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**8<sup>th</sup> August, 2025**

**TREASURY CIRCULAR NO. 8/2025**

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

**RE: GUIDELINES FOR THE PREPARATION OF THE FINANCIAL  
YEAR 2026/27 AND MEDIUM-TERM BUDGET**

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**I. PURPOSE**

1. Article 220 of the Constitution and Sections 35(e) and 36 of the Public Finance Management Act, (CAP 412A), mandate the Cabinet Secretary/National Treasury to issue Guidelines on the Budget preparation process, by August 30<sup>th</sup>.
2. This circular provides the Guidelines on the Preparation of the Financial Year (FY) 2026/27 and the Medium-Term Budget. The Guidelines set out the procedures, timelines, and responsibilities for preparing the Budget across all government entities, including Ministries, Departments, Agencies (MDAs), Constitutional Commissions, Independent Offices, Parliament, and the Judiciary. County Executive Committee Members responsible for Finance are expected to tailor and develop Medium-Term Budget Preparation Guidelines that align with their respective County Budget Processes. The Guidelines outline the following:
  - (i) Background and Assumptions of the FY 2026/27 and the Medium-Term Budget;



- (ii) Institutional Framework, Process and Timelines;
- (iii) Budget Structure and Content;
- (iv) Programme Prioritization and Costing;
- (v) Engagement of Stakeholders and Cross-Cutting Requirements;
- (vi) County Budgeting Process; and
- (vii) Preparation and Submission of Budget Proposals.

## **II. BACKGROUND**

3. The FY2026/27 and Medium-Term Budget is being prepared within the context of a global economy that faces significant challenges due to rising trade barriers, financial tightening, and policy uncertainties, which threaten growth prospects. Persistent risks include trade policy escalations, cautious consumer and business behavior, intensification of geopolitical tensions, and sustained inflation, potentially exceeding expectations. However, reversing trade restrictions early could stimulate growth and mitigate inflationary pressures.
4. Global economic growth is expected to moderate to 3.0 percent in 2025 from 3.3 percent, before slightly improving to 3.1 percent in 2026. The slowdown is largely attributed to front-loading of trade activities in anticipation of higher tariffs, lower-than-expected effective US tariff rates, and easing global financial conditions driven by a weaker US dollar, and fiscal expansion in some major economies. In addition, geopolitical tensions pose a further threat by potentially disrupting global supply chains and driving up commodity prices.
5. At the regional level, growth in Sub-Saharan Africa is projected to grow steadily at 4.0 percent in 2025 and improve to 4.3 percent in 2026, reflecting gradual recovery across the region. The growth outlook is supported by factors such as increased private consumption, ongoing public investments in infrastructure, and a gradual revival of the services sector, particularly tourism. However, several risks could impede this growth trajectory, including spillovers from global trade disruptions, declining external demand, volatility in commodity prices driven by geopolitical tensions, and limited fiscal capacity in many countries, which may lead to tighter financing conditions.



6. Kenya's economy is expected to recover in 2025, with growth forecasts between 4.8% and 5.3%. This positive outlook is supported by a strong agricultural and manufacturing sector, favorable weather boosting agricultural productivity, a robust service industry, macroeconomic stability, ongoing public investment, and high business confidence. Kenya's economic outlook faces both external and domestic risks. Globally, trade tensions, financial markets volatility, and geopolitical conflicts could reduce Kenya's export, tourism and remittances as well as raise cost of essential commodities. In the domestic scene, extreme weather may impact agriculture, infrastructure, and food security. The Government continues to monitor these risks closely and will take necessary measures to safeguard macroeconomic stability.

7. The FY2026/27 and Medium-Term Budget will continue to support the Government's Bottom-Up Economic Transformation Agenda (BETA). This will be achieved through the ongoing implementation of a growth-responsive fiscal consolidation plan aimed at slowing down the growth of public debt without compromising service delivery. Given the expected limited resources available in the current economic context, it is essential for MDAs to prioritize and align their programs within the available resource envelope.

- ***Assumptions Underpinning the Fiscal Framework***

8. The Medium-Term Fiscal Framework supporting the budget is anchored on the following assumptions:

- (i) Real GDP growth of at least 5.3 percent over the medium term;
- (ii) Inflation maintained within  $\pm 2.5$  percent of the 5 percent target;
- (iii) Gradual downward adjustment in interest rates; stable exchange rates;
- (iv) Revenue rising to 17.7 percent of GDP in the FY 2026/27; and
- (v) Expenditure contained below 21.5 percent of GDP in line with fiscal consolidation targets.

### **III. SPECIFIC GUIDELINES**

9. The following specific guidelines will be followed:

#### ***A. Process and Timelines***

10. The procedures and timelines for processing the Budget Estimates is outlined in the attached Budget Calendar (Annex 1). Accounting Officers are required to follow the Budget Calendar to develop and submit the following key documents by the specified deadlines:

- (i) Budget Review and Outlook Paper (BROP);
- (ii) Sector Budget Proposals;
- (iii) Budget Policy Statement (BPS);
- (iv) Division of Revenue Bill, County Government Allocation Bills and County Government Additional Allocation Bill;
- (v) Medium-Term Debt Management Strategy;
- (vi) Programme-Based Budgets and Estimates of Revenue, Loans and Grants;  
and
- (vii) Appropriations and Finance Bills.

#### ***B. Institutional Framework***

11. The Sector Working Groups (SWGs) are required to process the FY 2026/27 and Medium-Term Budget. Ministries, Departments, Agencies (MDAs), Independent Offices, and Commissions, Judiciary and Parliament, have been grouped in 10 SWGs according to the UN-Classification of the Functions of Government (COFOG), and government agencies performing similar functions. The SWGs are as indicated below:

- (i) Agriculture, Rural and Urban Development (ARUD);
- (ii) Energy, Infrastructure, and ICT (EI&ICT);
- (iii) General Economic and Commercial Affairs (GECA);
- (iv) Health;
- (v) Education;
- (vi) Governance, Justice, Law and Order (GJLOS);
- (vii) Public Administration and International Relations (PAIR);



- (viii) National Security;
- (ix) Social Protection, Culture, and Recreation; and
- (x) Environmental Protection, Water and Natural Resources.

12. The mapping of MDAs into sectors is detailed in Annex 2 of this Circular. Respective Sector Working Groups (SWG) are responsible for prioritizing and allocating resources for planned programmes and projects.

