COUNTY GOVERNMENT OF GARISSA

OFFICE OF THE EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING AND REVENUE MANAGEMENT
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TO: ALL ACCOUNTING OFFICERS
GARISSA COUNTY

COUNTY BUDGET PREPARATION GUIDELINE FOR 2024/2025 AND THE MEDIUM TERM BUDGET

1) Introduction

This circular is issued in accordance with section 128 of the Public Finance Management Act 2012 that requires the County Executive Committee Member for Finance to issue circular.This circular informs and guides directorates,departments and other county government agencies on the preparation of the budget for 2024/2025 and the medium term budgets on or before 30th August 2023.

The circular provides guidelines to the sectors on the process, procedures and format for preparation of the budget. Its purpose therefore is to guide the county entities on the following

I. Background and context of 2024/2025 and medium term budget
II. Constitutional timeline for key activities in the budget making process
III. Institutional framework to guide the budget process
IV. Form and content of the budget
V. Program performance reviews
VI. Prioritization and allocation of resources
VII. Framework for setting out procedures and the public participation process

2) Background and Context of 2024-2025 and medium term budget

The financial year 2024/2025 and medium term budget is formulated against an improving national economic outlook with GDP growth of 6% , where the Central Bank is expected to tighten monetary policy to fight inflation. The county government and its entities are therefore required to reflect on national outlook in formulating the county budget .

Beside the national outlook, Garissa county still faces several challenges of insecurity posed by Alshabab extremist group and climate change affecting livehoods which is 90% dependent on the pastoral economy.

Despite this challenges the county budget will be within the context of stimulating growth, creating jobs, alleviating poverty, enhancing food security and protecting the livelihoods of the poor and the most vulnerable members of our society.
Emphasis will be given to:

- ✓ Development and completion of key infrastructure projects.
- ✓ Environment management and protection through climate adaptation fund
- ✓ Enhance food security through use of irrigation
- ✓ Mitigate drought related risks & live threating emergencies through the Emergency Fund.

3) Constitutional timeline for key activities in the budget making process

As per the Public Finance Management Act 2012, the budget process has key dates in which the County Executive, County Assembly and County Public Service Board are required to comply.

The budget process highlights key documents that are supposed to be prepared and approved by both the County Executive Committee and the County Assembly.

The documents that are supposed to be prepared and approved are listed below

- Annual development plan (ADP)
- County Budget Review and Outlook Paper(CBROP)
- Sector Working Group Reports
- County Fiscal and Strategy Paper(CFSP)
- Budget Estimates
- Appropriations bill
- Finance Bill

The County Excecutive and the County Assembly are required to follow the timeline as set in the annex 1 in the preparation of documents listed above.

4) Institutional framework to guide the budget process

The county governmmet instutions will be categorised into eight sectors in line with the classification of the functions of government (COFOG). This is about mapping instutions that are related into one sector for purpose of budget making .

Therefore the county sectors will group in the following COFOG sectors

- Agriculture, Rural and Urban Development
- Energy, Infrastructure and ICT Sector
- Environment Protection, Water,Sanitation and natural resources

- Education sector
- Public Administration and Intergovernmental Relations
- Health Sector
- General Economic & Commercial Affairs
- Social Protection and Cultural Recreation

The mapping of each county department to its respective sector is shown in annex 2

Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for bidding for resources. Treasury will no longer entertain requests for funding outside the Sector Working Group framework. Departments of county government are therefore required to fully participate in the relevant sector.

This circular informs all accounting officers that we are launching Sector Working Groups and therefore the process of the budget in every sector will be handled by the sector working groups. Proposals outside the sector working groups will not be considered for funding. Therefore, county departments are required to fully plan and allocate resources of such programmes within the sector ceiling.

It is crucial for Sector Working Groups (SWG) to ensure that they only consider proposals for funding which are aimed at supporting these objectives and Government priority policies as outlined in county integrated development plan (CIDP).

Accounting Officers should know that it is under the sector proposals that you agree on funding priorities. It is expected that by and large, you will have to work on complying with the priorities as agreed within the sectors. In particular, your spending priorities should be aimed at improving the efficiency of government in delivering of core services to the people. The Government will continue its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quick socio-economic growth.

5) Form and Content of the Budget

Programme Based Budgeting (PBB)

As you are aware Schedule 2 of the PFM Act 2012, requires all counties to prepare their budgets in program-based format. This will not only enhance reforms in the budget process but also efficiency and effectiveness in public spending. In this regard, the County Government will continue to entrench Programme Based Budgeting (PBB) in budget-making process.Our desired goal is to have a PBB system which is fully operational.

Therefore, departments are required to come up with outputs and outcomes which are realistic and are within our CIDP.

The County Treasury has laid the necessary foundation for full adoption of the Programme Based Budgeting, therefore, sector reports will continue to be prepared on the basis of

programmes.The County Treasury will be providing guidance in the process including building of capacity of its staff on PBB.

6) **Program performance Reviews**

The county budget review and outlook paper should be ready by September 2023.The overall objective of CBROP is to provide an in-depth analysis of the budget performance in the last year so as to inform the future budget decisions. Ideally, this process is supposed to be a critical self-assessment of each directorate on challenges, weaknesses and successes, then use that information to chart the way forward. I therefore, urge all sectors to appraise themselves on their status of implemention before any new proposal.

