in the Sector Budget proposals;
- Establishing the resources required for individual programmes and projects and the level of provision within the ceilings provided; and
- Justifying each proposed programme funding with supporting documentation.

***(iv) Programme Performance Reviews (PPRs)***

26. Accounting Officers are required to undertake PPRs in line with the guidelines. In undertaking PPRs, MDAs are expected to undertake a detailed assessment of the progress achieved towards realization of the targeted outputs after the implementation of the Medium-Term Budgets for FY 2017/18 to FY 2019/20. The assessment should entail analysing the previous budgetary allocations, actual expenditure and achievement of actual outputs and outcomes.

27. The PPRs reports should indicate both financial and non-financial indicators of performance for each programme. The report should provide progress of both domestically and externally financed projects within a programme. In addition, the review should focus on efficiency and effectiveness towards the achievement of

programme outcomes. Experiences and lessons learnt should form the basis for guiding expenditure allocations in the Medium-Term Budget.

28. MDAs will only be allowed to bid for resources in their respective sectors after finalization of the PPRs. MDAs will be required to present PPR reports prior to discussing the funding requirements with the Resource Allocation Panel. The guidelines and formats for undertaking Programme Performance Reviews are provided in Annex 4 (A-D) of this Circular.

***(v)Prioritization and Allocation of Resources***

29. The Government will continue to pursue the Post COVID economic recovery strategy which is aimed at safeguarding livelihoods, jobs, businesses and industrial recovery. In addition, provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies and implementation of the Constitution will be prioritized. Realization of these objectives will have implications in the budget ceilings to be provided in the Budget Review and Outlook Paper. The following criteria will serve as a guide for prioritizing and allocating resources:

(i) Linkage of Programmes to Post-Covid-19 Economic Stimulus Programme (PC-ESP);

(ii) Linkage of Programmes to the 'Big Four' Plan either as drivers or enablers;

(iii) Linkage of the programme with the objectives of Third Medium-Term Plan of Vision 2030;

(iv) Degree to which a programme addresses job creation and poverty reduction;

(v) Degree to which the programme is addressing the core mandate of the MDAs;

(vi) Expected outputs and outcomes from a programme;

(vii) Cost effectiveness and sustainability of the programme; and

(viii) requirements for furtherance and implementation of the Constitution.

30. Based on the above broad guidelines, each sector is expected to develop and document criteria for resource allocation within the ceilings provided and undertake a prioritization exercise.

*(vi) Costing of Programmes*

31. Accounting Officers are requested to ensure that costing of all their programmes is accurate taking into account the ceilings provided to avoid exaggerated resource requirements. The various costing methodologies to be used are as indicated in Annex 5B of this circular.

***(a) Recurrent Budget Estimates***

- ***Personnel Emoluments***

32. In line with the Public Finance Management Regulations, 2015, the National Government expenditure on compensation to employees is not expected to exceed 35 percent of the equitable share of revenue. It is therefore the policy of the Government to contain the wage bill to the medium-term targets. In this regard, SWGs should not allocate resources for new recruitment, interns or upgrading unless there is prior approval from the National Treasury. SWGs should however provide adequate resources for the normal wage drift to cater for movement from one salary scale to another. Allocation for personnel emoluments must be supported by Integrated Personnel Payroll Data (IPPD) and each MDA will be required to provide this information to support personnel requirements.

33. SWGs should also note that adjustments of remuneration and benefits for staff in MDAs, including SAGAs, should only be done after receiving guidance from the Salaries and Remuneration Commission (SRC). MDAs are reminded to first obtain written approval on availability of funds for any proposed adjustment, from the National Treasury before seeking SRC's advice. This approval should be provided to the SWGs to support personnel requirements.

- ***Use of Goods and Services***

34. SWGs are required to critically review MDAs requirements to curtail growth of recurrent budgets especially use of goods and services. All requirements for use of goods and services should be accurately costed. Each allocation should be supported by service provision agreements, demand notes, and documentary

evidence of past trend. In addition, SWGs are also required to make adequate budgetary provision for the payment of all utilities under respective MDAs budgets.

- ***Budgeting for Subscriptions/Contributions***

35. All subscriptions to international organizations shall remain consolidated under the National Treasury. MDAs are however expected to review and justify both current and proposed requirements for international subscriptions/payments for inclusion under the National Treasury's Budget.

- ***Transfers to Semi-Autonomous Government Agencies (SAGAs)***

36. Transfers to SAGAs must be critically reviewed and justified. Where no sufficient documentation or evidence is provided, the earmarked provision should be considered savings and redirected to other priority areas within or across MDAs within the Sector. Any additional requirement by a SAGA should be critically reviewed and determined after a thorough scrutiny of the budget and the rationale for the additional funding, while taking into account its revenue base.

37. The SWGs should critically analyze the revenue generating potential of SAGAs in their respective sectors. In this regard, SAGAs are required to present their audited accounts and clearly indicate their revenue levels, and planned revenue raising measures to enable the SWGs to determine the required Exchequer support.

- ***Consolidation of ICT Equipment and Services***

38. All ICT services remain consolidated under the Ministry of Information, Communication and Technology (ICT). These include but not limited to purchase of computers, printers and other ICT equipment; purchase of ICT networking and other communication equipment; purchase of software; contracted ICT professional services; purchase of photocopiers; and purchase of specialized ICT equipment. MDAs will be required to present and justify to the SWG the requirement they have submitted to the Ministry of ICT for ICT goods and related services.

***(b) Development Budget Estimates***

- ***Project Preparation, Appraisal and Approval for New Projects***

39. The Government has directed that no new projects should be started without the approval of the Executive Office of the President. In case of any new project,

the SWGs are advised to only consider new projects approved by the Executive Office of the President.

40. In addition, the National Treasury has developed a Public Investment Management (PIM) Framework and adopted the Public Investment Management Guidelines to increase efficiency and effectiveness of public spending. These Guidelines should be applied in the preparation, appraisal and approval of all projects before their inclusion in the budget. MDAs will be required to ensure that all new projects are adequately prepared, appraised and approved by the National Treasury before seeking approval from the Executive Office of the President.