13. The structure and composition of SWGs are outlined in Annex 3(A), with their terms of reference provided in Annex 3(B). MDAs are expected to actively participate in their relevant Sector Working Groups and to bid for resources within the established ceilings.

### ***C. Budget Structure and Content***

- ***Programme-Based Budget (PBB) - Programme Design and Performance Framework***

14. In accordance with Section 38 (3) (b) of the Public Finance Management Act, 2012 (CAP 412A), the budget shall be prepared and presented by vote and programme. When new programmes are proposed by Ministries, Departments, and Agencies (MDAs), approval must be obtained from the National Treasury. The structure of both existing and new programmes should align with the mandates of the respective MDAs and correspond to the primary lines of service delivery. SWGs should ensure that these alignments are maintained effectively:

- (i) **SMART Programme Outcomes and Outputs**

Programme outcomes and outputs must be Specific, Measurable, Achievable, Realistic, and Time-bound (SMART), ensuring clarity of purpose and feasibility of implementation.

- (ii) **Performance Indicators and Targets**

Clearly defined performance indicators and targets shall be established for both outcomes and outputs, enabling effective tracking of progress and impact.

- (iii) **CREAM Criteria for Indicators**

All performance indicators must adhere to the CREAM principles being



Clear, Relevant, Economic, Adequate, and Monitorable to ensure they are results-oriented and actionable.

(iv) **Accountability of MDAs**

Indicators and targets must reflect deliverables for which Ministries, Departments, and Agencies (MDAs) can be held accountable, reinforcing institutional responsibility and ownership.

(v) **Consolidation of Undefined Delivery Units**

Delivery units lacking distinct outputs, indicators, or targets shall be consolidated under the primary delivery unit to streamline oversight and enhance coherence.

(vi) **Assignment of Crosscutting Functions**

Crosscutting functions shall be systematically assigned to appropriate programmes within MDAs to ensure integrated delivery and avoid duplication.

15. Each programme must be limited to a single MDA, with all functions accurately mapped to the respective programmes. Duplicate programme names across different MDAs is not allowed. If multiple programmes exist within an MDA, an additional programme should be established to account for overhead costs related to management, administration, planning, ICT, and support services that cannot be assigned to a specific programme. The presentation format for the PBB is outlined in Annex 5A.

- ***Fiscal Consolidation Policy***

16. The Government remains committed to implementing a fiscal consolidation strategy designed towards reducing the fiscal deficit and slowing down the growth of public debt while protecting service delivery to citizens. This approach emphasizes increasing domestic revenue mobilization, reprioritizing and rationalizing expenditures, while ensuring the protection of key Government programs and social investments. SWGs are tasked with preparing medium-term budgets that allocate resources efficiently to projects and initiatives with significant growth impact.



- ***Developing ‘Rolling’ Three-Year Medium-Term Budget Estimates***

17. The appropriation of the budget will be conducted annually; however, the budget planning process will incorporate projections of expenditures and revenues for the subsequent two years. Accounting Officers are advised that the expenditure ceilings for these future years remain binding, in accordance with the Public Finance Management Regulations, 2015.

- ***Programme Performance Reviews (PPRs)***

18. Accounting Officers must evaluate their respective MDAs progress towards set outcomes based on the FY 2022/23 to FY 2024/25 budgets, analyzing financial and non-financial performance. Accounting Officers should use past performance, commitments, and lessons learned to inform resource allocation decisions. MDAs will not be allowed to bid for resources before submitting the finalized Programme Performance Reviews (PPRs). The format and the guidelines for preparing the PPRs is in Annex 4 (A-E) of the Circular.

#### ***D. Programme Prioritization and Costing***

- ***Prioritization of Medium-Term Plan IV and BETA***

19. The Fiscal Year 2026/27 and the Medium-Term Budget will be aligned with the Fourth Medium Term Plan (MTP IV) of Vision 2030, emphasizing the prioritized BETA. The strategic focus will be on five key sectors that significantly influence the economy and household welfare:

- Agricultural Transformation;
- Micro, Small and Medium Enterprise (MSME) Economy;
- Housing and Settlement;
- Healthcare; and
- Digital Superhighway and Creative Economy.

20. SWGs must conduct a comprehensive review of the MDAs FY 2026/27 and the Medium-Term Budgets and ensure prioritization and allocations of budgetary resources to areas that enhance productivity and support the achievement of MTP



IV and BETA objectives. SWGs must apply the following guidelines in allocating resources:

- (i) Contribution to BETA and MTP IV priorities;
- (ii) Completion of ongoing and stalled projects;
- (iii) Job creation, poverty reduction and core mandates of MDAs;
- (iv) Climate change mitigation and adaptation;
- (v) Cost-effectiveness, efficiency and sustainability; and
- (vi) Constitutional, Presidential and Cabinet directives.

21. According to the outlined guidelines, SWGs are responsible for establishing and documenting sector-specific criteria to prioritize activities and allocate resources effectively within the available resource envelope.

- ***Entrenching Zero Based Budgeting (ZBB) in PBB***

22. The government is operating under a constrained fiscal environment and has adopted Zero Based Budgeting (ZBB) to prioritize resource allocation based on program efficiency and necessity, rather than historical expenditure. All programs for the FY 2026/27 and the Medium Term must be justified anew, emphasizing efficiency, effectiveness, and economy. SWGs are tasked with re-evaluating existing programs using appropriate costing methods, prioritizing high-impact initiatives that support livelihoods, job creation, and economic recovery, while eliminating wasteful spending.

- ***Costing of Programmes***

23. The already developed costing tool in IFMIS budgeting module should be used to standardize budget estimation/baseline. The estimation/baseline should include budgetary requirements for implementation of ongoing policies, new approved policies, and verified pending bills. Accounting Officers must ensure activity costing aligns with the detailed techniques provided in the baseline costing guidelines. The budget estimation/ baseline, should cover both the recurrent and development requirements. This should be submitted to the National Treasury both in hard copy and via the IFMIS system by September 5, 2024. The costing process is based on Zero Based Budgeting principles, emphasizing accuracy and accountability.



### ▪ *Costing Techniques*

24. MDAs shall use the following methods when estimating costs:

- Quantity × Price (primary method);
- Trend analysis (historical expenditure projections);
- Lump-sum for minor items; and
- Ad hoc for one-off interventions.

25. **Quantity Multiplied by Price** - This approach necessitates the identification of quantities and the corresponding prices for each item. It is mandatory for MDAs to employ this calculation method, and a justification must be provided if an alternative method is used.

