

BUDGET PROCESS FOR THE MTEF PERIOD 2021/22- 2023/24

9/11/2020

By:
Francis Anyona
Director of Budget/National Treasury

Presentation During the Launch of the 2021/22- 2023/24
MTEF Budget Process

PRESENTATION OUTLINE

1. Overview of the Budget Process
2. Institutional Framework for Delivering the Budget
3. Budget Calendar
4. Way Forward

OVERVIEW OF THE BUDGET PROCESS

- Constitutional (Part 5, A220-224) and PFM Legal Requirement Sections 35-41
- Eleven to twelve months Process
- Process entails
 - Formulation and Preparation
 - Implementation
 - Monitoring, Evaluation
 - Auditing and Reporting

Focus on the formulation and Preparation

OVERVIEW OF THE BUDGET PROCESS

- Key Expected Outputs of the Formulation and Preparation
 - Budget Guidelines
 - Programme Performance Reviews
 - Budget Review and Outlook Paper
 - Sector Budget Proposals
 - Budget Policy Statement
 - Medium Term Debt Strategy Paper
 - Division of Revenue and County Allocation of Revenue Bills
 - Estimates of Revenue and Expenditure
 - Finance Bill

INSTITUTIONAL FRAMEWORK FOR DELIVERING THE BUDGET

- Budget Teams in MDAs
- Sector Working Groups (SWGs)
- Macro Working Group
- Economic and Budget Steering Committee
- The Cabinet
- Parliament (NA \$Senate)
- Same replicated in the Counties

Emphasis on the SWGs

Sector Working Groups

- ❑ Sector Working Groups (SWGs) are responsible for formulation and prioritization of sector budget proposals.
- ❑ SWGs are the only recognized avenue for bidding for resources.
- ❑ MDAs are therefore required to fully participate in the relevant Sector and bid for resources within the available ceilings.
- ❑ No spending proposal will be factored in the budget unless approved and considered within the SWGs.

(Cont...)

- ❑ Ministries, Departments and Agencies have been mapped into ten sectors as indicated below:
 - 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

Cont...

- 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

BUDGET CALENDAR

- The Government is required to prepare key documents for approval by Cabinet and Parliament within stipulated timelines provided for in the Constitution and the PFM Act, 2012.
- To ensure that these Constitutional timelines are adhered to, the following Calendar will be applicable in the budget preparation process:

(Cont...)

The key activities and timelines as indicated in the Budget Calendar are as follows:

- ❑ Review and update Strategic Plans of MDAs – **16th Sept. 2020**
- ❑ Programmes Performance Review – **16th Sept. 2020**
- ❑ **Budget Review and Outlook Paper – 30th Sept. 2020**
- ❑ Validation of Budget Proposals -Public Hearing – **25th Nov. 2020.**
- ❑ Submission and review of Sector Budget Proposals – **29th Nov. 2020.**
- ❑ Develop Draft Budget Policy Statement – **30th Nov. 2020**

(Cont...)

- ❑ **Submission of Budget Policy Statement to Parliament– 14th Feb. 2021**
- ❑ **Approval of BPS – End February 2021**
- ❑ **Issuance of guidelines on finalization of Ministerial Budgets – 28th Feb. 2021.**
- ❑ **Consolidation of draft Budget Estimates – 1st April 2021.**
- ❑ **Submission of draft Budget Estimates – by 27th April 2021.**
- ❑ **Budget Statement – 11th June 2021.**
- ❑ **Approval of Appropriation bill by – 30th June 2021.**

Way Forward

- ❑ Due to strict timelines the SWGs are expected to:
 1. Current Sector Chairpersons/MDAs Chairing to convene initial Meeting;
 2. Elect Sector Chairpersons and forward the same to the National Treasury by 18th September, 2020;
 3. Nominate the Technical Working Group for the Sector process;
 4. Prepare Work Plans aligned to the Budget Calendar;
 5. MDAs to finalize the preparation of Programme Performance Review Reports and submit by 16th September, 2020;
 6. Macro-Working Group to finalize the preparation of the Budget Review and Outlook Paper by 30th September, 2020;
 7. Finalize the preparation and submit the Sector Budget Proposals to the National Treasury by 30th November 2020.

- ❑ **For details on the Guidelines you may refer to Treasury Circular No.16/2020 dated 25th August, 2020.**

Thank you for your attention
GOD BLESS YOU