OFFICE OF THE COUNTY EXECUTIVE
COUNTY GOVERNMENT OF KIAMBU
DEPARTMENT OF FINANCE, ICT AND ECONOMIC PLANNING
P.O Box 2344 00900 Kiambu, Kenya

Tel: +254 709 877 000 Email: info@Kiambu.go.ke Website: www.Kiambu.go.ke X : @KiambuCountyGov

Our REF: KCG/FEP/14/01 VOL V (12) 29th August, 2025

County Treasury Circular No. 5 /2025

TO: ALL COUNTY EXECUTIVE COMMITTEE MEMBERS
ALL ACCOUNTING OFFICERS

GUIDELINES FOR THE PREPARATION OF THE FINANCIAL YEAR 2026/2027 AND THE MEDIUM-TERM BUDGET

A. PURPOSE

1. These guidelines are issued in accordance with the provisions of article 220 of the Constitution and Section 128 of the Public Finance Management Act (PFMA), 2012, which requires the County Executive Committee Member for finance to issue a guideline on the budget process not later than the 30th of August each year.

2. This Circular provides on the preparation of the financial year (FY) 2026-2027 and the medium-term budget. The guidelines set out procedures and responsibilities for preparing the budget across all County Government entities including Departments, Municipalities and the County Assembly. These guidelines have been aligned with the National Government guidelines issued on 8th August, 2025 via Treasury Circular No. 8/2025. The Guidelines outline the following;
   i. Background and assumptions of the FY 2026-2027 and the medium-term budget;
   ii. Institutional framework process and timelines;
   iii. Budget Structure and Content.
   iv. Programme prioritization and costing
   v. Engagement of stakeholders and cross-cutting requirements
   vi. Preparation and submission of budget proposals

B. BACKGROUND

3. The FY 2025/2026 budget is being developed in a challenging global environment characterized by trade barriers, financial tightening, geopolitical tensions, and persistent inflation. While global growth is expected to recover moderately, risks such as disrupted supply chains, volatile commodity prices, and policy uncertainties continue to weigh on the outlook.

4. In sub-Saharan Africa, economic growth is projected at 4.0 percent in 2025 and 4.3 percent in 2026, supported by rising consumption, infrastructure investment, and a rebound in services, particularly tourism. However, the region remains vulnerable to external shocks, commodity price volatility, and limited fiscal capacity.

5. Kenya's economy is projected to grow between 4.8 and 5.3 percent in 2025, driven by strong agriculture, manufacturing, services, favorable weather, and sustained public investment. Key risks include global trade and financial volatility, rising import costs, and domestic climate-related shocks that may affect agriculture, infrastructure, and food security. The National Government is monitoring these risks and will take measures to safeguard stability.

6. County revenue collection for FY 2026/27 and the medium term is projected to grow, supported by improved business conditions. The budget will focus on implementing priority programmes and projects outlined in the County Integrated Development Plan (2024–2027), guided by a responsive fiscal consolidation strategy. This approach aims to reduce pending bills while safeguarding service delivery. Departments will be required to prioritize and align their programmes with available resources.

- ***Assumption underpinning the fiscal framework***

7. The medium-Term fiscal framework supporting the budget is anchored on the following assumptions;
- Real GDP growth will average at least 5.3 percent over the medium term.
- Inflation will be maintained within a margin of ±2.5 percent of the 5 percent target.
- Total revenue will improve marginally in FY 2026/27 and in the medium term, supported by planned revenue growth strategies.
- Total expenditure will decline in FY 2026/27 and across the medium term, reflecting the adoption of a zero-based budgeting approach and fiscal consolidation measures.
-

C. SPECIFIC GUIDELINES

8. The following will guide the preparation FY 2025/2026 and Medium-Term Budget proposals.

i. Process and Timelines

9. The procedures and timelines for processing the budget estimates is outlined in the attached **budget calendar** ***(Annex 1).*** Accounting Officers are required to follow the budget calendar to develop and submit the following documents by the specified deadlines;
- Annual Development Plan (ADP) 2026-2027
- County Budget Review and Outlook Paper (CBROP);
- Departmental Sector Budget Proposals;
- County Fiscal Strategy Paper (CFSP);
- County Debt Management Strategy Paper;
- Programme Based Budgets and supporting details;
- Estimates of Revenue (Own Source);
- The Appropriations Bill; and
- The Finance Bill.

ii. Institutional Framework to Guide the Budget process

10. Organization of sectors is done in line with the UN-Classification of the Functions of Government (COFOG). COFOG classification allows a sector wide approach to planning and budgeting as well as comparison of similar sectors across countries/counties. In this case, the County departments form the sectors. Respective Sector Working Groups shall be responsible for the prioritization and resource allocation for planned programmes/projects.

