

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KERICHO

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

P. O. Box 112 – 20200
KERICHO
Ref: KEC/FIN/2/8(53)

Email: info@kericho.go.ke
Date: 28th August, 2025

Mr. Martin Epus,
Clerk of the Assembly.
Kericho County Assembly.

COUNTY TREASURY CIRCULAR NO 2 OF 2025

RE: GUIDELINES FOR THE PREPARATION OF THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2026/27 – 2028/29

A. PURPOSE

(1) The objective of this Circular is to provide guidance and a structured roadmap to County Departments and spending units on the process and procedures for the preparation of the Medium-Term Expenditure Framework (MTEF) Budget Estimates for the Financial Years 2026/27–2028/29. This guidance outlines the key timelines leading to the submission of the Budget Estimates to the County Assembly on or before 30th April, 2026.

(2) These guidelines are issued pursuant to the provisions of Section 128 of the Public Finance Management Act, 2012. The Budget Estimates for each Department and County entity shall be anchored on proposals contained in the County Integrated Development Plan (CIDP III) 2023–2028, the Annual Development Plan (ADP) 2026/2027, as well as outcomes from various public

participation forums. The purpose of these guidelines is to provide the following information: -

- a) Key policy issues to guide the preparation of the Medium-Term Budget;
- b) Guide the county departments and entities on the form and content of the Budget;
- c) Describe the programmes under which funding will be provided;
- d) Provide the constitutional timelines and requirement as outlined in the budget calendar for the critical activities relating to the FY 2026/27 – 2028/29 MTEF budget process until its presentation to the County Assembly.
- e) The relevant documents to guide the budget formulation and the required resources.

B. LEGAL BASIS FOR ISSUING BUDGET CIRCULAR

(3) Section 128, Public Finance Management Act 2012 states as follows:

- (i) The County Executive Committee Member for Finance shall manage the budget process for the County.
- (ii) Not later than the 30th August in each year, the County Executive Member for Finance shall issue a circular setting out guidelines to be followed by all of the County Government`s entities in the budget process.
- (iii) The County Executive Committee Member for Finance shall include in the circular;-
 - (a) Schedule for preparation of the budget, specifying the key dates by which the various processes are to be completed;
 - (b) The methodology for the review and projection of revenues and expenditures;
 - (c) Key policy areas and issues to be taken into consideration when preparing the budget;
 - (d) The procedures to be followed by members of the public who wish to participate in the budget process;

(e) The format in which information and documents relating to the budget are to be submitted;

(f) The information to be in conformity with standard budget classification systems as prescribed by regulations; and

(g) Any other information relevant to the budget process.

(4) A county Government entity shall comply with the guidelines and, in particular, shall adhere to the key dates specified in the schedule referred to in subsection (3)(a).

C. BACKGROUND

(5) According to section 104 of the Public Finance Management Act, 2012, the County Treasury has the responsibility of monitoring, evaluating and overseeing the management of public finances and economic affairs of the County Government and specifically has the following responsibilities: -

- Developing and implementing financial and economic policies;
- Preparing the annual budget and coordinating the preparation of estimates of revenue and expenditure;
- Coordinating the implementation of budget;
- Mobilizing resources for funding the budgetary requirements and putting in place mechanisms to raise revenue and other resources;
- Managing county public debt and other obligations and developing a framework of debt control;
- Consolidating the Annual Appropriation accounts and other financial statements;
- Ensuring proper management, control, and accounting of the county finances;
- Strengthening financial and fiscal relations between the national and county governments;

- Reporting regularly and specifically quarterly to the County Assembly, Office of the Controller of the Budget, National Treasury and Commission of Revenue allocation on the budget implementation;
- Issuing circulars with respect to financial matters relating to county government entities;
- Ensuring compliance with the Constitution, PFM Act, 2012 and its Regulations (County Government), 2015, provisions on public finance management.