26. **Trend** - This methodology should be employed when the multiplication of quantity by price is not applicable. It projects future trends based on historical expenditure patterns of the most recent years. The average annual rate of increase or decrease observed in the past is applied to subsequent years, assuming no significant deviations from historical trends are anticipated.

27. **Lump Sum** - The lump sum method is applicable for small items to prevent computational overload. This approach involves maintaining the current year's cost for the item at a nominal level over the medium term. It is particularly useful when there is no reliable indication of future cost fluctuations, either increases or decreases.

28. **Ad Hoc** - Expenditures allocated for specific interventions are typically not intended to cover other activities or ongoing projects. These costs should be calculated by multiplying the quantity of resources used by their unit price to ensure accurate financial accounting.

### ▪ *Computing the Budget Baseline*

29. During the development of the budget baseline, MDAs are mandated to utilize current market prices. The National Treasury will incorporate an inflation adjustment factor within the costing tool to account for the impact of inflation on prices, which can substantially influence the value of money over time. This approach ensures that budgeting and financial planning consider potential price



fluctuations, thereby facilitating more precise cost estimations and informed decision-making.

### ***E. Key Costing Components***

#### **▪ *Compensation to Employees***

30. The fiscal responsibility principles outlined in the PFMA, (CAP 412A) and attendant regulations require the employee compensation cost not to exceed 35% of revenue. Recruitment of employees to fill new positions is halted except for replacements due to natural attrition, which must be budget-neutral and approved by the National Treasury. Resource allocation for new staff or upgrades requires prior approval from the National Treasury. Changes in Personnel remuneration and benefits within MDAs and SAGAs must be supported by the Salaries and Remuneration Commission advice upon approval from the National Treasury confirming funding. All personnel emolument allocations must be documented in the Integrated Personnel Payroll Data system.

31. MDAs must accurately estimate personnel costs by calculating quantities and prices, including approved recruitment expenses and annual salary adjustments guided by SRC and set by relevant authorities such as Public Service Commission, Teachers Service Commission, Judiciary Service Commission, National Police Service Commission, and the Parliamentary Service Commission. Requests for new or vacant positions should be justified by organizational needs, service improvements, or new services, with all financial implications incorporated into the budget. MDAs are required to submit the following in regard to compensation to employees.

32. MDAs are also tasked with identifying personnel contracts ending in the FY 2026/27 and the Medium Term and estimate the gratuities payable in the fiscal year 2026/27.

- i) The number of personnel, both permanent and contractual as at 1st July, 2025 as well as personnel expected to retire by 30th June 2026, 2027 and 2028;
- ii) The expected timing for filling approved funded positions; and
- iii) Annual financial implications of the above.



### ▪ *Use of Goods and Services*

33. SWGs must thoroughly review MDAs' requirements to control recurrent budget growth, ensuring all expenses for goods and services are accurately estimated and justified. Supporting documents such as service agreements and demand notes should accompany each allocation.

### ▪ **Utilities and Rent**

34. MDAs must estimate costs for all utilities, including electricity, water, and gas, as well as any outstanding arrears. When determining utility costs, MDAs should primarily use the (quantity × price) method, providing clear justification if alternative techniques are employed.

35. Accounting Officers must accurately account for rent costs in accordance with lease agreements. Ministries, Departments, and Agencies (MDAs) are also required to submit proof of lease agreements and approvals from the State Department for Public Works for new office spaces. The templates for recording this information are provided the IFMIS budgeting module.

### ▪ **Other Mandatory Expenditures**

36. Accounting Officers must review all mandatory expenditures within their jurisdiction and assess the associated requirements. The templates for recording this information are provided in the IFMIS budgeting module.

### ▪ **Operations and Maintenance and Transfers not Classified as SAGAs**

37. Accounting Officers are responsible for calculating the total expenditures for operation and maintenance by multiplying quantities by prices and prioritizing these requirements. Additionally, MDAs should specify transfers that are not classified as SAGAs. The templates for recording this information are provided the IFMIS budgeting module.

### ▪ **Appropriations in Aid (AIA)**

38. MDAs are expected to submit data actual AIA collections for the fiscal years 2022/23 through 2024/25, along with projections for the FY 2026/27 and the medium term. The templates for recording this information are provided in the IFMIS budgeting module.



▪ ***Semi-Autonomous Government Agencies (SAGAs)***

39. Allocations to SAGAs must be justified by their revenue sources, with proper documentation essential to prevent fund forfeiture and ensure savings support priority programs. SAGAs are required to submit audited accounts, revenue forecasts, and strategies for revenue growth, diversification, and cost efficiency. They should also adopt measures to reduce reliance on government funding. Furthermore, SWGs are to provide detailed budgets for SAGAs as outlined in Table 3.7 of Annex 7.

40. MDAs must thoroughly review revenue and expenditure projections for the SAGAs under their jurisdiction. Specifically, all SAGAs are required to utilize the (quantity\*price) method as the primary approach for costing. If an alternative technique is employed, clear justification must be provided. The templates for recording this information are provided in the IFMIS budgeting module.

▪ ***Subscriptions and Contributions to International Organizations***

41. All subscriptions to international organizations shall be budgeted under the National Treasury. MDAs are however required to review and justify existing and proposed international subscription and payment requirements for their respective functions, and commitments/agreements. Additionally, any budgetary requests for new subscriptions or contributions to international organizations must receive approval from the Cabinet before implementation.

▪ ***Consolidated Fund Services***

42. The SWGs must review and ensure proper costing and budgetary allocation for public debt, pensions, salaries, and allowances within the Consolidated Fund Services. Allocations should be precise, justified, and supported by relevant documentation, including payroll data. The Format for capturing the pension is indicated in Annex 7. Salaries and allowances under CFS will be captured as indicated in part I.

▪ ***Development Expenditure***

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

43. The Public Investment Management Regulations, 2022, must be adhered to during the preparation, appraisal, and approval of all projects prior to their inclusion



in the budget. Specifically, SWGs should verify that all necessary requirements are satisfied before allocating resources to a new project including the following:

- (i) All conditions precedent, including land acquisition, compensation, public and stakeholder participation, management, and requirements from other development partners, have been satisfied;
- (ii) Designs have been finalized, and all necessary approvals have been secured where applicable;
- (iii) The project has obtained all required regulatory approvals;
- (iv) The detailed resource requirements, including funding sources and personnel, are planned to operationalize the project; and
- (v) The project information is documented within the Public Investment Management Information System (PIMIS).

