



REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
Finance – Nairobi
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI

REF. NO: ZZ/MOF 81/011 TY (112)

Date: July 13, 2016

TREASURY CIRCULAR NO 14/2016

TO: ALL CABINET SECRETARIES
ALL ACCOUNTING OFFICERS

GUIDELINES FOR THE PREPARATION OF THE 2017/18 – 2019/20 MEDIUM TERM BUDGET

A. PURPOSE

1. The purpose of this Circular is to provide guidelines to all Ministries, Departments, and Agencies (MDAs) on the processes and procedures for preparing the Financial Year 2017/18 – 2019/20 Medium Term Budget. These guidelines are issued as per the requirements of Section 36 of the Public Finance Management Act (PFMA), 2012. The guidelines provide information on the following:

- i). Key policy issues to guide the preparation of the Medium Term Budget;
- ii). Programme Performance Reviews;



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- iii). Documents, form, content of budget, and the programmes and projects to be funded;
- iv). The framework for public participation in the budget process; and
- v). The timelines for key activities in the budget process

B. BACKGROUND

2. We have just concluded implementation of the FY 2015/2016 Budget and embarked on the implementation of FY 2016/17 Budget. The budget for FY 2017/18 and the Medium Term that these guidelines refer to, will be prepared against a revised/restructured calendar. This is due to the fact that the General Election will be held in August 2017. In view of this, the calendar for preparation of the FY 2017/18 and the Medium Term Budget has been aligned to this date to avoid delays that could arise from election related activities.

3. The economic policy to be undertaken by the Government in the FY 2017/18 Budget and the Medium Term continues to focus on the implementation of economic policies and structural reforms under the Economic Transformation Agenda detailed in the 2016 Budget Policy Statement (BPS) and the Budget Statement presented to the National Assembly in June 2016. These policies and reforms aim to consolidate the significant gains already made in the priority areas within a sustainable fiscal framework.

4. The Agenda aims to achieve higher and sustainable growth, generate employment and reduce poverty and inequality enabling Kenya realise faster the aspirations under Vision 2030. The broad development policies outlined in the Vision 2030, and its second Medium Term Plan will continue to provide the basis for prioritizing expenditures in the Medium Term Budget. Priority will be given to programmes aimed at scaling up levels of investment in economic and social infrastructure, supporting rapid economic growth and



development, creation of employment opportunities, and sustaining macro-economic stability.

C. THE SPECIFIC GUIDELINES

5. The following broad areas will guide the preparation of the Medium Term Budget proposals:

- **Medium Term Development Strategy**

- i). The medium term budget will focus on priorities outlined in the Second Medium Term Plan (2013-2017) of the Kenya Vision 2030, which is expounded in the Jubilee Administration Transformative Agenda. Specifically, the Medium Term Budget will focus on five broad pillars: Investment in transport, logistics and other infrastructure, including energy to reduce cost of doing business and making our products cheaper and competitive;
- ii). Creation of a conducive business environment by maintaining macroeconomic stability, deepening structural reforms and improving security and enforcement of law and order to encourage investment and expand employment opportunities;
- iii). Investment in rural development and food security in order to expand food supply, reduce prices and support expansion of agro-processing industry;
- iv). Investment in quality and access to free healthcare and education as well as social safety net to reduce burden on the households and complement and sustain the Government's long term growth and development; and
- v). Devolution for better service delivery and enhanced rural economic development



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- **Programme Performance Review**

6. MDAs are expected to undertake a detailed assessment of implementation of the 2013/14 - 2015/16 Medium Term Budget before formulating the 2017/18 – 2019/2020 Medium Term Budget. This should entail analysing the previous budget allocations, disbursement of funds, actual expenditure and outcomes/outputs achieved.

7. The review should focus on the efficiency and effectiveness of programme expenditure and whether spending was directed to the highest priorities. The review will help in tracking the realization of Government's strategic and policy priorities, and encourage accountability and transparency within the Government Institutions. The experiences and lessons learnt should be used to make future expenditure decisions.

8. The Programme Performance Review must indicate both financial and non-financial performance against the targets related to each of the programmes/Sub-programme. The Review Report should provide implementation details, progress of both domestic and foreign financed projects within a programme.

9. MDAs will **only be allowed to bid for resources in their respective sectors** after the finalization of the review of programme performance. SWGs should ensure they discuss all Programme Performance Reviews before allocating resources to MDAs. The formats and guidelines for undertaking Programme Performance Reviews are provided in Tables 2.1 to 2.4 in Chapter 2 of the sector report format of this Circular.

