



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
Finance – Nairobi
FAX NO. 310833
Telephone: +254-20-2252299
Email: ps@treasury.go.ke
Website: www.treasury.go.ke
When replying please quote

TREASURY BUILDING
P. O. BOX 30007 - 00100
NAIROBI

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20th August 2018

TREASURY CIRCULAR NO. 8/2018

TO: ALL CABINET SECRETARIES
ALL ACCOUNTING OFFICERS
ALL PRINCIPAL SECRETARIES

GUIDELINES FOR THE PREPARATION OF THE MEDIUM-TERM BUDGET FOR
THE PERIOD 2019/20 – 2021/22

I. PURPOSE

1. This Circular is issued in accordance to Section 36 of the Public Finance Management Act, 2012, to provide guidelines on the processes and procedures for preparing the 2019/20 – 2021/22 Medium-Term Budget. 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 to guide MDAs on the following:

- (i) Policy framework supporting the Medium-Term Budget for 2019/20 – 2021/22;
- (ii) Constitutional timelines and requirements for key activities in the budget preparation process;
- (iii) Institutional structures to guide the budget process;
- (iv) Programme Performance Reviews;
- (v) Prioritization process for programmes;
- (vi) Form and content of budget, and the costing of programmes; and
- (vii) Framework for public participation in the budget making process.

II. BACKGROUND

3. The FY 2019/20 budget is being prepared within the context of a moderate global economic recovery. The Global output is estimated to have grown by 3.7% in 2017 from 3.2% in 2016. This growth momentum is expected to reach 3.9% in 2019, reflecting a recovery in investment, trade and industrial production.

4. On the domestic front, growth has remained resilient and broad based. Specifically, the economy grew at an average of 5.3 percent per year in the period 2013 - 2017 outstripping the average growth rate of 4.7 percent in the period 2008 to 2012. However, uncertainty associated with prolonged electioneering period and adverse weather conditions slowed down the performance of the economy in 2017 to an estimated 4.9 percent from 5.9 percent in 2016.

5. The economy is projected to recover to 5.9 percent in 2018/19 and around 7.0 percent over the medium term. This is premised on (i) the relatively high rainfall experienced across the country which is expected to drive recovery in the agricultural and related sectors; and (ii) investments in strategic areas under the “Big Four” Agenda.

6. The 2019/20 – 2021/22 MTEF Budget will continue to provide an enabling environment for the private sector to thrive by preserving macroeconomic stability; expanding infrastructure; improving security; implementing business regulatory reforms; expanding access to finance and instituting governance reforms so as to

achieve “The Big Four” Plan. The Government will also support higher levels of value addition in domestically produced goods, strengthen the fight against corruption and counterfeits, enhance the use of public procurement to promote Buy Kenya Build Kenya initiative and support Micro, Small and Medium Enterprises (MSME) sector.

7. As we scale up implementation of “The Big Four” Plan, the Government is aware of its limited fiscal space and will continue to leverage on the private sector partnership. The aim of the Medium Term Expenditure Framework Budget is therefore to strike an appropriate balance between support for growth and continued fiscal discipline while providing room for the implementation of the ‘Big Four’ Plan.

III. THE GUIDELINES

8. The following will guide the preparation of 2019/20 – 2021/22 Medium-Term Budget proposals.

(i) Medium-Term Development Strategy

9. Despite economic shocks witnessed over the last five years, the resilience of our economy to withstand the shocks has improved significantly and this has laid a solid foundation for Kenya’s industrialization as envisaged in the Vision 2030. The 2019/20 – 2021/22 MTEF Budget will build on the progress made so far, and accelerate industrialization. Addressing the remaining policy, legal, regulatory, and governance challenges remain a priority of the Government to ensure that we attain our full potential.