11. *Annex V* of this circular provides for composition and terms of reference for sector working Groups (SWGs).

iii. Budget Structure and Content

- *Programme-Based Budget (PBB)*

12. In line with Section 130 (2) (b) of the Public Finance Management Act, 2012, the budget will continue to be prepared and presented by vote and programme. Where new programme is proposed, approval must be obtained from the County Treasury. The structure of both existing and new programmes should align with the mandates of the respective department and correspond to the primary lines of service delivery. SWGs should ensure that:

a) **SMART Programme Outcomes and Outputs**
Programme Outcomes and Outputs, must be Specific, Measurable, Achievable, Realistic, and Time bound, ensuring clarity of purpose and feasibility of implementation.

b) **Performance Indicators and targets**
Clearly defined Performance indicators and targets shall be established for both outcomes and outputs, enabling effective tracking of progress and impact.

c) **CREAM Criteria for indicators**
All performance indicators must adhere to the CREAM principles being Clear, Relevant, Economic, Adequate, and Monitorable to ensure they are results-oriented and actionable;

d) **Accountability of Departments**
Indicators and targets must reflect deliverables for which departments can be held accountable, reinforcing institutional responsibility and ownership.

e) **Consolidation of Undefined Delivery Units**
Delivery units lacking distinct outputs, indicators, or targets shall be consolidated under the primary delivery unit to streamline oversight and enhance coherence

f) **Assignment of Crosscutting Functions**
Cross Cutting functions shall be systematic assigned to appropriate programmes within departments to ensure integrated delivery and avoid duplication.

13. Each programme must be limited to a single department, with all functions accurately mapped to their respective programmes. There should be no duplication of programme or programme names across departments. In situations where a department has more than one programme, an additional programme should be created for the purpose of covering the costs associated with management, administration, planning, and

support services which cannot be attributed to a single programme. The format for presentation of the **Programme Based Budget** is provided in ***Annex II*** of this Circular.

- **Fiscal Consolidation Policy**

14. The County Government will continue to pursue a fiscal consolidation policy which aims at reducing the overall fiscal deficit and pending bills accumulation while protecting service delivery to citizens. The strategy focuses on enhancing revenue mobilization, reprioritization and rationalization of expenditures while safeguarding priority County government programmes and social spending. SWGs are therefore required to prepare medium-term budgets by optimally allocating available resources to projects and programmes with high impact on growth.

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

15. The appropriation of the budget will be conducted annually; however, the budget planning process will incorporate projections of expenditures and revenues for the subsequent two years. Accounting officers are advised that the expenditure ceilings for these future years remain binding, in accordance with the Public Finance Management Regulations, 2015.

- **Programme Performance Reviews (PPRs)**

16. Accounting Officers are required to evaluate their departments' progress against the set outcomes for FY 2022/23 to FY 2024/25, assessing both financial and non-financial performance. Past performance, existing commitments, and lessons learned should guide future resource allocation decisions. No department will be permitted to request additional resources without first submitting finalized Programme Performance Reviews (PPRs). Departments **MUST** use the prescribed format **(Tables 2.1–2.9)** outlined in ***Chapter Two of Annex IV: Sector Budget Report Format.***

iv. Programme Prioritization and Costing

- **Prioritization of Annual Development plan (ADP) 2026-2027 and CIDP 2023-2027**

17. The Financial Year 2026-2027 and the medium-term budget will be aligned with the ADP 2026-2027 and CIDP 2023-2027. The CIDP aligns with the National government medium term plan (MTP IV) of vision 2030 and emphasize the prioritized BETA. The strategic focus will be on key sector that significantly influence the economy and household welfare;

a) Agricultural transformation
b) Micro, small and medium-term enterprises (MSME) economy
c) Housing and settlement
d) Health care; and
e) Digital superhighway and creative economy

18. Sector Working Groups (SWGs) must conduct a comprehensive review of the departments FY 2026/2027 and the medium-term budget and ensure prioritization and allocations of budgetary resources to areas that enhance productivity and support the achievement of the CIDP objectives. SWGs must apply the following guidelines in allocating resources;

i. Linkage of the programme with the priorities of ADP 2026-2027 and CIDP 2023-2027;
ii. Completion of ongoing projects, stalled projects and payment of verified pending bills;
iii. Degree to which a programme addresses job creation, poverty reduction and core mandates of the departments;
iv. Climate change mitigation and adaptation;
v. Cost effectiveness, efficiency and sustainability; and
vi. Constitutional, Governors and County Executive Committee directives.

19. According to the outlined guidelines, SWGs are responsible for establishing and documenting sector specific criteria to prioritize activities and allocate resources affectively within the available resource envelope.

