



**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING**

Telegraphic Address: 22921
Finance – Nairobi
FAX NO. 3108
Telephone: 2252299

THE NATIONAL TREASURY
BOX 30007 – 00100
NAIROBI
KENYA

When Replying Please Quote

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TREASURY CIRCULAR NO.7/2021

**TO: ALL CABINET SECRETARIES
ALL ACCOUNTING OFFICERS/ PRINCIPAL SECRETARIES**

**RE: GUIDELINES FOR IMPLEMENTATION OF THE FINANCIAL
YEAR 2021/22 AND THE MEDIUM-TERM BUDGET**

I. PURPOSE

1. This Circular is issued in accordance to Section 12 of the Public Finance Management Act (PFMA), 2012. The purpose of the Circular is to provide guidance on the implementation of the FY2021/22 and the Medium-Term Budget and shall apply to all Ministries, Departments and Agencies (MDAs), the Judiciary, Parliamentary Service Commission, Constitutional Commissions and Independent Offices.

2. County Executive Members for Finance in the County Governments are required to customize and issue implementation guidelines for their respective Counties in line with Section 104 (1) (n) of the Public Finance Management Act (PFMA), 2012.

II. BACKGROUND

3. The FY 2021/22 Budget is framed against a background of projected global economic recovery from the slowdown experienced in 2020. The projected recovery is supported by the ongoing vaccinations, additional fiscal support and monetary easing.

4. The global economy is projected to grow by 6.0 percent in 2021, from a contraction of 3.3 percent in 2020 whereas economic growth in the sub-Saharan Africa region is projected to expand by 3.4 percent in 2021 from a contraction of 1.9 percent in 2020. Kenya's economic growth is expected to rebound to 6.6 percent in 2021. The outlook in 2021 will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda and the Economic Recovery Strategy.

5. Implementation of the FY 2021/22 Budget will therefore focus on the "Big Four" Agenda and the Economic Recovery Strategy which remains a high priority and critical to economic recovery. The Government will fast track implementation of programs and projects under the "Big Four" Agenda to enhance food and nutrition security; achieve universal healthcare; provide affordable housing; and support growth of manufacturing sector for job creation. This will aim at repositioning the economy on an inclusive and sustainable growth trajectory.

6. To effectively implement the FY2021/22, Accounting Officers should ensure the following:

- (i) Officers responsible for budget implementation have a clear understanding of the existing laws, regulations and guidelines that

govern budget implementation, monitoring, evaluation, auditing, and reporting;

- (ii) Obtaining necessary approvals before the commencement of the procurement process to avoid delays;
- (iii) Processing payments to contractors and suppliers in time upon submission of completion certificates and supply of good and services;
- (iv) Timely remittance of funds to Semi-Autonomous Government Agencies (SAGAs) in accordance with the approved cash flow plans;
- (v) Observing timeliness/deadlines in submitting periodic reports as agreed with the development partners in cases of externally funded projects;
- (vi) Ensuring that ineligible expenditures on areas outside the project approval are not incurred;
- (vii) Providing adequate disclosures of material matters during reporting to avoid audit qualifications;
- (viii) Ensuring that challenges in documentation and performance reporting are addressed;
- (ix) Prioritizing and reorganizing budget to implement Economic stimulus Programme (ESP) Projects; and
- (x) Priority is given to settlement of pending bills.

III. SPECIFIC GUIDELINES

7. The implementation of the FY2021/22 and the Medium-Term Budget will commence on 1st July 2021. To facilitate smooth implementation of the Budget, all Accounting Officers, including the Heads of Semi-Autonomous Government Agencies (SAGAs) are required to undertake the following:

