

OVERVIEW OF THE BUDGET PROCESS FOR THE FINANCIAL YEAR 2020/21 AND THE MEDIUM TERM

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By:
FRANCIS ANYONA
DIRECTOR OF BUDGET/NATIONAL TREASURY

**Presentation During the Launch of the Budget Process for the Period at The
Kenyatta International Convention Centre**

PRESENTATION OUTLINE

1. Introduction
2. Key Messages Contained in the Budget Guidelines
3. Way Forward

1.0 Introduction

Legal Framework

The Budget process is guided by the Constitution and the Public Finance Management Act, 2012. It involves preparation of key documents for approval by Cabinet and Parliament. They include:

- Budget Guidelines
- Budget Review and Outlook Paper (BROP)
- Budget Policy Statement (BPS)
- Division of Revenue Bill & County Allocation of Revenue Bill
- Medium Term Debt Strategy
- Estimates of Revenue and Expenditure
- Other documents anchored in the Constitution and the PFMA, 2012

Introduction (Contd')

The Budget Guidelines

- ❑ The Budget Guidelines are prepared in accordance to Section 36 of the Public Finance management Act, 2012.
- ❑ It provides for the processes and procedures to be followed in preparing the Budget.
- ❑ The guidelines include Constitutional timelines, Institutional structures to guide the process, Programme Performance Review, prioritization process, form and content of the budget and framework for public participation.
- ❑ The key messages contained in the Budget Guidelines is discussed below.

2.0 Key Messages

i) Institutional Framework

- ❑ Budget to be formulated through the Sector Working Groups (SWGs)
- ❑ SWGs shall be responsible for formulation and prioritization of sector budget proposals.
- ❑ 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.

Key Messages (Cont'.)

- The functions of Government have been mapped into ten sectors . These 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

Key Messages (Cont.)

Composition of the SWG

□ SWGs shall comprise the following:

- i. **Chairperson** – An Accounting Officer chosen by consensus by other 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 of 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

Representatives from the Kenya Private Sector Alliance – to be coopted

Key Messages (Contd')

ii) Programme Performance Reviews

- ❑ 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. 13/2019.**

Key Messages (Cont...)

iii) Prioritization and Allocation of Resources

- ❑ The following criteria will serve as a guide for prioritizing and allocating resources:
 - i. Prioritization of the 'Big Four' Plan either as drivers or enablers;
 - ii. Linkage of the programme with the objectives of Third Medium-Term Plan of Vision 2030;
 - iii. Degree to which a programme addresses job creation and poverty reduction;
 - iv. Degree to which the programme is addressing the core mandate of the MDAs;
 - v. Expected outputs and outcomes from a programme;
 - vi. Cost effectiveness and sustainability of the programme; and
 - vii. Immediate response to the requirements and furtherance of the implementation of the Constitution.

Key Messages (Contd.)

iv) Development projects

- ❑ The FY 2020/21 and the Medium Term Budget will only focus on completion of ongoing projects. In particular, emphasis should be on projects nearing completion to ensure that citizens benefit from such public investments.
- ❑ Further, projects that seek to implement/facilitate the realization of the 'Big Four Plan' should receive the highest priority.
- ❑ SWGs should ensure that externally financed projects are in line with overall MDAs priorities, and have adequate provision for GOK counterpart funding in accordance with the financing agreement.

Key Messages (Contd.)

v) Public participation

- ❑ It is important to note that public participation is a legal requirement
- ❑ SWGs should identify its critical stakeholders including donors, Kenya Private Sector Alliance (KEPSA) among others and engage them in programme prioritization. Such engagements should be documented for reference purposes.
- ❑ SWGs should ensure that the Cabinet Secretaries in the sector are briefed and collectively approve the sector budget proposal before it is submitted to the National Treasury.
- ❑ Sector Chairpersons are requested to ensure that all activities of SWGs including the drafting of Sector Budget Proposals are completed on scheduled timelines. The proposals should be ready for submission to the National Treasury not later than 29th November 2019.

Key Messages (Cont.)

vi) Budget Calendar

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

- ❑ Review and update Strategic Plans of MDAs – **16th Sept. 2019**
- ❑ Programmes Performance Review – **16th Sept. 2019**
- ❑ Budget Review and Outlook Paper – **30th Sept. 2019**
- ❑ Validation of Budget Proposals -Public Hearing – **25th Nov. 2019.**
- ❑ Submission of Sector Reports to Treasury– **29th Nov. 2019**
- ❑ Develop Draft Budget Policy Statement – **30th Nov. 2019**

Key Messages (Cont...)

- ❑ Submission of BPS, DoRB & CARB to Cabinet – **12th Jan. 2020**
- ❑ Submission of BPS, DoRB & CARB to Parliament– **14th Feb. 2020**
- ❑ Issuance of guidelines on finalization of FY 2020/21 Budgets–**28th Feb. 2020.**
- ❑ Submission of draft Budget Estimates to Cabinet – **15th April 2020**
- ❑ Submission of draft Budget Estimates – **by 27th April 2020**
- ❑ Annual Budget Statement – **11th June 2020**
- ❑ Approval of Appropriation bill by – **30th June 2020**

Way Forward

- ❑ Due to strict timelines the SWGs are expected to:
 1. Nominate the Technical Working Group for the Sector process;
 2. Elect Sector Chairpersons and forward the same to the National Treasury.
 3. Commence the preparation of Programme Performance Review Reports;
 4. Macro-Working Group to finalize the preparation of the Budget Review and Outlook Paper
 5. Finalize the preparation and submit the Sector Budget Proposals to the National Treasury by end of November 2019.

- ❑ **For details on the Guidelines you may refer to [Treasury Circular No 13/2019](#).**

Thank you for your attention
GOD BLESS YOU