COUNTY GOVERNMENT OF NYERI

P.O Box 1112 – 10200

NYERI

Ground Floor- Town Hall.

OFFICE OF THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING & ICT/HEAD OF COUNTY TREASURY

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COUNTY TREASURY CIRCULAR No. 1/2024-2025

TO: ALL COUNTY EXECUTIVE COMMITTEE MEMBERS

ALL ACCOUNTING OFFICERS

GUIDELINES FOR THE PREPARATION OF THE FINANCIAL YEAR 2025/26 – 2027/2028 MEDIUM TERM BUDGET

A. Introduction

1. In accordance with the provisions of Article 220 of the Constitution and Section 128 1&2 of the Public Finance Management Act, 2012 (CAP 412A) The County Executive Committee Member for Finance shall manage the budget process for the County and not later than the 30th August in each year, the County Executive Committee Member for Finance shall issue a circular setting out guidelines to be followed by all of the County Government's entities in the budget process. In this regard, this circular applies to all County Departments and agencies.

B. Purpose

2. The purpose of this Circular is to provide guidelines to the County Departments and other County entities on the processes and procedures for preparing the Financial Year 2025/26 – 2027/2028 Medium Term Expenditure Framework (MTEF) Budget Estimates and the key timelines culminating to its submission to the county Assembly on or before **30th April, 2025**. The Circular outlines the following;

i. Background to the FY 2025/26 and the Medium-Term Budget;
ii. Policy Priorities for the FY 2025/26 and the Medium-Term Budget;
iii. Timelines for key activities in the budget process;
iv. Institutional framework for the budget process;
v. Form and content of the budget;
vi. Prioritization process and costing of programmes and projects; and
vii. Framework for public participation in the budget process.

C. Background

3. The FY 2025/26 budget is being prepared within the context of a global economy that has stabilized with growth projected to drop slightly to 3.2 percent in 2024 from 3.3 percent in 2023 before recovering to 3.3 percent in 2025. 5. In the emerging markets and developing economies, growth is projected to remain stable at 4.3% in 2024 and 2025 from an estimated 4.4% in 2023.

4. On the domestic scene, economic growth has remained strong and resilient. Growth continues to be supported by strong agricultural and manufacturing activities underpinned by favorable weather conditions, strong service sector, stable macroeconomic environment, ongoing public infrastructural investments and sustained business confidence. Growth is expected to rise gradually to 5.5 percent in 2025 from 5.6 percent in 2023 supported by a rebound in the agriculture sector and the continued strength and resilience of the services sector.

5. The fiscal framework for FY 2025/26 and the medium term Budget will continue to support the National Government's Bottom-Up Economic Transformation Agenda (BETA) and projects and programs as outlined in the MTP IV as well as the County Integrated development plan 2023-2027.

6. Following the anticipated shrinking of the resource envelop relative to the ever increasing needs it is imperative for the county departments and agencies to prioritize and accommodate programmes within the available resource envelope.

D. Key Assumptions Underpinning the FY 2025/26 and the Medium-Term Fiscal Framework

7. The following assumptions on macro-economic factors will influence the economic performance of the county in the medium term:-

- Real GDP is projected to grow at 5.5 % in 2025 and over the medium-term.
- Inflation is expected to be maintained within the target range of ±2.5% of 5%·'
- Interest rates are expected to adjust downwards gradually while foreign currencies exchange rates are expected to remain stable, and this will be safeguarded over the medium term.
- Total expenditure is expected to decrease to below 21.5% of GDP in FY 2025/26 and Medium Term in line with the fiscal consolidation policy
- Local Revenue collection is estimated at 10 % of the 2024/25 budget estimates.
- The county budget should be balanced as required under the PFM Act, 2012 (CAP 412A)

E. SPECIFIC GUIDELINES

8. The following specific guidelines will be followed:

i. Timelines and Requirements for Key Activities in the Budget Process

9. In view of the Constitution and the Public Finance Management Act, 2012 (CAP 412A) provisions for processing Budget Estimates, the following policy documents and Bills will be prepared and approved in accordance with the timelines set out in the Budget Calendar attached as Annex 1

- The County Annual Development Plan
- The County Budget Review and Outlook Paper (CBROP);
- Sector/Departmental Budget Proposals;
- The County Fiscal Strategy Paper
- Medium Term Debt Management Strategy Paper;
- Programme Based Budgets and Supporting Details;
- Estimates of Revenue, Loans and Grants;
- The Appropriations Bill; and
- The Finance Bill.

10. Accounting Officers are required to strictly undertake the activities outlined in the Budget Calendar provided in Annex 1 of this Circular.

ii. Institutional Framework to Guide the Budget Process.