44. Financing agreements with development partners shall only be executed for projects that have received approval and have been processed through the PIMIS. Additionally, MDAs are required to submit information on new projects using the formats specified in the Public Investment Management Regulations, 2022, for approval by the National Treasury.

45. Accounting officers must assess the costs of capital projects and prioritize them based on realistic implementation plans, regardless of funding sources. For ongoing projects, MDAs should consider current implementation status, actual expenditure as of June 30, 2025, outstanding costs, the approved budget for the FY 2025/26, revised project costs if applicable, and medium-term requirements.

- **BETA Priority Projects**

46. MDAs are also required to estimate costs and submit the necessary information to the National Treasury for all ongoing projects under BETA priorities and Presidential directives.

- **Public Private Partnership Projects**

47. MDAs are encouraged to consider alternative financing options for new projects, including Public-Private Partnerships (PPPs). The templates for recording this information are provided in the IFMIS budgeting module.



- ***Ongoing and Stalled Projects***

48. The FY 2026/27 and Medium Budget will focus on completing ongoing and stalled BETA projects to maximize benefits for citizens. Definitions for project status are provided in the PIM Regulations, 2022. SWGs must submit detailed reports on project progress, and MDAs should evaluate stalled projects to identify viable ones and submit only their cost requirements to the National Treasury.

- ***Projects with GoK Counterpart Requirement***

49. SWGs must ensure sufficient allocation of GOK counterpart funding for projects funded by development partners. All allocations should be backed by the relevant financing agreements. Additionally, SWGs should verify that Performance for Results (P-f-R) projects and programmes with Disbursement Linked Indicators (DLIs) are clearly identified and supported by appropriate financing agreements.

- ***County Government Additional Allocations***

50. Additional allocations to County Governments should be accurately reflected and accounted for within the relevant programme and sub-programme structures in the MDAs Budget, in accordance with the County Governments Additional Allocation Act, 2022. This requirement applies to both locally and externally funded programmes, which support activities intended to be implemented within the Counties.

## ***F. Engagement and Cross-Cutting Requirements***

- ***Public Participation and Stakeholder Involvement***

51. The preparation of the FY 2026/27 and Medium-Term Budget must adhere to constitutional and legal provisions requiring public participation. Engaging stakeholders such as development partners, private sector, community organizations, and local communities is vital for transparency, accountability, and good governance. Accounting Officers should ensure a consultative process that incorporates stakeholder input, with documentation of engagements and consideration of stakeholder contributions to budget proposals.



#### ▪ *Budgeting and Reporting on Climate Change*

52. Climate change poses significant fiscal risks that could impact the macroeconomic outlook. Given the country's vulnerability, prioritizing climate actions is essential. The National Treasury supports MDAs in establishing climate change units to mainstream climate considerations. To standardize climate-related financial tracking, MDAs must identify climate and environmental expenditures during planning, budgeting, and reporting, providing quarterly reports as per Treasury Circular No.13/2020. Further guidelines on tagging and coding climate expenditures will be issued in due course.

#### ▪ *Gender Responsive Budgeting (GRB) and Child Sensitive Budgeting*

53. The government is committed to promoting gender equality and protecting children's rights, as outlined in the Constitution and international agreements. Mainstreaming gender considerations and child-sensitive budgeting in the fiscal planning process is essential for addressing inequalities and ensuring equitable resource allocation. Ministries, Departments, and Agencies (MDAs) are required to identify relevant interventions for the FY 2026/27 and the Medium-Term, with guidelines to be issued to facilitate tracking and reporting of progress.

### **IV. COUNTY BUDGETING PROCESS**

54. Counties are responsible for preparation of their respective budgets as outlined in the PFMA (CAP 412A). County Executive Committee Members responsible for Finance are in this respect expected to tailor and develop Medium-Term Budget Preparation Guidelines that align with their respective County Budget Processes. The National Treasury will offer support to individual counties, including capacity building for County Public Finance Management (PFM) officials, upon request.

### **V. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS**

55. Sector Chairpersons are advised to ensure timely completion of all SWG activities, including the preparation of Sector Budget Proposals. These proposals should be finalized and submitted to the National Treasury not later than **3rd December, 2025**, following the format specified in Annex 7.



## **VI. CONCLUSION**

56. Accounting Officers must strictly adhere to the FY 2026/27 and Medium-Term Budget Guidelines. They are also responsible for ensuring that all officers under their supervision, including Heads of Parastatals and other Semi-Autonomous Government Agencies (SAGAs), are informed of the contents of this Circular.

**HON. FCPA JOHN NG'ONGO MBADI, EGH**  
**CABINET SECRETARY**

**Copy to: Mr. Felix Koskei, EGH**  
Chief of Staff & Head of the Public Service  
State House  
**NAIROBI**

**ALL CABINET SECRETARIES** 

**Ms. Dorcas Oduor, OGW, EBS, SC**  
Attorney General  
State Law Office and Department of Justice  
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**CPA Mary Wanyonyi, (Ms)**  
Chairperson  
Commission on Revenue Allocation  
**NAIROBI.**

