

# **OVERVIEW OF THE BUDGET PROCESS FOR THE PERIOD 2019/20– 2021/22**

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THE NATIONAL TREASURY**

**Presentation Made During the Launch of the 2019 Budget Process  
– KICC, 13<sup>th</sup> September 2018**

# INTRODUCTION

- Budget Process anchored by both the Constitution of Kenya, 2010 and/or the Public Finance Management Act, 2012
- The process entails preparation of the following key Documents:
  - Guidelines of the preparation of the Budget;
  - Budget Review and Outlook Paper (BROP);
  - Budget Policy Statement (BPS);
  - Medium Term Debt Strategy;
  - Division of Revenue Bill;
  - County Allocation of Revenue Bill;
  - Budget Estimates (revenue and expenditure); and
  - Financial Statements among others

## INTRODUCTION CONTD'

- The constitution also provides for public participation in the preparation of the budget
- The budget is this regard formulated and prepared within the Sector Working Group
- The rest of the presentation provides an overview of the guidelines and framework that will guide the 2019 Budget process

# OUTLINE

1. Policy Context
2. Programme Performance Reviews
3. Programme Based Budgeting
4. Prioritization and Allocation of Resources
5. Public Participation and Involvement of Stakeholders
6. Sector Working Groups
7. Structure of Sector Working Groups
8. The Budget Calendar
9. Conclusion

# I. POLICY CONTEXT

- Vision 2030 Medium Term Plan 2018 -2022
- “Big Four” Plan
- Strategic Plans
- Budget Review and Outlook Paper
- Budget Policy Statement

## II PROGRAMME PERFORMANCE REVIEW

- This is a self assessment of each MDAs on challenges and successes in order to inform planning, budgeting and implementation of programmes.
- The process involves analyzing and assessing the extent to which a programme achieves the identified need or policy objectives
- This exercise has to be taken seriously for it to impact on the budget decisions. ***MDAs will only be allowed to bid for resources in the sector after the finalization of the review of the performance of public expenditures***
- Guidelines for undertaking sector/MDAs performance Reviews are provided in Treasury Circular No. 8/2018.

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### III PROGRAMME BASED BUDGETS (PBB)

- Presentation of budget remains in Programmes
- Sector Working Groups will be required to ensure MDAs review their programmes and align them to their respective mandates MDAs
- Programmes should clear objectives, linked to outputs, performance indicators and targets.
- **Newly established Ministry/Departments/Agencies should design programmes unique to their mandates**
- Where a new programme is proposed approval must be obtained from the National Treasury
- Guidelines for the preparation of Programme Based Budget are provide in National Treasury Circular No. **8/2018**

# IV PRIORITIZATION AND ALLOCATION OF RESOURCES

The following criteria will serve as a guide for allocating resources:

- Linkage of the programme with the Objectives of the third Medium-Term Plan of Vision 2030;
- Linkage of Programme to the “Big Four “ plan either as drivers or enablers;
- Degree to which a programme promotes economic growth and development, wealth and job creation, and equity;
- Degree to which the programme is addressing the core mandate of the MDAs;
- Immediate response to the requirements and furtherance of the implementation of the Constitution;
- Cost effectiveness and sustainability of the programme; and
- Non-discretionary expenditures

***NB. SWGs to customize , and agree on the criteria. This should be documented***



## V PUBLIC PARTICIPATION AND INVOLVEMENT OF STAKEHOLDERS

- It is important to note that public participation and involvement of stakeholders is a legal requirement
- Sector Working Groups are required to identify and involve the stakeholders in the budget process and information of their involvement documented
- Explore and tap the potential resources available

## VI COMPOSITION OF SWGs

- SWGs shall be responsible for formulating sector budget proposals, policies and programmes.
- Sectors have been reorganized in line with the structure of Government and according to the Classification of the Functions of Government (COFOG) which is consistent with the international best practice into ten clusters.
- The functions of Government have been mapped into ten sectors