11. Budgeting will be undertaken on the basis of the 16 votes/departments categorised under the five county sectors as outlined in Annex 2

iii. Form and Content of The Budget

- **Programme Based Budgeting (PBB)**

12. In line with Section 130 (1)(b)(v) of the Public Finance Management Act, (CAP 412A), the budget will be prepared and presented by vote and programme. Therefore, all Accounting Officers are required to prepare and submit a Programme Based Budget (PBB) for the FY 2025/2026 on or **before 14th March, 2025**.

13. The structure of existing and new programmes should match the main lines of service delivery in the department as well as the provision of the County Integrated Development Plan 2023-2027. During the review of programmes, Sector should ensure that:

i. Outcomes and Outputs, are Specific, Measurable, Achievable, Realistic, and Time bound;
ii. Performance indicators and targets are for outcomes and outputs;
iii. Performance indicators are results oriented, Clear, Relevant, Economic, Adequate, and Monitorable (CREAM);
iv. Performance Indicators and targets are those that departments can be held responsible for their achievement;
v. Delivery units with no clear outputs, performance indicators and targets are consolidated under the main delivery unit; and
vi. Crosscutting functions are assigned to respective programmes in Sector.

14. The structure of the Program based budget is as provided in Annex 3 while a list of the budget programs has been provided for in Annex 4

- **Fiscal Consolidation Policy**

15. In line with the National Government's Fiscal Consolidation policy. The Government will continue to focus on enhancing domestic revenue mobilization, reprioritization and rationalization of expenditures while safeguarding priority Government programmes and social spending. Departments 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**

16. Budget resources will be appropriated on an annual basis but the budget planning process will include estimates of expenditure and revenue for the two outer years. Accounting

Officers should note that the ceilings for the outer years are binding in accordance to the Public Finance Management Regulations, 2015

- **CIDP 2023-2027, Medium Term Plan IV and BETA Priorities**

17. The FY 2025/26 and the Medium-Term Budget will be anchored on the Fourth Medium Term Plan (MTP IV) of the Vision 2030,the identified Bottom-up Economic Transformation Agenda (BETA) priorities and the County integrated Development Plan 2023-2027. The focus will continue to be on the following five (5) sectors with the largest impact on the economy as well as household welfare:

a. Agricultural Transformation;

b. Micro, Small and Medium Enterprise (MSME) Economy;

c. Housing and Settlement;

d. Healthcare; and

e. Digital Superhighway and Creative Economy.

18. In preparing the FY 2025/26 and the Medium-Term Budget, departments will be required to prioritize allocations towards the achievement of the BETA priorities.

iv. Programme Performance Reviews (PPRs)

19. Departments are expected to undertake a detailed assessment of the progress achieved towards the realization of the targeted outcomes and outputs after the implementation of the FY 2021/22 to FY 2023/24 Budgets. This should entail analyzing the previous budgetary allocations, actual expenditure (financial performance) and achievement of actual outputs and outcomes (performance of non- financial indicators).

20. Accounting Officers should ensure that previous programme performance, outstanding commitments, implementation experiences and lessons learnt form the basis for guiding resource allocations in the Medium-Term. Departments will only be allowed to bid for resources in their respective sectors after finalization and submission of the PPRs. The guidelines and formats for undertaking Programme Performance Reviews are provided in Annex 7 (A-E) of this Circular.

v. Entrenching Zero Based Budgeting (ZBB) in PBB

21. The Government is operating under constrained fiscal environment. In view of this the Government has adopted Zero Based Budgeting (ZBB) approach to guide the prioritization and allocation of the scarce resources to projects and programmes.

22. Under this approach, budgeting process will focus on allocating limited resources based on programme efficiency and requirement rather than incremental budgeting which is based on history. Consequently, all expenditure on programmes to be included in the FY 2025/26 Budget must be justified afresh for the forthcoming financial year and over the medium-term.

23. Departments are therefore required to re-evaluate all the existing programmes using appropriate costing methodologies outlined in this Circular while coming up with the preliminary baseline requirements. In this regard, the principles of efficiency, effectiveness and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service-delivery programmes. Departments should eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery.

vi. Prioritization and Allocation of Resources

24. The following will therefore serve as the criteria to guide prioritization and final allocation of resources in the FY 2025/26 Budget:

i. Completion of ongoing projects, stalled projects and payment of verified pending bills;
ii. Linkage of the programme with the priorities of the CIDP 2023-2027 and Medium-Term Plan IV of the Vision 2030;
iii. Programmes that enhance value chain and linkage to BETA priorities;
iv. Executive Decisions;
v. Degree to which a programme addresses job creation and poverty reduction;
vi. Degree to which a programme addresses the core mandate of the Department
vii. Programmes that support mitigation and adaptation of climate change;
viii. Cost effectiveness, efficiency and sustainability of the programme; and
ix. Requirements for furtherance and implementation of the Constitution.