- *The ‘Big Four’ Agenda*

10. In FY2018/19, the Government initiated the implementation of the “Big Four” Agenda and allocated resources to implement the programmes for both drivers and enablers. The allocations are supporting the following interventions;

- 1) *Enhancing Food and Nutrition Security to all Kenyans by 2022* - The objective is to ensure all citizens enjoy food security and improved nutrition by 2022;



- 2) *Providing Universal Health Coverage and Guaranteeing Quality and Affordable Healthcare to all Kenyans* - The relevant MDAs will be implementing identified interventions with the objective of expanding Universal Health Coverage;
- 3) *Provision of Affordable and Decent Housing for all Kenyans* - The Government intends to provide decent and affordable housing by constructing at least five hundred thousand housing units by 2022; and
- 4) *Supporting value addition and raising the manufacturing sector share of GDP to 15 percent by 2022.*

11. In preparing the 2019/20 – 2021/22 MTEF Budget, MDAs will be required to prioritize allocations towards the achievement of the ‘Big Four’ Plan. This will build on the progress made as we confront the perennial challenges of unemployment, poverty and inequality that the economy continues to face.

12. To create fiscal space and guarantee appropriate phasing out of expenditure programmes, Sector Working Groups will be required to conduct a thorough review of all proposed MDAs Budgets for FY2019/20 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 either directly as ‘drivers’ or indirectly as ‘enablers’. The exercise should involve the following:

- Reviewing the sector budget proposals and prioritizing the “Big Four” ‘drivers’ and the ‘enablers’;
- Initiating Zero Based Budgeting to create fiscal space for the “Big Four” interventions;
- Establishing the resources required for individual programmes and projects and the level of provision within the ceilings provided;
- Prioritizing and providing for projects, activities and or interventions that will serve as the ‘drivers’ and ‘enablers’ for achievement of the “Big Four” Plan within the existing sectoral ceilings; and
- Justifying each proposed programme funding with supporting documentation.

(ii) Key Dates In The Budget Preparation Process

13. The budget process involves preparation of key documents for approval by Cabinet and Parliament. To finalize the Budget and submit it for approval, MDAs will be required to undertake a number of key activities as provided in the Budget Calendar for FY2019/20 which is indicated in Annex 1. Accounting Officers are required to note the timelines and initiate action as required to ensure that budget is prepared and submitted to Parliament as scheduled.

(iii) Sectors and Working Groups

14. MDAs are organized into sectors within the context of UN-Classification of the Functions of Government (COFOG). The classification allows sector wide approach to planning and budgeting, as well as international comparison of similar programmes and services across countries. In this regard, the functions of the Government have been mapped into ten sectors, namely:

- (i) Agriculture, Rural and Urban Development (ARUD);
- (ii) Energy, Infrastructure and 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

15. The mapping of MDAs into Sectors is provided under Annex 2 of this Circular. Respective Sector Working Groups (SWGs) shall be responsible for formulation and prioritization of sector budget proposals. The structure and composition of sector

working groups is provided under Annex 3(A) and the terms and reference are provided in Annex 3(B) of this Circular.

(iv) Programme Performance Reviews (PPRs)

16. Programme Performance Review (PPRs) are essential to effective programme-performance budgeting. Accounting Officers are required to initiate action for their MDAs to undertake PPRs in line with the guidelines. In undertaking PPRs, MDAs are expected to do a detailed assessment of the progress achieved towards realization of the targeted outputs after the implementation of the Medium-Term Budgets for 2015/16 – 2017/18. The assessment should entail analysing the previous budgetary allocations, actual expenditure and achievement of actual outputs.

17. 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.

18. Accounting Officers should note that their respective MDAs will only be allowed to bid for resources in their respective sectors after the 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 under Annex 4 of this Circular.

(v) Prioritization and Allocation of Resources

19. The Government will continue with its policy of ‘zero budgeting’ and expenditure prioritization with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, implementation of the constitution, creation of employment opportunities and improving the general welfare of the people. 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 allocating resources:

- (i) Linkage of Programmes to the 'Big Four' Plan either as drivers or enablers;
- (ii) Linkage of the programme with the objectives of Third Medium-Term Plan of Vision 2030;
- (iii) Degree to which a programme addresses job creation and poverty reduction;
- (iv) Degree to which the programme is addressing the core mandate of the MDAs;
- (v) Expected outputs and outcomes from a programme;
- (vi) Cost effectiveness and sustainability of the programme; and
- (vii) Immediate response to the requirements and furtherance of the implementation of the Constitution.