41. Specifically, SWGs should ensure that before a new project is considered for budget allocation, the relevant Accounting Officer has fulfilled the following minimum prerequisites;

i. All conditions precedent are fulfilled, including land acquisition, compensation, stakeholder management and other development partners' requirements;

ii. Detailed designs are completed and relevant approvals obtained where applicable;

iii. Project has received necessary regulatory approvals;

iv. Detailed resource requirements including funding sources and personnel to operationalize the project are planned for; and

v. Project details are captured in the relevant Public Investment Management Information System.

42. SWGs and the Accounting Officers shall ensure that projects that have fully met the conditions above are allocated adequate funding in that financial year. Where the above preliminaries have not been met, the Accounting Officer/MDA shall only request for resources to meet these prerequisites in that financial year. Financing Agreements with development partners shall be executed for projects that have been approved and processed through the Public Investment Management Information System. For any new project to be considered for funding, it must have been appraised and approved and pipelined by 30th June of the preceding FY.

43. MDAs should submit information on new projects as provided in the Project Concept Note indicated in **Annex 6** of this Circular for approval by the National Treasury.

- ***Ongoing and Stalled Projects***

44. The FY 2021/22 Budget will put more emphasis on completion of ongoing and stalled projects. In particular, projects nearing completion should be funded adequately to ensure that citizens benefit from such public investments. Capital projects to be factored in the budget should include both domestically and foreign financed projects. Further, projects that seek to implement/facilitate the realization of the Post-Covid-19 Economic Stimulus Programme (PC-ESP) and 'Big Four Plan' should receive the highest priority.

45. SWGs are however reminded to critically review the ongoing/stalled projects to justify continued existence and resource allocation. MDAs should in this regard provide adequate information to support the existence of ongoing projects. This should include details on total cost, start and end date, cumulative expenditure to date, balance to completion, and amount required over the medium term, among others.

46. Accounting Officers are requested to ensure that all ongoing multi-year projects are allocated adequate funds in accordance with the contract signed between Government and third parties within the projected ceilings before a new project is allocated budgetary resources.

47. In order to have uniform and comparable information on projects, SWGs are required to adopt the following operational definition of projects:

i. **On-going project;** these are projects whose implementation is still in progress and are actively being executed and funded and whose completion is consistently progressing;
ii. **Stalled project;** these are projects which are being implemented by the Government and are at different levels of completion but are not funded at the moment hence they are not progressing or have stopped from being implemented or executed to completion. Their implementation will however resume if the required funds are availed;
iii. **Suspended or shelved or dropped;** This is a viable project which was being implemented at one point in time or another but has been temporally deferred

from implementation or being allocated budget due to an outstanding issue that is yet to be resolved. This project will be continued whenever the issue has been resolved and budget is allocated;

iv. **Abandoned;** This is a project which was viable at inception and during the initial implementation stages but whose viability has substantially diminished leading to its being deserted or neglected or dumped or stopped permanently. This project will never be continued or can be continued after a fresh appraisal process has been conducted; and

v. **Pipeline/ New Project;** These are viable projects already appraised and granted necessary approvals and uploaded in the Public Investment Management system ready for prioritisation and budget allocation or awaiting introduction in the budget for the first time.

48. SWGs are required to provide details of the approved new projects, ongoing projects and stalled projects as indicated in Annex 7 of this Circular. Projects should be evaluated in the context of the following:

i) Priority should be given to Post-Covid-19 Economic Stimulus Programme (PC-ESP) and 'Big Four' Interventions and completion of on-going projects;

ii) MDAs should indicate how the proposed projects will contribute to the PC - ERS COVID and 'Big Four' Plan of enhancing economic growth, job creation and increased citizen's welfare;

iii) Preference for financing should be given to those projects which are in full compliance with Government priorities;

iv) Resources to projects should largely reflect the actual financial requirement over the medium term; and

v) MDAs should review the project concept notes to reflect the actual allocations, which should be submitted with the 2021/22 – 2023/24 medium-term budget proposals.

- ***Projects with GOK Counterpart Requirement***

49. SWGs should ensure that externally financed projects are in line with overall MDAs priorities, and have adequate provision for GOK 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 (DLIs) are properly identified with supporting financing agreement.

MDAs are required to provide proof to support the allocation for counterpart funding. The requirement and the supporting documentation for counterpart funding for each planned project in the FY 2021/22 and the Medium Term Budget should be forwarded to the National Treasury latest by **10th September, 2020.**

- ***Conditional Grants to Counties***

50. Conditional grants to Counties in respect of devolved functions must be reflected and accounted for within the appropriate programme and sub-programme structure under the MDAs Budget. This applies to both locally and externally-funded programmes from which the activities to be undertaken in the Counties are targeted to be funded from.

***(vii) Public Participation and Stakeholder Involvement***

51. Public participation and involvement of other stakeholders in the medium term budget process is not only essential but a constitutional requirement. SWGs should identify its critical stakeholders including donors, among others and engage them in programme prioritization. Such engagements should be documented for reference purposes. Following the COVID-19 Mitigation Protocols issued by the Ministry of Health, and the Head of the Public Service, the SWGs are encouraged to use virtual meetings in engaging the Stakeholders.

52. Accounting Officers are reminded that the SWGs remain central in guiding the prioritization and resource allocation for planned programmes/projects. **MDAs are therefore required to fully participate in the relevant Sector and bid for resources within the available ceilings**. No spending proposal will be factored in the budget unless approved and considered within the SWGs process.

## III. COUNTY BUDGETING PROCESS

53. Taking into account the guidance provided in this Circular, County Executive Committee Members for Finance are expected to customize and develop medium-term budget preparation guidelines that meet the requirements of their respective County budget processes. The National Treasury will provide assistance to individual Counties at request, including capacity building of County officials.

## IV. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

54. 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 National Treasury not later than **27th November 2020** in line with the format indicated in Annex 8.

## V. CONCLUSION

55. Finally, Accounting Officers are required to ensure strict adherence to the 2021/22 – 2023/24 MTEF Budget guidelines and to bring the contents of this Circular to the attention of all Officers working under them, including the Heads of Parastatals and other Semi-Autonomous Government Agencies (SAGAs).