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

10. The appropriation of the budget shall continue to be at programme level in accordance with the PFMA, 2012. The format for the preparation and presentation of the Programme Based Budgets is provided in **Annex I of this circular**.



11. The programmes for the Medium Term Budget will largely remain as presented in the FY 2016/17 Budget. **Proposal to include a new programme should be submitted and approved by the National Treasury by 15th August 2016.** In designing a new programme, the structure should match the key areas of services delivered by the respective MDA.

12. Programme performance indicators and targets should only focus on key outputs and outcomes. Targets set for the programmes 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 should fall within programmes. Service delivery units with no clear outputs, key performance indicators and targets should not be considered for funding.

13. Accounting Officers should ensure that all functions or activities undertaken by MDAs are included in relevant programmes. In particular, care should be taken to ensure that:

- i). There are no crosscutting activities or functions which are not assigned to respective programmes;
- ii). Each programme has a unique name that reflects its overall objective; and
- iii). There is no duplication of programme names used by other MDAs.

14. MDAs with more than one programme should include an additional programme to cater for management and administration overhead costs which cannot be attributed to one programme. The programme should cater for common services which are not programme-specific. These include general administration, financial services, accounting, internal audit, procurement, planning services, human resource management and ICT services.



15. The Performance Overview and Background for Programmes funding should include: a brief description of mandate; expenditure trends; major achievements based on planned outputs for the period under review; constraints and challenges experienced in implementing the budget, and how they are being addressed, and major services/outputs to be provided in the next Medium Term Budget.

- **Gender, Youth, and Persons Living With Disabilities**

16. The Government Development Agenda has continued to focus on mainstreaming gender, youth and persons living with disabilities through affirmative action. To ensure visibility, monitoring and evaluation, and informative decision making on these efforts, set targets for programmes should where applicable reflect gender dis-aggregated data in table 2.1 and 3.1 of Annex V.

- **Prioritization and Allocation of Resources to Programmes**

17. The Government will continue with its policy of expenditure prioritization with a view to achieving the transformative development agenda. In this regard, the following criteria will serve as a guide for allocating resources:

- Programme Performance Review findings of the on-going programmes;
- Linkage of the programme with the Objectives of Medium Term Plan of Kenya Vision 2030 for the period 2013 – 2017;
- Linkage of the programme to the Jubilee administration flagship projects/interventions;
- Degree to which a programme addresses core poverty interventions;
- Degree to which the programme is addressing the core mandate of the MDAs;



- Expected outputs and outcomes from a programme;
- Linkage of a programme with other Programmes;
- Cost effectiveness and sustainability of the programme; and
- Immediate response to the requirements and furtherance of the implementation of the Constitution.

18. Based on the broad guidelines, each sector is expected to develop and document the criteria for resource allocation. Further, SWGs should prioritize programmes based on the following:

- Analysis of the base line expenditure after excluding all the 'one-off' expenditure for the previous years;
- Identification and pending of activities of low priority in order to realize savings that should be directed to high priority programmes;
- Allocation of resources to projects that have been fully processed (i.e. feasibility study done, with detailed designs, necessary approvals, and land secured). The SWGs should also pay attention to the estimated requirements for each of the stages of the project cycle;
- Requirement for innovation/inventions to ensure efficiency savings in MDA budgets through reduction of operating costs and elimination of non-core service delivery activities;
- Detailed explanation for rescheduling of projects which should include savings and financial implications; and

- **Expenditure Proposals for the Medium Term Budget**

19. MDAs are required to remain within the ceilings provided in the 2016 Budget Policy Statement. The outer years of the 2016 Budget Policy Statement will form the basis for the first two years of the medium term budget, having removed 'one-off' expenditure. The indicative ceilings will



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however, be firmed in the Budget Review and Outlook Paper (BROP), and 2017 Budget Policy Statement.

- **Current Expenditure**

20. SWGs should ensure that the necessary current expenditure required for delivery of service, and implementation of capital projects is provided. The following guidelines should be adhered to while allocating resources for current expenditure:

- **Personnel emolument;** SWGs should provide adequate funding to cater for salaries, allowances, and other approved benefits for the in-post staff. SWGs should not allocate resources for new recruitment and upgrading unless they have prior approval for funding from The National Treasury. Allocation for personnel emolument must be supported by Integrated Personnel Payroll Data (IPPD) for the current and last financial years. It is mandatory that each MDA provides this information to support their requirement.
- **Utilities and Other Mandatory Obligations;** SWGs should ensure that priority is given to these spending needs. Each allocation should be supported by service provision agreements, demand notes, and documentary evidence of past expenditure trend.
- **Transfers to Parastatals and Semi- Autonomous Agencies;** Allocations to these entities should be maintained at the FY 2016/17 nominal value. All the State Corporation/SAGAs will be required to provide detailed budgets to their respective SWGs in the format provided in this circular (see Table 4.1)