20. Based on the broad guidelines, each sector is expected to develop and document criteria for resource allocation and undertake a prioritization exercise. Semi-Autonomous Government Agencies (SAGAs) whose proposed expenditure and investment programmes are financed from the Exchequer should indicate so. SWGs should critically review their proposals and explore how they are accommodated within the respective Sector ceilings.

(vi) Form and Content of Budget, and the Costing of Programmes

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

21. In view of the recent re-organization of Government, Sector Working Groups will be required to review their Programmes and align them to the mandates of the respective MDAs as outlined in the Executive Order No.1/2018 dated June 2018. Where a new programme is proposed, approval must be obtained from the National Treasury.

22. In designing new programmes, the structure should match the main lines of service delivery in the MDAs. During the review of Programmes, Sector Working Groups should ensure that:

- (i) Programme performance targets are Specific, Measurable, Achievable, Realistic, and Time bound;
- (ii) Programme performance indicators are mainly outputs or/and outcomes;
- (iii) Programme targets are those that the MDAs can reasonably influence their achievement;
- (iv) Programme service delivery units with no clear outputs, key performance indicators and targets are not considered for funding; and
- (v) There are no crosscutting activities or functions which are not assigned to respective programmes.

23. Each programme should be confined within a single MDA and all functions should fall within programmes. There should be no duplication of programme names across MDAs. In cases where MDAs have more than one programme, an additional programme should be created to cater for management and administration overhead costs which cannot be attributed to only one programme. The format for presentation of the Programme Based Budget is provided under Annex 5 of this Circular.

- *Estimates for the 2019/20 – 2021/22 Medium-Budget*

24. The Government is pursuing a fiscal consolidation policy which is aimed at reducing the overall fiscal deficit and debt accumulation. Taking this into account, the overall expenditure and net lending is projected to decline from 26.3% in FY2018/19 to an average of 23.2% in the medium-term. Recurrent expenditures are projected to decline from 15.9% of the GDP to an average of 14.1% of the GDP in the medium-term. Similarly, development expenditures are projected to decline from 6.4 percent of the GDP to an average of 6.0% in the medium-term.

25. In terms of percentage of GDP, the wages and salaries bill for mainstream civil service, teachers and disciplined services is expected to decline from 4.6 percent of GDP in the FY 2018/19 to 4.2 percent in 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*

26. In a “rolling” medium-term budget plan, the first year forward estimate forms the starting point for the next financial year’s budget. 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 be binding. Accounting Officers are therefore urged to ensure that budget estimates for the planned priorities for outer years are within the ceilings provided.

- *Personnel Emoluments*

27. 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 National Government’s equitable share of revenue. It is the policy of the Government to contain the wage bill to the medium-term targets. In this regard, Sector Working Groups should not allocate resources for new recruitment or upgrading unless there is prior approval from the National Treasury. Sector Working Groups should however provide adequate resources for the normal wage drift. Allocation for personnel emoluments must be supported by IPPD and each MDA will be required to provide this information to support personnel requirements.

28. Sector Working Groups should also note that adjustments of remuneration and benefits for staff in MDAs, including SAGAs, should only be done after receiving recommendations from the Salaries and Remuneration Commission, which is the institution mandated by the Constitution to set the remuneration and benefits in the public sector.

- *Use of Goods and Services*

29. It is the policy of the Government to shift resources from the current consumption to capital investment in order to promote economic growth. Sector Working Groups are therefore required to critically review the MDAs requirements to curtail growth of the budgets for use of goods and services. It is advisable to intensify the “zero-based budgeting approach” to eliminate non-productive

expenditures. The resultant savings should be directed towards capital investment and other priority areas. Each allocation should be supported by service provision agreements, demand notes, and documentary evidence of past trend.

- ***Payment of Subscriptions/Contributions, and Utilities***

30. All MDAs are expected to justify the requirements for international subscriptions/payments for inclusion under the National Treasury's Budget. In addition, Sector Working Groups are also required to make adequate budgetary provision for the payment of all utilities under respective MDAs budgets.

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

31. Transfers to SAGAs must be critically reviewed and justified using the "zero based budgeting approach". 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.

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

32. The Government directed that with effect from FY2018/19, all ICT services be 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. Going forward, MDAs will be required to present and justify to the Sector Working Group the requirement they have submitted to the Ministry of ICT for ICT goods and related services.