**HON. (AMB) UKUR K. YATANI, EGH**
**CABINET SECRETARY/NATIONAL TREASURY & PLANNING**

**Copy to:** **Dr. Joseph K. Kinyua, EGH**
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**Justice (Rtd.) Paul Kihara Kariuki, EGH**
Attorney General
State Law Office and Department of Justice
**NAIROBI.**

**Dr. Jane Kiringai**
Chairperson
Commission on Revenue Allocation
**NAIROBI.**

**Mrs. Jacqueline Mogeni**
Chief Executive Officer
Council of Governors
**NAIROBI.**

**All County Executive Committee Members for Finance**

| ANNEX I: BUDGET CALENDAR FOR THE FY 2021/22 MEDIUM-TERM BUDGET | | |
|---|---|---|
| ACTIVITY | RESPONSIBILITY | FY2021/22 DEADLINE |
| **1. Develop and issue MTEF guidelines** | **National Treasury** | **27-Aug-20** |
| **2. Launch of Sector Working Groups** | **National Treasury** | **11-Sep-20** |
| **3. Programme Performance & Strategic Reviews** | **MDAs** | **16-Sep-20** |
| 3.1 Review and update of strategic plans | " | " |
| 3.2 Review of programme outputs and outcomes | " | " |
| 3.3 Expenditure Review | " | " |
| 3.4 Review and approval of projects for FY2021/22 | Project Committees | " |
| 3.5 Progress report on MTP implementation | " | " |
| 3.6 Preparation of annual plans | " | " |
| **4. Development of Medium-Term Budget Framework** | **Macro Working Grou** | **30-Sep-20** |
| 4.1 Estimation of Resource Envelope | " | " |
| 4.2 Determination of policy priorities | " | " |
| 4.3 Preliminary resource allocation to Sectors, Parliament, Judiciary & Counties | " | " |
| 4.4 Draft Budget Review and Outlook Paper (BROP) | " | " |
| 4.5 Submission and approval of BROP by Cabinet | " | 30-Sep-20 |
| 4.6 Submission of approved BROP to Parliament | " | 22-Oct-20 |
| **5. Preparation of MTEF budget proposals** | **Line Ministries** | **29-Nov-20** |
| 5.1 Retreats to draft Sector Reports | Sector Working Group | 11-24 th Oct & 25th Oct - 7th Nov -20 |
| 5.2 Public Sector Hearing | National Treasury | 25th Nov 20 |
| 5.3 Review and incorporation of stakeholder inputs in the Sector proposals | Sector Working Group | 30-Nov-20 |
| 5.4 Submission of Sector Report to Treasury | Sector Chairpersons | 4-Dec-20 |
| 5.5 Consultative meeting with CSs/PSs on Sector Budget proposals | National Treasury | 10-Dec-20 |
| **6. Draft Budget Policy Statement (BPS)** | **Macro Working Grou** | **15-Feb-21** |
| 6.1 Draft BPS | Macro Working Group | 12-Nov-20 |
| 6.2 Division of Revenue Bill (DORB) | National Treasury | " |
| 6.3 County Allocation of Revenue Bill (CARB) | National Treasury | " |
| 6.4 Cabinet Retreat on Finalization of FY2021/22 Budget | Executive Office of the President | 15-Jan-21 |
| 6.5 Submission of BPS, DORB and CARB to Cabinet for approval | National Treasury | 22-Jan-21 |
| 6.6 Submission of BPS, DORB and CARB to Parliament for approval | National Treasury | 15-Feb-21 |
| **8. Preparation and approval of Final MDAs Budgets** | | **27-Apr-21** |
| 7.1 Develop and issue final guidelines on preparation of 2021/22 MTEF Budget | National Treasury | 5-Mar-21 |
| 7.2 Submission of Budget Proposals to Treasury | Line Ministries | 15-Mar-21 |
| 7.3 Consolidation of the Draft Budget Estimates | National Treasury | 1-Apr-21 |
| 7.4 Submission to Cabinet for Approval | National Treasury | 15-Apr-21 |
| 7.5 Submission of Draft Budget Estimates to Parliament | National Treasury | 27-Apr-21 |
| 7.6 Submission of the Finance Bill | National Treasury | 27-Apr-21 |
| 7.7 Review of Draft Budget Estimates by Parliament | National Assembly | 14-May-21 |
| 7.8 Report on Draft Budget Estimates from Parliament | National Assembly | 31-May-21 |
| 7.9 Consolidation of the Final Budget Estimates | National Treasury | 4-Jun-21 |
| 7.10 Submission of Appropriation Bill to Parliament | National Treasury | 10-Jun-21 |
| 7.11 Submission of Vote on Account to Parliament | National Treasury | 30-Jun-21 |
| **8. Budget Statement** | **National Treasury** | **10-Jun-21** |
| **9. Appropriation Bill Passed** | **National Assembly** | **30-Jun-21** |
| **10. Finance Bill Passed** | **National Assembly** | **30-Jun-21** |

