

COUNTY GOVERNMENT OF BUNGOMA



COUNTY EXECUTIVE COMMITTEE MEMBER FINANCE & ECONOMIC PLANNING

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To: All County Executive Committee Members
All Chief Officers
Clerk to the County Assembly
Secretary - County Public Service Board
BUNGOMA COUNTY GOVERNMENT

**RE: GUIDELINES FOR PREPARATION OF THE MEDIUM TERM
EXPENDITURE FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2021/2022-
2023/2024**

I. PURPOSE

1. The guidelines contained in this Circular provide instructions on the processes and procedures for preparing the 2021/22 - 2023/24 MTEF Budget proposals. They apply to County Government Entities, Ministries, Departments and Agencies (EMDAs) and the County Assembly. The guidelines are intended to:
 - a) Advise on the policy framework underpinning the Budget for the 2021/22 - 2023/24 MTEF period;
 - b) Outline the National Government priority programs and reforms to be implemented over the next five years, and how the county can leverage on the same for the benefit of the public;
 - c) Provide guidance on the form, content and timing of the budget proposals and the costing of the programmes;
 - d) Emphasize the constitutional legal timelines and requirements annexed to this circular;
 - e) Provide guidance on priority county programs and projects to be funded;
 - f) Provide guidance on mainstreaming International and National obligations-The Sustainable Development Goals (SDGs), The New Urban Agenda (NUA), The Green Economy Strategy & Implementation Plan (GESIP) The Big Four Agenda, into the budget making process;
 - g) Advise Planning and Budgeting Units on how to attain all-inclusive growth, and
 - h) Advise on procedures for stakeholder and public participation in the budget process

II. BACKGROUND

2. The Medium-Term Budget for 2021/22 – 2023/24 will be framed against a background of the emergence of the Corona virus (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.

3. 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.
4. Budget preparation and subsequent implementation sets out the County Administration priority programs and reforms to be implemented over the next three years (2021/22 - 2023/24). The programs and policies herein reflect the concerns of the public and are anchored on the Vision 2030 Medium Term Plan (MTP III) and the County Integrated Development Plan (2018 – 2022) and other county planning frameworks. These priority programs will build on the achievements attained since the onset of devolution.
5. The revenue and expenditure priorities in the sector ceilings in the MTEF Budget for 2021/22 - 2023/24 will be realigned to "The Big Four" Plan as provided for in the 2020 Budget Policy Statement (BPS). In this regard, the targeted expenditures will prioritize employment creation, youth empowerment, supporting manufacturing activities, enhancing health coverage, improving food security and enhancing living conditions through affordable housing. The allocations to other critical sectors such as education, infrastructure, energy and social protection will remain protected so as to achieve the targeted objectives.
6. As we embark on the county transformation journey, we are clearly conscious of our limited fiscal space and will therefore leverage on the private sector in partnership with the National Government and Development Partners. In this respect, the County Treasury shall coordinate the formulation of a legal framework to attract and engage the private sector on implementation of most of the priority projects under the MTP III and the CIDP II.
7. In general, the FY 2021/22 - 2023/24 MTEF Budget will aim at achieving efficiency and productivity on public spending, as well as adhering to the Fiscal Responsibility Principles of the PFMA, 2012.

III. OVERVIEW OF RECENT ECONOMIC DEVELOPMENTS

a) International Scene

8. Global growth is projected at -4.9 percent in 2020 as per the June 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.
9. The global economy experienced decelerated growth of 3.6 per cent in 2019 compared to a 3.8 per cent growth in 2018, albeit with marked varying performances across countries and regions. Advanced economies are estimated to have expanded by 2.4 per cent in 2019 compared to a growth of 2.5 per cent in 2018. The growth was notable in the United States of America (USA) as a result of a fiscal stimulus that boosted domestic demand. Growth in emerging markets and developing economies decelerated from 4.7 per cent in 2018 to 4.6 per cent in 2019. The slowed growth was partly on account of strengthening of the US Dollar which led to weakened capital flows, depreciation of currencies and foreign reserve losses.
10. In 2019, the overall global inflation rose to 3.6 per cent compared to a revised rate of 3.2 per cent in 2018. This was mainly attributable to a robust global oil demand coupled with disruptions of the supply side as a result of political and geopolitical tensions in the Middle East and Venezuela. The world trade volume rose by 3.9 per cent in 2019 compared to a growth of 5.2 per cent in 2018. The slowed trade was echoed by decelerating export orders and softening global industrial activity after the strong momentum reported in 2018. The global unemployment rate dropped from 5.7 per cent in 2018 to 5.3 per cent in 2019.

b) Domestic Economy

11. 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.
12. In 2020 Kenya's economy is being hit hard through supply and demand shocks on external and domestic fronts, interrupting its recent broad-based growth path. Apart from the COVID-19 (corona virus) pandemic, the locust attack which started early 2020, has affected many parts of Kenya especially the North East. It has had a negative impact on the food security and growth of the agriculture sector in the country.
13. The downside risks include a protracted global recession undermining Kenya's export, tourism and remittance inflows, further tightening of COVID-19 health response measures that disrupt the domestic economic activity, fiscal slippages and weather-related shocks.