- **Entrenching Zero Based Budgeting (ZBB) in PBB**

20. The County Governments are operating under a constraint fiscal environment and must adopt zero based budgeting to prioritize resource allocation based on efficiency and necessity, rather than historical expenditures. All programs for the FY 2026-2027 and the medium term must be justified a new, emphasizing efficiency, effectiveness, and economy. SWGs are tasked with re-evaluating existing programs using appropriate costing methods, prioritizing high-impact initiatives that support livelihoods, job creation and economy recovery, while eliminating wasteful spending.

- **Costing of Programmes**

21. The estimation/baseline should be including budgetary requirements for implementation of ongoing policies, new approved policies, and verified pending bills. The budget estimation should cover both recurrent and development requirements. The costing of activities, projects and programmes is anchored on zero Based Budgeting approach. The costing process is based on zero based budgeting principles, emphasizing accuracy and accountability.

- **Costing of Techniques**

22. Departments shall use the following methods when estimating costs
    - Quantity * price (primary method)
    - Trend analysis (historical expenditure projections);
    - Lumpsum for minor items; and
    - Ad hoc for one-off interventions

23. **Quantity Multiplied by Price**- This approach necessitates the identification of quantities and the corresponding prices for each item. It is mandatory for departments to employ this calculation method, and justification must be provided if an alternative method is used.

24. **Trend**- This methodology should be employed when multiplying of quantity by price is not applicable. Its projects future trends based on historical expenditure patterns of the most recent years. The average annual rate of increase or decrease observed in the past is applied to subsequent years, assuming no significant deviations from historical trends are anticipated.

25. **Lump sum-** The lump sum method is applicable for small items to prevent computational overload. This approach involves maintaining the current years cost for the item at a nominal level over the medium term. It is particularly useful when there is no reliable indication of future cost fluctuations, either increases or decreases.

26. **Ad Hoc-** Expenditures allocated for specific interventions are typically not intended to cover other activities or ongoing projects. These costs should be calculated by multiplying the quantity of resources used by their unit price to ensure accurate financial accounting.

- **Computing the Budget baseline**

27. When preparing the budget baseline, departments must use current market prices. In consultation with both the National and County Treasuries, an inflation adjustment factor should be applied within the costing tool to account for price changes. This approach ensures that budgeting and financial planning reflect potential price fluctuations, leading to more accurate cost estimates and better-informed decision-making.

v. Key costing components

a) **Recurrent Budget Estimates**

- **Compensation of employees**

28. Under the Public Finance Management Act (PFMA), CAP 412A, employee compensation must not exceed 35 percent of revenue. To keep the wage bill within target, new recruitments are suspended unless approved by the County Executive Committee and confirmed by the County Treasury for funding. The only exception is the budget-neutral replacement of staff lost through natural attrition. Any changes to remuneration or benefits must follow Salaries and Remuneration Commission (SRC) guidance.

29. All personnel emolument allocations **MUST** be supported by Integrated Personnel Payroll Data (IPPD). Departments are required to submit this information, with calculations reviewed and validated by the **Directorate of Human Resource Management** for accuracy.

30. In addition, departments must provide adequate allocations for **pensions** of permanent staff and **gratuities** for contract staff.

- **User of Goods and Services**

31. SWGs are required to critically review department's requirements to curtail growth of recurrent budget especially in respect of use of goods and services. All requirements for use of goods and services should be accurately costed.

32. Accounting officers are also expected to review all mandatory expenditures such as utilities within their jurisdiction and assess the associated requirements.

b) Development Budget Estimates

- **Preparation, Appraisal and Approval of new Projects**

33. Departments should ensure that before a new project is considered for budget allocation for its implementation, the relevant Accounting Officer has fulfilled the following minimum prerequisites.

i. All conditions precedent is fulfilled, including land acquisition, compensation, stakeholder management and other development partners' requirements.
ii. Detailed designs are completed, and relevant approvals obtained where applicable.
iii. Detailed resource requirements including funding sources and personnel to operationalize the project are planned for.

34. SWGs should ensure that projects that have fully met the conditions above are allocated adequate funding in that financial year within the ceilings provided. Where the above preliminaries have not been met, the department shall only request for resources to meet these prerequisites in that financial year.

- **Ongoing and stalled projects**

35. The FY 2026/2027 Budget will put more emphasis on completion of ongoing and stalled projects. Projects nearing completion should be funded adequately to ensure that citizens benefit from such public investments.

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

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

38. In order to have uniform and comparable information on projects, departments are required to adopt the following operational definition of projects as per the PIM Guidelines:

- **On-going project** - A project whose implementation is underway with implementation works having commenced or contractual commitments entered.
- **Stalled project** - a project which has stopped being implemented for whatever reason or has been receiving inadequate budget allocations which cannot facilitate meaningful progress over the medium term.
- **New project** - a pipeline project that has been prioritized for financing, but implementation works are yet to commence, and no commitments entered; and
- **Pipeline Project:** a project that has been appraised and granted necessary approvals and is ready for prioritization and budget allocation.