## ANNEX 2: SECTOR COMPOSITION AND WORKING GROUPS FOR THE FY 2021/22 MEDIUM-TERM

| CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG) | MTEF SECTOR | MINISTRIES, DEPARTMENTS AND AGENCIES |
|---|---|---|
| Economic Affairs | Agriculture, Rural and Urban Development | 1112 Ministry of Lands and Physical Planning |
| | | 1162 State Department for Livestock. |
| | | 1166 State Department for Fisheries, Aquaculture & the Blue Economy |
| | | 1169 State Department for Crop Development & Agricultural Research |
| | | 1173 State Department for Cooperatives |
| | | 2021 National Land Commission |
| | | |
| | Energy, Infrastructure and ICT | 1091 State Department of Infrastructure |
| | | 1092 State Department of Transport |
| | | 1093 State Department for Maritime Affairs |
| | | 1094 State Department for Housing & Urban Development |
| | | 1095 State Department for Public Works |
| | | 1122 State Department for Information Communications and Technology & Innovation |
| | | 1123 State Department for Broadcasting & Telecommunications |
| | | 1152 State Department for Energy |
| | | 1193 State Department for Petroleum |
| | | |
| | General Economic and Commercial Affairs | 1174 State Department for Trade and Enterprise Development |
| | | 1175 State Department for Industrialization |
| | | 1202 State Department for Tourism |
| | | 1221 State Department for East African Community |
| | | 1222 State Department for Regional and Northern Corridor Development |
| | | |
| Health | Health | 1081 Ministry of Health |
| | | |
| Education | Education | 1064 State Department for Vocational and Technical Training |
| | | 1065 State Department for University Education |
| | | 1066 State Department for Early Learning & Basic Education |
| | | 1068 State Department for Post Training and Skills Development |
| | | 2091 Teachers Service Commission |
| | | |
| Public Sector & Safety | Governance, Justice ,Law and Order | 1021 State Department for Interior and Citizen Services |
| | | 1023 State Department for Correctional Services |
| | | 1252 State Law Office and Department of Justice |
| | | 1261 The Judiciary |
| | | 1271 Ethics and Anti-Corruption Commission |
| | | 1291 Office of the Director of Public Prosecutions |
| | | 1311 Office of the Registrar of Political Parties |
| | | 1321 Witness Protection Agency |
| | | 2011 Kenya National Commission on Human Rights |
| | | 2031 Independent Electoral and Boundaries Commission |
| | | 2051 Judicial Service Commission |
| | | 2101 National Police Service Commission |
| | | 2141 National Gender and Equality Commission |
| | | 2151 Independent Policing Oversight Authority |
| | | |

| CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG) | MTEF SECTOR | MINISTRIES, DEPARTMENTS AND AGENCIES |
|---|---|---|
| General Public Services | Public Administration and International Relations | 1011 Executive Office of the President |
| | | 1032 State Department for Devolution |
| | | 1052 Ministry of Foreign Affairs |
| | | 1071 The National Treasury |
| | | 1072 State Department for Planning |
| | | 1213 State Department for Public Service |
| | | 1214 State Department for Youth Affairs |
| | | 2041 Parliamentary Service Commission |
| | | 2042 National Assembly |
| | | 2043 Parliamentary Joint Services |
| | | 2061 The Commission on Revenue Allocation |
| | | 2071 Public Service Commission |
| | | 2081 Salaries and Remuneration Commission |
| | | 2111 Auditor General |
| | | 2121 Controller of Budget |
| | | 2131 The Commission on Administrative Justice |
| | | |
| Defence | National Security | 1041 Ministry of Defence |
| | | 1281 National Intelligence Service |
| | | |
| Recreation, Culture and Social Protection | Social Protection, Culture and Recreation | 1035 State Department for Development of the ASAL |
| | | 1132 State Department for Sports Development |
| | | 1134 State Department for Culture and Heritage |
| | | 1184 State Department for Labour |
| | | 1185: State Department for Social Protection, Pensions & Senior Citizen's Affairs |
| | | 1212 State Department for Gender |
| | | |
| Community Amenities | Environment Protection, Water and Natural Resources | 1108 Ministry of Environment and Forestry |
| | | 1109 Ministry of Water & Sanitation and Irrigation |
| | | 1192 State Department for Mining |
| | | 1203 State Department for Wildlife |
| | | |
| Macro Working Group | Macro Working Group | The National Treasury( M&FA, BD, RMD & DMD) |
| | | Central Bank of Kenya |
| | | Kenya National Bureau of Statistics(KNBS) |
| | | Macro Economic Department ( State Department for Planning) |
| | | Kenya Institute for Public Policy Research and Analysis(KIPPRA) |
| | | Kenya Revenue Authority |
| | | Commission on Revenue Allocation |

## ANNEX 3(A): STRUCTURE AND COMPOSITION OF SECTOR WORKING GROUPS

**1. SWGs shall comprise the following:**

1.1 Chairperson – One Accounting Officer chosen by consensus by other Accounting Officers within the Sector;

1.2 Sector Convener – Appointed by the National Treasury;

1.3 Sector Co-Convener – Appointed by the State Department for Planning;

1.4 Technical Working Group – Appointed by the SWG;

1.5 A SWG Secretariat – Appointed by the individual Accounting Officers to assist in the coordination of the activities of the Sector;

1.6 Representatives from Development Partners; and

1.7 Representatives from the Private Sector.

## ANNEX 3 (B): TERMS OF REFERENCE FOR SECTOR WORKING GROUPS

2. SWGs are expected to ensure that proposed programmes and projects are in line with the priorities of the Vision 2030, Medium Term Plan III and the "Big Four" Agenda. Specifically, the terms of reference for SWGs will be to:

2.1 Review sector objectives and strategies in line with the overall goals outlined in the Vision 2030, MTP III and the "Big Four" Agenda;

2.2 Identify the programmes and the necessary policy, legal and institutional reforms required;

2.3 Approve list projects to be included and funded;

2.4 Analyze cost implications of the proposed programmes, projects and policies for the MTEF period;

2.5 Prioritize Sector Programmes and allocate resources appropriately in accordance with an agreed criteria and prioritization;

2.6 Identify programmes and projects to be funded under Public Private Partnerships (PPP); Thoroughly analyze the base line expenditure and remove all the once off expenditure for the previous years;

2.7 Identify the programmes/projects that are of low priority in order to realize savings which should be directed to the 'Big Four' Plan;

2.8 Allocate resources only to projects that have been fully processed (i.e. feasibility study done, with detailed designs, necessary approvals and land secured). The SWGs should also pay attention to the estimated requirements for each of the stages of project cycle;

2.9 Introduce mechanism of efficiency savings in their budgets through reducing operating costs and non-service delivery activities;

2.10 The SWGs are expected to provide a detailed explanation for the rescheduling of projects which should include savings and financial implications of rescheduling projects and activities;

2.11 Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals;and

2.12 Identify critical stakeholders and engage them in programme prioritization

## ANNEX 4: PROGRAMME PERFORMANCE REVIEW FY 2017/18 – 2019/20

## ANNEX 4A: REVIEW OF THE SECTOR/SUBSECTOR PROGRAMME PERFORMANCE FOR FY 2017/18 – 2019/20

### TABLE 2.1: ANALYSIS OF SECTORE/SUB-SECTOR PROGRAMME TARGETS VS ACTUAL TARGETS

| Programme | Key Output | Key Performance Indicators | Planned Target | | | Achieved Target | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 | |
| Sub-Programme | | | | | | | | | |
| XX 1 | | | | | | | | | |
| XX 2 | | | | | | | | | |
| | | | | | | | | | |
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## ANNEX 4B: ANALYSIS OF SECTOR/SUB-SECTOR EXPENDITURE TRENDS FOR THE FY 2017/18 – 2019/20