- ***Development Budget Estimates***

33. Capital projects to be factored in the budget should include both domestically and foreign financed projects. Projects that seek to implement/facilitate the realization of the 'Big Four Plan' and on-going projects and programmes should receive the highest priority. Sector Working Groups are reminded to request

individual MDAs to provide adequate information to support the existence of ongoing projects as provided in Annexes 6 and 7. This should include a list of the ongoing projects with details of concept notes, total cost, start and end date, cumulative expenditure to date, balance to completion, and amount required over the medium term among others.

34. The Government recently directed that no new projects should be started without the approval of the National Treasury. The SWGs are therefore advised to only consider new projects approved by the National Treasury. The proposed new and on-going projects should be evaluated in the context of the following:

- 1) Priority should be given to 'Big Four' Interventions and completion of on-going projects;
- 2) MDAs should indicate how the proposed projects will contribute to the 'Big Four' Plan of enhancing economic growth, job creation and increased citizen's welfare;
- 3) Preference for financing should be given to those projects which are in full compliance with Government priorities;
- 4) Resources to projects should largely reflect the actual financial requirement over the medium term; and
- 5) MDAs should review the project concept notes to reflect the actual allocations, which should be submitted with the 2019/20 – 2021/22 medium-term budget proposals.

- ***Externally-Funded Projects With GOK Counterpart Requirement***

35. Sector Working Groups 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 are properly identified with supporting financing agreement and adequately funded. MDAs are required to provide proof to support the allocation for counterpart funding.

- ***Conditional Grants to Counties***

36. 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

37. Public participation and involvement of other stakeholders in the MTEF budget process is essential and a constitutional requirement. Sectors Working Groups should identify its critical stakeholders and engage them in programme prioritization. Such engagements should be documented for reference purposes.

38. Further, Sector Working Group should ensure that the Cabinet Secretaries in the sector are briefed and collectively approve the sector budget proposal before it is submitted to the National Treasury.

39. Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for bidding for resources. 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 Sectors Working Groups.

IV. COUNTY BUDGETING PROCESS

40. Taking into account the guidance provided in this Circular, County Executive 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 be providing assistance to individual counties at request, including capacity building of County officials.

V. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

41. Sector Chairpersons are requested to ensure that all activities of Sector Working Groups 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 **30th November 2018** in line with the format indicated in Annex 8.

VI. CONCLUSION

42. Finally, Accounting Officers are required to ensure strict adherence to the 2019/20 – 2021/22 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).



HENRY K. ROTICH, EGH
CABINET SECRETARY/NATIONAL TREASURY

Copy to: Dr. Joseph K. Kinyua, EGH
Head of the Public Service
State House
NAIROBI.

Justice (Rtd.) Paul Kihara Kariuki, CBS
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 FY2019/20 MEDIUM-TERM BUDGET