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

- Real GDP is projected to grow at 2.5% in 2020 and to reach a peak of 6.0% over the medium-term;
- The inflation is expected to be maintained within the target range of $\pm 2.5\%$ of 5%;
- Interest and exchange rates stability will be safeguarded over the medium term;
- 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
- 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.

IV. SPECIFIC GUIDELINES

a) Medium Term Development Strategy

15. The medium term priorities and corresponding resources will be outlined in the County Budget Review Outlook Paper (CBROP) 2020, the County MTEF reports as well as the County Fiscal strategy paper (CFSP) 2021. These documents will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for FY 2021/22-2023/24 MTEF Budget. In this regard, sector budget proposals should factor priority programmes/projects that:

- i) Address the priorities and objectives of the Vision 2030, the Third MTP of the Vision 2030 and CIDP 2018 - 2022;
- ii) Invest in priority areas that support the National Government 'Big Four' Agenda;
- iii) Support the county transformational needs including the county flagship projects;
- iv) Focus on Economy of Inputs, Efficiency of outputs and Effectiveness of outcomes;
- v) Address all inclusive growth by focusing on sustainability, resiliency, greening initiatives and efficiency in resource use;
- vi) Improve the capacity of the County Departments and Agencies to provide quality and efficient services to the public;
- vii) Link available resources to expected outputs and also ensure that there is adequate provision for mandatory expenditures.

b) Timeframe and Reorganization of Sector Working Groups (SWGs) and County Sector Working Group (CSGs)

16. Accounting Officers are required to strictly adhere to the timelines provided in the Budget Calendar in order to ensure timely preparation, approval and implementation of the budget. The Budget Calendar which is provided in Annex 1 outlines the timelines for the budget process in accordance to the requirements of the Public Finance Management Act, 2012. In this regard, sector working groups should be re-organized by 15th September 2020, ready to deliver on their mandates.

17. County Government Sectors have been organized in line with the new structure. The functions of the County Government have been mapped into six functions of government and eight MTEF sectors as highlighted table 1;

Table 1: Sector Composition and Sector Working Groups for the MTEF Budget 2021/22 – 2023/24

CLASSIFICATION FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	COUNTY DEPARTMENTS/AGENCIES
Economic Affairs	Agriculture, Rural and Urban Development (ARUD)	Department of Agriculture
		Department of Livestock
		Department of Fisheries & Blue Economy
		Department of Land and Physical Planning
	Energy, Infrastructure and ICT (EII)	Department of Infrastructure
		Department of Transport
		Department of Housing & Urban Development
		Department of Public Works
		Department of ICT
		Department of Energy
	General Economic and Commercial Affairs (GECA)	Department of Investment and Industry
		Department of Cooperatives
		Department of Trade
		Department of Tourism
Health	Health	Department of Health & Sanitation
Education	Education	Department of Basic Education
		Department of Vocational and Technical Training
Public Sector & Safety	Public Administration (PA)	Governor's Office
		Department of Planning and Statistics
		Department of Youth
		County Treasury
		Department of Gender
		County Assembly Service Board
		County Assembly
		County Public Service Board
Recreation, Culture and Social Protection	Recreation, Culture and Social Protection (RCSP)	Department of Sports Development
		Department of Arts and Culture
Community Amenities	Environmental Protection, Water and Natural Resources (EPWNR)	Department of Environment
		Department of Water Services
		Department of Irrigation
		Department of Natural resources

18. For purposes of preparation of the MTEF budget priorities for the period 2021/22 – 2023/24, the respective Accounting Officers shall be the Chairpersons of their respective sector working groups as provided for in the current organization of the County Government of Bungoma, as indicated by table 2;

Table 2: Organization of the County Government of Bungoma Based on Accounting Units

S/No	DEPARTMENT	CORRESPONDING MTEF SECTOR
1.	Agriculture & Irrigation	ARUD
2.	Livestock and Fisheries Development	ARUD
3.	Co-operative Development	GECA
4.	Tourism, Forestry and Environment	GECA/EPWNR
5.	Water and Natural Resources	EPWNR
6.	Roads and Public works	EH
7.	Education and Vocational Training	Education
8.	Health & Sanitation	Health
9.	Trade, Energy and Industrialization	GECA
10.	Lands, Housing Urban and Physical Planning	ARUD
11.	Bungoma Municipality	ARUD
12.	Kimilili Municipality	ARUD
13.	Youth and Sports	RCSP/PA
14.	Gender and Culture,	RCSP/PA
15.	County Assembly	PA
16.	Finance and Economic Planning	PA
17.	County Public Service Board	PA
18.	Governors/DG Office	PA
19.	Public Administration- Public Service Management	PA
20.	Office of the County Secretary - ICT & Records	PA
21.	Office of the County Secretary, Legal Affairs and Human Resources Management	PA

19. For budget reports compilation, the County Treasury shall use the standard COFOG and MTEF sector compositions contained in table 1.