25. Based on the above broad guidelines, departments are expected to develop and document Departmental-specific criteria for prioritization and resource allocation within the resource envelope.

vii. Costing of Programmes

26. The National Treasury has developed a costing tool integrated in the IFMIS budgeting module to support standardized costing in estimating the budget baseline. The budget baseline will comprise requirements for ongoing policies, new approved policies and verified pending bills. Accounting Officers are required to ensure that costing of activities in respective programmes is in line with these guidelines. The various costing techniques and specific guidelines on how to compute the budget baseline are provided in Annex 5.

27. Accounting Officers are required to submit the budget baseline (Recurrent requirements as per Table 6 and Development requirements as per Annex 6 of this Circular) to the County Treasury in hard and soft copies (IFMIS) by Close of Business on 19th September, 2024.

28. The costing of activities, projects and programmes is anchored on Zero Based Budgeting approach and guided by the following principles.

(a) Recurrent Budget Estimates

- ***Personnel Emolument***

29. The County Government expenditure on compensation to employees is not expected to exceed 35 percent of the County Government share of revenue in line with fiscal responsibility principles. To ensure the wage bill remains within the medium-term targets, all new recruitments without prior approval for funding by the County Treasury remain suspended except for replacement of exited staff due to natural attrition which should be budget neutral

30. Accounting Officers are required to ensure that estimated expenditure on the Personal emolument is strictly based on the staff in post. Where recruitment or promotions are envisaged, the Accounting Officer must include the costs in the budget clearly showing providing the justification. Further, Accounting Officers are expected to provide an accurate list of the staff working in their respective departments/ spending units since wages and salaries for every staff must be budgeted for within spending unit. The format for capturing information on personnel is shown on Annex 3, Table I

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

31. Departments are required to curtail the growth of the recurrent budget especially in respect of use of goods and services. All requirements for the use of goods and services should be costed accurately and justified. Each allocation should be supported by service providers' agreements, demand notes, and any documentary evidence of past trends.

32. Adequate provision should be made for fixed costs including rent and utilities (electricity, water and internet connectivity) to mitigate against shortfalls during budget execution.

(b) Development Budget Estimates

33. Section 107 (2) (b) of the PFM Act requires that over the medium term, a minimum of thirty percent (30%) of the county government's budget shall be allocated to development and therefore the annual budget should ensure adherence to this provision.

(c) Statement of estimated revenue during FY 2024/2025

34. The county departments should prepare estimated total revenue that can accrue from their services in the financial year 2025/2026. This includes the charges that are collected at departmental level and contributes to the county revenue. The estimates should be as realistic as possible and guided by the recent economic trends as they are a major source of funding of the county budget.

35. The County Treasury will analyze the capacity of existing revenue streams and jointly review the rates, fees and charges through the finance bill, 2025. This will be done in a way that will guarantee the best and most competitive business environment for our rates and fees payers.

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

36. The Public Investment Management Regulations, 2022 should be applied in the preparation, appraisal and approval of all projects before they are factored in the budget. In particular, Departments should ensure that the following requirements have been met before a new project is considered for resource allocation:

i. All projects identified for funding must be within the planning framework i.e. Annual Development Plan 2025/26 which is aligned to the CIDP (2023-27) and the priorities as outlined in the County Fiscal Strategy Paper, 2024.

ii. Departments should provide summary of projects listed in order of priority with clear indication on how the project contributes to the achievement of the development direction of the department;

iii. The projects total cost and the level of implementation for ongoing projects should be indicated. Remaining works should also be specified together with the time frame required to complete them.

iv. Implementation of new projects should commence only when the ongoing ones are complete and operational.

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

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

vii. Project has received necessary regulatory approvals;

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

ix. Project details are captured in the Public Investment Management Information System (PIMIS) proposed.

37. Financing Agreements with development partners shall only be executed for projects that have been approved and processed through the PIMIS. Departments are also required to submit information on new projects in the formats provided in the Public Investment Management Regulations, 2022 for approval by the County Treasury.

- ***Ongoing and Stalled Projects***

38. As earlier noted, the FY 2025/26 and the Medium Budget will put more emphasis on the CIDP 2023-2027 projects, completion of ongoing and viable stalled projects. In particular, projects nearing completion should be prioritized within the available resources to ensure that citizens benefit from such investments.

39. For the avoidance of doubt, operational definitions of ***on-going projects, stalled projects, new projects and pipeline projects*** are provided in the PIM Regulations, 2022. Departments are in this regard required to provide details of the approved new projects, ongoing projects and stalled projects in the format indicated in Annex 6.