D. OVERVIEW

(6) The Medium-Term Expenditure Framework (MTEF) Budget Circular for the period **2026/27–2028/29** has been prepared with the overarching objective of advancing the County’s vision of becoming a prosperous region where residents enjoy a high quality of life within a sustainable environment. This vision will be realized by transforming livelihoods through the sustainable harnessing of the County’s diverse natural resources, rich cultural heritage, and emerging opportunities, within a governance framework that upholds equity, inclusiveness, efficiency, accountability, and integrity for long-term sustainability.

(7) The County Government is committed to fostering equitable and sustained socio-economic development through the effective implementation of the **County Integrated Development Plan (CIDP III)**, the **Annual Development Plans (ADPs)**, and the Governor’s Manifesto. These policy instruments are strategically aligned to the **Bottom-Up Economic Transformation Agenda (BETA)**, **Kenya Vision 2030**, and the **Sustainable Development Goals (SDGs)**.

(8) Furthermore, the broad development policies articulated in the aforementioned documents will continue to guide expenditure prioritization over the medium term, within the framework of fiscal sustainability. Priority shall be accorded to programmes and projects that directly enhance community well-being,

particularly those promoting the production and marketing of locally produced goods and services, with the ultimate aim of stimulating economic growth and expanding employment opportunities.

E. THE SPECIFIC GUIDELINES

a) Medium Term Development Strategy

(9) The priorities outlined in the Medium-Term Plan of Kenya Vision 2030 and the County Integrated Development Plan (CIDP III 2023–2028) shall guide the development of sector priorities, policies, plans, and the monitoring and evaluation framework for the FY 2026/27–2028/29 MTEF Budget.

(10) In preparing budget proposals, County Government entities are directed to focus on the priorities contained in the Annual Development Plan (ADP) 2026/2027. Proposals must give priority to:

- Programmes and projects that respond to county priorities identified by citizens through public participation.
- Programmes and projects aligned to the objectives of the CIDP and ADP.
- Investments in priority areas that promote social development, economic growth, and transformation.
- Adequate provision for mandatory expenditures, including personnel costs.

(11) County Government entities shall ensure that all proposed programmes and projects are consistent with the CIDP and ADPs. Specifically, entities will be required to:

1. Review County objectives and strategies in line with overall goals of the CIDP and ADPs.
2. Undertake cost analysis of proposed programmes, projects, and policies for the MTEF period.
3. Prioritize completion of ongoing projects and operationalization of completed projects to ensure service delivery to taxpayers.

4. Allocate resources to programmes in line with agreed prioritization criteria, supported by clear justification.
5. Coordinate activities to facilitate the preparation of County entity reports and indicative budget proposals.

b) Timeframe

(12) Accounting Officers are required to strictly adhere to the timelines provided in the Budget Calendar in order to ensure timely preparation, approval and implementation of the budget. The Budget Calendar which is provided in Annex I outlines the timelines for the budget process in accordance to the requirements of the Public Finance Management Act, 2012.

c) Performance Review

(13) Performance evaluation refers to the process of analyzing and assessing the extent to which a programme achieves its stated objectives and addresses identified needs. Under the Programme-Based Budgeting (PBB) framework, Accounting Officers are required to report on both financial and non-financial performance of programmes. Evaluations shall focus on progress made towards achieving the intended programme outcomes.

(14) Programme performance review is essential for establishing the effectiveness of previous budgets and for setting targets for subsequent Medium-Term Budgets. The review shall involve a detailed appraisal of previous budget allocations, fund disbursements, and the outputs and outcomes realized.

(15) Continuous performance review is a critical requirement for effective programme budgeting, as programmes require regular refinements. The review process facilitates the achievement of the Government's strategic and policy priorities, while also enhancing accountability within County entities. Reviews shall place emphasis on the efficiency and effectiveness of programme

expenditures, ensuring that resources are directed towards the highest priorities. Lessons learned will provide a basis for decision-making in future budget cycles.

(16) The programme performance expenditure review shall continue to serve as the basis for determining County MTEF budgetary allocations. A comprehensive analysis of previously funded programmes shall be undertaken to determine whether value for money was achieved and to assess the impact of programmes in improving citizen livelihoods. This approach is expected to enhance efficiency and effectiveness in resource allocation, thereby contributing to the realization of the goals outlined in the County Integrated Development Plan (CIDP III 2023–2028).