- **Projects with County Counter funding (Conditional grants)**

39. Conditional grants from National Government and other development partners and any amounts for county counter funding **MUST** be reflected and accounted for within the appropriate programme and sub-programme structure under the department's Budget.

40. The **Format** for submitting **projects** has been provided in this circular in ***Annex III.***

vi. Key costing components

- **Public participation and Stakeholder's involvement**

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

42. The County Executive Committee for Finance will before the County Fiscal Strategy Paper is finalized coordinate and organize public participation forums in all the 12 sub counties. The views received from the public participation forums should be considered for incorporation in the CFSP and in the final budget estimates.

- **Budgeting and reporting on climate change**

43. Climate change has been identified as a key risk to the macroeconomic outlook. To ensure it is effectively integrated into the budget, Sector Working Groups (SWGs) are required to identify and prioritize climate actions, prepare clear action plans, and specify the resources allocated for their implementation.

- **Gender Responsive Budgeting and child sensitive budgeting**

44. In line with the Constitution and international commitments, the County Government is committed to protecting children's rights and promoting gender equality. Mainstreaming gender considerations and child-sensitive budgeting in the fiscal planning process is essential to address inequalities and ensure equitable resource allocation. Departments are therefore required to identify interventions in the FY 2026/27 and medium-term budgets that address gender inequalities and children's rights and needs, for proper tagging and tracking.

D. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

45. Sector Chairpersons are requested to ensure that all activities of SWGs including the drafting of **Sector Budget Proposals** are completed on scheduled timelines. The proposals should be ready for submission to the County Treasury not later than **Friday, 14th *of November 2024*** in line with the format indicated in ***Annex IV.***

46. Further, where departments have **MORE THAN ONE** Accounting officer, the budget proposal for the entire department **SHALL** be consolidated and forwarded to the County Treasury through the respective CECM.

E. CONCLUSION

47. Finally, Accounting Officers are required to ensure strict adherence to the 2026/2027 and medium-term Budget guidelines and to bring the contents of this Circular to the attention of all Officers working under them, including the Heads of directorates.

NANCY KIRUMBA
<u>CECM FINANCE, ICT & ECONOMIC PLANNING</u>

Copy to: H. E Governor
County Secretary & Head of Public Service
Clerk, County Assembly of Kiambu
CEO, Kiambu Revenue Authority Board
Chairman, Public Service Board
Director Human Resource Management
County Budget Coordinator- OCOB

ANNEX I: BUDGET CALENDAR FOR THE FY 2026/2027 & THE MEDIUM-TERM

	Activity	Responsibility	Timeline
1.	Develop and Issuance of 2026/2027 Budget Preparation Guidelines	County Treasury	By 30th August, 2025
2.	Undertake Strategic Plans and Programme Expenditure Reviews (PPR)	All Departments (SWGs)/Accounting officers	"
3.	Preparation and Submission of ADP 2026/2027 to County Assembly	County Treasury	By 1st September, 2025
4.	**Development of Medium-Term Budget Framework**		
	Submission of Baseline Requirements	All Departments (SWGs)/Accounting officers	5th September, 2025
	Development of County Budget Review and Outlook Paper (CBROP)	County Treasury	8th September, 2025
	Submission of County Budget Review and Outlook Paper the County Executive Committee	County Treasury	30th September, 2025
	Approval of CBROP by County Executive Committee	County Treasury	14th October, 2025
	Submission of Approved CBROP to the County Assembly	County Treasury	By 21st October, 2025
5.	**Preparation of Medium-Term Budget Proposals**		
	Retreat on Formulation of Sector Budget proposals for 2026/27 & Medium Term	All Departments/SWGs	15th October, 2025
	Public sector Hearing	County Treasury	"
	Submission of Sector Budget Proposals to County Treasury	All Departments (SWGs)/Accounting officers	14th November, 2025
	Review and consultation on submitted sector Budget Proposals	County Treasury	17th -21st November, 2025
6.	**Drafting of 2026 County Fiscal Strategy Paper (CFSP)**		
	Formulation of draft County Fiscal Strategy Paper 2026	County Treasury	24th November, 2025
	Consultative meeting with County Executive committee on sector proposals & Draft CFSP	County Treasury	12th January 2026
	Public participation on 2026 CFSP & MTEF budget	County Treasury	2nd February 2026
	Presentation of County Fiscal Strategy Paper to County Budget and Economic Forum (CBEF)	County Treasury	6th February 2026
	Submission of 2025 County Fiscal Strategy Paper (CFSP) to County Executive Committee for approval	County Treasury	13th February 2026
	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury	27th February, 2026
7.	**Preparation and approval of Final Budgets FY2026/27**		
	issue of circular for finalization of 2026/2027 MTEF Budget	County Treasury	5st March, 2026
	Submission of FY 2026/27 MTEF budget estimates to County Treasury	All Departments	13th March, 2026
	Review and Consolidation of FY 2026/2027 & the Medium-Term Budget Estimates	County Treasury	30th March, 2026
	Submission of Budget Estimates to County Executive committee for approval	County Treasury	10th April, 2026
	Submission of FY 2026/2026 & Medium-Term Budget Estimates & other budget documents to County Assembly	County Treasury	30th April, 2026
	Submission of Appropriation Bill to Assembly	County Treasury	20th June, 2026
	Submission of Appropriation Bill to Assembly	County Assembly	By 30th June, 2026