- ***Projects with County Counterpart Requirement***

40. Departments should ensure requirement for counterpart funding for Development Partner Funded Projects is adequately provided. Allocations for counterpart funds must be supported with the financing agreement. The Departments should also ensure that Performance for Results (PfR) Projects as well as Programmes with Disbursement Linked

Indicators (DLis) are properly identified with supporting financing agreement and are adequately funded.

viii. Public Participation and Stakeholder Involvement

41. Article 201 of the Constitution and Section 125 (2) of the PFMA, (CAP 412A) require public participation in all financial matters. Accounting Officers should therefore ensure that the FY 2025/26 and the Medium-Term Budget is prepared in a consultative manner, taking into consideration input from key stakeholders. In this regard, Departments 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 and departments should outline the extent to which Budget Proposals have inputs from stakeholders.

ix. Budgeting and Reporting on Climate Change

42. Climate change has been identified as one of the fiscal risks that can adversely affect the macro-economic outlook. Considering the country's vulnerability to the impacts of climate change, it is imperative to prioritize climate actions.

43. To ensure development of a standardized climate change coding structure for use in the planning, budgeting, monitoring, and reporting of public climate change expenditures, Departments will be required to identify climate change and environment related allocations during this process and provide quarterly expenditure returns as provided in **Treasury Circular No.13/2020.** The National Treasury will provide further detailed guidelines on tagging and coding of climate change related expenditures in due course.

x. Gender Responsive Budgeting (GRB) and Child Sensitive Budgeting

44. In line with Article 21 (3) and Article 27 of the Constitution, the Government is strongly committed to protecting and promoting gender equity and equality in the society. In this regard, mainstreaming of gender considerations in the budget process is critical in ensuring that gender inequalities are factored in development policies and plans and resources are allocated towards addressing these inequalities.

45. Further, children make up approximately 46% of Kenya's population, in this departments are urged to adopt child- sensitive budgeting by ensuring that the allocation of resources prioritizes the needs and rights of children as mandated by Article 53 of the Constitution and the United Nations Convention on the Rights of the Child (UNCRC).

Departments required to identify interventions in the FY 2025/26 and the Medium-Term Budget addressing gender inequalities and children needs and rights for tagging to enhance tracking and reporting

F. Conclusion

46. Finally, Accounting Officers are required to strictly adhere to the FY 2025/26 and the Medium-Term Budget Guidelines and ensure that the content of this Circular is brought to the attention of all Officers working under them.

47. All county departments and entities should submit the annual budget in both hard (to the office of the Chief Officer, Economic Planning, Budgeting, M&E) and a soft copy to economicplanngnyeri@gmail.com on or **before 5pm on 14th March,2025** and must contain the name and telephone number of the person(s) to be contacted in case of any clarification.

Robert Thuo Mwangi
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, ECONOMIC PLANNING & ICT/HEAD OF COUNTY TREASURY

C.C: The Governor

Deputy Governor

County Secretary

County Attorney

Speaker, County Assembly of Nyeri

ANNEX 1: BUDGET CALENDAR FOR THE FY 2025/26-2027/28 MTEF BUDGET PROCESS

NO	ACTIVITY	RESPONSIBILITY	DEADLINE
1.	Submission of the ADP to Ex Com for approval	CECM Finance and Economic Planning	13th August, 2024
2.	Submission of the Annual Development Plan (FY 2025/2026) to the County Assembly for approval	County Treasury	28th August, 2024
3.	Preparation and issuance of a Budget circular setting out guidelines to be followed by all County Government entities in the budget process.	CECM Member for Finance and Economic Planning	30th August, 2024
4.	Preparation of the Draft County Budget Review and Outlook Paper (CBROP)2024	County Treasury	9th – 13th Sept 2024
5.	Submission of the CBROP, 2024 to the County Executive Committee for approval	CECM Finance and Economic Planning	30th Sept 2024
6.	Submission of the CBROP, 2024 to the County Assembly for approval	County Treasury	16th Oct 2024
7.	Drafting of Departmental reports and budget proposals by programme FY 2025/26	Departments/ County Entities.	20th November, 2024
8.	Submission of detailed draft departmental reports and budget proposals to County Treasury.	Departments/ County Entities.	5th December, 2024
9.	Public participation on County Fiscal Strategy Paper (CFSP) 2025, and budget for FY 2025/2026 (Public hearings)	County Treasury	15th January, 2025.
10.	Finalize preparation of the CFSP, 2025 and debt management strategy paper, (2025-2026-2027/28)	County Treasury	17th February, 2025
11.	Submission of CFSP and debt management strategy paper to ExCom for approval	CECM Finance and Economic Planning	20th February, 2025
12.	Submission of the County Fiscal Strategy Paper (CFSP) to the County Assembly	County Treasury	28th February, 2025
13.	Submission of the debt management strategy paper of the County Government	County Treasury.	28th February, 2025