20. Sector Working Groups (SWGs) shall be responsible for formulating sector budget proposals and developing sectoral policies. SWGs are expected to ensure that proposed programmes and projects are in line with objectives of Vision 2030, the Third Medium Term Plan and the County Integrated Development Plan 2018 - 2022. The composition and terms of reference for SWGs is indicated in Annex 2 (a) and 2 (b).

21. Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for resource bidding. The County Treasury will not accept requests for funding outside the Sector Working Group process. MDAs are therefore required to fully participate in the relevant Sector processes and bid for resources within the available ceilings.

22. The combined Sector Working Group will form the County Sector Working Group, which will deliberate on budget proposals and policies developed by MDAs. County SWG will hold quarterly meetings to review budget implementation status and

challenges experienced. It will be chaired by CECM Finance and Economic planning. The composition and terms of reference for County SWGs is indicated in Annex 3(a) and 3(b).

c) Programme Performance Review (PPRs)

23. Review of programme performance is essential in establishing and determining the achievement of the budget for the previous period and using the information to improve the designing of programmes and setting of the targets for the next period. It is an annual exercise that is carried out between July and September and entails undertaking a detailed assessment of previous budget allocation, disbursement of funds and outputs and outcomes.
24. The review evaluates the proper use of funds and assesses the achievement of programme objectives and appropriateness of policies. In effect, the review focuses on the efficiency and effectiveness of the budget implementation and whether the public spending is geared towards addressing identified government priorities. Thus, accounting officers are reminded to ensure an objective review of the medium term budget for FY 2017/18 to FY 2019/20 is undertaken to inform decisions for the MTEF budget for FY 2021/22-2023/24
25. The programme performance review will be both financial and non-financial performance indicators against the targets provided at the time of the budget preparation. The review reports should provide implementation details, progress of both domestically and foreign funded projects within programme.
26. Accounting officers are therefore required to ensure that programme performance reviews for 2019/20-2021/22 medium term budget are undertaken and finalized by their MDAs by 30th September, 2020, before embarking on the preparation of the sector proposals for FY 2021/22-2023/24. Please note that MDAs will only be allowed to bid for resources in the relevant SWG after finalizing the review of programme performance. Annex 4 provides format for programme performance review.

d) Annual Progress Report (APR) for FY 2019/20

27. The County Treasury has finalized the APR for FY 2019/20 and is available. Accounting Officers are asked to link up with County Treasury Planning Unit to obtain a copy of this document to inform their PPRs.

e) Matching Revenues and Expenditures to enhance service delivery

28. All County MDAs are referred to Treasury Circular No.11 dated 15th August 2018 on measures to match revenues and expenditure to enhance service delivery. In formulating your budget proposals for the period 2021/22-2023/24, all Accounting Officers are required to adhere to the provisions of this circular and particularly consider the following;

- i) That total remuneration for all MDAs will be funded by the equitable share
- ii) Development projects and utilities will be funded by equitable share
- iii) The office of the Governor, The County Treasury and the County Assembly to be funded by the equitable share
- iv) Operations and Maintenance to be partly funded by the equitable share
- v) Local Revenue and AIA to be utilized only when realized.
- vi) All AIA collecting MDAs to ensure they provide proper estimates of what can actually be collected for inclusion in the budget estimates
- vii) Conditional grants and donor funding to be utilized only when realized

29. Accounting Officers are further advised that when making their budget proposals for FY 2021/22-2023/24, they should clearly indicate the source of funding for every programme/activity to be undertaken in the MTEF budget.

c) Programme-Based Budgeting (PBB)

30. The appropriation of the budget shall continue to be presented by Vote and programme level in accordance with section 38(1) (d) (v) of the PFMA, 2012. The programmes for the Medium Term Budget will largely remain as approved in FY 2020/21 and as contained in the CIDP 2018 – 2022. Any proposals to include a new programme or sub programme should be approved by the County Treasury and in any case should be in support of National Government Initiatives, and should be considered after completion of earlier programmes.

31. 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.

32. Each programme should be confined within a single MDA and all functions should fall within programmes. There should be no duplication of programme or programme names 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***

33. 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. SWGs are required to prepare Medium-Term budgets that are consistent with the Medium-Term Fiscal Framework that will be provided in the County Budget Review and Outlook Paper (CBROP).