ACTIVITY	RESPONSIBILITY	FY2019/20 DEADLINE
1. Develop and issue MTEF guidelines	National Treasury & Planning	17-Aug-18
2. Launch of Sector Working Groups	National Treasury & Planning	30-Aug-18
3. Programme Performance Reviews (PPRs)	MDAs	15-Sep-18
3.1 Review and update of strategic plans	"	"
3.2 Review of programme performance (outputs & outcomes)	"	"
3.3 Expenditure reviews	"	"
3.4 Review and approval of projects for FY2019/20	"	"
3.5 Progress report on MTP implementation	"	"
3.6 Review of annual plans	"	"
4. Development of Medium-Term Budget Framework	Macro Working Group	30-Sep-18
4.1 Develop the Medium-Term Fiscal Framework & resource envelope	"	"
4.2 Review and determination of National Government priorities	"	"
4.3 Develop resource envelope proposals for Sectors, Parliament, Judiciary & Counties	"	"
4.4 Draft Budget Review and Outlook Paper (BROP)	"	"
4.5 Submission of BROP for approval by CS/National Treasury & Planning	"	8-Oct-18
4.6 Submission and approval of BROP by Cabinet	"	12-Oct-18
4.7 Submission of approved BROP to Parliament	"	26-Oct-18
5. Preparation of MTEF budget proposals	MDAs	30-Nov-18
5.1 Retreats to draft Sector Reports	Sector Working Group	15th Oct. - 9th Nov. 18
5.2 Briefing Sector Chairpersons & Accounting Officers on Draft Sector Reports	Sector Working Group	12-Nov-18
5.3 Public Sector Hearing	MDAs, TNT & Planning	14th - 16th Nov. 18
5.4 Review and incorporation of stakeholder inputs in the Sector proposals	Sector Working Group	22-Nov-18
5.5 Submission of Sector Report to the National Treasury & Planning	Sector Chairpersons	30-Nov-18
5.6 Consultative meeting of Accounting Officers, CSs and Chairpersons of Commissions on Sector Budget proposals	National Treasury & Planning	10-Dec-18
6. Draft Budget Policy Statement (BPS)	Macro Working Group	15-Feb-19
6.1 Finalization of Draft BPS	Macro Working Group	30-Nov-18
6.2 Finalization of Draft Division of Revenue Bill (DORB)	National Treasury & Planning	"
6.3 Finalization of County Allocation of Revenue Bill (CARB)	National Treasury & Planning	"
6.4 Cabinet Retreat on Finalization of FY2019/20 Budget	Presidency	10-Jan-19
6.5 Submission of BPS, DORB and CARB to Cabinet for approval	National Treasury & Planning	15-Jan-19
6.6 Submission of BPS, DORB and CARB to Parliament for approval	National Treasury & Planning	15-Feb-19
7. Preparation and approval of Final MDAs Budgets		30-Apr-19
7.1 Develop and issue final guidelines on preparation of FY2019/20 Medium-Term Budget	National Treasury & Planning	28-Feb-19
7.2 Submission of Budget Proposals to the National Treasury & Planning	MDAs	15-Mar-19
7.3 Consolidation of the Draft Budget Estimates	National Treasury & Planning	1-Apr-19
7.4 Submission of Draft Budget to Cabinet for Approval	National Treasury & Planning	15-Apr-19
7.5 Submission of Draft Budget Estimates & accompanying documents to Parliament	National Treasury & Planning	25-Apr-19
7.6 Review of Draft Budget Estimates by Parliament	National Assembly Committees	15-May-19
7.7 Report on Draft Budget Estimates by Parliament	National Assembly Committees	20-May-19
7.8 Consolidation of the Final Budget Estimates	National Treasury & Planning	30-May-19
7.9 Submission of Appropriation Bill to Parliament	National Treasury & Planning	10-Jun-19
8. Budget Statement	National Treasury & Planning	14-Jun-19
10. Submission of Vote on Account to Parliament (if applicable)	National Treasury & Planning	20-Jun-19
9. Appropriation Bill Passed	National Treasury & Planning	27-Jun-19
11. Finance Bill Passed	National Treasury & Planning	30-Jul-19

ANNEX 2: SECTOR COMPOSITION AND WORKING GROUPS FOR THE 2019/20 - 2021/22 MEDIUM-TERM

NAME OF SECTOR	MINISTRIES/DEPARTMENTS/AGENCIES
Agriculture, Rural and Urban Development	1112 Min. of Lands and Physical Planning
	1162 State Dept. for Livestock.
	1165 State Dept. for Crop Development
	1166 State Dept. for Fisheries, Aquaculture & the Blue Economy
	1167 State Dept. for Irrigation
	1168 State Dept. for Agricultural Research
Energy, Infrastructure and ICT	2021 National Land Commission
	1091 State Dept. for Infrastructure
	1092 State Dept. for Transport
	1093 State Dept. for Maritime & Shipping
	1094 State Dept. for Housing & Urban Development
	1095 State Dept. for Public Works
	1152 Min. of Energy
	1193 State Dept. for Petroleum
	1122 State Dept. for Information Communications and Technology & Innovation
1123 State Dept. for Broadcasting & Telecommunications	
General Economic and Commercial Affairs	1173 State Dept. for Cooperatives
	1174 State Dept. for Trade
	1175 State Dept. for Industrialization
	1183 State Dept. for East African Community
	1201 State Department for Tourism
Health	1222 State Department for Regional and Northern Corridor
	1081 Min. of Health
Education	1064 State Dept. for Vocational and Technical Training
	1065 State Dept. for University Education
	1066 State Dept. for Early Learning & Basic Education
	1068 State Dept. for Post Training and Skills Development
	2091 Teachers Service Commission
Governance, Justice ,Law and Order	1021 State Dept. for Interior
	1023 State Dept. for Correctional Services
	1024 State Dept. for Immigration and Citizen Services
	1252 State Law Office and Dept. 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
	2041 Parliamentary Service Commission
	2042 National Assembly
	2051 Judicial Service Commission
	2101 National Police Service Commission
	2141 National Gender and Equality Commission
2151 Independent Policing Oversight Authority	