### TABLE 2.2: ANALYSIS OF RECURRENT APPROVED BUDGET VS ACTUAL EXPENDITURE (KSH. MILLION)

| Sector..... | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Approved Budget | | | Actual Expenditure | | |
| Vote and Vote Details | Economic Classification | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| xxx1 | Gross | | | | | | |
| | AIA | | | | | | |
| | NET | | | | | | |
| | Compensation to Employees | | | | | | |
| | Transfers | | | | | | |
| | Other Recurrent | | | | | | |

**TABLE 2.3: ANALYSIS OF DEVELOPMENT APPROVED BUDGET VS ACTUAL EXPENDITURE (KSH. MILLION)**

| Sector..... | | | | | | | |
|---|---|---|---|---|---|---|---|
| Vote and Vote Details | Description | Approved Budget | | | Actual Expenditure | | |
| | | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| xxx1 | Gross | | | | | | |
| | GOK | | | | | | |
| | Loans | | | | | | |
| | Grants | | | | | | |
| | Local AIA | | | | | | |
| | | | | | | | |

**TABLE 2.4: ANALYSIS OF PROGRAMME APPROVED BUDGET VS ACTUAL EXPENDITURE (KSH. MILLION)**

| PROGRAMME DETAILS | APPROVED BUDGET | | | ACTUAL EXPNDITURE | | |
|---|---|---|---|---|---|---|
| | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| **PROGRAMME 1:** | | | | | | |
| Sub- Programme: 1 | | | | | | |
| Sub- Programme: 2 | | | | | | |
| | | | | | | |
| | | | | | | |
| **TOTAL PROGRAMME.....** | | | | | | |
| | | | | | | |
| Repeat as above for Programme 2, 3 e.t.c: | | | | | | |
| | | | | | | |
| **TOTAL VOTE.....** | | | | | | |

## TABLE 2.5: ANALYSIS OF PROGRAMME APPROVED BUDGET VS ACTUAL EXPENDITURE (KSH. MILLION)

| Economic Classification | Approved Budget | | | Actual Expenditure | | |
|---|---|---|---|---|---|---|
| | 2017/2018 | 2018/19 | 2019/20 | 2017/2018 | 2018/19 | 2019/20 |
| **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..... | | | | | | |

## TABLE 2.6: ANALYSIS OF RECURRENT APPROVED BUDGET VS ACTUAL EXPENDITURE FOR SAGAs (KSH. MILLION)

Vote Details.....

| Economic Classification | Approved Budget | | | Actual | | |
|---|---|---|---|---|---|---|
| | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| Gross | | | | | | |
| AiA | | | | | | |
| Net - Exchequer | | | | | | |
| Compensation to Employees | | | | | | |
| Other Recurrent | | | | | | |
| Insurance | | | | | | |
| Utilities | | | | | | |
| Rent | | | | | | |
| Contracted Professional (Guards & Clearners) | | | | | | |
| Others | | | | | | |

## ANNEX 4C: ANALYSIS OF PERFORMANCE OF CAPITAL PROJECTS (AMOUNT IN KSHS MILLION)

## TABLE 2.7: ANALYSIS OF RECURRENT APPROVED BUDGET VS ACTUAL EXPENDITURE (KSH. MILLION)

Ministry/Department/Agency..... ..... .....

| Project Code & Project Title | Est Cost of the project (Financing) | | | Timeline | | Actual Cumulative Expe up to 30th June 2017 | Approved Budget 2016 17 | Expected Balance as at 30th June 2017 | FY 2017/18 | | | | FY 2018/19 | | | | FY 2019/20 | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Est Cost of Project (a) | GOK | Foreign Financed | Start Date | Expected Completion Date | (b) | © | (a)-(b) | Approved GOK Budget | Approved Foreign Budget | Cumulative Expenditure as at 30th June, 2018 | Completion stage as at 30th June 2018 (%) | Approved GOK Budget | Approved Foreign Budget | Cumulative Expenditure as at 30th June, 2019 | Completion stage as at 30th June 2019 (%) | Approved GOK Budget | Approved Foreign Budget | Cumulative Expenditure as at 30th June, 2020 | Completion stage as at 30th June 2020 (%) | |
| | Ksh Million | | | | | Ksh Million | | | Ksh Million | | | | | | | | | | | | |
| Project 1 | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | | | |
| Repeat as above for projects 2,3 etc | | | | | | | | | | | | | | | | | | | | | |

*NB: Under remarks column, provide a brief overview of the specific needs to be addressed by the project*

## ANNEX 4D: REVIEW OF PENDING BILLS

| Table 2.8: Summary of Pending Bills by nature and Type (KShs. Million) | | | | | | |
|---|---|---|---|---|---|---|
| | Due to lack of Exchequer | | | Due to lack of provision | | |
| Type/nature | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| 1. Recurrent | | | | | | |
| Compesation of employees | | | | | | |
| Use of goods and services e.g utilities, domesic or foreign travel etc. | | | | | | |
| Social benefits e.g NHIF, NSSF | | | | | | |
| Other expense | | | | | | |
| 2. Development | | | | | | |
| Acquisition of non financial assets | | | | | | |
| Use of goods and services e.g utilities, domesic or foreign travel etc. | | | | | | |
| Others-Specify | | | | | | |
| Total Pending Bills | | | | | | |

## ANNEX 5A: FORMAT FOR PRESENTATION OF PROGRAMME-PERFORMANCE BASED BUDGETS (PBB)

**Vote No. : Vote 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 2017/18 – 2019/20 Budget;
- Major achievements based on the planned outputs/services for 2017/18 – 2019/20 Budget;
- Constraints and challenges in budget implementation and how they will be addressed; and
- Major services/outputs to be provided in the 2021/22 – 2023/24 Medium-Term Budget