## VI SECTOR WORKING GROUPS (CONT.)

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

MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES	Convener/Co- convener/Secretariat
Agriculture, Rural and Urban Development	1112 Ministry of Lands and Physical Planning	<b>Sector Chair -</b>
	1162 State Department for Livestock.	<b>Convener - Mr. S.Macharia</b>
	1165 State Department for Crop Development	<b>Co- convener :Mr. James Kirigwi</b>
	1166 State Department for Fisheries, Aquaculture & the Blue Economy	<b>Secretariat:Richard Gakunya, Isaac Sichangi, Diana Mutisya</b>
	1167 State Department for Irrigation	
	1168 State Department for Agricultural Research 2021 National Land Commission	
Energy, Infrastructure and ICT	1091 State Department for Infrastructure	<b>Sector Chair -</b>
	1092 State Department for Transport	<b>Convener - Mr. O. Onderi</b>
	1093 State Department for Shipping and Maritime	<b>Co- convener - Ms. Eliana Shiroko</b>
	1094 State Department for Housing & Urban Development	<b>Secretariat: Micah Origa, Moses Gathui,Eddah Gichoni, G. Mwikamba</b>
	1095 State Department for Public Works	
	1152 State Department for Energy	
	1153 State Department for Petroleum	
	1122 State Department for Information Communications and Technology & Innovation 1123 State Department for Broadcasting & Telecommunications	
General Economic and Commercial Affairs	1173 State Department for Cooperatives	<b>Sector Chair -</b>
	1174 State Department for Trade	<b>Convener - Mr. Nasiuma</b>
	1175 State Department for Industrialization	<b>Co- convener - Mr. Joshua Opiyo</b>
	1221 State Department for East African Community	<b>Secretariat: Felix Oulo, Lawrence Muthamia, E.Muhindi</b>
	1222 State Department for Regional and Northern Corridor Development	
	1201State Department for Tourism	

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MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES	Convener/Co- convener/Secretariat
Health	1081. Ministry of Health	<b>Sector Chair -</b> <b>Convener - Mr. Muteti</b> Co- convener - Secretariat: Mr. Muhia &Mr. N. Kiratu  <b>Co-convener - Mr. David Kiboi</b> <b>Secretariat: Peter Muhia, Nixon Kiratu</b>
Education	1064 State Department for Vocational and Technical Training 1065 State Department for University Education 1066 State Department for Early Learning & Basic Education 1068 State Department for Post Training and Skills Development 2091 Teachers Service Commission	<b>Sector Chair -</b> <b>Convener - Mr. G. Mothemba</b>  <b>Co- convener :Ms. Sarah Muui</b> <b>Secretariat: Mohammed Chute,Victor Onyango, Fridah Kathure</b>
Governance, Justice, Law and Order	1021 State Department for Interior 1023 State Department for Correctional Services 1024 State Department for Immigration and Citizen Services  1252 State Law Office and Department of Justice 1261 The Judiciary 1271 Ethics and Anti-Corruption Commission 1291 Office of the Director of Public Prosecutions 1311 Office of the Registrar of Political Parties 1321 Witness Protection Agency 2011 Kenya National Commission on Human Rights 2031 Independent Electoral and Boundaries Commission 2051 Judicial Service Commission 2101 National Police Service Commission 2141 National Gender and Equality Commission 2151 Independent Policing Oversight Authority	<b>Sector Chair -</b> <b>Convener - Mr. M. Wekesa Khaoya</b>  <b>Co- convener : Mr. Leonard Obidha</b> <b>Secretariat: Lewis Suke, Benard Owili, Salim Suleiman Salim</b>

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MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES	Convener/Co- convener/Secretariat
Public Administration and International Relations	1011 The Presidency	Sector Chair -
	1032 State Department for Devolution	Convener - Mr. A. Nduati
	1052 Ministry of Foreign Affairs	Co- convener - Mr. Benson K. Kimani
	1071 The National Treasury	Secretariat: Silas Muyela, Electin Ajiamba,
	1072 State Department for Planning	Alex Riithi, Charles C. Maswage
	1211 State Department for Public Service and Youth	
	2041 Parliamentary Service Commission	
	2042 National Assembly	
	2061 The Commission on Revenue Allocation	
	2071 Public Service Commission	
	2081 Salaries and Remuneration Commission	
	2111 Auditor General	
	2121 Controller of Budget	
2131 The Commission on Administrative Justice		
National Security	1041 Ministry of Defence	Sector Chair -
	1231. National Intelligence Service	Convener -Mr. J. Kimemia Co-convener - Mr. Chege T. Muchiri, MBS, 'ndc' (K) Secretariat: Miriam Musyoki