**Ms. Mary Mwiti**  
Chief Executive Officer  
Council of Governors  
**NAIROBI.**

**All County Executive Committee Members for Finance**



# ANNEX 1: FY 2026/27 AND MEDIUM-TERM BUDGET CALENDAR

Activity	Responsibility	FY 2026/27
		Timeline
<b>A. Preparation of the FY 2026/27 and Medium Term</b>		
1. Develop and issue MTEF guidelines	National Treasury	15-Aug-25
2. Launch of Sector Working Groups	National Treasury	25-Aug-25
3. Programme Performance & Strategic Reviews	MDAs	15-Sep-25
3.1 Review and update of Strategic Plans	"	"
3.2 Review of Programme Outputs and Outcomes	"	"
3.3 Review of Expenditure	"	"
3.4 Review and approval of projects for the FY 2026/27	Project Committees	"
3.5 Progress Report on MTP implementation	"	"
3.6 Preparation of Annual Plans	"	"
4. Submission of Baseline Requirements	MDAs	5-Sep-25
5. Development of Medium-Term Budget Framework	Macro Working Group	30-Sep-25
5.1 Estimation of Resource Envelope	"	"
5.2 Determination of Policy Priorities	"	"
5.3 Preliminary Resource Allocation to Sectors, Parliament, Judiciary & Counties	"	"
5.4 Draft Budget Review and Outlook Paper (BROP)	"	"
5.5 Approval of BROP by Cabinet	"	13-Oct-25
5.6 Submission of approved BROP to Parliament	"	23-Oct-25
6. Preparation of the FY 2026/27 MTEF budget proposals	MDAs	29-Nov-25
6.1 Retreats to draft Sector Reports	Sector Working Group	13th -25th Oct & 27th Oct - 8th Nov - 2025
6.2 Public Sector Hearing	National Treasury	19th November, 2025
6.3 Review and incorporation of stakeholder inputs in the Sector Budget proposals	Sector Working Group	26-Nov-25
6.4 Submission of Sector Report to National Treasury	Sector Chairpersons	28-Nov-25
6.5 Consultative meeting with CSs/PSs on Sector Budget proposals	National Treasury	3-Dec-25
7. Draft Budget Policy Statement (BPS)	Macro Working Group	11-Feb-26
7.1 Draft BPS	Macro Working Group	23-Dec-25
7.2 Division of Revenue Bill (DORB)	National Treasury	"
7.3 County Allocation of Revenue Bill (CARB)	National Treasury	"
7.4 County Governments' Additional Allocation Bill (CGAAB)	National Treasury	"
7.5 Submission of BPS, DORB, CARB and CGAAB to Cabinet for approval	National Treasury	30-Jan-26
7.6 Submission of BPS, DORB, CARB and CGAAB to Parliament for approval	National Treasury	13-Feb-26
8. Preparation and approval of the FY 2026/27 MDAs Budget Estimates		30-Apr-26
8.1 Develop and issue final guidelines on preparation of the FY 2026/27 Medium Term Budget	National Treasury	6-Mar-26
8.2 Submission of Budget Proposals to the National Treasury	MDAs	20-Mar-26
8.3 Consolidation of the Draft Budget Estimates	National Treasury	3-Apr-26
8.4 Submission to Cabinet for Approval	National Treasury	21-Apr-26
8.5 Submission of Draft Budget Estimates to Parliament	National Treasury	30-Apr-26
8.6 Submission of the Finance Bill	National Treasury	30-Apr-26
8.7 Review of Draft Budget Estimates by Parliament	National Assembly	15-May-26
8.8 Report on Draft Budget Estimates from Parliament	National Assembly	31-May-26
8.9 Consolidation of the Final Budget Estimates	National Treasury	5-Jun-26
8.10 Submission of Appropriation Bill to Parliament	National Treasury	10-Jun-26
9. Budget Statement	National Treasury	11-Jun-26
10. Appropriation Bill Passed	National Assembly	30-Jun-26
11. Finance Bill Passed	National Assembly	30-Jun-26



## ANNEX 2: SECTOR WORKING GROUPS FOR THE FY 2026/27 AND MEDIUM-TERM BUDGET

CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES
Economic Affairs	Agriculture, Rural and Urban Development	1112 State Department for Lands and Physical Planning
		1162 State Department for Livestock Development
		1166 State Department for the Blue Economy and Fisheries
		1169 State Department for Agriculture
		2021 National Land Commission
	Energy, Infrastructure and ICT	1091 State Department for Roads
		1092 State Department for Transport
		1093 State Department for Shipping and Maritime Affairs
		1094 State Department for Housing & Urban Development
		1095 State Department for Public Works
		1097 State Department for Aviation and Aerospace Development
		1122 State Department for Information Communication Technology & Digital Economy
		1123 State Department for Broadcasting & Telecommunications
		1152 State Department for Energy
		1193 State Department for Petroleum
	General Economic and Commercial Affairs	1036 State Department for the ASALs and Regional Development
		1173 State Department for Cooperatives
		1174 State Department for Trade
		1175 State Department for Industry
		1176 State Department for Micro, Small and Medium Enterprises Development
		1177 State Department for Investment Promotion
		1202 State Department for Tourism
		1221 State Department for East African Community Affairs
Health	Health	1082 State Department for Medical Services
		1083 State Department for Public Health and Professional Standards
Education	Education	1064 State Department for Technical Vocational Education and Training
		1065 State Department for Higher Education
		1066 State Department for Basic Education
		1067 State Department for Science, Innovation and Research
		2091 Teachers Service Commission
Public Sector & Safety	Governance, Justice ,Law and Order	1023 State Department for Correctional Services
		1024 State Department for Immigration and Citizen Services
		1025 National Police Service
		1026 State Department for Internal Security & National Administration
		1252 State Law Office
		1253 State Department for Justice Human Rights and Constitutional Affairs
		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



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CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT (COFOG)	MTEF SECTOR	MINISTRIES, DEPARTMENTS AND AGENCIES
General Public Services	Public Administration and International Relations	1011 Executive Office of the President
		1012 Office of the Deputy President
		1013 Office of the Prime Cabinet Secretary
		1014 State Department for Parliamentary Affairs
		1015 State Department for Performance and Delivery Management
		1016 State Department for Cabinet Affairs
		1017 State House
		1018 State Department for National Government Coordination
		1032 State Department for Devolution
		1033 State Department for Special Programmes
		1053 State Department for Foreign Affairs
		1054 State Department for Diaspora Affairs
		1071 The National Treasury
		1072 State Department for Economic Planning
		1073 State Department for Public Investments and Assets Management
		1213 State Department for Public Service
		2041 Parliamentary Service Commission
		2042 National Assembly
		2043 Parliamentary Joint Services
		2044 Senate
		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
		051 Consolidated Fund Services
Defence	National Security	1041 Ministry of Defence
		1281 National Intelligence Service
Recreation, Culture and Social Protection	Social Protection, Culture and Recreation	1132 State Department for Sports
		1134 State Department for Culture, The Arts and Heritage
		1135 State Department for Youth Affairs and Creative Economy
		1184 State Department for Labour and Skills Development
		1185 State Department for Social Protection and Senior Citizens Affairs
		1186 State Department for Children Services
Environmental Protection & Community Amenities	Environment Protection, Water and Natural Resources	1212 State Department for Gender and Affirmative Action
		1104 State Department for Irrigation
		1109 State Department for Water & Sanitation
		1192 State Department for Mining
		1203 State Department for Wildlife
		1331 State Department for Environment and Climate Change
Macro Working Group	Macro Working Group	1332 State Department for Forestry
		The National Treasury( M&FA, BD, RMD, IGFRD & DMD)
		Central Bank of Kenya
		Kenya National Bureau of Statistics(KNBS)
		Macro Economic Department ( State Department for Planning)
		Kenya Institute for Public Policy Research and Analysis(KIPPRA)
		Kenya Revenue Authority
		Commission on Revenue Allocation

NB: The two State Departments within the Ministry of Foreign Affairs will operate under the auspices of the National Security Sector for the purpose of preparing budget estimates and policy proposals in line with the recent Cabinet Resolution. However, for CFOG classification purposes, the Ministry will remain categorized under the Public Administration and International Relations Sector



## **Annex 3 (A): Composition of Sector Working Groups (SWGs)**

**SWGs shall be constituted as follows:**

---

### **1. Chairperson**

One Accounting Officer, selected by consensus among Accounting Officers within the Sector, shall serve as Chairperson

### **2. Sector Convener**

Appointed by the National Treasury to facilitate coordination and policy alignment across the Sector.