ANNEX 2: SECTOR COMPOSITION AND WORKING GROUPS FOR THE 2019/20 - 2021/22 MEDIUM-TERM

(Cont.)

NAME OF SECTOR	MINISTRIES/DEPARTMENTS/AGENCIES
Public Administration and International Relations	1011 The Presidency
	1032 State Dept. for Devolution
	1052 Min. of Foreign Affairs
	1071 The National Treasury
	1072 State Dept. for Planning
	1211 State Dept. for Public Service and Youth
	2061 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
National Security	1041 Min. of Defence
	1281 National Intelligence Service
Social Protection, Culture and Recreation	1035 State Dept. for Development of the ASAL
	1132 State Dept. for Sports
	1134 State Dept. for Heritage
	1184 State Dept. for Labour
	1185 State Dept. for Social Protection
Environment Protection, Water and Natural Resources	1192 State Dept. for Mining
	1204 State Department for Wildlife
	1107 Min. of Water and Sanitation
	1108 Min. of Environment and Forestry
Macro Working Group	The National Treasury (M&FAD, BD, IGFRD, RMD & PDMO)
	Central Bank of Kenya
	Kenya National Bureau of Statistics
	State Department for Planning (Macro Dept.)
	Kenya Institute for Public Policy Research and Analysis
	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 Convenor – Appointed by the National Treasury;
- 1.3 Sector Co-Convenor – Appointed by the State Department for Planning;
- 1.4 Technical Working Group – Appointed by the Sector Working Group;
- 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;
- 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; and
 - 2.11 Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals.

VOTE NO.:

VOTE NAME:

SECTION 1: DELIVERY OF PLANNED OUTPUTS

This section should summarize the major achievements in the delivery of planned outputs during the period 2015/16 - 2017/18. MDAs should give reasons for any deviation from achievement of planned outputs during the period under review

SECTION 2: EFFICIENCY SAVINGS

This section should explain the major steps taken by MDA in containing the costs during budget implementation or improving the delivery of outputs and outcomes. i.e. Expenditure savings realized through cost cutting measures; intensifying use of ICT; economical procurement practices; joint partnership arrangements with other MDAs and the private sector

SECTION 3: INFORMATION ON PROGRAMMES

PROGRAMME TITLE & CODE:.....

PROGRAMME OUTCOME:.....

Output	Key Performance Indicator			Actual Achievement			Remarks
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	

REPEAT FOR PROGRAMME 2,3 ETC

SECTION 4: PROGRAMME MONITORING

This section should provide a summary of information to assess impact of government programmes including the performance of financial and non-indicators

SECTION 5: BUDGET IMPLEMENTATION IN FY 2017/18

	Printed Estimates 2017/18 (A)	Approved Estimates 2017/18 (B)	Actual Expenditure 2017/18 (C)	Deviation (D) = B - C	Remarks
PROGRAMME 1:					
Current Expenditure					
Compensation Of Employees					
Use Of Goods And Services					
Current Grants and Transfers to other Levels of Govt.					
Social Benefits					
Other Recurrent					
Capital Expenditure					
Acquisition Of Non-Financial Assets					
Capital Grants and Transfers to Other Levels of Govt.					
Other Development					

Repeat as above for if MDA has more than one programme

SECTION 6: CAPITAL PROJECTS AS AT 30th JUNE 2018 (Refer to Annex 7 in IFMIS)

PROJECT 1:

Project Location:

Provide a brief overview of the specific needs to be addressed to complete the project if it's ongoing.