**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 Vision 2030.

**Part E: Summary of the Programme Key Outputs, Performance Indictors and Targets for FY 2019/20 -2023/24**

| Programme | Delivery Unit | Key Outputs | Key Performance Indicators | Target 2019/20 | Actual Achievement 2019/20 | Target (Baseline) 2020/21 | Target 2021/22 | Target 2022/23 | Target 2023/24 |
|---|---|---|---|---|---|---|---|---|---|
| Name of Programme Outcome | | | | | | | | | |
| SP1.1 | | | | | | | | | |
| SP1.2 | | | | | | | | | |
| … etc. | | | | | | | | | |

**Part F: Summary of Expenditure by Programmes and Sub-Programmes 2019/20 -2023/24 (KSh. Millions)**

| Programme | Approved Budget 2019/20 | Actual Expenditure 2019/20 | Baseline Estimates 2020/21 | Estimates 2021/22 | Projected Estimates | |
|---|---|---|---|---|---|---|
| | | | | | 2022/23 | 2023/24 |
| **Programme 1: (*State the name of the programme here*)**[1] | | | | | | |
| **Sub Programme (SP)** | | | | | | |
| SP 1. 1 | | | | | | |
| SP 1. 2. | | | | | | |
| … N | | | | | | |
| **Total Expenditure of Programme 1** | | | | | | |
| **Programme 2: (*State the name of the programme here*)** | | | | | | |
| | **Approved Budget 2019/20** | **Actual Expenditure 2019/20** | **Baseline Estimates 2020/21** | **Estimates 2021/22** | **Projected Estimates** | |
| | | | | | **2022/23** | **2023/24** |
| SP 2. 1 | | | | | | |

[1]*NB. Repeat as shown in the Table under section "E" above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote.*

| | | | | | | |
|---|---|---|---|---|---|---|
| SP 2. 2. | | | | | | |
| … N | | | | | | |
| **Total Expenditure of Programme 2** | | | | | | |
| **Total Expenditure of Vote -------** | | | | | | |

**Part G. Summary of Expenditure by Vote and Economic Classification[2] (KShs. Million)**

| Code | Expenditure Classification | Approved Budget 2019/20 | Actual Expenditure 2019/20 | Baseline Estimates 2020/21 | Estimates 2021/22 | Projected Estimates | |
|---|---|---|---|---|---|---|---|
| | | | | | | 2022/23 | 2023/24 |
| | **Current Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Current Transfers Govt. Agencies | | | | | | |
| 27 | Social Benefits | | | | | | |
| 28 | Other Expense | | | | | | |
| 31 | Non- Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |
| | **Capital Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Capital Transfers to Govt. Agencies | | | | | | |
| 31 | Non- Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |
| | **Total Expenditure of Vote ……** | | | | | | |

[2] The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

**Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KShs. Million)**

| | Expenditure Classification | Approved Budget 2019/20 | Actual Expenditure 2019/20 | Baseline Estimates 2020/21 | Estimates 2021/22 | Projected Estimates | |
|---|---|---|---|---|---|---|---|
| | | | | | | 2022/23 | 2023/24 |
| **Programme 1: (State the name of the programme here)** | | | | | | | |
| **Code** | **Current Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Current Transfers Govt. Agencies | | | | | | |
| 27 | Social Benefits | | | | | | |
| 28 | Other Expense | | | | | | |
| 31 | Non-Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |
| | **Capital Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Capital Transfers Govt. Agencies | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 27 | Social Benefits | | | | | | |
| 28 | Other Expense | | | | | | |
| 31 | Non-Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |
| **Sub-Programme 1: (State the name of the Sub-Programme here)** | | | | | | | |
| | **Current Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Current Transfers Govt. Agencies | | | | | | |
| 27 | Social Benefits | | | | | | |
| 28 | Other Expense | | | | | | |
| 31 | Non-Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |
| | **Capital Expenditure** | | | | | | |
| 21 | Compensation to Employees | | | | | | |
| 22 | Use of goods and services | | | | | | |
| 24 | Interest | | | | | | |
| 25 | Subsidies | | | | | | |
| 26 | Capital Transfers Govt. Agencies | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 27 | Social Benefits | | | | | | |
| 28 | Other Expense | | | | | | |
| 31 | Non-Financial Assets | | | | | | |
| 32 | Financial Assets | | | | | | |

- Repeat as above in cases where a Ministry/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, 2020 | 2020/21 | 2021/22 | 2022/23 Projection | 2022/23 Projection |
|---|---|---|---|---|---|---|---|---|
| | | | | | Funded Positions | Positions to be Funded | Positions to be Funded | Positions to be Funded |
| XX1 | General Admin. & Management | | | | | | | |
| XX2 | | | | | | | | |
| XX3 | | | | | | | | |
| | | | | | | | | |
| Total Funded Positions | | | | | | | | |

3. All resource requirements should be accurately costed; MDAs will be requested to select the technique providing the most plausible calculation results from the following:

i. Quantity multiplied by Price;
ii. Trend;
iii. Lump sum; and
iv. Ad hoc/ One-offs.

**i. Quantity Multiplied by Price**

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

**ii. Trend**

5. This might be used if quantity multiplied by price cannot be applied and 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.

**iii. Lump Sum**

6. 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.

**iv. Ad Hoc/ One-Offs**

The one-off is an expenditure which occurs not in each year but only in one or few years. Additionally, it refers to starting expenditure which has already been approved by law or by Cabinet.

## ANNEX 6: PROJECT CONCEPT NOTE

| SECTION 1: PROJECT PROFILE | | | |
|---|---|---|---|
| Project Name: | | | |
| Project Reference Number: | | | |
| Ministry / County Department: | | | |
| Implementing Agency (MDA/CDA): | | | |
| Initiating Department / Division / Section / Unit: | | | |
| Budget Vote (where applicable): | | | |
| Estimated Project Cost: | | | |
| MTEF Sector: | | | |
| Accounting Officer: | | | |
| Official Contact Details (Provide email, telephone number, postal and physical address): | | | |
| Project Threshold: | | | |
| Project Geographic Location (Provide GPS Coordinates here) : | | | |
| County: | Sub-County: | Ward: | Village: |
| Planned Start Date: | | | |
| Planned End Date: | | | |
| Date of Submission: | | | |
| | | | |
| **SECTION 2: PROJECT BACKGROUND** | | | |
| **1. Situation Analysis** | | | |
| Provide a background to the project idea:<br><br>a) Briefly describe the current situation that rationalizes the project<br>b) Briefly describe past and on-going interventions to address the situation; quote official statistics including past trends to support your narrative, where applicable. | | | |
| **2.Problem Statement** | | | |