- *Medium-Term Development Strategy*

34. 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)*

35. 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).
36. The County Government waived accrued penalties on Single Business Permit and Alcoholic Drinks Licenses. This was to reduce the tax burden on business operators who had been negatively affected by COVID-19 pandemic. The monthly consolidated charges for stickers was also reduced by half. The half rates are still in force. This was based on the new transport protocol which required all public transport vehicles to observe social distancing.

- d) *Costing of programmes*

37. 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.

- ❖ *Recurrent Budget Estimates*

- *Personnel Emoluments*

38. 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 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.

39. SWGs should also note that adjustments of remuneration and benefits for staff in MDAs 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 Treasury before seeking SRC's advice. This approval should be provided to the SWGs to support personnel requirements.

- *Use of Goods and Services*

40. 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.

- *Consolidation of ICT Equipment and Services*

41. All ICT services remain consolidated under the department 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 department of ICT for ICT goods and related services.

- ❖ *Capital projects*

42. Specifically Sector Working Groups should ensure that before a new project is considered for budget allocation, the relevant Accounting Officer/MDA have 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,
- v. Project details are captured in the relevant Public Investment Management Information System.

43. For any new project to be considered for funding, it must have been appraised, approved and pipelined by 30th June of the preceding FY.

44. 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 County Treasury.

- *Ongoing Projects*

45. The FY 2021/22 Budget will only focus on completion of ongoing projects. In particular, emphasis should be on projects nearing completion 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. Sector Working Groups are reminded to request individual MDAs to provide adequate information to support the existence of ongoing projects.
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.

- ***Conditional Grants to Devolved units***

49. 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.

e) Support for National Government 'Big Four' Agenda

50. 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.
51. 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.
52. 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.

f) Alignment of Budget Proposals to National and International Obligations

53. All sector working groups are advised to ensure that their budget proposals are aligned and serve to progressively attain the objectives of the Sustainable Development Goals (SDGs), the New Urban Agenda (NUA), the Green Economy Strategy & Implementation Plan (GESIP) and climate change protocols. Doing this will ensure that we invest in an economy that is resilient and delivers all-inclusive growth.

i) Programme Performance Measures and Targets (PPMTs)

54. Programme Performance Indicators and Targets (PPMTs) should only focus on key outputs and outcomes. Set targets should be specific, measurable, achievable, realistic, and time bound (smart). The set targets should be for key outputs that MDAs can reasonably influence their achievement. Each programme should be confined within a single MDA and all functions fall within programmes.

55. Accounting Officers should therefore ensure that in designing programmes, each and every function of activity undertaken by the MDA is included in relevant programmes. In particular, care should be taken to ensure that;

- i) There are no cross-cutting activities or functions which are not assigned to respective programmes;
- ii) Each programme has a distinctive name that reflects the overall objectives of the programme;
- iii) Each programme is framed broadly such that it can be broken down into specific sub-programmes, with a set of outputs, activities, performance indicators and targets, and
- iv) There is no duplication of programme names used by other MDAs.

56. MDAs with more than one programme should include an additional programme to cater for general administration, planning and support services which cannot be attributed to only one programme. Such a programme should be confined to common services such as general administration, financial services, accounting, internal audit, procurement, planning services, human resources management and ICT services which are not programme specific.

j) Prioritizing and Allocation of Resources

57. The County Government will continue with expenditure rationalization policy with a view to shift resources from non-core areas to capital investments and core priority services. This will be done by ensuring equity and minimization of costs through the elimination of duplication and inefficiencies. The following criteria will serve as a general guide in allocating resources;

- i) Linkage of Programmes to Post-Covid-19 Economic Stimulus Programme (PC-ESP)
- ii) The programme performance review findings for the ongoing programmes
- iii) Linkage of the programme with the objectives of the CIDP 2018 - 2022 and MTP III.
- iv) Degree to which a programme addresses core poverty and job creation interventions;

- v) Degree to which the programme is addressing the core mandate of the MDAs;
- vi) The extent to which programmes are addressing all-inclusive growth and development based on sustainability, resiliency, green growth and empowerment;
- vii) Expected outputs and outcomes from a programme;
- viii) Backward and forward linkage of a programme with other Programmes;
- ix) Extend to which the programme addresses Sustainable Development Goals
- x) Cost effectiveness and sustainability of the programme;
- xi) Immediate response to the requirements of the implementation of the County functions and The Constitution;
- xii) Ongoing activities of the strategic interventions initiated in previous Financial Years
- xiii) Extend to which the programmes support the national government 'Big Four' Agenda

58. Based on these broad guidelines, each sector is expected to develop and document the criteria for resource allocation within the sector. Further, SWGs shall undertake a reprioritization exercise to take into account the following:

- i) Removal of the one-off expenditure for the baseline;
- ii) Identify the programmes/projects that are of low priority and come up with savings which should be directed to high priority programmes;
- iii) Introduce a mechanism of efficiency savings to ensure that funds are directed to service delivery, rather than non-essential spending;
- iv) Detailed explanation for rescheduling of projects where it has been done. MDAs should also indicate the savings and financial implications of rescheduling projects and activities; and
- v) The county MDAs whose proposed expenditure and investment programmes are to be financed from the budget of the National Government parent ministry or development partners; and
- vi) Proposals are accommodated within the respective Sector ceilings.

k) Vertical allocation of resources

59. Based on the provided criteria, Accounting Officers are advised that the actual resource allocation decision should be done vertically rather than horizontally. County MDAs have for a long time taken a horizontal approach in which resources are spread almost evenly across all of their programmes or projects, thus failing to show which programmes are a priority. The MTEF Budget proposals for the period 2021/22-2023/24 will adopt a vertical resource allocation approach.

60. That means, resources will **NOT** be spread evenly and will **NOT** simply reflect last year's budget plus inflation. Instead, a vertical approach means that those programmes or projects that are the top drivers of public benefits, opportunities and growth as determined by programme reviews, will be fully funded before moving down the list. Programmes or projects at the bottom of the list will receive what remains in the budget, if anything

l) Proposals for the Medium Term

l) Proposals for the Medium Term

61. SWGs are required to prepare a medium term budget including reliable budget proposal for the outer years within the medium term fiscal framework. The outer years of the 2020/21 Budget Policy Statement will form the basis for the medium term budget, having removed one-off expenditures. The indicative ceilings will however, be affirmed in the County Budget Review and Outlook Paper (CBROP) 2020.
62. Accounting Officers are required to ensure that only proposals that have been agreed upon through the Sector Working Groups and have been assessed to have substantial benefits to the community in terms of need and impact, will form part of the MTEF budget.
63. County Flagship projects whether on-going or planned to be initiated must be accorded priority and allocated funds for targeted completion within the Medium Term. Wherever feasible, Accounting Officers are required to liaise with National Government Ministries, Departments and Agencies to share and agree on modalities of implementing these flagship projects, including securing support in terms of budgetary support or technical assistance.

m) Public Participation/Stakeholder involvement

64. Accounting Officers should note that public participation in the budget process is a Constitutional Legal Requirement. It is through public participation process that stakeholders give their views and input on the proposed programmes and projects. The process creates widespread support, for programmes and this increases the acceptance and legitimacy of policy plans and strategies. SWGs are required to identify and involve the stakeholders throughout the budget preparation process, and information on their involvement be well documented.
65. Further, SWGs should ensure that the County Executive Committee Members, Chairperson and Heads of entities within the sector are briefed and collectively approve the sector budget proposals before submission to the County Treasury. Accounting officers are reminded that the SWGs are the only recognized avenue for bidding for resources. MDAs are therefore required to fully participate in the respective SWG and bid for resources within the sector ceiling.

n) Submission Of Budget Proposals

66. Sector Chairpersons are requested to ensure that all activities of Sector Working Groups are completed on scheduled timelines, including the drafting of Sector Budget proposals. The proposals should be ready for submission to the County Treasury by the first week of February, 2021 in line with the format indicated in Annex 8.

o) Budget Calendar

67. The Constitution and the Public Finance Management Act, 2012 have outlined specific timelines in the budget making process, which should be strictly adhered to. Timelines provided in the circular specific activities, deliverables, and the responsible

actors. Accounting officers are required to strictly adhere to the timelines provided in order to ensure timeliness in the preparation and approval of the MTEF budget for the period 2021/22-2023/24.

V. CONCLUSION

68. 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 those in the Sub-Counties and the Wards.

Signed:



ESTHER N. WAMALWA
CECM, FINANCE & ECONOMIC PLANNING.

Copy to:

- H.E. the Governor
- County Secretary

ANNEX 1: BUDGET CALENDAR FOR THE FY 2021/22 MTEF BUDGET		
ACTIVITY	RESPONSIBILITY	DEADLINE
1. Develop and issue MTEF guidelines	County Treasury	30-Aug-20
2. Launch of Sector Working Groups/ County Sector Working Group	County Treasury	30-Aug-20
3. Annual Development plan	Macro Working Group	
Convene sector working groups	County Treasury	
Draft Annual development plan report	County Treasury	
Consultative meeting on draft ADP Report	County Sector Working Group	
Submission of draft annual development plan to cabinet	County Treasury	
Submission of annual development plan to the county assembly	County Treasury	1-Sept-20
4. Programme performance and strategic reviews		
Performance Review and Strategic Plans	County Treasury	"
Review and update of strategic plans	"	"
Review of programmes , outputs and outcomes	"	"
Expenditure Review	"	"
Progress report on MTP implementation	"	"
5. Finance Bill	Macro Working Group	
Convene sector working groups	County Treasury	21-sep-20
Draft Finance Bill report	County Treasury	"
Consultative meeting on draft Finance Bill Report	County Sector Working Group	
Submission of draft finance bill to cabinet	County Treasury	23-Sep-20
Convene public participation	County treasury	23-sep- 2020
Approval of finance bill by county assembly	County Assembly	30- Sep-20
6. County Budget Review and Outlook Paper (CBROP)	MDAs	
Convene sector working groups	County Treasury	25-Aug-20
Submission of draft Budget Review and Outlook Paper(BROP) document	"	31-Aug-20
Compilation/ consolidation of the sector documents	Budget office	1-Sep-20
Budget technical team review of the draft CBROP report	"	7-Sep-20
Consultative meeting on draft CBROP Report	County Sector Working Group	
Submission of BROP to cabinet/CEC	County treasury	11-Oct-20
Submit Approval BROP to County Assembly	"	21-Oct-20
7. Preparation of MTEF budget proposals	MDAs	
Draft Sector documents	Sector Working Group	7-Nov-20
Compilation/ consolidation of the sector documents	Budget office	27-Nov-20
Budget technical team review of the draft MTEF report	County treasury	15-Dec-20
Convene Public Participation	"	26-Jan-21
Review of the Proposals and report writing	"	8-Feb-21
Submission of Reports to Treasury	Sector Working Group	15-Feb-21
9. Draft Fiscal strategy paper	MDAs	
Draft CFSP	County treasury	22-Dec-20
Technical review and finalization of the CFSP	County treasury	19 Jan- 21
Submission of CFSP to cabinet for approval	County treasury	1-Feb-21
Submission of CFSP to County Assembly for approval	County treasury	14-Feb-21

ANNEX 1: BUDGET CALENDAR FOR THE FY 2021/22 MTEF BUDGET		
ACTIVITY	RESPONSIBILITY	DEADLINE
Approval of CFSP	County Assembly	28-Feb-21
Submission of the Debt management strategy paper	County Treasury	28-Feb-21
10. Preparation and Approval of Final MDAs Programme Budgets		
Develop and issue final guidelines on preparation of 2020/21	County Treasury	5- March-21
Submission of Budget Proposals to Treasury	MDAs	16- March-21
Review of Draft Budget Proposals	County Treasury	23-March-21
Consolidation of the Draft Budget Estimates	County Treasury	5-April-21
Consultative meeting on draft CBROP Report	County Sector Working Group	
Submission of draft budget estimates to the cabinet	County Budget Office	10- April-21
Submission of Draft Budget Estimates to County Assembly	County Budget Office	30-April-21
Review of Draft Budget Estimates with the County Assembly	Budget team/ committee	15-May-21
Report on Draft Budget Estimates from County Assembly	Budget team/ committee	30-May-21
Consolidation of the Final Budget Estimates and report writing with the County Assembly	Budget team/ committee	15-Jun-21
Submission of Appropriation Bill to County Assembly	County Budget Office	"
Budget Statement Approval	County Assembly	15-Jun-21
Consideration and Passage of Appropriation Bill	County Assembly	29-Jun-21
Gazettment and publishing of the approved budget	County Treasury	4-Jul-21
Posting and uploading of the approved budget into the IFMIS -plan to budget module	County Treasury	10-Jul-21

ANNEX 2(A): STRUCTURE AND COMPOSITION OF SECTOR WORKING GROUPS	
i.	Chairperson – The Accounting Officer for the respective department
ii.	Sector Convener – Appointed by the County Treasury
iii.	Technical Working Group – Appointed by the respective Sector Working Group;
iv.	A SWG Secretariat – Appointed by the Accounting Officer to assist him in coordinating the activities of the SWG;
v.	Sector Directors;
vi.	Any other key stakeholders

ANNEX 2 (B): TERMS OF REFERENCE FOR SECTOR WORKING GROUPS	
a)	Review the implementation status of programmes and projects in F/Y 2018/19-2019/2020.
b)	Prioritize County Programmes on the basis of strategic objectives of the county, magnitude of the impact, implementation status and among other agreed criteria and justification for

the prioritization;

- c) Review the Third Medium Term Plan (MTP) of Vision 2030 with a view of prioritizing flagship projects which fall within the county.
- d) Identify and consider national and international protocols/declarations, Acts of the parliament, policies that required to be adhered to.
- e) Identify programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.
- f) Identify programmes and projects to be funded under Public Private Partnerships (PPP) and other off budget modes of financing.
- g) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals
- h) Analyse cost implications of the proposed programmes, projects and policies for the budget year 2021/22 and MTEF period;
- i) Summarise sector priority programmes and projects based on the need and impact, and
- j) Identify programmes and projects under implementation by Semi-Auto County entities