ANNEX II: FORMAT FOR PRESENTATION OF PROGRAMME BASED BUDGETS (PBB)

Vote No: Tittle

Part A. Vision

Part B. Mission

Part C. Performance Overview and Rationale Funding

This section provides a structured analysis of programmes performance and outlook, covering;

- Mandate overview; a concise description of the entity's core responsibilities and objectives.
- Expenditure trends- a comparative revies of Approved budget against the actual expenditure for the financial years 2022/23-2024/25 budget;
- Performance highlights; Major achievements based on the planned outputs/services for the financial years 2022/23-2024/25 budget;
- Constraints and challenges in budget implementation and how they are being addressed; and
- Forward agenda; Major services/outputs to be provided in MTEF period 2026/27 - 2028/29 (the context which the budget is required)

Part D: Strategic Objectives

In this part, list all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome which must be linked with strategic plan and CIDP 2023-2027

PART E: SUMMARY OF PROGRAMME KEY OUTPUTS, PERFORMANCE INDICATORS AND TARGETS FOR FY 2026/2027- 2028/2029

Programme	Delivery unit	Key Output (KO)	Key Performance Indicators (KPI)	Target 2024/25	Actual Achievement 2024/25	Target 2025/26 (Baseline)	Targets 2026/2027	Targets 2027/2028	Targets 2028/2029
Name of programme outcome									
SP1.1									
SP1.2									
.... etc.									

Part F: Summary of Expenditure by Programmes and Sub -Programmes 2026/2027- 2028/2029 (KSh. Million)

Programme 1:	Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates 2027/28	Projected Estimates 2028/29
Programme 1☹State the name of the programme here)						
Total Expenditure for programme 1						
Sub Programme (SP)	Estimates				Projected Estimates	Estimates
	Targets 2026/2027				Targets 2027/2028	Targets 2028/2029
SP 1.1						
SP 1.2.						
.......N						

***NB:** Repeat as shown in the table under section Ë"above for all programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote*

Part G. Summary of Expenditure by Vote and Economic Classification[1] (KSh. Million)

Code	Expenditure Classification	Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates	
						2027/28	2028/29
	Current Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2600000	Current Transfers Govt. Agencies						
3200000	Other Recurrent						
	Capital Expenditure						
2100000	Acquisition of Non-Financial Assets						
2600000	Capital Grants to Govt. Agencies						
	Total Expenditure						

The Total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E.F & G

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

Programme 1

	Expenditure Classification		Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates	
							2027/28	2028/29
Programme 1☹state the name of the programme here)								
Code	**Current Expenditure**							
2100000	Compensation to Employees							
2200000	Use of goods and services							
2600000	Current Transfers Govt. Agencies							
3200000	Other Recurrent							
	Capital Expenditure							
2100000	Acquisition of Non-Financial Assets							
2600000	Capital Grants to Govt. Agencies							
	Total Expenditure for sub programme 1							
	Current Expenditure							
2100000	Compensation to Employees							
2200000	Use of goods and services							
2600000	Current Transfers Govt. Agencies							
3200000	Other Recurrent							
	Capital Expenditure							
2100000	Acquisition of Non-Financial Assets							
2600000	Capital Grants to Govt. Agencies							
	Total Expenditure for programme N							

Repeat as above in cases where a department has more than one programme

Part I: Summary of Human Resource Requirements

Programme Code	Programme Tittle	Designation/ Position Title	Authorized Establishment	In position as at 30th June, 2025	2025/26	2026/27	2027/28	2028/29
					Funded Positions	Positions to be Funded	Positions to be Funded	Positions to be Funded

ANNEX III: PROJECTS DETAILS FOR FY 2026/2027 AND MEDIUM-TERM PROJECTIONS

DEPARTMENT................................

VOTE NO.......................................

Project Code & Project Title	Financing			Timeline		Actual cumulative Exp. up to 30th June, 2025		Outstanding project cost at 30th June, 2025		Project Completion % as at 30th June, 2025	2025/2026 Approved Budget		Requirement/ Allocation for FY 2026/27		Allocation for 2027/28		Allocation for 2028/29		Remarks
	Est Cost of Project (a)	GOK	Foreign	Start Date	Expected Completion Date	GOK	Foreign	GOK	Foreign		GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	
Project 1																			
Project 2																			
Repeat as above for projects 2.3 etc.																			