| |
|---|
| Provide details of the problem to be addressed in terms of challenges, constraints and gaps:<br><br>1. Nature of the problem<br>2. Scope of the problem (How widespread or the magnitude of the problem)<br>3. State the likely causes and effects of the problem both direct and indirect.<br>4. Provide any alternative options that may be available to address the problem. |
| **3. Relevance of the Project Idea** |
| Justify the need for the proposed project by:<br><br>a) Linking the project to the National / County Development Plan strategic goals and objectives that the proposed project is expected to contribute to;<br>b) Linking the proposed project to Sector strategic objectives and strategies by describing the sector outcomes that the project is expected to contribute to;<br>c) Show the need for the project by analysing and describing the quantitative indicators of demand for the services or goods to be delivered by project using readily available information.<br>d) Describe the rationale for the government to intervene through the project, whether or not the private sector can deliver the project objectives and the consequences of not implementing the project. |
| **SECTION 3: SCOPE OF THE PROJECT** |
| Describe the scope of the project by defining the boundaries of the project in terms the outputs the project or deliverables of the project or the work that needs to be accomplished to deliver the product, service or result required. |
| **SECTION 4: LOGICAL FRAMEWORK** |
| This section show the result chain in a logical manner with a detailed description of the project goal, objectives, outcomes, outputs and inputs |
| **a) Goal** |
| State the goal in the MTP/CIDP the project intends to achieve. Also define the indicator that will be used to measure success of the project against the goal and briefly explain how information on this indicator shall be obtained. |
| **b) Project Objectives/Outcomes** |
| Define the project objectives and the corresponding outcomes. These include the effects that will follow from the utilization of products or services (outputs) delivered by the project. These could be the eventual benefits to society that the |

project interventions are intended to achieve and are reflected in terms of what people will be able to do better, faster, or more efficiently, or what they could never do before.

For each project outcome identified, define at least one indicator that will be used to measure performance of the project against the relevant outcome and briefly explain how information on this indicator (s) shall be obtained

**c) Proposed Project Outputs**

Describe the direct outputs that the project is expected to deliver. Outputs are the immediate and concrete consequences of the implemented activities and resources used. For each project output identified, define at least one indicator that will used to track progress and the means of verification.

**d) Project Activities and Inputs**

For each output identified describe the major activities that should be implemented together with the inputs or resources required to deliver the planned results. To obtain the results of a project a number of activities have to be implemented using various resources or inputs.

**e) Project Logical Framework Matrix**

| Narrative | Indicators | Sources/Means of verification | Assumptions |
|---|---|---|---|
| Goal (MTP/CIDP) | | | |
| Project Objectives / Outcomes | | | |
| Key Output | | | |
| Key Activities | | | |

NB: Add additional rows for outcomes, outputs and activities as necessary

## SECTION 5: INSTITUTIONAL ARRANGEMENTS

**1. Institutional Mandate**

| |
|---|
| Describe how the project is linked to the mandate of the institution. |
| **2. Management of the Project** |
| Demonstrate the technical, managerial and financial capacity of the implementing agency to deliver the project. This can also be better expressed by showing previous experience in handling projects of the same magnitude. |
| **3. Project Implementation Plan** |
| Describe the sequence of activities overtime which should set clear benchmarks and timelines that can be used to track the overall project. |
| **4. Monitoring and Evaluation** |
| Describe how the project will be monitored and evaluated in order to ascertain the progress towards achieving its intended objectives. Indicate the institutional framework for tracking project progress. |
| **5. Risk and Mitigation Measures** |
| Describe the potential risks that can derail the project, the likelihood of occurrence, the impact of such risks and strategies for mitigating them. |
| **6. Project Sustainability** |
| Describe how the project will continue providing the intended services and benefits to the beneficiaries after the project is completed. Describe how ownership will be fostered among stakeholders. Include anticipated annual operations and maintenance costs and the source of financing. |
| **7. Project Stakeholders and Collaborators** |
| Describe the stakeholders that the project has to constantly engage and their level of influence and interest among others. List all the government agencies, utilities or regulatory institutions that will need to be involved in the planning and implementation of the proposed project including any legal issues that will need to be addressed. |
| **8. Project Readiness** |
| 1. Describe how prepared the implementing agency to deliver the project by providing the following information:<br>a) Has the project preliminary and detailed designs been prepared and approved?<br>b) Has land been acquired (site readiness)?<br>c) Has necessary regulatory approvals been obtained?<br>d) What government agencies and stakeholders will be involved in the preparation of the Project and what roles they will play in project development and approval?<br>e) Have you undertaken consultations with other Government agencies in order to improve synergy and avoid duplication of effort? |

2. If the answer is no to any of the above questions, then confirm whether this is part of the project implementation plan
3. Whether the project can be phased or scaled down

**9. FINANCIAL ANALYSIS**

**A. Capital Cost to complete the project: Estimate the capital costs associated with the project**

Consultancy and fees .....

Land Aquisition Costs .....

Site Access, Preparation and Utility .....

Construction .....

Equipment .....

Other capital costs .....

**B. Recurrent Costs** (Kshs.): Estimate the Recurrent Costs associated of the Project

Labour cost.....

Operating Costs.....

Maintenance Costs.....

Others.....

**C.** Estimated Total Project Cost KShs Per Year:

| FY 1 | FY 2 | FY 3 | FY 4 | FY 5 |
|---|---|---|---|---|
| Total (KShs.) | Total (KShs.) | Total (KShs.) | Total (KShs.) | Total (KShs.) |
| | | | | |

**D. Indicate the proposed financing options for the project;**

a) Government of Kenya only
b) Development partner only
c) GoK and Development Partner
d) Public-Private Partnership
e) Private Sector

**E. State all other cost implications to other related projects**

| |
|---|
| Provide a breakdown of estimated cost for other projects that have to be implemented for the benefits to this project to be realised. Is land expropriation required? (Yes / No) If <YES> state the total expenses required to achieve this (compensation / legal costs etc) |
| **F. Operational Cost after implementation** |
| Provide estimated average annual personnel cost, annual maintenance cost, operation cost and revenues where applicable. This should be attached as an annex to this PCN |
| |

## ANNEXVII: PROJECTS DETAILS FOR FY2021/22 AND MEDIUM TERM PROJECTIONS

Ministry/Department/Agencies.....