NO	ACTIVITY	RESPONSIBILITY	DEADLINE
	over the medium term to the County Assembly		
14.	Departmental Submission of FY 2025/26 budget proposals (PBB and Itemized) to County Treasury	Departments (Chief Officers/Accounting officers)	14th March, 2025
15.	Consolidation of the Draft Budget Estimates	County Treasury	24th-28th March, 2025
16.	Ex Com approval of the Draft Budget Estimates	CECM Finance and Economic Planning	15th April, 2025
17.	Submission of draft County Budget estimates FY 2025/26 to the County Assembly	County Treasury	30th April, 2024
18.	Report of draft Budget estimates from the County Assembly to the CECM Finance and Eco. Planning.	The Clerk, County Assembly	15th May 2025
19.	Consolidation of the final County Budget Estimates FY 2025/26	County Treasury	30th May 2025
20.	Submission of Appropriation Bill 2025 to the County Assembly	CECM Finance and Economic Planning.	10th June, 2025
21.	FY 2025/26 Budget Statement and submission of the Finance Bill, 2025	CECM Finance and Economic Planning.	17th June, 2025
22.	Appropriation Bill 2025 passed	County Assembly	30th June, 2024

N.B. The dates are as provided for by the PFM Act, 2012 (CAP 412A)

ANNEX 2: COUNTY BUDGET VOTES

Vote	Vote Title
3911	Executive Office of the Governor and the Deputy Governor
3912	Office of the County Secretary
3913	Finance, Economic Planning and ICT
3914	Lands, Physical Planning and Urban Development
3915	Health Services and Public Health
3916	Gender, Youth, Social Services and Sports
3917	County Public Service and Solid Waste Management
3918	Agriculture, Livestock and Aquaculture Development
3919	Trade, Cooperatives, Culture and Tourism

Vote	Vote Title
3920	Education, Training & Devolution
3921	Water, Environment, and Climate Change
3922	County Assembly
3923	County Public Service Board
3924	Roads, Transport, Public Works, Infrastructure and Energy
3926	Office of the County Attorney
3927	Nyeri Municipality Development

ANNEX 3: FORMAT FOR PRESENTATION OF PROGRAMME BASED BUDGETS (PBB)

Part A. Vision

Part B. Mission

Part C. Performance Overview and Background for Programme(s) Funding

This section is supposed to discuss the following

- Brief description of mandate.
- Expenditure trends - approved budget against the actual expenditure for the Financial Years 2021/22 - 2023/24 Budget.
- Major achievements based on the planned outputs/services for the Financial Years 2021/22 - 2023/24 Budget.
- Constraints and challenges in budget implementation and how they will be addressed; and
- Major services/outputs to be provided in the Financial Year 2025/26 and the Medium-Term.

Part D: Programme Objectives

(In this part, list all the programmes and their strategic objectives. Each programme is expected to have only one strategic objective)

Part E: Summary of the Programme Key Outputs, Performance indictors and Targets for the FY 2025/26 - 2027/28

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline)2024/25	Target 2025/26	Target 2026/7	Target 2027/28
Name of Programme Outcome									
SP 1.1									
SP 1.2									
... etc.									

Part F: Summary of Expenditure by Programmes FY 2025/26 – 2027/28 (Kshs. Millions)

Programme	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2027/28
Programme 1: (*State the name of the programme here*)						
SP 1. 1						
SP 1. 2.						
… N						
Total Expenditure of Programme 1						
Programme 2: (*State the name of the programme here*)						
Sub Programme (SP)	**Approved Budget 2023/24**	**Actual Expenditure 2023/24**	**Supplementary Estimates 2024/25**	**Estimates 2025/26**	**Projected Estimates**	
					2026/27	**2026/27**
SP 2. 1						
SP 2. 2.						
… N						
Total Expenditure of Programme 2						
Total Expenditure of Vote -------						

Part G. Summary of Expenditure by Vote and Economic Classification (Kshs. Million)

Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2026/27
Current Expenditure						
Compensation to Employees						
Use of goods and services						
Current Transfers Govt. Agencies						
Other Recurrent						
Capital Expenditure						

Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2026/27
Acquisition of Non-Financial Assets						
Capital Transfers to Government Agencies						
Other Development						
Total Expenditure of Vote						

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

Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2026/27
Programme 1: (State the name of the programme here)						
Current Expenditure						
Compensation to Employees						
Use of goods and services						
Current Transfers Govt. Agencies						
Other Recurrent						
Capital Expenditure						
Acquisition of Non-Financial Assets						
Capital Transfers to Govt. Agencies						
Other Development						
Total Expenditure						
Sub-Programme 1: (State the name of the Sub-Programme here)						

Current Expenditure						
Compensation to Employees						
Use of goods and services						
Current Transfers Govt. Agencies						
Other Recurrent						
Capital Expenditure						
Acquisition of Non-Financial Assets						
Capital Transfers to Govt. Agencies						
Other Development						
Total Expenditure						

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

Part I: Summary of Human Resource Requirements

Program Code	Program Title	Designation/Position Title	Authorized Establishment	In post as of 30th June 2024	2024/25	2025/26	2026/27 Projection	2027/28
					Funded Positions	Positions to be Funded	Positions to be Funded	Positions to be Funded
Total Funded Positions								

ANNEX 4: LIST OF PROGRAMMES AND SUB-PROGRAMMES FOR FY 2025/2026 PROGRAMME BASED BUDGET.