### **2. Sector Co-Convener**

Designated by the State Department for Economic Planning to support strategic planning and integration of development priorities into the budget

### **3. Technical Working Group (TWG)**

Constituted by the SWG to provide subject-matter expertise and technical support in programme formulation and implementation;

### **4. SWG Secretariat**

Appointed by individual Accounting Officers to assist in the coordination, documentation, and follow-up of Sector activities

### **5. Development Partner Representatives**

Included to ensure alignment with donor-supported initiatives and promote collaborative financing and technical assistance

### **6. Private Sector Representatives**

Engaged to provide insights on market dynamics, innovation, and investment opportunities relevant to Sector priorities.



### **Annex 3 (B) Terms of Reference for Sector Working Groups (SWGs)**

SWGs shall ensure that proposed programmes and projects are aligned with the strategic priorities of *Kenya Vision 2030*, the Fourth Medium Term Plan (MTP IV), and prevailing Government priorities. Specifically, the mandate of SWGs shall include:

#### **1. Strategic Alignment**

Review sector strategies to ensure coherence with the overarching goals of *Vision 2030*, MTP IV, and ongoing initiatives such as the Bottom-Up Economic Transformation Agenda (BETA) and economic recovery programmes.

#### **2. Policy and Institutional Reforms**

Identify sector programmes and recommend requisite policy, legal, and institutional reforms to support effective implementation.

#### **3. Project Approval and Budgeting**

Approve the list of sector projects for inclusion in the budget, including proposed funding levels.

#### **4. Cost Analysis**

Analyze the medium-term cost implications of proposed programmes, projects, and policy interventions.

#### **5. Prioritization and Resource Allocation**

Prioritize sector programmes and allocate resources based on agreed criteria, ensuring alignment with national development goals.

#### **6. Public-Private Partnerships (PPP)**

Identify programmes and projects suitable for implementation under the PPP framework to leverage private sector investment.

#### **7. Baseline Review**

Review baseline funding and eliminate one-off expenditures from previous fiscal years to enhance budget efficiency.

#### **8. Expenditure Rationalization**

Identify low-priority activities, projects, and programmes to generate savings for reallocation to high-impact Government priorities.

#### **9. Readiness-Based Allocation**

Allocate resources to projects that are fully processed—i.e., those with completed feasibility studies, detailed designs, necessary approvals, and secured land.

#### **10. Project Rescheduling**

Provide detailed justifications for the rescheduling of projects, including associated savings and financial implications.

#### **11. Sector Reporting and Budget Proposals**

Coordinate the preparation of sector reports and indicative budget proposals to inform the Medium-Term Expenditure Framework (MTEF)

#### **12. Stakeholder Engagement**

Identify and engage critical stakeholders throughout the budget process to ensure inclusivity and transparency



## ANNEX 4: PROGRAMME PERFORMANCE REVIEW FY 2022/23 – 2024/25

### ANNEX 4(A): REVIEW OF PROGRAMME PERFORMANCE FOR FY 2022/23 – 2024/25

Table 2.1: Analysis of Programme Targets and Actual targets

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Achieved Target			Remarks
				2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	
Name of Programme Outcome										
SP.1										
SP.2										
....etc										

### ANNEX 4(B): ANALYSIS OF EXPENDITURE TRENDS FOR THE FY 2022/23 – 2024/25

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

Sector .....						
Vote.....						
Economic Classification	Approved Budget Allocation			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Gross						
AIA						
NET						
Compensation to Employees						
Transfers						
Other Recurrent						
<b>Of Which</b>						
Utilities						
Rent						
Insurance						
Subsidies						
Gratuity						
Contracted Guards & Cleaners Services						
Others specify..						

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



**Table 2.3: Analysis of Development Expenditure (KSh. Million)**

Sector Name							
Vote and Vote Details	Description	Approved Budget			Actual Expenditure		
		2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
MDA	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 (KSh. Million)**

Programme	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
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 (KSh. Million)**

Economic Classification	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
<b>Programme 1:</b>						
<b>Current Expenditure</b>						
Compensation Of Employees						
Use Of Goods and Services						
Grants And Other Transfers						
Other Recurrent						
<b>Capital Expenditure</b>						
Acquisition Of Non-Financial Assets						
Capital Grants to Government Agencies						
Other Development						
<b>Total Programme.....</b>						
<b>Repeat as above for Programme 2, 3 etc.:</b>						
<b>Total Vote.....</b>						



**Table 2.6: Analysis of SAGAS Recurrent Budget Vs. Actual Expenditure (KSh. Million)**

Sector .....						
Vote (SAGA).....						
Economic Classification	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
<b>Gross</b>						
AIA						
NET						
Compensation to Employees						
Transfers						
Other Recurrent						
<b>Of Which</b>						
Utilities						
Rent						
Insurance						
Subsidies						
Gratuity						
Contracted Guards & Cleaners Services						
Others specify.						

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



[illegible]

**Annex 4(D): Analysis of Pending Bills**

Type/nature	Due to Lack of Exchequer			Due to Lack of provision		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
<b>1. Recurrent</b>						
Compensation of employees						
Use of Goods and Services e.g. utilities, domestic or foreign travel etc.						
Social benefits e.g. NHIF, NSSF						
Other expense						
<b>2. Development</b>						
Acquisition of non-financial assets						
Use of goods and services						
Others-Specify						
<b>Total Pending Bills</b>						

**Annex 4 (E): Summary of Court Awards****Table 2.9: Summary of Court Awards**

Details of the Award	Date of Award	Amount .KSh.	Payment to Date
<b>Total</b>			



## **Annex 5: Format For Presentation of Programme-Performance Based Budget (PBB)**

**Vote No:    Title**

**Part A:    Vision**

**Part B:    Mission**

**Part C:    Performance Overview and Rationale Funding**

This section provides a structured analysis of the programme's performance and outlook, covering:

- Mandate overview: a concise description of the entity's core responsibilities and objectives.
- Expenditure trends: a comparative review of approved budgets versus actual outturns for FY 2022/23 through FY 2024/25.
- Performance highlights: major achievements against the planned outputs and services over the same period.
- Implementation challenges: key constraints encountered during budget execution and the strategies proposed to address them.
- Forward agenda: the principal services and outputs slated for delivery in FY 2026/27 and over the medium term.