Repeat as above if MDA has more than one project



ANNEX 5: 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 2015/16 – 2017/18 Budget;
- Major achievements based on the planned outputs/services for 2015/16 – 2017/18 Budget;
- Constraints and challenges in budget implementation and how they will be addressed; and
- Major services/outputs to be provided in the 2019/20 – 2021/22 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 Expenditure by Programmes and Sub -Programmes 2019/20 -2021/22 (KShs. Millions)

Programme	Approved Budget 2017/18	Actual Expenditure 2017/18	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
					2020/21	2021/22
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)						
			Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates 2020/21	Projected Estimates 2021/22
SP 2. 1						
SP 2. 2.						
... N						
Total Expenditure of Programme 2						
Total Expenditure of Vote -----						

¹NB. 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.



Part F. Summary of Expenditure by Vote and Economic Classification² (KShs. Million)

Code	Expenditure Classification	Approved Budget 2017/18	Actual Expenditure 2017/18	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
						2020/21	2021/22
	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 G. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KShs. Million)

Code	Expenditure Classification	Approved Budget 2017/18	Actual Expenditure 2017/18	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
						2020/21	2021/22
Programme 1: (State the name of the 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						



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 H: Summary of the Programme Outputs, Performance Indicators and Targets for FY 2019/20- 2021/22

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Actual Achievement 2017/18	Target (Baseline) 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
Name of Programme								
Outcome:								
SP1.1								
SP.2								
... etc.								

Part I: Semi –Autonomous Government Agencies

ANALYSIS OF SEMI-AUTONOMOUS GOVERNMENT AGENCIES (SAGA) BY ECONOMIC CLASSIFICATION (AMOUNT IN MILLIONS)									
Economic Classification NAME OF SAGA	ALLOCATION 2017/18	REQUIREMENT				ALLOCATION			
		BASELINE 2018/19	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	
Current Expenditure									
Compensation of Employees									
Use of Goods and Services									
Other Recurrent									
Capital Expenditure									
Acquisition of Non-Financial Assets									
Other Development									
Repeat as above for SAGA 2, 3, etc.:									
TOTAL VOTE.....									
SUMMARY OF THE EXPENDITURES AND REVENUE GENERATED									
SAGA NAME									
GROSS									
AIA-Internally Generated Revenue									
Net Exchequer									



ANNEX 6: PROJECT CONCEPT NOTE

1. Project name:					
2. Project geographic location:					
3. Project Type/Category:					
4. Implementing organization (s):					
5. Counties covered:					
6. Project Purpose (Context and need for the Project): In not more than one paragraph explain the problem that the project will address, and how this relates to the “Big Four” Plan and the Third Medium-Term Plan of the Vision 2030					
7. Brief description of the project (Project summary): In not more than one paragraph explain what the project plans to achieve and how. Also summarize the project outputs (expected results), and the main activities that support each output. Indicate any project risks and how they will be addressed. Where possible, describe proposed steps to ensure sustainability of project.					
8. Project status: (State if project is ongoing, stalled, new or pipeline)					
9. Estimated project duration (months)					
10. Estimated project cost:	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
	KSh.....	KSh.....	KSh.....	KSh.....	KSh.....
11. Outline economic and social benefits:					
12. Outline sources of financing:					



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 2015/16 – 2017/18

- 2.1. Review of Sector Programmes performance – delivery of outputs/
KPI/targets as per the table below (Summarize Annex 7 in this Section)
- 2.2. Expenditure Analysis
 - 2.2.1. Analysis of programme expenditure
 - 2.2.2. Analysis of programme expenditure by economic classification
 - 2.2.3. Analysis of capital projects by programme
- 2.3. Review of Pending Bills
 - 2.3.1. Recurrent Pending Bills
 - 2.3.2. Development Pending Bills

CHAPTER THREE

MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2019/20– 2021/22

- 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
 - 3.1.3. Programmes by Order of Ranking
- 3.2. Analysis of Resource Requirement versus allocation by:
 - 3.2.1. Sector (recurrent and development)
 - 3.2.2. Sub-Sectors (recurrent and development)
 - 3.2.3. Programmes and Sub-programmes (current and capital)



- 3.2.4. Programmes and sub-programmes by economic classification
Economic classification
- 3.2.5. Semi-Autonomous Government Agencies
- 3.2.6. Resource Allocation criteria

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"