(17) In preparing the Programme Performance Reviews, all County entities, through their respective Accounting Officers, must report on both financial and non-financial performance against established programme and sub-programme targets. Reports must also provide details on project implementation status and progress under each programme.

(18) The Programme Performance Review report shall be the primary reference document in determining resource allocations at both the sector and sub-sector levels.

d. Departmental Budget Committees

(19) Departmental Budget Committees (DBC) shall be responsible for formulating sector budget proposals and developing sectoral policies. DBC's are expected to ensure that proposed programmes and projects are in line with the objectives of County Integrated Development Plan III.

(20) Accounting Officers are reminded that the Departmental Budget Committees are the main avenue for bidding for resources. Departments are therefore required to fully participate in the relevant Sector and bid for resources within the available ceilings.

e) Programme Based Budgeting (PBB)

(21) Submission of the Budget to the County Assembly, and its subsequent approval, shall be undertaken in a Programme-Based Budgeting (PBB) format, in accordance with Section 12 of the Second Schedule of the Public Finance Management Act (PFMA), 2012. All County Departments are required to prepare their Budget Estimates in the prescribed PBB format and submit them to the County Treasury on or before 14th April 2026. The standard format for preparation and presentation of the PBB is provided in Annex V.

(22) In preparing Programme-Based Budgets, Departments shall define programmes with clear objectives, and establish a logical link between each programme, its outputs, performance indicators, and annual targets.

(23) Departments are expected to operate more than one programme. To cater for common services and administrative costs that cannot be attributed to a specific programme, each Department shall include an additional programme titled “General Administration, Planning and Support Services.” This programme shall cover expenditures such as personnel emoluments, general administration, ICT services, planning, and human resource management, which are cross-cutting in nature.

f) IFMIS Plan to Budget System and Standard Chart of Accounts

(24) The County Government will fully implement all modules of IFMIS financial system. All accounting officers should note that no transactions will be processed unless they are captured in the system. The budget will be prepared in the IFMIS system to;

- (i) Ensure consistency between budget allocations and IFMIS codes;
- (ii) Ensure uniformity in accounting practice throughout government;
- (iii) Facilitate performance accounting by aggregation of costs on the basis of cost centers, programmes and functions of government;

g) Annual Work, Cash Procurement Plans

(25) Annual Work, Cash and Procurement Plans are essential instruments for timely implementation of planned programmes. To ensure that departments commence implementation of the planned activities with effect from 1st July 2026, and avoid carry overs to the ensuing Financial Year, Accounting Officers should have by now finalized and submitted their Annual Work plans, Cash and Procurement Plans, to the County Treasury with a copy to the Office of the Governor. These documents should have personal signature of the Accounting/Chief Officer after being approved by the respective County Executive Committee Member.

h) Prioritization and Allocation of Resources

(26) The County government will continue with its policy of expenditure prioritization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies and geared towards achieving the transformative development agenda.

(27) The following criteria will serve as a guide for allocating resources;

- The findings of Programme Performance Review for the on-going programmes
- Linkage of the programme with the objectives of the County Integrated Development Plan III and the 2026/27 Annual Development Plan.
- Linkage of the programme to the Governor's manifesto
- Degree to which a programme addresses core poverty interventions
- Degree to which the programme is addressing the core mandate of the Department
- Expected outputs and outcomes from a programme
- Linkage of a programme with other Programmes
- Cost effectiveness and sustainability of the programme; and

- Immediate response to the requirements and furtherance of the implementation of the Constitution.

(28) Based on the broad guidelines, each DBC is expected to document the criteria for resource allocation and prioritize programmes based on the following;

- Analysis of the base line expenditure and excluding all the 'one-off' expenditure for the previous years;
- Identification of activities of low priority in order to realize savings that should be directed to high priority programmes;
- Allocation of resources to projects that have been fully processed and approved by Project Committee (i.e. feasibility study done, with detailed designs, necessary approvals, and land secured). The DBCs should also pay attention to the estimated requirements for each of the stages of the project cycle;
- Requirement for innovation/inventions to ensure efficiency savings in budgets through reduction of operating costs and elimination of non-core service delivery activities;
- Detailed explanation for rescheduling of projects which should include savings and financial implications;
- Financing of Boards and Committees domiciled within the respective County Departments.

i) Public participation.