- **Capital Projects**

21. Government is committed in executing capital projects that meet the national objectives outlined in Vision 2030 and its Medium Term Development Plan. The 2017/18 and the Medium Term Development Budget will be prepared based on capital projects. Capital project can be defined as



a group of related activities that are implemented to achieve a specific output and to address certain public needs. Projects should therefore be based on a comprehensive needs assessment and must have a time frame for completion and realization of the desired results. Capital projects shall be all activities meeting the above definition with a cost of at least KSh. 5 million. A list of all the on-going and proposed projects should be submitted to the National Treasury using the format shown in Annex II & III.

- **Project Committees**

22. Accounting Officers are required to establish Project Committees (PCs) comprising the following:

- (i) Accounting Officer or Alternate – Chairperson;
- (ii) Head of Planning – Secretary;
- (iii) Head of Finance – Member;
- (iv) Head of Administration; and
- (v) Up to a maximum of six representatives from technical departments of the MDA appointed by the Accounting Officer.

23. The terms of reference for the Project Committees shall include:

- (i) Prioritization of projects based on the MDAs Strategic Plan, Medium Term Plan of the Vision 2030, and the Jubilee Transformative Agenda;
- (ii) Assessment of the viability and sustainability of new projects;
- (iii) Approval of projects to be implemented based on established criteria;
- (iv) Identification of the potential project risks and mitigating measures;
- (v) Providing guidance on any changes in the project design during implementation;
- (vi) Monitoring and evaluating the achievement of programmes/project outputs and outcomes; and
- (vii) Recommending the mode of project financing.



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- **Project Identification Criteria**

24. While identifying and prioritizing projects the PCs will take the following into consideration:

- (i) the strategic importance of the project in line with the medium and long term developmental agenda;
- (ii) impact of the project on extreme poverty;
- (iii) support to strategic investments for promoting growth and job creation,
- (iv) Fiscal viability and sustainability

25. Completion of the on-going projects must be accorded priority. Any proposal for allocation of resources must be accompanied by a cost benefit analysis. The proposed additional or new expenditure will have to be aligned with the MDAs mandate and should be subject to the available fiscal space. In addition, MDAs are required to provide information on the projects that require GOK counterpart funding. The formats for reporting on capital projects are provided in Annex II and III of this circular.

- **Public Participation and Stakeholder Involvement**

26. Public participation and involvement of other stakeholders in the Medium Term Budget process is essential and a constitutional requirement. Sub-Sectors should identify their critical stakeholders outside Government Ministries, Departments and Agencies, and engage them in programme prioritization. Public Participation process/consultations should be documented for reference purposes. Further, SWGs should ensure that the Cabinet Secretaries, Chairpersons and Heads of Entities in the sector are briefed and collectively approve the sector budget proposal.



- **Sector Working Groups**

27. *SWG*s are the only recognized avenue for bidding for resources. Accounting Officers are therefore reminded to ensure full participation of their *MDA*s in Sector Process. Participation of *MDA*s in sector process should be by officers who are senior enough to articulate their mandates, make decisions, and justify the resource requirement during the bidding of resources within the available ceilings.

- **Organization of the Sector Working Groups**

28. The sectors are organized in line with the structure of government and according to Classification of the Functions of Government (COFOG) as indicated in Annex IV. The functions of Government have been mapped into ten sectors, namely:

- i. Agriculture, Rural and Urban Development (ARUD);
- ii. Energy, Infrastructure and ICT;
- iii. General Economic, and Commercial Affairs;
- iv. Health;
- v. Education;
- vi. Governance, Justice, Law & Order (GJLOS);
- vii. Public Administration & International Relations;
- viii. National Security;
- ix. Social Protection, Culture and Recreation; and
- x. Environmental Protection, Water and Natural Resources

- **Structure and Terms of Reference for Sector Working Groups (SWG)s**

29. *SWG*s shall be responsible for formulating sector budget proposals and developing sectoral policies. *SWG*s shall comprise the following:

- i). Chairperson – One Accounting Officer chosen by consensus by other Accounting Officers within the Sector;



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- ii). Sector Convenor – Appointed by the National Treasury;
- iii). Sector Co-Convenor – Appointed by the State Department of Planning and Statistics;
- iv). Technical Working Group – Nominated by the respective Sub-Sectors;
- v). A SWG Secretariat – Appointed by the Sector to assist the Chairperson in coordinating the activities of the SWG;
- vi). Representatives from Development Partners; and
- vii). Representatives from the Kenya Private Sector Alliance.