EXECUTIVE OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR P1: **Management of County Affairs** SP 1. 1 Administrative Support Services	**OFFICE OF THE COUNTY SECRETARY** **P1: Coordination of County Functions and Public Service Management** SP1. 1 Administration, planning and support Services SP1.2 Public Administration SP1.3 Alcoholic Drinks, Drugs and Substance Management
FINANCE AND ECONOMIC PLANNING P1: **Executive services** Sp1.1 Administration and personnel services **P2: Public Financial Management** SP 2. 1: Financial Accounting Sp2. 2: Procurement compliance and reporting SP 2.3: Internal Audit Services **P 3: Economic and Financial Policy Formulation and Management** SP 3 1: Budget Management SP 3 2: Economic planning and policy formulation **P 4: Revenue Mobilization** SP 4. 1 Revenue Mobilization **P 5: ICT Infrastructure Development** SP 2. 1 ICT Infrastructure Development	**COUNTY PUBLIC SERVICE & SOLID WASTE MANAGEMENT** **P 1: General administration, Policy Development and implementation** SP 1.1: Administration and planning services SP 1.2: Human Resource Management **P2. Sanitation services** SP 2.1 Sanitation services SP 2.2 effective and efficient solid waste management services;
DEPARTMENT OF HEALTH SERVICES **P 1: General administration, planning and support services** SP 1. 1 Administration, Planning and general support services SP 1. 2. Health Services	**DEPARTMENT OF GENDER, YOUTH, SOCIAL SERVICES & SPORT** **P 1: General Administration and Planning services** Sp1.1: Administration and personnel services **P 2: Youth Affairs** SP 2.1: Youth Affairs

	P 3 Disaster Response and Management SP: 3.1 Disaster Response **P 4: Sporting services** SP 4.1 Recreational Activities **P.5 library Services** SP. 5.1 County Libraries
AGRICULTURE, LIVESTOCK AND AQUACULTURE DEVELOPMENT **P 1: Agricultural Management** SP 1.1: Administration and planning services SP 1.2: County Agriculture Extension Program **P 2: Wambugu ATC** SP 2 1: Farm Development **P 3: AMS Naromoru** SP.3.1: Development of Agricultural Land for Crop Production **P 4: Livestock Production Management** SP4.1 Provision of Extension Services to Livestock farmers **P 5: Veterinary services** SP 5. 1 Administrative Support Services **P 6: Fisheries Development and Management** SP 6. 1 Administrative Support Services	**EDUCATION, TRAINING & DEVOLUTION** **P 1: General administration and Policy Development and implementation** SP 1. 1 Administrative Support Services SP 1. 2. County Elimu (Bursary) fund **P 2: ECDE Management** SP 2. 1 ECDE Management **P 3: Youth Training and Development** SP 3. 1 Youth Training and Development **P 4: Devolution** SP 4.1 Devolution Support

DEPARTMENT OF LANDS, PHYSICAL PLANNING, HOUSING AND URBANISATION **P1: General Administration Planning and Support Services** SP1: Administration and Personnel Services **P 2: Physical planning services** SP2.1: Administration and personnel services SP2.2: preparation of colonial villages plan **P3: Land Policy and Planning** SP3.1. Land Policy Formulation, planning and Implementation **P4: Housing Development and Human Settlement** SP4.1. Government Buildings SP4.2. Building Construction Services	**TRADE, TOURISM, CULTURE AND CO-OPERATIVE DEVELOPMENT** **P1. General administration and Policy Development and implementation** SP 1. 1: Administrative support services **P 2: Tourism Development** SP 2. 1: Promotion of Tourism **P 3: Culture and Arts** SP 3. 1: Cultural Management **P 4: Co-operative development** SP 4. 1: Cooperative development and management **P5: Trade Development** SP 5. 1: Trade promotion **P 6: Industrial Development and Investment** SP 6. 1: Promotion of Industrial Development
WATER, ENVIRONMENT & CLIMATE CHANGE **P1. Water Management** Sp.1.1 Administrative Support Services **P2: Environment and Natural resources management and protection** SP 2. 1: Environmental conservation and protection **P3: CLIMATE CHANGE** SP3.1 Climate Change Mitigation and adaptation	**TRANSPORT, PUBLIC WORKS, INFRASTRUCTURE AND ENERGY** **P 1: General administration, Policy Development and implementation** SP 1. 1 Administration and planning services **P2: Infrastructure Development** SP 2. 1 County access and Feeder Roads Improvement **P3: Electricity Accessibility and Connectivity** SP3.1: Upgrading power systems SP3.2: Street lighting **P 4: Provision of alternative renewable energy sources** SP 4. 1: Access to cheap, clean, green energy
COUNTY ASSEMBLY **P1. General administration and policy Development and implementation.** SP 1.1: Administration, planning and support services SP 1.2: Mortgage services SP 1.3: Legislation, representation and oversight	**COUNTY PUBLIC SERVICE BOARD** **P 1: General administration, planning and support services** SP 1. Administration and Personnel Services