(29) County Government Act section 115 (1) provides that public participation in the County planning processes shall be mandatory and be facilitated through provision to the public of clear and unambiguous information on any matter under consideration in the planning process, including;

- Clear strategic environmental assessments;
- Clear environmental impact assessment reports;
- Expected development outcomes; and

- Development options and their cost implications.

(30) Public participation and involvement of other stakeholders in the MTEF budget process is important and a Constitutional requirement. County government entities are required to identify and involve the stakeholders throughout the budget preparation process, and Information of their involvement documented for reference purposes.

F) CONCLUSION

(31) Finally, Accounting Officers are required to ensure strict adherence to these guidelines and to bring the contents of this circular to the attention of all officers working under them.

Hon. Jackson Rop

CECM - Finance and Economic Planning and Head of County Treasury.

Cc. H.E. Dr. Erick Mutai, PhD
Governor

H.E. Eng. Fred Kirui
Deputy Governor

Mr. Richard Tonui
**CO, Education, Libraries, Culture & Social Services and Ag. County
Secretary and Head of County Public Service**

ANNEX I: BUDGET CALENDER FOR THE FY 2026/27 MTEF BUDGET

ACTIVITIES	RESPONSIBILITY	DEAD LINE
1.Develop and issue MTEF guidelines	County Treasury	30th – Aug
1.1 Submission of Annual Development plan	Departments and Government Entities	1st - Sept
2. Launch of Departmental Budget Committees	County Treasury	15th - Sept
3. Performance Review and Strategic Plan	Departments and Government Entities	15th - Sept
3.1 Review and update of strategic plans	Departments and Government Entities	15th - Sept
3.2 Review of programs outputs and outcomes	Departments and Government Entities	15th - Sept
3.3 Expenditure Review	Departments and Government Entities	15th - Sept
3.4 Progress report on CIDP implementation	Departments and Government Entities	15th - Sept
4.0 Determination of Annual Fiscal Framework	Departments and Government Entities	30th - Sept
4.1 Determination of policy priorities	Departments and Government Entities	15th - Sept
4.2 Preliminary resource allocation to Departments and entities	Departments and Government Entities	15th - Sept
4.3 Draft Budget Review and Outlook Paper(C-BROP)	County Treasury	15th - Sept
4.4 Submission and approval of C- BROP by County Executive and County Budget and Economic Forum (CBEF)	County Treasury	25th - Sept
4.5 Submit Approved C- BROP to CA	County Treasury	30th - Sept
5.0 Preparation of MTEF budget proposals	Departments and entities	
5.1 Draft sector Report	Sector Working Group	1st - Oct
5.2 Convene Public Sector Hearing	County Treasury	Oct 24-April
5.3 Review of the proposals	County Treasury	15th - Oct
5.4 Submission of Sector Reports to Treasury	Sector Working Group	30th - Nov
6.0 Draft Fiscal Strategy Paper Budget (CFSP)	County Treasury	
6.1 Draft Fiscal Strategy Paper Budget (CFSP)	County Treasury	15 th - Jan
6.2 Submission of CFSP, to County Budget and Economic Forum and County Executive for approval	County Treasury/County Budget and Economic Forum	13th - Feb
6.3 Submission of CFSP, to County Assembly for approval	County Treasury	20th - Feb
7.0 Preparation and approval of Final Departments and government entities Programme Budgets	All departments and government entities	
7.1 Develop and issue final guidelines on preparation of 2024/25 Budget Proposals	County Treasury	16th - March
7.2 Public hearing on budget proposals	All departments and government entities	30th - March
7.3 Submission of Budget Proposals to Treasury	All departments and government entities	14 th – April
7.4 Review of Draft Budget Proposals	County Treasury	6th - April
7.5 Consolidation of Draft Budget Estimates	County Treasury	10th – April
7.6 Consideration and adaptation of Draft Budget Estimates	County Budget and Economic Forum	20 th - April
7.7 Consideration and approval of Draft Budget Estimates by County executive	County Treasury	20th - April
7.8 Submission of Draft Budget Estimates to County Assembly	County Treasury	25th - April
7.9Review of Draft Budget Estimates to County Assembly	County Assembly	15th - May
8.0 Report on Draft Budget Estimates from County Assembly	County Treasury	30th - May
8.1 Consolidation of the final Budget Estimates	County Treasury	15th - June
8.2 Submission of Appropriation Bill to County Assembly	County Treasury	15th - June
8.3 Budget Statement	County Treasury	23rd - June
8.4 Submission of vote on account to County Assembly	County Treasury	30th - June
8.5 Consideration and passage of Appropriation Bill	County Treasury	30th - June