30. SWGs are expected to ensure that planned programmes and projects seek to address the objectives of Vision 2030 and its Medium Term Plan. The specific terms of reference for the SWGs are to:

- i). Review all the Programme Performance of MDAs and use the findings to guide resource allocation;
- ii). Identify the Sector policy, legal and institutional reforms requirement;
- iii). Identify all policies, programmes, and projects proposed for implementation over the medium term budget;
- iv). Estimate the cost implications of the planned projects;
- v). Prioritize Sector Programmes/Projects and allocate resources appropriately in accordance with an agreed criteria;
- vi). Identify programmes and projects to be funded under Public Private Partnerships (PPP); and
- vii). Coordinate activities leading to the development of sector reports and Sector Budget proposals



- viii). SWGs should avoid funding of new projects, unless there is funding available as result of projects due/completed in the FY 2016/17.
- ix). A separate list of due/completed projects should be appended to the Sector Budget Proposals

31. SWGs will only consider projects that have been proposed by the PCs and approved by the Accounting Officers.

D. PRE-AND POST ELECTION ECONOMIC AND FISCAL REPORTS

32. Section 27 of the PFMA, 2012 requires the National Treasury to publish pre and post-election economic and fiscal reports. The reports shall include direct election expenses such as those for IEBC for costs of elections and materials and indirect election expenses such as allocation to police and security forces for an election year.

E. EQUALIZATION FUND

33. Article 204 of the Constitution provides for the establishment of an Equalization Fund to provide basic services including water, roads, health facilities, and electricity to marginalized areas. The Equalization Board is required to hold consultations with the affected MDAs/Counties to identify projects for funding.

F. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

34. Sector Chairpersons are required to ensure that all activities of SWGs including drafting Sector Budget Proposals are completed on scheduled timelines. The proposals should be ready for submission to the National Treasury not later than **14th October 2016** in line with the budget calendar indicated in Annex VI.



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G. BUDGET CALENDAR

35. The Constitution and the PFMA, 2012 specify the time lines for the budget making process, which should be strictly adhered to. Annex VI provides the timelines for the specific activities, deliverables, and the responsible actors. Accounting Officers are required to strictly adhere to the timelines provided in order to ensure timely preparation and approval of the budget.

H. CONCLUSION

36. Finally, Accounting Officers are required to ensure strict adherence to the 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 Parastatals and Semi-Autonomous Government Agencies (SAGAs). The Guidelines are available in the Treasury website ([www.treasury@go.ke](http://www.treasury.go.ke))



HENRY K. ROTICH, EGH
CABINET SECRETARY/NATIONAL TREASURY

Copy to: **Dr. Joseph K. Kinyua, EGH**
Chief of Staff and Head of Public Service
State House
NAIROBI

Hon. Prof. Githu Muigai, EGH
The Attorney General
State Law Office
NAIROBI



Mr. Micah Cheserem
Chairman
Commission on Revenue Allocation
NAIROBI.

Members of the Intergovernmental Budget and Economic Council



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ANNEX I: FORMAT FOR PRESENTATION OF PROGRAMME-PERFORMANCE BASED BUDGETS (PBB)

Vote No. : Vote Title

Part A: Vision

Part B: Mission

Part C: Performance Overview and Background for Programme(s) Financing

This section is supposed briefly discuss the following

- *Brief description of mandate;*
- *expenditure trends – approved budget against the actual expenditure for the 2013/14 – 2015/16 Budget;*
- *Major achievements based on the planned outputs/services for 2013/14 – 2015/16 budget;*
- *Constraints and challenges in budget implementation and how they are being addressed; and*
- *Major services/outputs to be provided in the 2017/18 – 2019/20 budget*

Part D: Strategic Objectives

(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome which must be linked with Strategic Plan and Vision 2030)



• Part E: Summary of the Programme Key Outputs, Performance Indicators and Targets for FY 2015/16- 2019/20

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2015/16	Actual Achievement 2015/16	Target (Baseline) 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Name of Programme Outcome									
SP1.1									
SP1.2									
... etc.									