Vote..... ..... ..... ..... .....

| Project Code &Project Title | Financing | | | Timeline | | Actual Cumulative Expe up to 30th June 2020 | Outstanding Project Cost as at 30th June 2020 | Project Completion % as at 30th June 2020 | 2020/21 Approved Budget | | Requirements for 2021/22 Budget | | Allocation for 2021/22 | | Allocation for 2022/23 | | Allocation for 2023/24 | | REMARKS* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Est Cost of Project (a) | GOK | Foreign | Start Date | Expected Completion Date | | | | GOK | Foreign | GOK | Foreign | GOK | Foreign | GOK | Foreign | GOK | Foreign | |
| | Ksh Million | | | | | | | | | | | | | | | | | | |
| XX 1 | | | | | | | | | | | | | | | | | | | |
| XX2 | | | | | | | | | | | | | | | | | | | |
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| Total | | | | | | | | | | | | | | | | | | | |

*NB: Rank projects in terms of percentage completion*

*NB: Concept notes for the projects should be submitted*

## ANNEX 8: SECTOR REPORT 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:

## 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

## PROGRAMME AND PERFORMANCE REVIEW 2017/18– 2019/20

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 2017 -2019/20(Summarize as indicated in Table 2.2 to 2.6)

2.3. Analysis of performance of capital projects for the FY 2017 - 2019/20(Summarize as indicated in Table 2.7)

2.4. Analysis of pending bills for the FY 2017 -2019/20(Summarize as indicated in Table 2.8)

# CHAPTER THREE

# MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2021/22– 2023/24

## 3.1. Prioritization of Programmes and Sub-Programmes

### 3.1.1. 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 KIPs**

| Programme | Delivery Unit | Key Outputs | Key Performance Indicators | Target2019/20 | Actual Achievement 2019/20 | Target (Baseline) 2020/21 | Target 2021/22 | Target 2022/23 | Target 2023/24 |
|---|---|---|---|---|---|---|---|---|---|
| **Name of Programme Outcome** | | | | | | | | | |
| **SP1.1** | | | | | | | | | |
| **SP1.2** | | | | | | | | | |
| **… 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 by:

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

Sector Name.....

Vote Details

| | Approved Estimates | REQUIREMENT | | | ALLOCATION | | |
|---|---|---|---|---|---|---|---|
| Economic Classification | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2021/22 | 2022/23 | 2023/24 |
| Gross | | | | | | | |
| AIA | | | | | | | |
| NET | | | | | | | |
| Compensation to Employees | | | | | | | |
| Transfers, Grants & Subscription | | | | | | | |
| Other Recurrent | | | | | | | |

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

Sector Name.....

Vote Details

| | Approved Estimates | REQUIREMENT | | | ALLOCATION | | |
|---|---|---|---|---|---|---|---|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2021/22 | 2022/23 | 2023/24 |
| Description | | | | | | | |
| Gross | | | | | | | |
| GOK | | | | | | | |
| Loans | | | | | | | |
| Grants | | | | | | | |
| Local AIA | | | | | | | |
| | | | | | | | |

**TABLE 3.3: ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT AND CAPITAL) RESOURCE REQUIREMENTS (KSH. MILLION)**

| Programme Details | Approved Estimates 2020/21 | | | 2021/22 | | | 2022/23 | | | 2023/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Capital | Total | Current | Capital | Total | Current | Capital | Total | Current | Capital | Total |
| **Programme 1** | | | | | | | | | | | | |
| Sub- Programme: 1 | | | | | | | | | | | | |
| Sub- Programme: 2 | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| **Total Programme.....** | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Repeat as above for Programme 2, 3 etc.: | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| **Total Vote.....** | | | | | | | | | | | | |

**TABLE 3.4 ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT AND CAPITAL) RESOURCE ALLOCATION (KSH. MILLION)**

| Programme Details | Approved Estimates 2020/21 | | | 2021/22 | | | 2022/23 | | | 2023/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Capital | Total | Current | Capital | Total | Current | Capital | Total | Current | Capital | Total |
| **Programme 1** | | | | | | | | | | | | |
| Sub- Programme: 1 | | | | | | | | | | | | |
| Sub- Programme: 2 | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| **Total Programme.....** | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Repeat as above for Programme 2, 3 etc.: | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| **Total Vote.....** | | | | | | | | | | | | |

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

| ANALYSIS OF PROGRAMME EXPENDITURE BY ECONOMIC CLASSIFICATION | | | | | | |
|---|---|---|---|---|---|---|
| | RESOURCE REQUIREMENT | | | RESOURCE ALLOCATION | | |
| Economic Classification | 2021/22 | 2022/23 | 2023/24 | 2021/22 | 2022/23 | 2023/24 |
| **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.....** | | | | | | |

## TABLE 3.6: ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION FOR SAGAS (AMOUNT KSH MILLION)

| Economic Classification | 2020/21 | REQUIREMENT | | | ALLOCATION | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | Approved Estimates | 2021/22 | 2022/23 | 2023/24 | 2021/22 | 2022/23 | 2023/24 | |
| NAME OF SAGA 1..... | | | | | | | | |
| GROSS | | | | | | | | |
| AIA | | | | | | | | |
| NET | | | | | | | | |
| Compensation to Employees | | | | | | | | |
| Other Recurrent | | | | | | | | |
| *Insurance* | | | | | | | | |
| *Utilities* | | | | | | | | |
| *Rent* | | | | | | | | |
| *Subscriptions to International Organization* | | | | | | | | |
| *Contracted Professional (Guards & Clearners)* | | | | | | | | |
| *Others* | | | | | | | | |
| | | | | | | | | |
| Repeat as above for SAGA 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*

## REFERENCES

*This section should list the sources referred to in the report*

## APPENDICES

*Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in "Appendix A provides an overview of the Budget of Ministry X"*