ANNEX II: SECTOR CLUSTER COMPOSITION AND DEPARTMENTAL BUDGET COMMITTEES FOR THE 2026/2027 - 2028/2029 MTEF BUDGET

SECTOR CLUSTER	DEPARTMENT AND GOVERNMENT ENTITIES
<i>County Assembly</i>	County Assembly
<i>Administration and Intergovernmental Relations</i>	Public Service Administration Governor's Office Office of the County Secretary Office of the County Attorney County Public Service Board Finance And Economic Planning
<i>Agriculture and Livestock</i>	Department of Agriculture, Livestock and Cooperative Management
<i>Education, Social Protection, Culture and Recreation</i>	Education, Libraries, Culture and Social Services
<i>Health and Sanitation</i>	Department of Health services
<i>Trade, Industrialization and Tourism</i>	Trade, Industrialization, Innovation, Wildlife and Tourism
<i>Transport, Public Works, Infrastructure, Energy and ICT</i>	Department of Public Works, Roads and Transport Department of Information E- Government, Youth and Sports
<i>Environment, Water and Natural Resources</i>	Department of Water, Environment, Forestry and Natural resources
<i>Lands, Housing and Physical Planning</i>	Department of Land, Housing and Physical Planning

ANNEX III: COMPOSITION OF DEPARTMENTAL BUDGET COMMITTEES AND TERMS OF REFERENCE

a) Composition

- i) Chairperson – Accounting Officer within the sector
- ii) Sector Convener – Accounting Officer within the sector in cases where there is more than one accounting officer
- iii) Sector Co-Convener – Appointment by the County Treasury
- iv) Technical Working Group – Appointed by the departmental budget committee
- v) Secretariat – Appointed by the individual Accounting Officers to assist the Chairperson in Coordinating the activities of the DBC;
- vi) Representatives from Development Partners; and
- vii) Representatives from Kenya Private Sector Alliance

b) Terms of Reference for DBCs

- i) Review sector objectives and strategies in line with the overall goals outlined in the CIDP III, Bottom-up Approach and vision 2030;
- ii) Identify the programmes and the necessary policy, legal and institutional reforms required;
- iii) Analyze cost implications of the proposed programmes, projects and policies for the MTEF period;

- iv) Prioritize Sector Programmes and allocate resources appropriately in accordance with agreed criteria and justification for the prioritization;
- v) Identify Programmes and Projects to be funded under Public Private Partnerships (PPP); and
- vi) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals
- vii) Adherence to Public Investment Management Act. (PIMF)