### **Part D: Strategic Objectives**

In this section, present each programme with its corresponding strategic objective. Adhere to the following guidelines:

- Assign exactly one strategic objective or desired outcome to each programme.
- Ensure every objective directly aligns with the institution's Strategic Plan and the overarching goals of MTP IV and Vision 2030.
- Use concise, outcome-focused language to describe how each programme contributes to BETA, MTP IV and Vision 2030 priorities.

Part E: Summary of the Programme Key Outputs, Performance Indicators and Targets for the FY 2026/27 – 2028/29

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2024/25	Actual Achievement 2024/25	Target (Baseline) 2025/26	Target 2026/27	Target 2027/28	Target 2028/29
Name of Programme Outcome									
SP1.1									
SP1.2									
... etc.									

Part F: Summary of Expenditure by Programmes and Sub-Programmes the FY 2026/27 – 2028/29 (KSh. Millions)

Programme	Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates	
					2027/28	2028/29
Programme 1: (State the name of the programme here) <sup>1</sup>						
Sub Programme (SP)						
SP 1.1						
SP 1.2.						
... N						

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



Total Expenditure of Programme 1							
Programme 2: (State the name of the programme here)							
		Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates	
						2027/28	2028/29
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 <sup>2</sup> (KSh. Million)							
Code	Expenditure Classification	Approved Budget 2024/25	Actual Expenditure 2024/25	Baseline Estimates 2025/26	Estimates 2026/27	Projected Estimates	
	Current Expenditure					2027/28	2028/29
21	Compensation to Employees						
22	Use of Goods and Services						
24	Interest						
25	Subsidies						
26	Current Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expenses						
31	Non- Financial Assets						

<sup>2</sup> The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.





[illegible]





**Part I: Summary of Human Resource Requirements**

Programme Code	Programme Title	Designation/ Position Title	Authorized Establishment	In Post as at 30 <sup>th</sup> June, 2025	2025/26	2026/27	2027/28	2028/29
					Funded Positions	Positions to be Funded	Positions to be Funded	Positions to be Funded
XX1	General Admin. Planning & support services.							
XX2								
XX3								
Total Funded Positions								





## ANNEX 6: PROJECTS DETAILS FOR FY 2025/26 AND MEDIUM-TERM PROJECTIONS

[illegible]

# **Annex 7: FY 2026/27 and Medium Term Requirement Versus Allocation for Pension(KSh. Million)**

Item	Approved Budget 2024/25	Actual 2024/25	Approved Budget 2025/26	Requirements			Allocation	
				2026/27	2027/28	2028/29	2027/28	2028/29
<b>ORDINARY PENSION</b>								
Monthly Pension-Civil Servants								
Monthly Pension Members of Parliament								
Monthly Pension - Military								
Monthly Pension-Retired Presidents								
Monthly Pension -Retired Deputy Presidents &other state officers								
Pensions-Dependants								
Quarterly Injury-Military								
Refund Exgratia and Other Service Gratuities								
Widows and Children-Military								
Widows and Children Pension-Civil Servants								
<b>Sub-Total</b>								
<b>COMMUTED PENSION</b>								
Gratuity - Civil Servants								
Gratuity - Members of Parliament								
Gratuity - Military								
Gratuity - Retired Presidents								
Gratuity - Retired Deputy Presidents & Designated State Officers								
<b>Sub-Total</b>								
<b>PUBLIC SERVICE SUPERANNUATION SCHEME</b>								
Employer Contributions to Staff Pensions Scheme								
<b>Sub-Total</b>								
<b>OTHER PENSION SCHEMES</b>								
Refund of Pension to UK Government								
Refund of Contributions to Other Pension Schemes								
Refund of Contributions to WCPS & Other Exgratia								
Accrued benefit for PSSS members upon early exits								
<b>Sub-Total</b>								
<b>Grand Total</b>								



## **Annex 8: Sector Budget Report Format**

**Table of Contents** (Headings and subheadings must exactly match those in the report)

*Chapters 1 – 6 form the main body of the report. Divide each chapter into logical sections and subsections, using consistent headings and numbering. The purpose is to explain the conclusions and justify the recommendations.*

### **Executive Summary**

*Restate the key conclusions from each section and provide a concise summary of findings and recommendations*

### **Chapter One: Introduction**

1.1 Background

1.2 Sector Vision and Mission

1.3 Strategic Goals and 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:**

- Set the context and identify the general subject
- Define the specific objective of the report
- Outline the scope of the analysis
- Highlight any limitations or data gaps

## **Chapter Two: Programme and Performance Review Financial Years 2022/23–2024/25**

- 2.1. Review of Sector Programme Performance in terms of delivery of outcomes, outputs, KPIs and target attainment (summarize per Table 2.1)
- 2.2. Expenditure Trend Analysis – Approved budget vs actual expenditure for FY 2022/23–2024/25 (summarize per Tables 2.2–2.6)
- 2.3. Capital Project Performance Analysis – Status and outcomes of capital projects (summarize per Table 2.7)
- 2.4. Pending Bills Analysis – Outstanding liabilities over FY 2022/23–2024/25 (summarize per Table 2.8)
- 2.5. Court Awards Analysis – Financial impact of court awards (summarize per Table 2.9)

## **Chapter Three: Medium Term Priorities and Financial Plan for the MTEF Period 2026/27–2028/29**

Chapters 1 and 2 have laid out past performance and context. Chapter 3 sets out the sector's forward-looking agenda defining which programmes receive priority funding, what they aim to achieve, and how success will be measured over the next three fiscal years.