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MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES	Convener/Co- convener/Secretariat
Social Protection, Culture and Recreation	1035 State Department for Development of the ASAL	Sector Chair -
	1132 State Department for Sports	Convener - Ms. E. Kigen
	1134 State Department for Heritage	Co- convener :Mr. Richard Mwarema
	1184 State Department for Labour	Secretariat: Alexander Sasa,Rustus Shikuku ,Joshua Wafula Wanjala
	1185 State Department for Social Protection	
	1212 State Department for Gender	
Environment Protection, Water and Natural Resources	1192 State Department for Mining	
	1204 State Department for Wildlife	Convener -Mr. J. Muraga
	1107 Ministry of Water and Sanitation	Co- convener :Ms. Beatrice Manyonge
	1108 Ministry of Environment and Forestry	Secretariat: Isaiah Ochelle,Doreen Mbaye, Denis Nyaga
Macro Working Group	The National Treasury( M&FA, BD, IGFRD,RMD & PDMO)	Chair - Dr. Mwau
	Central Bank of Kenya	Convener - Mr. Musa Kathanje
	Kenya National Bureau of Statistics(KNBS)	Co-convener - Mr. Jamshed Ali
	Macro Economic Department ( State Dep. for Planning	Secretariat: Samuel Kiiru , Miriam Musyoki ,John Njera
	Kenya Institute for Public Policy Research and Analysis(KIPPRA)	
	Kenya Revenue Authority	
	Commission on Revenue Allocation	

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# VII STRUCTURE OF SECTOR WORKING GROUPS (SWG<sub>s</sub>)

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- SWGs shall comprise the following:
  - i. **Chairperson** – One Principal Secretary/Accounting Officer chosen by consensus by other Principal Secretaries/Accounting Officers during the launch of SWGs
  - ii. **Sector Convenor** – Already appointed by the National Treasury
  - iii. **Sector Co-Convenor** – Already appointed by State Department for Planning
  - iv. **Technical Working Group** – To be appointed by individual SWG;
  - v. **A SWG Secretariat** – To be appointed by the individual Principal Secretaries/Accounting Officers to assist the Chairperson in coordinating the activities of the SWG;
  - vi. **Representatives from Development Partners** – to be coopted
  - vii. **Civil Society and Community Based Organizations to represent the public** in line with article 201 of the constitution – to be coopted
  - viii. **Representatives from the Kenya Private Sector Alliance** – to be coopted



## VIII KEY BUDGET CALENDAR TIMELINES

The key activities and timelines are as follows:

- ❖ Review and update Strategic Plans of MDAs – (15<sup>th</sup> Sept. 2018)
- ❖ Review Programmes Performance of the Public Expenditure – ( 15<sup>th</sup> Sept. 2018)
- ❖ Budget Review and Outlook Paper – (Sept - Oct. 2018)
- ❖ Preparation of Sector Budget proposals – (16<sup>th</sup> Nov. 2018)
- ❖ Validation of Budget Proposals -Public Participation – 22<sup>nd</sup> Nov. 2018.

## VII KEY BUDGET CALENDAR TIMELINES (CONT.)

- ❖ Submission and review of Sector Budget Proposals – 30th Nov. 2018.
- ❖ Develop Budget Policy Statement – Dec. 2018 – Jan 2019
- ❖ Submission of Budget Policy statement to Parliament– 15th Feb. 2019
- ❖ Approval of BPS – End February 2019
- ❖ Issuance of guidelines on finalization of Ministerial Budgets – 5th Mar. 2019.
- ❖ Submission of draft Budget Estimates to Cabinet for approval – 15<sup>th</sup> April 2019
- ❖ Submission of draft Budget Estimates to Parliament – by 25<sup>th</sup> April 2019
- ❖ Budget Statement – Mid June 2019
- ❖ Approval of Appropriation bill by 30th June 2019

# IX CONCLUSION

- Budget Proposals aligned to Govt. Priorities and Resource Envelope;
- Consultation and Stakeholder Engagement;
- Bidding for Resources within Sector Framework;
- **Constitutional timelines;** Due to strict timelines the sector work is expected to commence immediately
  
- Sector Chairpersons are requested to ensure that all activities of Sector Working Groups are completed on scheduled timelines.
  
- The sector budget proposals should be ready for submission to the National Treasury by 30<sup>th</sup> November 2018.

Thank you for your attention  
GOD BLESS YOU