COUNTY ATTORNEY	NYERI MUNICIPALITY
P1. General administration and policy Development and implementation. SP 1.1: Administration, planning and support services SP 1.2: Provision of legal services	

Annex 5: COSTING TECHNIQUES AND GUIDELINES FOR COMPUTING THE BUDGET BASELINE

1. Costing Techniques

1. All resource requirements should be accurately costed; Departments are required 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.

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. Departments are required to use this calculation method and justification should be provided if this method is not used.

ii. Trend

3. This should be used if only quantity multiplied by price cannot be applied. It 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

5. Expenditures undertaken to address specific interventions and not usually intended to address other activities or ongoing projects. These activities/projects should be costed by use of quantity multiplied by price.

2. SPECIFIC GUIDELINES FOR COMPUTING THE BUDGET BASELINE

a) Prices

6. During computation of the budget baseline, Departments are required to use current market prices. The Treasury will factor an inflation adjuster in the costing tool to reflect the effects of inflation on prices, which can significantly impact the value of money over time. This will ensure that budgeting and financial planning take into account the potential changes in prices, allowing for more accurate cost projections and informed decision-making.

b) Costing the Recurrent Expenditure

- **Compensation to Employees**

7. Departments are required to fully cost for personnel emolument using (quantity * price). Departments should include provision for recruitment already approved by the County Treasury. They should also include provision for annual salary adjustment from one scale to the other. The increment should be as advised by SRC and set by the respective employers.

8. Any request for filling of vacancies and creation of additional posts or new posts should be justified in terms of organizational requirements, improvement in service delivery and/or provision of new services as provided in the existing Executive Order. Similarly, filling of consequential vacancies at entry grade as a result of succession management should be justified. The financial implications of such requests should be included in the budget baseline.

9. Departments are required to submit the following in regard to compensation to employees:
   i) The number of personnel, both permanent and contractual as at 1st July, 2024 as well as personnel expected to retire by 30th June 2025, 2026 and 2027.
   ii) The expected timing for filling approved funded positions; and

10. Annual financial implications of the above.

11. The template for capturing the above information is as shown in Table 1 A of the Guidelines for costing the Budget Baseline. This should be captured in IFMIS budgeting module.

- **Utilities and Rent**

12. Departments are required to cost for all the utilities such as electricity, water and gas including any arrears that may be due. In formulating the requirements for utilities, Departments are required to apply (quantity*price) as the primary costing technique while clear justification should be provided where another technique is used.

13. Accounting Officers are required to fully cost for rent as per the lease agreements. Departments are also required to provide proof of the lease agreements and approvals from the State Department for Public Works for new office space. The template for capturing the above information is as shown in **Table 2A** and should be captured in IFMIS budgeting module.

- **Other Mandatory Expenditures**

14. Accounting Officers are required to review all the mandatory expenditures that fall under their purview and cost the requirements. Departments are also required to determine the number of personnel whose contracts are ending and provide for the gratuities due in FY 2025/26 and the Medium Term. The template for capturing the above information is provided in **Table 2A** and should be captured in the IFMIS budgeting module.

- **Operations and Maintenance and Transfers not Classified as SAGAs**

15. Accounting Officers are required to apply (quantity*price) to cost all the expenditures for the operation and maintenance and prioritize these requirements. The templates for capturing the above information are as shown in **Table 3A** and **5** and should be captured in IFMIS budgeting module.

- **Appropriations in Aid (AIA)**

16. Departments are required to provide information on actual AIA collections for the FY 2021/22 to FY 2023/24 and the projections for the FY 2025/26 and the medium term as provided in **Table 4A.** This information should be captured in the IFMIS budgeting module.

c) Costing the Development Expenditure

17. Accounting Officers are required to cost requirements of the capital projects and prioritize them based on realistic implementation plans irrespective of the source of financing.
18. For ongoing projects, Departments are required to take into account the current implementation status, actual expenditure as at 30th June, 2024, outstanding expenditure as at 30th June, 2024, the approved Budget for the FY 2024/25, revised project cost where applicable and the requirements over the medium term.

(i) **Stalled Projects**

19. Departments should review all the stalled projects and only cost requirements for viable projects to the County Treasury.