Part F: Summary of Expenditure by Programmes and Sub -Programmes 2015/16 -2019/20 (KSh. Millions)

Programme	Approved Budget 2015/16	Actual Expenditure 2015/16	Baseline Estimates 2016/17	Estimates 2017/18	Projected Estimates	
					2018/19	2019/20
Programme 1: (State the name of the programme here) ¹						
Sub Programme (SP)						
SP 1. 1						
SP 1. 2.						
... N						
Total Expenditure of Programme 1						
Programme 2: (State the name of the programme here)						
			Baseline Estimates 2016/17	Estimates 2017/18	Projected Estimates	
					2018/19	2019/20
SP 2. 1						
SP 2. 2.						
... N						
Total Expenditure of Programme 2						

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



Total Expenditure of Vote						
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Part G. Summary of Expenditure by Vote and Economic Classification² (KSh. Million)

Code	Expenditure Classification	Approved Budget 2015/16	Actual Expenditure 2015/16	Baseline Estimates 2016/17	Estimates 2017/18	Projected Estimates	
						2018/19	2019/20
	Current Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Current Transfers Govt. Agencies						
2700000	Social Benefits						
2800000	Other Expense						
3100000	Non- Financial Assets						
3200000	Financial Assets						
	Capital Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Capital Transfers to Govt. Agencies						
3100000	Non- Financial Assets						
3200000	Financial Assets						
	Total Expenditure of Vote						

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



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

	Expenditure Classification	Approved Budget 2015/16	Actual Expenditure 2015/16	Baseline Estimates 2016/17	Estimates 2017/18	Projected Estimates	
						2018/19	2019/20
Programme 1: (State the name of the programme here)							
Code	Current Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Current Transfers Govt. Agencies						
2700000	Social Benefits						
2800000	Other Expense						
3100000	Non- Financial Assets						
3200000	Financial Assets						
	Capital Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Capital Transfers Govt. Agencies						
2700000	Social Benefits						
2800000	Other Expense						
3100000	Non- Financial Assets						
3200000	Financial Assets						
Sub-Programme 1: (State the name of the Sub-Programme here)							



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	Current Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Current Transfers Govt. Agencies						
2700000	Social Benefits						
2800000	Other Expense						
3100000	Non- Financial Assets						
3200000	Financial Assets						
	Capital Expenditure						
2100000	Compensation to Employees						
2200000	Use of goods and services						
2400000	Interest						
2500000	Subsidies						
2600000	Capital Transfers Govt. Agencies						
2700000	Social Benefits						
2800000	Other Expense						
3100000	Non- Financial Assets						
3200000	Financial Assets						

- Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes



Part I: Summary of Human Resource

Programme Code	Programme Title	Designation /Position Title	Authorized Establishment	In Post as at 30 th June, 2016	2016/17	2017/18	2018/19 projection	2019/20 Projection
					Funded Positions	Positions to be Funded	Positions to be Funded	Positions to be Funded
XX1	General Administration and Management							
XX2								
XX3								
Total Funded Positions								



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ANNEX II: PROJECT CONCEPT NOTE

1. Project name:						
2. Project geographic location:						
3. Project Type/Category:						
4. Implementing organization (s):						
5. Counties covered:						
6. Project Purpose (Context and need for the Project): In not more than one paragraph explain the problem that the project will address, and how this relates to the Medium-Term Plan of the Vision 2030 objectives under a five pillar transformation program						
7. Brief description of the project (Project summary): In not more than one paragraph explain what the project plans to achieve and how. Also summarize the project outputs (expected results), and the main activities that support each output. Indicate any project risks and how they will be addressed. Where possible, describe proposed steps to ensure sustainability of project.						
8. Project status (see Annex 2 above):						
9. Estimated project duration (months)						
10. Estimated project cost:		FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
		KSh.....	KSh.....	KSh.....	KSh.....	KSh.....
11. Outline economic and social benefits:						
12. Outline sources of financing:						



ANNEX III: PROJECTS DETAILS

FY 2017/18 AND MTEF PROJECTIONS

Ministry/Department/Agency
Vote
Programme
Sub Programme

Table with columns: Project Code & Project Title, Est Cost of Project or Contract Value (a), Financing Foreign GOK, Timeline (Expected Completion Date), Actual Cumulative up to 30th June 2016, Outstanding Project Cost as at 30th June 2016, Allocation for 2016.17 Budget Foreign GOK, Projection 2017.18 Foreign GOK, Projection 2018.19 Foreign GOK, Projection 2019.20 Foreign GOK. Includes a 'Ksh Million' section at the bottom and ISO 9001:2008 Certified logo.