ANNEX IV: SECTOR BUDGET REPORT FORMAT

TABLE OF CONTENTS

Table of contents (Headings and sub headings must exactly match those in the report)

Chapter 1-6 should form the main body of the report. Divide each chapter into logical sections and subsections, using consistent headings and numbering. The purpose is to explain the conclusions and justify the recommendations

EXECUTIVE SUMMARY

(Restate the key conclusions for each section and provide a concise summary of findings and recommendations)

CHAPTER ONE: INTRODUCTION

1.1 Background

1.2 Sector vision and mission

1.3 Strategic Goals/Objectives of the sector

1.4 Subsectors and their mandates

1.5 Autonomous and semi-autonomous County Government Agencies

1.6 Role of Sector Stakeholders

The introduction should:

- Set the context and identify the general subject
- Define the specific objective of the report
- Outline the scope of the analysis
- Highlight any limitations or data gaps

CHAPTER TWO: PROGRAMME AND PERFORMANCE REVIEW 2022/23-2024/25

2.1 Review of Sector Programmes Performance-Delivery of Outputs/KPI/targets

Table 2.1: Analysis of Programme Targets and Actual Targets

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Achieved Target			Remarks
				2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	
Name of Programme Outcome										
SP. 1										
SP. 2										
…. etc										

2.2 Analysis of expenditure trends for the FY 2022/23-2024/25

Table 2.2: Analysis of Recurrent Expenditure (KShs)

Sector Name: ……………………………………………						
Vote: ……………………………………………						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Gross						
AIA						
NET						
Compensation to Employees						
Transfers						
Other Recurrent						
Of Which						
Utilities						
Rent						
Insurance						
Subsidies						
Gratuity						
Contracted Guards & Cleaners Services						
Others specify…..						

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

Table 2.3: Analysis of Development Expenditure (KShs.)

Sector Name: …………………………………………							
Vote and Vote Details	Description	Approved Budget Allocation			Actual Expenditure		
		2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Department	Gross						
	CGK						
	Loans						
	Grants						
	Local AIA						

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

Table 2.4: Analysis of Programmes Expenditure (KShs. Million)

Programme Details	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Programme 1:						
Sub-Programme: 1						
Sub-Programme: 2						
Total Programme…….						
Repeat as above for Programme 2, 3 etc:						
Total Vote……..						

Table 2.5: Analysis by Category of Expenditure: Economic Classification (KShs. Million)

Economic Classification	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Programme 1:						
Current Expenditure						
Compensation of employees						
Use of Goods and Services						
Grants and Other Transfers						
Other Recurrent						
Capital Expenditure						

Economic Classification	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
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 by County Entities' Recurrent Budget Vs. Actual Expenditure (KShs. Million)

Sector ………………………..							
Vote (County Entity) ………………………..							
		Approved Budget Allocation			**Actual Expenditure**		
	Economic Classification	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
	Gross						
	AIA						
	NET						
	Compensation to Employees						
	Transfers						
	Other Recurrent						
	Of Which						
	Utilities						
	Rent						
	Insurance						
	Subsidies						
	Gratuity						
	Contracted Guards & Cleaners Services						
	Others specify…..						

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

2.7 Analysis of performance of capital projects for the FY 2022/23-2024/25

Table 2.7: Analysis of Performance of Capital Projects FY 2022/23-2024/25 (KShs. Million)

Department…………………………………………………………………………																	
Project Code & Title	Estimates cost of the project			Timeline		FY 2022/2023				FY 2023/2024				FY 2024/2025			
	Total Cost of Project	CGK	Foreign	Start Date	Expected Completion Date	Approved Budget CGK	Approved Foreign	Cumulative Expenditure as at June, 2023	Completion status as at 30th June, 2023 (%)	Approved Budget CGK	Approved Foreign	Cumulative Expenditure as at June, 2024	Completion status as at 30th June, 2024 (%)	Approved Budget CGK	Approved Foreign	Cumulative Expenditure as at June, 2025	Completion status as at 30th June, 2025 (%)
Project 1																	
Project 2																	
Totals																	
Repeat as above for projects 2,3 etc.																	