### **3.1 Prioritization of Programmes and Sub-Programmes**

This section explains how the sector's portfolio of interventions has been ranked to maximize impact, ensure value for money, and align with strategic objectives. Prioritization draws on:

- Strategic alignment with the sector vision and national plans
- Evidence of past performance and cost-effectiveness
- Financial envelope and resource constraints
- Cross-sectoral linkages and co-benefits
- Stakeholder demands and risk considerations



### 3.1.1 Programmes and Their Objectives

Each programme approved for MTEF funding is listed below, with a concise statement of its primary aim and its contribution to the sector's strategic goals. For instance:

Programme	Objective	Strategic Contribution
Programme A	To strengthen service delivery at county level	Improves access to basic services; enhances equity
Programme B	To modernize data systems and digital tools	Raises efficiency; enables evidence-based decision-making
Programme C	To build institutional capacity and stakeholder partnerships	Fosters coordination; secures long-term sustainability

### 3.1.2 Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators

For each programme, this matrix breaks down the component sub-programmes, links them to the high-level outcomes they drive, specifies tangible outputs, and assigns SMART performance indicators for monitoring and evaluation. For instance;

Programme	Sub-Programme	Expected Outcome	Key Outputs	KPI (Baseline / MTEF Target)
Programme A	County Service Grants	Improved service quality in 47 counties	Grant disbursement guidelines;	% counties meeting quality standards: 40% / 80%
			training workshops	
Programme B	Data Center Upgrade	Real-time performance tracking	New data center installed;	System uptime: 75% / 99%
			user manuals	

<b>Programme C</b>	Institutional Training	Enhanced staff capacity in policy analysis	Training curriculum delivered;	Staff scoring $\geq 80\%$ on assessment: 20% / 70%
			certification exams	

### Programmes by Order of Ranking

### Resource Allocation Criteria

### 3.1.3 Analysis of Sector and Subsector Resource Requirement versus allocation by:

**Table 3.1.3: Sector & Sub-Sector Recurrent Requirements/Allocations (KSh Million)**

Vote Details	Economic Classification	Approved Estimates	Requirement			Allocation		
		2025/26	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
MDA	Gross							
	AIA							
	NET							
	Compensation to Employees							
	Grants and Transfers							
	Other Recurrent							
	Of which							
	<i>Utilities</i>							
	<i>Rent</i>							
	<i>Insurance</i>							
	<i>Subsidies</i>							
	<i>Gratuity</i>							
	<i>Contracted Guards &amp; Cleaners Services</i>							
	<i>Others</i>							



Table 3.1.4: Sector & Sub-Sector Development Requirements/Allocations (KSh Million)

Sector.....

Vote.....

Description	Approved Budget Allocation	Requirement			Allocation		
		2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
	2025/26						
Gross							
GOK							
Loans							
Grants							
Local AIA							

**Note**.....



**Table 3.1.6: Analysis of Programmes and Sub-Programmes (Current and Capital) Resource Allocation (KSh. Million)**

Sector.....

**Vote.....**

[illegible]

**Table 3.1.7: Programmes and Sub-Programmes by Economic Classification Economic Classification (KSh Million)**

**Sector.....**

**Vote.....**

Economic Classification	Resource Requirement			Allocation		
	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
<b>Programme 1:</b>						
<b>Current Expenditure</b>						
Compensation Of Employees						
Use Of Goods and Services						
Grants And Other Transfers						
Other Recurrent						
<b>Capital Expenditure</b>						
Acquisition Of Non-Financial Assets						
Capital Grants to Government Agencies						
Other Development						
<b>Total Programme.....</b>						
<b>Repeat as above for Programme 2, 3 etc.:</b>						
<b>Total Vote.....</b>						



**Table 3.1.8: Analysis of Recurrent Resource Requirement Vs Allocation for Sagas (KSh Million)**

Economic Classification	Approved Estimates	Requirement			Allocation			REMARKS
	2025/26	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	
<b>NAME OF SAGA 1.....</b>								
<b>GROSS</b>								
AIA								
<b>NET</b>								
Compensation to Employees								
Other Recurrent								
<b>of which</b>								
<i>Insurance</i>								
<i>Utilities</i>								
<i>Rent</i>								
<i>Subscriptions to International Organization</i>								
<i>Subscriptions to Professional Bodies</i>								
<i>Contracted Professional (Guards &amp; Cleaners)</i>								
<i>Gratuity</i>								
<i>Others</i>								
Repeat as above for SAGA 2, 3 etc.:								
<b>Total Vote</b>								

## Chapter Four: Cross-Sector Linkages and Emerging Issues / Challenges

This chapter examines the intersections between sector programmes and identifies key issues that span multiple sectors. It will:

- Map how sector initiatives reinforce or depend on one another;

- Highlight emerging challenges such as resource constraints, regulatory gaps, or technological disruptions that affect cross-sectoral performance;
- Analyze risks and opportunities arising from these interdependencies; and
- Propose mechanisms for coordinated responses and risk mitigation.

## **Chapter Five: Conclusion**

This section distills the report's findings against the objectives set out in Chapter One. Conclusions are presented in order of importance:

1. Sector programmes demonstrate strong alignment with Vision 2030 and MTP IV but require tighter performance monitoring.
2. Expenditure variances over FY 2022/23–2024/25 reveal persistent budget execution bottlenecks, notably in capital projects and pending liabilities.
3. Priority realignment and resource reallocation have generated savings, yet some low-impact activities remain underfunded.
4. Cross-sector synergies exist in data systems and stakeholder engagement, but institutional coordination gaps limit full realization of benefits.
5. Emerging challenges such as legal delays, evolving donor conditions, and volatile economic conditions threaten medium-term targets.

## **Chapter Six: Recommendations**

Building on the conclusions, the following action-oriented recommendations are proposed, ranked by urgency, example:

1. Establish an integrated performance dashboard to monitor outputs, outcomes, and budget variances in real time.
2. Strengthen the SWG mandate for cross-sector coordination by formalizing joint planning and review sessions.
3. Rationalize baseline funding annually to eliminate one-off expenditures and reallocate savings to high-priority projects.



4. Fast-track policy and regulatory reforms identified in Chapter Two, with clear timelines and responsible agencies.
5. Develop a contingency framework for emerging risks legal, financial, and environmental with predefined trigger actions.

## **References**

List all primary and secondary sources cited throughout the report, including budget circulars, sector strategy documents, and performance data tables

## **Appendices**

Appendices contain detailed data and supporting materials that are too extensive for the main text. For example,

- Appendix A provides the full sector budget tables for FY 2022/23–2024/25;
- Appendix B contains the detailed risk register and mitigation plans; and
- Appendix C includes stakeholder engagement records and consultation summaries.