ANNEX 3(A): STRUCTURE AND COMPOSITION OF COUNTY SECTOR WORKING GROUP

- i. Chairperson – CECM Finance and Economic Planning
- ii. Sector Convener – Accounting officer – Finance and Economic Planning
- iii. County Executive Committee Members;
- iv. Accounting Officers;
- v. Technical Working Group – MDAs Sector Working Groups;
- vi. A CSWG Secretariat – Budget office secretariat to assist the Accounting Officer in coordinating the activities of the CSWG;
- vii. In attendance – HE The Governor, Deputy Governor, County Secretary, County Assembly Speaker, Clerk to the County Assembly.

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

The mandate of the County Sector Working Group is to review the following:

- a) Implementation status of programmes and projects in F/Y 2018/19-2019/2020.
- b) Prioritized County Programmes on the basis of strategic objectives of the county, magnitude of the impact, implementation status and among other agreed criteria and justification for the prioritization;
- c) The second Medium Term Plan (MTP) of Vision 2030 with a view of flagship projects which fall within the county.

- d) Identified and considered national and international protocol/declarations, Acts of the parliament, policies that required to be adhered to.
 - e) Identified programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.
 - f) Identified programmes and projects to be funded under Public Private Partnerships (PPP) and other off budget modes of financing.
 - g) Activities leading to the development of sector reports and indicative Sector Budget proposals
 - h) Analyzed cost implications of the proposed programmes, projects and policies for the budget year 2021/22 and MTEF period;
 - i) Identified programmes and projects under implementation by Semi-Auto County entities
- The CSWG gives the way forward on proposals from the MDAs.

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

Annex 4 (A) Review Of Sector Programme Performance

Table 2.1 sector/ sub-sector programme performance

Sector Name									
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									
XXX1									
XXX2									

NB: remarks should indicate reason for the variance between planned and achieved targets

Annex 4(B) Analysis Of Expenditure Trends

Table 2.2 Analysis Of Recurrent Approved Budget vs Actual Expenditure

Sector Name								
Vote and vote details	Economic classification	Approved Budget			Achieved Expenditure			remarks
		2017/18	2018/19	2019/20	2017/1	2018/1	2019/2	

					8	9	0	
XXXI	Gross							
	AIA							
	Net							
	Compensation To Employees							
	Transfers							
	Other Recurrent							

Table 2.3 Analysis Of Development Approved Budget vs Actual Expenditure								
Sector Name								
Vote and vote details	Economic classification	Approved Budget			Achieved Expenditure			remarks
		2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
XXXI	Gross							
	Loans							
	Grants							
	Local AIA							

Table 2.4: ANALYSIS OF PROGRAMME EXPENDITURE(AMOUNT IN KSH)

	Approved Budget			Actual Expenditure		
	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,etc						
TOTAL VOTE.....						

Table 2.5: ANALYSIS OF PROGRAMME EXPENDITURE BY ECONOMIC CLASSIFICATION (Amount in KSH)

	Approved Budget			Actual Expenditure		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Economic Classification						
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 BUDGET FOR MDAs

Vote Name						
	Approved Budget			Actual Expenditure		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Economic Classification						
Gross						
AIA – Internally Generated Revenue						
Net Exchequer						
Compensation of Employees						
Use of Goods and Services						
Other recurrent						
Repeat as above for programme 2,3,etc						
TOTAL VOTE.....						

Annex 4C: Analysis of Performance of Capital Projects (Amount in Kshs Million)

Table 3.7 ANALYSIS OF PERFORMANCE OF CAPITAL PROJECTS FY 2007/08 - 2010/11																		
Ministry/Department / Agency																		
Project code and title	Est Cost of project	Timeline	Actual Cumulative Expenditure up to June 2007	Approved Budget 2006/07	Expected Balance at June 2007	FY 2007/08				FY 2008/09				FY 2009/10				Remarks
						Approved GOI Budget	Approved Grants Budget	Completion stage as at June 2008 (%)	Completion stage as at June 2009 (%)	Approved GOI Budget	Approved Grants Budget	Completion stage as at June 2009 (%)	Approved GOI Budget	Approved Grants Budget	Completion stage as at June 2010 (%)			
Total Cost Of Project (a)	GOI	Grants	Completion Date	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
Repeat above for projects 2,3,...																		

Note: 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.)