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

2.8 Review of pending bills

Table 2.8: Summary of Pending Bills

Type/Nature	Due to lack of Exchequer			Due to lack of provision		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
1. Recurrent						
Compensation of employees						
Use of goods and services e.g. utilities, domestic or foreign travel etc.						
Social Benefits e.g. NHIF, NSSF						
Other Expense						
2. Development						
Acquisition of non-financial assets						
Use of goods and services						
Others - Specify						
Total Pending Bills						

2.9 Summary of Court Awards

Table 2.9 Summary of Court Awards

Details of the Award	Date of Award	Amount	Payment to date
Totals			

CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2026/2027-2028/2029

3.1 Prioritization of programmes and sub programmes

This section explains how the sector's portfolio of interventions has been ranked to maximize impact, ensure value for money, and align with strategic objectives. Prioritization draws on:

- Strategic alignment with the sector vision and national plans
- Evidence of past performance and cost effectiveness
- Financial envelope and resource constraints
- Cross sectional linkages and co-benefits
- Stakeholders demand and risk considerations

3.1.1 Programmes and their objectives

Each programme approved for MTEF funding is listed below, with a concise statement of its primary and its contribution to the sectors goals For instance;

Table 3.1.1 PROGRAMME ND OBJECTIVES

Programme	Objective	Strategic Contribution
Programme A		
Programme B		
Programme C		

Table 3.1.2 PROGRAMME/SUB-PROGRAMMES, OUTCOMES, OUTPUTS AND KPIS

For each programme, this matrix breaks down the component sub-programmes, links them to the high-level outcomes they drive, specifies tangible outputs and assigns SMART performance indicators for monitoring and evaluation. For instance,

Programme	Sub-Programme	Expected Outcome	Key Outputs	KPI (Baseline/MTEF Target)
Programme A				
Programme B				
Programme C				

Programmes by Order of Ranking

Resource Allocation Criteria

3.1.3 Analysis of sector and sub sector resource requirement versus allocation by;

Table 3.1.3: Sector & Sub-Sector Recurrent Requirements/Allocations (Kshs)

Vote Details	Economic Classification	Approved Estimates	Requirement			Allocation		
		2025/26	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Dept.	**Gross**							
	AIA							
	NET							
	Compensation to Employees							
	Grants and Transfers							
	Other recurrent							
	Of which							
	Utilities							
	Rent							
	Insurance							
	Subsidies							
	Gratuity							
	Contracted Guards & Cleaners services							
	Others							

Table 3.1.4: Sector & Sub-Sector Development Requirements/Allocations (Kshs)

Sector..

Vote..

Description	Approved Budget Allocation	Requirement			Allocation		
	2025/26	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Gross							
GOK							
Loans							
Grants							
Local AIA							

TABLE 3.1.5: ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT & CAPITAL) RESOURCE REQUIREMENTS (AMOUNT KSH MILLION)

Sector..

Vote..

Programmes	Approved Budget			Projection (Requirement)								
	2025/26			2026/27			2027/28			2026/27		
	Current	Capital	Totals	Current	Capital	Totals	Current	Capital	Totals	Current	Capital	Total
Programme No. 1												
Sub Programme No. 1												
Sub Programme No. 2												
Total Programme.......												
Repeat as above for Programme 2, 3 etc...												
Total Programme............												

TABLE 3.1.6: ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT & CAPITAL) RESOURCE ALLOCATION (AMOUNT KSH MILLION)

Sector……………………………………………………………

Vote………………………………………………………………

Programmes	Approved Budget			Allocation								
	2025/26			2026/27			2027/28			2026/27		
	Current	Capital	Totals	Current	Capital	Totals	Current	Capital	Totals	Current	Capital	Total
Programme No. 1												
Sub Programme No. 1												
Sub Programme No. 2												
Total Programme…….												
Repeat as above for Programme 2, 3 etc…												
Total Programme…………												

TABLE 3.1.7: PROGRAMMES AND SUB-PROGRAMMES BY ECONOMIC CLASSIFICATION (AMOUNT KSH MILLION)

Sector...

Vote...

Economic Classification	Resource Requirement			Allocation		
Programme 1:	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Current expenditure						
Compensation of Employees						
Use of Goods and services						
Grant and other transfer						
Other recurrent						
Capital expenditure						
Acquisition of non-financial assets						
Capital Grants to Government agencies						
Other Development						
Total Programme......						
Repeat as above for Programme 2, 3 etc...						
Total Vote............						

TABLE 3.1.8: ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION FOR SAGAS (AMOUNT KSH MILLION)

Economic Classification	Approved Estimates	Resource Requirement			Allocation			
	2025/26	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	REMARKS
NAME OF SAGA 1…								
Gross								
AIA								
NET								
Compensation to Employees								
Other recurrent								
Of which								
Utilities								
Rent								
Insurance								
Subsidies								
Gratuity								
Contracted Guards & Cleaners services								
Others								
Repeat as above for SAGA 2, 3 etc…								
Total Vote								

CHAPTER FOUR: CROSS SECTOR LINKAGES AND EMERGING ISSUES/CHALLENGES

This Chapter examines the intersections between sector programmes and identifies key issues that span multiple sectors. It will;

- Map how sector initiatives reinforce or depend on one another
- Highlight emerging challenges such as resource constraints, regulatory gaps, or technological disruptions that affect cross-sectoral performance;
- Analyze risks and opportunities arising from these interdependencies; and
- Propose mechanisms for coordinated responses and risk mitigation.