ANNEX IV: PROGRAMME PERFORMANCE REVIEWS (PPRs) REPORT FORMAT

VOTE NO:			
VOTE NAME:			
DELIVERY OF OUTPUTS			
Summarize the major achievements in the delivery of outputs during July 2022-June 2023. Give reasons for any non-achievement of planned outputs during the period under review			
EFFICIENCY SAVINGS			
Explain the major steps taken by the Ministry in reducing budgeted costs of its outputs and/or			
INFORMATION ON PROGRAMMES			
Programme 1:			
Outcome(s): ~~~~~			
Budgetary provision			
FY 2023/2024			
Staffing level:			
Managerial Staff	Technical staff		Support Staff
Output 1:	Performance		Progress and remarks
	Performance		Progress and remarks
Output 2,3, etc.	Related Performance		Progress and remarks
PROGRAMME 2,3 ETC			
PROGRAMME MONITORING			
Explain the process undertaken to monitor the progress of the programme outcomes and performance indicators of associated output			
Indicate data constraints if any and what steps are being taken to address data deficiency			
PROGRAMME IMPLEMENTATION: 2024/2025			
	Budget estimates 2024/2025	Efficiency savings (If any)	Revised budget 2024/2025
PROGRAMME 1:			
Compensation to Employees			
Uses of Goods and Services			
Grants and Transfers Govt. Agencies			
Social benefits			
Capital Expenditure			
Acquisition of Non-Financial Assets			
Repeat as above for programme 2.3 etc			
CAPITAL PROJECTS IN THE DEPARTMENT/ENTITY			
Project 1		Location:	
Contract date:	Contract completion date	Expected completion date	
Contract Cost:	Expected final cost		

Completion stage (%age)	Completion stage (%age)	Completion stage (%age)	
Budget provision	Budget provision	Budget provision	
Provide a brief overview of the specific needs to be addressed by the project			

ANNEX V: FORMAT FOR PRESENTATION OF PROGRAMME BASED BUDGETS (PBB)

Vote No:

Vote Title:

Part A: Mission

Part B: Vision

Part C: Strategic Objectives

(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome which must be linked with CIDP II and Vision 2030)

Part D: Context for Budget Intervention

This section is supposed to be a review of MTEF period 2024/25 and should briefly discuss the following.

- Expenditure trends;
- Major achievements for the period;
- Constraints and challenges in budget implementation and how they are being addressed; and
- Major services/outputs to be provided in MTEF period 24/25

Part E: Summary of Expenditure by programmes, 2026/27 -2028/29 (Kshs. Millions)

Programme	Baseline Estimates 2025/26	Estimates 2026/27	Projections	
			2027/28	2028/29
Programme 1 (State the name of the programme here)				
Sub programme (SP)				
SP 1.1				
SP 1.2				
SP 1.N				
Total Expenditure of programme 1				
Programme 2 (State the name of the programme here)				
Sub programme (SP)				

SP 2.1				
SP 2.2				
SP 2. N				
Total Expenditure of programme 2				
Total Expenditure of vote -----				

Part F: Summary of Expenditure by Vote and Economic Classification (Kshs. Millions)

Expenditure Classification	Baseline Estimates 2025/26	Estimates 2026/27	Projections	
			2027/28	2026/27
Current expenditure				
Compensation to Employees				
Uses of Goods and Services				
Current Transfers Govt. Agencies				
Other Current				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers Govt. Agencies				
Other Development				
Total Expenditure of Vote				

Part G: Summary of Expenditure by programme, Sub-Programme and Economic Classification (Kshs. Millions)

Programme	Baseline Estimates 2025/26	Estimates 2026/27	Projections	
			2027/28	2026/27
Programme I (State the name of the programme here)				
Current expenditure				
Compensation to Employees				
Uses of Goods and Services				
Current Transfers Govt. Agencies				
Other Current				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers Govt. Agencies				
Other Development				
Total Expenditure				
Sub programme I (State the name of the sub programme here)				
Current expenditure				
Compensation to Employees				
Uses of Goods and Services				
Current Transfers Govt. Agencies				
Other Current				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers Govt. Agencies				
Other Development				
Total Expenditure				

Note: Repeat as above where a department or entity has more than one programme or sub programme.

Part H: Summary of the outputs, Performance indicators and targets for FY 2026/27.

Programme	Delivery unit	Key output	Key performance Indicators	Target (Baseline 2025/26)	Targets 2026/27	Targets 2027/28	Targets 2028/29
Name of the programme:							
Outcome:							
SP 1.1							
SP 1.2							
SP 1.N							