ANNEX IV: SECTOR COMPOSITION AND SECTOR WORKING GROUPS FOR THE MTEF BUDGET 2017/18 - 2019/20		
CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES
Economic Affairs	Agriculture, Rural and Urban Development	1161. State Department of Agriculture
		1162 State Department for Livestock
		1163 State Department for Fisheries & Blue Economy
		1111. Ministry of Land and Physical Planning
		2021. National Land Commission
	Energy, Infrastructure and ICT	1091. State Department of Infrastructure
		1092 State Department of Transport
		1093 State Department for Maritime
		1094 State Department for Housing & Urban Development
		1095 State Department for Public Works
		1122 State Department for Information, Communication and Technology & Innovation
		1023 State Department for Broadcasting and Telecommunication
		1152 State Department for Energy
		1153 State Department for Petroleum
	General Economic and Commercial Affairs	1172 State Department for Investment and Industry
		1173 State Department for Cooperatives
		1174 State Department for Trade
		1183 State Department for East African Intergration
		1201 Ministry of Tourism
Health	Health	1081. Ministry of Health
Education	Education	1063 State Department for Basic Education
		1064 State Department for Vocational and Technical Training
		1065 State Department for University Education
		2091. Teachers Service Commission



CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES
Public Sector & Safety	Governance, Justice, Law and Order	1021 State Department for Interior 1022 State Department for Correctional Services 1201. Office of the Attorney General and Department of Justice 1211. The Judiciary 1221. Ethics and Anti- Corruption Commission 1241. Directorate of Public Prosecutions 1251. Commission for the Implementation of the Constitution 1261. Registrar of Political Parties 1271. Witness Protection Agency 2011. Kenya National Commission for Human Rights 2031. Independent Electoral and Boundaries Commission 2051. Judicial Service Commission 2101. National Police Service Commission 2141. National Gender and Equality Commission 2151. Independent Police Oversight Authority
General Public Services	Public Administration and International Relations	1011. The Presidency 1034 State Department for Planning and Statistics 1033 State Department for Devolution 1033 State Department for Special Programmes 1052 Ministry of Foreign Affairs 1071. The National Treasury 1211 State Department for Public Service and Youth 1212 State Department for Gender 2041. Parliamentary Service Commission 2042 National Assembly 2061. Commission on Revenue Allocation 2071. Public Service Commission 2081. Salaries and Remuneration Commission 2111. Auditor General 2121. Controller of Budget 2131. Commission on Administrative Justice



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CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	MINSTRIES, DEPARTMENTS AND AGENCIES
Defence	National Security	1041. Ministry of Defence
		1231. National Intelligence Service
Recreation, Culture and Social Protection	Social Protection, Culture and Recreation	1032 State Department for Sports Development
		1033 State Department for Arts and Culture
		1184 State Department for Labour
		1185 State Department for Social Protection
Community Amenities	Environment Protection, Water and Natural Resources	1105 State Department for Environment
		1103 State Department for Water Services
		1104 State Department for Irrigation
		1106 State Department for Natural Resources
		1191. Ministry of Mining
Macro Working Group	Macro Working Group	The National Treasury(MFA, BD, DMD & RMD)
		Central Bank of Kenya
		Kenya National Bureau of Statistics(knbs)
		Macro Economic Department (State Department for Planning & Statistics)
		Kenya Institute for Public Policy Research and Analysis(KIPPRA)
		Kenya Revenue Authority
		Commission of Revenue Allocation



ANNEX V: SECTOR REPORT FORMAT

SECTOR TITLE

TABLE OF CONTENTS

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

⁸ Chapters 1 – 5 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

(Highlights of key findings and recommendations)

CHAPTER ONE:

1. INTRODUCTION

- 1.1. Background
- 1.2. Sector Vision and Mission
- 1.3. Strategic goals/Objectives of the Sector
- 1.4. Sub-Sectors and their Mandates
- 1.5. Autonomous and Semi-Autonomous Government Agencies
- 1.6. Role of Sector Stakeholders

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



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CHAPTER TWO

2. PROGRAMME PERFORMANCE REVIEW 2013/14 – 2015/16

2.1. Review of Sector Programmes/Sub- Programme performance – delivery of outputs/ KPI/targets as per the table below

Table 2.1: Sector Programme Performance Reviews

Programme	Key Output	Key Performance Indicators	Planned Target			Achieved Targets			Remarks
			2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	
Sub-Programme									
XX 1									
XX 2									

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



2.2. Expenditure Analysis

2.2.1. Analysis of programme expenditure

Table 2.2: Programme/Sub- Programme Expenditure Analysis

ANALYSIS OF PROGRAMME EXPENDITURE						
	APPROVED BUDGET			ACTUAL EXPNDITURE		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
PROGRAMME 1:						
Sub- Programme: 1						
Sub- Programme: 2						
Repeat as above for Programme 2, 3 e.t.c:						
TOTAL PROGRAMME.....						
TOTAL VOTE.....						



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2.2.2. Analysis of programme expenditure by economic classification

Table 2.3: Programme Expenditure Analysis by Economic Classification

ANALYSIS OF PROGRAMME EXPENDITURE BY ECONOMIC CLASSIFICATION						
Economic Classification	APPROVED BUDGET			ACTUAL EXPNDITURE		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
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						
Repeat as above for Programme 2, 3 e.t.c:						
TOTAL PROGRAMME.....						
TOTAL VOTE.....						



2.2.3. Analysis of capital projects

Table 2. 4: Analysis of Performance of Capital Projects

CAPITAL PROJECTS IN THE MINISTRY/DEPARTMENT/AGENCY		
PROJECT 1:		Location:
Contract date:	Contract completion date:	Expected completion date:
Contract Cost :	Expected final cost:	
Completion Stage 2013/14 (%):	Completion Stage 2014/15 (%):	Completion Stage 2015/16 (%):
Budget Provision 2013/14	Budget Provision 2014/15:	Budget Provision 2015/16:
Provide a brief overview of the specific needs to be addressed by the project.		
Repeat as above for Projects 2, 3 e.t.c		

2.3. Review of Pending Bills

2.3.1. Recurrent Pending Bills

2.3.2. Development Pending Bills



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CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN – 2017/18– 2019/20

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 (KPIs) for the Sector as per the format below.

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

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2015/16	Actual Achievement 2015/16	Target (Baseline) 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Name of Programme Outcome									
SP1.1									
SP1.2									
... e.t.c									

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

3.1.3. Programmes by Order of Ranking

3.2. Analysis of Resource Requirement versus allocation by:



3.2.1. Sub-Sector/ Sector(Recurrent)

Table 3.2: Recurrent Requirements/Allocations**ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION**

Sector Name	Economic Classification	2016/17 Estimates	REQUIREMENT			ALLOCATION		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Vote and Vote Details								
xxx1	Gross							
	AIA							
	NET							
	Compensation to Employees							
	Transfers							
	Other Recurrent							



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3.2.1 Sub-Sector/Sector Development

Table 3.3: Development Resource Requirement/Allocations

ANALYSIS OF DEVELOPMENT RESOURCE REQUIREMENT VS ALLOCATION								
Sector Name	Description	2016/17 Estimates	REQUIREMENT			ALLOCATION		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Vote and Vote Details	Description							
xxx1	Gross							
	GOK							
	Loans							
	Grants							
	Local AIA							

3.2.2. Programmes and Sub-programmes(current and capital)as per the format below

Analysis of resource Requirement vs Allocation for 2017/18- 2019/20

Table 3.4 Programme/Sub-Programme Resource Requirement

ANALYSIS OF PROGRAMME EXPENDITURE RESOURCE RERUIREMENT(AMOUNT KSH MILLIONS)												
	2016/17			2017/18			2018/19			2019/20		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
PROGRAMME 1:												
Sub- Programme: 1												
Sub- Programme: 2												
Repeat as above for Programme 2, 3 etc.:												
TOTAL PROGRAMME.....												
TOTAL VOTE.....												



Table 3.5 Programme/Sub-Programme Resource Allocation

ANALYSIS OF PROGRAMME EXPENDITURE RESOURCE ALLOCATION (AMOUNT KSH MILLIONS)												
	2016/17			2017/18			2018/19			2019/20		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
PROGRAMME 1:												
Sub- Programme: 1												
Sub- Programme: 2												
Repeat as above for Programme 2, 3 etc.:												
TOTAL PROGRAMME.....												
TOTAL VOTE.....												



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3.2.3. Programmes and sub-programmes by economic classification Economic classification

Table 3.6: Programmes and sub-programmes by economic classification Economic classification

ANALYSIS OF PROGRAMME EXPENDITURE BY ECONOMIC CLASSIFICATION						
Economic Classification	REQUIREMENT			ALLOCATION		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
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						
Repeat as above for Programme 2, 3 e.t.c:						
TOTAL PROGRAMME.....						
TOTAL VOTE.....						