CHAPTER FIVE: CONCLUSION

This section distills the report's findings against the objectives st out in chapter one. Conclusions are presented in order of importance;

1. Sector programmes demonstrate strong alignment with CIDP but require tighter performance monitoring
2. Expenditure variances over FY 2022/23-2024/25 reveal persistent budget execution bottlenecks, notably in capital projects and pending liabilities
3. Priority realignment and resource reallocation have generated savings, yet some low-impact activities remain underfunded.
4. Cross-sector synergies exist in data systems and stakeholder engagement, but institutional coordination gaps limit full realization of benefits.
5. Emerging challenges such as legal delays, evolving donor conditions, and volatile economic conditions threaten medium-term targets

CHAPTER SIX: RECOMMENDATIONS

Building on conclusions, the following action-oriented recommendations are proposed, ranked by urgency, example:

1. Establish an integrated performance dashboard to monitor outputs, outcomes and budget variances in real time.
2. Strengthen the SWG mandate for cross-sector coordination by formalizing joint planning and review sessions.
3. Rationalize baseline funding annually to eliminate one-off expenditures and reallocate savings to high priority projects
4. Fats track policy and regulatory reforms identified in chapter two, with clear timelines and responsible agencies.
5. Develop a contingency framework for emerging risks legal, financial, and environmental with predefined trigger actions

REFERENCES

List all primary and secondary sources cited throughout the report, including budget circulars, sector strategy documents and performance data tables.

APPENDICES

Appenidces contain detailed data and supporting materials that are too extensive for the main text. For example;

- Appendix A provides the full sector budget tables for FY 2022/23-2024/25;
- Appendix B contains the detailed risk register and mitigation plans; and
- Appendix C includes stakeholder engagement records and consultation summaries.

ANNEX V: SECTOR WORKING GROUP COMPOSITION & TERMS OF REFERENCE

- **Composition and terms of reference for Sector working groups (SWGs)**

1. SWGs shall be responsible for formulating sector budget proposals and developing Sectoral policies. SWGs shall comprise the following:
   i. ***Chairperson*** -One Accounting Officer chosen by consensus by other Accounting Officers within the Department/Sector
   ii. ***Sector Convener*** – Appointed by County Treasury to facilitate coordination and policy alignment across sector
   iii. ***Technical Working Group*** - Appointed by the Sector Working Group; to provide subject-matter expertise and technical support in programme formulation and implementation. (All directors and other relevant technical officers)
   iv. ***SWG Secretariat*** - Appointed by the individual Accounting Officers to assist the Chairperson in coordinating the activities of the SWG; and
   v. ***Other stakeholders***
   Development Partners representatives; Included to ensure alignment with donor-supported initiatives and promote collaborative financing and technical assistance
   Private Sector representatives; Engaged to provide insights on market dynamics, innovation and investment opportunities relevant to sector priorities

2. SWGs are expected to ensure that proposed programmes and projects are in line with the objectives of Vision 2030, CIDP and County Government priorities as contained in the ADP 2026-2027. Specifically, the terms of reference for SWGs will be to:

   a) **Strategic Alignment**: Review of sector strategies in line with the overall goals outlined in the vision 2030, CIDP and ongoing projects
   b) **Policy and institutional reforms:** Identify the programmes and the necessary policy, legal and institutional reforms required to be undertaken;
   c) **Project approval and budgeting:** Approve list of projects to be included in the budget and level of funding
   d) **Cost analysis;** Analyze cost implications of the proposed programmes, projects and policies for the medium term;
   e) **Prioritization and resource allocation;** Prioritize Sector Programmes and allocate resources as appropriate in accordance with an agreed criterion;

f) Identify programmes and projects to be funded under **Public Private Partnerships** (PPP) framework;
g) **Baseline review;** Analyze the baseline funding and remove all the one-off expenditure for the previous years
h) **Expenditure rationalization**; Identify activities, projects and programmes that are of low priority in order to realize savings which should be directed to priority projects
i) **Allocate resources** to projects that have been fully processed (i.e. feasibility studies done, with detailed designs, necessary approval and land secured);
j) Provide a detailed explanation for the **rescheduling of projects** which should include savings and financial implications of rescheduling projects and activities
k) **Sector reporting and budget proposals;** Coordinate activities leading to the development of sector reports and indicative sector budget proposals
l) **Stakeholders' engagement;** Identify critical stakeholders and engage them in the budget process
m) Organize and coordinate **public sector hearings** for the respective sectors. The chairperson shall submit to the county treasury minutes of the public hearings and the list of programmes/projects from the public hearings.