Vote Name	Due to lack of cheque			Due to lack of provision		
Type/ Nature	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
1. Recurrent						
Compensation of Employees						
Use of Goods and Services e.g utilities, domestic or foreign travel etc.						
Other recurrent						
Social benefits e.g NHIF, NSSF						
Other expense						
2. Development						
Acquisition of Non-Financial assets						
Use of Goods and Services e.g utilities, domestic or foreign travel etc.						
Others specify						
Total pending bills						

ANNEX 5A: FORMAT FOR THE PREPARATION AND PRESENTATION OF THE PROGRAMME BASED BUDGETS

SUMMARY OF THE COUNTY BUDGET 2021/2022			
MINISTRY/DEPARTMENT	RECURRENT	DEVELOPMENT	TOTALS
TOTALS			
PERCENTAGES			

CHAPTER ONE: Background Information

1.0 Background

This chapter covers a brief overview of the County Government and outlines the mandates, strategic objectives and major achievements of the respective Ministries, Departments and Agencies. It also highlights briefly the roles of the sector stakeholders.

1.1 Summary of the Planning and Budget Process in Kenya

The Government adopted the Medium Term Expenditure Framework (MTEF) approach to budgeting in the FY 2021/2022

1.2 County Vision and Mission

County Vision (county vision statement)

County Mission (county Mission statement)

Strategic Goals/Objectives of the County

1.3 Sectors and their Mandates (state the sectors mandate)

1.3.1 Sector name

1.4 Role of Sector Stakeholders

Stakeholder	Role

CHAPTER TWO: COUNTY DEPARTMENTS PROGRAMME BASED BUDGET ANALYSIS FOR FY 2021/22

2.1 department name e.g. Agriculture, Livestock, Fisheries and Cooperative Development

PART A: Vision – Department Vision (state the department vision)

PART B: Mission- Department Mission (state the department Mission)

PART C: PERFORMANCE OVERVIEW AND BACKGROUND FOR PROGRAMMES FUNDING

PART D: PROGRAMMES AND OBJECTIVES. (List the departments' programmes and objectives as per MTEF)

No	PROGRAMME	OBJECTIVE
1		
2		
3		
4		

PART E: SUMMARY OF PROGRAMME OUTPUTS AND PERFORMANCE INDICATORS FOR FY 2021/22- 2023/24

PROGRAMME 1: General Administration, Planning and Support Services

OUTCOME: Enhanced institutional efficiency and effectiveness in implementation and service delivery

SUB PROGRAMME SP 1.1

DELIVERY UNITS	KEY OUT PUTS	KEY PERFORMANCE INDICATORS	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/2024

PART F: ACTIVITY COSTING

Programme	Sub-programme	Activities/Task description	Specific Activities	Unit of measure	No of Units	Unit Cost (Kshs)	Estimated Cost	Sub-item

Part G: SUMMARY OF PROGRAMME BY COSTS

PROGRAMMES	ESTIMATES	PROJECTED ESTIMATES	
	2021/22	2022/23	2023/24
General administration, planning and support services			
TOTALS			
AIA			
NET			

PART H: SUMMARY OF EXPENDITURE BY VOTE AND ECONOMIC CLASSIFICATION 2021/22- 2023/24

ECONOMIC CLASSIFICATION	ESTIMATES	PROJECTED ESTIMATES	
	2021/22	2022/23	2023/24
Current Expenditure			
Compensation to employees			
Use of goods and services			
Other recurrent			
Capital expenditure			
Acquisition of non-financial assets			
Other development			

Total expenditure		
-------------------	--	--

PART I: STAFF ESTABLISHMENT

Department	Delivery Units	Staff Details			Expenditure Estimates		
	Position Title	Job Group	Authorized	In Position projected	2021/22	2022/23	2023/24

PART J: PROJECT LIST

Project name	Physical location	Amount allocated FY 2021/22	Status	Remarks
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ANNEX 5B: COSTING TECHNIQUES

1. 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

2. 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

3. 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

4. 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:

a) Briefly describe the current situation that rationalizes the project

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:

1. Nature of the problem
2. Scope of the problem (How widespread or the magnitude of the problem)
3. State the likely causes and effects of the problem both direct and indirect.
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:

- a) Linking the project to the National / County Development Plan strategic goals and objectives that the proposed project is expected to contribute to;
- b) Linking the proposed project to Sector strategic objectives and strategies by describing the sector outcomes that the project is expected to contribute to;
- 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.
- 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 be 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:

- a) Has the project preliminary and detailed designs been prepared and approved?
 - b) Has land been acquired (site readiness)?
 - c) Has necessary regulatory approvals been obtained?
 - 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?
 - 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

ANNEX 7: PROJECTS DETAILS FOR FY 2020/21 AND MEDIUM TERM PROJECTIONS

Ministry / Department / Agency

Vote _____

[illegible]

rank projects in terms of percentage completion

NBA All Concept Notes for the projects should be submitted

ANNEX 8: FORMAT FOR COUNTY MINISTERIAL MEDIUM TERM EXPENDITURE FRAMEWORK (M.T.E.F) 2021/22-2023/24

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 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

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
 - 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"