(ii) **New Projects**

20. The County Government will be prioritizing completion of ongoing projects before embarking on new ones. However, in case of any new projects, Departments are required to submit the proposals and projects concept note to the Public Investment

Management Unit for review and approval. Departments are also requested to explore alternative ways of financing new projects including Public Private Partnership (PPP).

21. The format for submission of the capital projects is as provided in **Annex 6** and should be captured in IFMIS planning module.

Table 6: Format for submission of Recurrent Resource Requirements

Vote Name	Economic Classification	Approved Budget	Baseline/Requirements			Indicative Expenditure Ceilings			GAP		
		FY 2024/25	FY 2025/26	2026/27	2027/28	FY 2025/26	2026/27	2027/28	FY 2025/26	2026/27	2027/28
	Economic Classification										
	Gross										
	AIA										
	NET										
	Compensation of										
	Employees										
	Transfers & Subscriptions										
	Other Recurrent										

Annex 6: Projects Details For FY 2025/26 And Medium-Term Projections

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

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

Program me and Project Code &Project Title	Financing			Timeline		Actual Cumulative Exp up to 30th June 2024		Outstanding Project Cost as of 30th June 2024		2024/2025 Approved Budget		Requirements for 2025/2026		Allocation for 2025/2026		Allocation for 2026/2027		Allocation for 2027/2028		Remarks
	Estimated cost of the Project	GOK	Foreign	Start Date	Expected Completion Date	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign	
Project 1...																				
Project 2....																				
Total																				

NB: Rank projects in terms of percentage completion

'NB: Concept notes· for the projects should be submitted

ANNEX 7: PROGRAMME PERFORMANCE REVIEW FY 2021/22 -2023/24

ANNEX 7(A): REVIEW OF PROGRAMME PERFORMANCE FOR FY 2021/22 — 2023/24

Table 2.1: Analysis of Programme Targets and Actual targets

Program me	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Achieved Target			Remarks
				2021/22	2022/23	2023/ 24	2021/22	2022/23	2023/ 24	
Name of Programme Outcome										
SP.1										
SP.?										
....etc										

ANNEX 7(B): ANALYSIS OF EXPENDITURE TRENDS FOR THE FY 2021/22 — 2023/24

Table 2.2: Analysis of Recurrent Expenditure (KShs. Million)

Sector..						
Vote						
Economic Classification	Approved Budget Allocation			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Gross						
AIA						
NET						
Compensation to Employees						
Transfers						
Other Recurrent						
Of Which						
Utilities						
Rent						
Insurance						
Subsidies						
Gratuity						
Contracted Guards &Cleaners Services						
Others speciy.						

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

Table 2.3: Analysis of Development Expenditure (KShs. Million)

Sector Name							
Vote and Vote Details	Description	Approved Budget			Actual Expenditure		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Department	Gross						
	GOK						
	Loans						
	Grants						
	Local AIA						

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

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

Programme	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Programme 1:						
Sub- Programme: 1						
Sub- Programme: 2						
Total Programme						
Repeat as above for Programme 2, 3 e.t.c:						
TOTAL VOTE......................................						

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

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Programme 1:						
Current Expenditure						
Compensation Of Employees						
Use Of Goods and Services						
Grants And Other Transfers						
Other Recurrent						
Capital Expenditure						
Acquisition Of Non-Financial Assets						
Capital Grants to Government Agencies						
Other Development						

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Total						
Programme ………………						
Repeat as above for Programme 2, 3 etc.:						
Total Vote……………………						

ANNEX 7(C): ANALYSIS OF PERFORMANCE OF CAPITAL PROJECTS FY 2021/22 - 2023/24(KSH MILLION)

Table 2.6: Analysis of Performance of Capital Projects FY 2021/22 - 2023/24

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

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

				Timeline		FY 2021/22				FY 2022/23				FY 2023/24				
Program me and Project Code &Project Title	Estimated cost of the Project					Approved Budget				Approved Budget				Approved Budget				Remarks
	Total Cost of the Project	GOK	Foreign	Start Date	Expected Completi on Date	GOK	Foreign	Cumulative Expenditure as at 30th June 2022	Completion Status as 30th June 2022 (%)	GOK	Foreign	Cumulative Expenditure as at 30th June 2023	Completion Status as 30th June 2023 (%)	GOK	Foreign	Cumulative Expenditure as at 30th June 2024	Completion Status as 30th June 2024 (%)	
Project 1...																		
Project 2....																		
Total																		

NB: NB: Under remarks column, provide a brief overview of the implementation progress including status and what the project intended to achieve

ANNEX 7(D): REVIEW OF PENDING BILLS

Table 2.7: Summary of Pending Bills

	Due to lack of Exchequer			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.						
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						

ANNEX 7(E): SUMMARY OF COURT AWARDS

Table 2.8: Summary of Court Awards

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