4. Analysis of recourse Requirement vs Allocation for 2017/18- 2019/2020

Table 4.1: Semi –Autonomous Government Agencies

ANALYSIS OF SEMI- AUTONOMUS GOVERNMENT AGENCIES(SAGA) BY ECONOMIC CLASSIFICATION							
Economic Classification	2016/17 Allocation	REQUIREMENT			ALLOCATION		
		2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
NAME OF SAGA							
Current Expenditure							
Compensation Of Employees							
Use Of Goods And Services							
Other Recurrent							
Capital Expenditure							
Acquisition Of Non-Financial Assets							
Other Development							
Repeat as above for SAGA 2, 3 etc.:							
TOTAL VOTE.....							

SUMMARY OF THE EXPNDITURES AND REVENUE GENERATED

SAGA NAME							
GROSS							
AIA- Internally Generated Revenue							
Net- Exchequer							



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4.1.1. Resource Allocation criteria

CHAPTER FOUR

5. CROSS-SECTOR LINKAGES AND EMERGING ISSUES /CHALLENGES

CHAPTER FIVE

6. CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-5 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

7. 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".



ANNEX VI: BUDGET CALENDER FOR FY 2017/18 MTEF BUDGET PROCESS

ACTIVITY	RESPONSIBILITY	FY2017/18 DEADLINE
1. Develop and issue MTEF guidelines	National Treasury	15-Jul-16
2. Launch of Sector Working Groups	National Treasury	27-Jul-16
3. Programme Performance & Strategic Reviews	MDAs	12-Aug-16
3.1 Review and update of strategic plans	"	"
3.2 Review of programme outputs and outcomes	"	"
3.3 Expenditure Review	"	"
3.4 Review and approval of projects for FY2017/18	Project Committees	"
3.5 Progress report on MTP implementation	"	"
3.6 Preparation of annual plans	"	"
4. Development of Medium-Term Budget Framework	Macro Working Group	9-Sep-16
4.1 Estimation of Resource Envelope	"	26-Aug-16
4.2 Determination of policy priorities	"	"
4.3 Preliminary resource allocation to Sectors, Parliament, Judiciary & Counties	"	"
4.4 Draft Budget Review and Outlook Paper (BROP)	"	"
4.5 Submission and approval of BROP by Cabinet	"	2-Sep-16
4.6 Submission of approved BROP to Parliament	"	9-Sep-16
5. Preparation of MTEF budget proposals	Line Ministries	18-Oct-16
5.1 Retreats to draft Sector Reports	Sector Working Group	4-23 Sep -16
5.2 Public Sector Hearing	National Treasury	3-7 Oct-16
5.3 Review and incorporation of stakeholder inputs in the Sector proposals	Sector Working Group	12-Oct-16
5.4 Submission of Sector Report to Treasury	Sector Chairpersons	14-Oct-16
5.5 Consultative meeting with CSs/PSs on Sector Budget proposals	National Treasury	18-Oct-16
6. Draft Budget Policy Statement (BPS)	Macro Working Group	10-Nov-16
6.1 Draft BPS	Macro Working Group	24-Oct-16
6.2 Division of Revenue Bill (DORB)	National Treasury	"
6.3 County Allocation of Revenue Bill (CARB)	National Treasury	"
6.4 Cabinet Retreat on Finalization of FY2017/18 Budget	Presidency	26-28 Oct 2016
6.5 Submission of BPS, DORB and CARB to Cabinet for approval	National Treasury	3-Nov-16
6.6 Submission of BPS, DORB and CARB to Parliament for approval	National Treasury	10-Nov-16
7. Preparation of the Pre-Election Report	National Treasury	31-Jan-16
8. Preparation and approval of Final MDAs Budgets		15-Mar-16
8.1 Develop and issue final guidelines on preparation of 2017/18 MTEF Budget	National Treasury	2-Dec-16
8.2 Submission of Budget Proposals to Treasury	Line Ministries	22-Dec-16
8.3 Consolidation of the Draft Budget Estimates	National Treasury	26-Jan-17
8.4 Submission of Draft Budget Estimates to Parliament	National Treasury	27-Jan-17
8.5 Review of Draft Budget Estimates by Parliament	National Assembly	22-Feb-17
8.6 Report on Draft Budget Estimates from Parliament	National Assembly	24-Feb-17
8.7 Consolidation of the Final Budget Estimates	National Treasury	10-Mar-17
8.8 Submission of Appropriation Bill to Parliament	National Treasury	15-Mar-17
8.9 Submission of Vote on Account to Parliament	National Treasury	15-Mar-17
9. Budget Statement	National Treasury	17-Mar-17
Appropriation Bill passed	National Assembly	31-Mar-17



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