7) **Prioritization and Allocation of Resources**

The accounting officers should only budget for key priority projects that are in support of the goal of reviving the economy and achieving sustainable growth. It is important that adequate resources are made available to support programmes outlined in the CIDP, Annual Plan and Medium Term Plan of the Vision 2030. This calls for establishment of transparent criteria for allocating resources amongst priority programmes.

The following criteria will serve as a guide for allocating resources:

- Devolved function as stated in schedule 4 of the Constitution 2010
- Linkage of the programme with County Integrated Development Plan(CIDP) and Annual Development Plan objectives
- Linkage of the programme with Vision 2030 objectives
- Degree to which a programme addresses core poverty interventions
- Degree to which the programme is addressing the core mandate of the Sector Ministry

Recurrent Expenditure Guideline

Personnel emolument must not be more than 35% of the county total budget.
Operation and maintenance must not be more than 30% of personnel Emolument, except for health department.

Development Projects

In 2023-2024 budget, 36% of the budget was allocated to development projects in order to address the most pressing needs and priorities of the community. In this regard, treasury will continue to push more funds to development.

The Proposed capital projects will have to be evaluated in the context of the following elements:

(a) Priority for financing projects should be given to those projects that are ongoing and projects that are outlined in the ADP and CIDP.
(b) The government department/agencies should indicate how their proposed projects will contribute to economic growth, job creation and increased citizen’s welfare etc.

8) Framework for setting out procedures and the public participation process

Public participation is constitutional requirements in budget formulation. Budget and Economic Forum Committee will spearhead the process of public participation, however, it's the responsibility of each accounting officer to seek public views in all the projects proposed in his/her sector.

Treasury will also hold various public participation at different stages of the budget making process in which the general public will be involved in the budget formulation. Accounting Officers are expected to ensure that sub-county priorities are received within the specified timeframe and incorporated within the departmental budget proposals.

Annexed are Budget calendar, schedule to classify departments in their respective COFOG, guidelines for sector working group composition.



Hon Abass Ismail Khaar
CEC Finance and Economic planning
Garissa County

Annex 1: 2023/ 2024 MTEF Budget Calendar

Issue of budget circular by CEC finance	CEC finance	30th August 2023
Submission of ADP	County treasury	1st September 2023
The submission County Budget Review and Outlook Paper	County treasury	21st September 2023
Start of Sector Consultations	All Departments- Finance and planning to co-ordinate in consultation with the Governor's office	By 15th January, 2024
Submission of final sector reports	All C.E.Cs for their respective Departments	By 22nd January 2024
Seek public views public participation	All sectors reports	23nd to 29th January 2024
Finalise Development of County Fiscal Strategy Paper(CFSP)	County Treasury	9th February 2024
Seek public views about the CFSP	County Treasury	By 14th February 2024
Submission of County Fiscal Strategy Paper(CFSP) to County Executive Committee for approval	County Treasury	By 19th February 2024
Submission of County Fiscal Strategy Paper(CFSP) to County Assembly	County Treasury	By 28th February, 2024
Issue of circular for finalization of 2024-2025 MTEF estimates and PBB	County Treasury	By mid- March 2024
Circulate approved County Fiscal Strategy Paper(CFSP) to County Executive and Accounting Officers	County Treasury	By mid- March 2024
Finalization of Departmental itemized and Programme Based Budgets(PBB)	All Departments	By end-March 2024
Review and Finalization of Departmental itemized and Programme Based Budgets	County Treasury	By 8th April 2024
Submission of Budget Estimates to County Executive for approval	County Treasury	By 12th April 2024
Publish Departmental itemized and Programme Based Budgets	County Treasury	By 15th April 2024
Presentation of Budget to County Assembly	C.E.C Finance & Planning	By 30th April 2024

Annex 2:Sector Composition

SECTOR	DEPARTMENTS
Agriculture, Rural and urban Development	Agriculture , livestock ,vetnary ,physical planning ,lands , urban services ,municipalities ,irrigations
Energy, Infrastructure and ICT Sector	Trasport ,Roads , Public works ,ICT and Energy
Environment protection, water sanitation and natural Resources	Environment , Natural resources and consevations , water and sanitation
Education sector	ECD, vocational training and libraries
Public Administration and Intergovernmental Relations	Finance, planning , executives services ,human resouces , county assembly ,public service board
Health Sector	Health and Sanitation
General Economic & Commercial Affairs	Trade , Economic affairs , cooperatives and enterprise Development
Social Protection and Cultural Recration	Gender , culture , children affairs , youth and sports

Annex 3: Institutional Arrangements: Sector Working Groups (SWGs)

Suggested membership of county sector working Groups

a) Chief officer of the respective department – (Convener)
b) County Treasury/Budgetary department – one Senior Officer (Chair)

c) County Department of Economic planning – one senior officer (Co-convener and Co-chair)

d) Relevant sector's department officials – maximum of three representatives,

e) Representative from members of the public of County Budget and Economic Forum Committee. Must have diverse representation of different stake holders.

Annex 4: Suggested Operation of the Sector working Group

(a) Sector conveners should be the Chief Officer of the relevant department for the sector or in their absence their designated representative;
(b) The chair of the sector working group is the senior officer from the County Treasury;
(c) The vice-chair is the senior officer from the host department;
(d) Stakeholder attendance to sector working groups is by invitation and not mandatory. They are however strongly encouraged to attend, make presentations and participate;

(e) The groups should meet at a venue of the host department of the sector under review;
(f)Timing for the sector meetings should commence soon after September of each year and not later than November of that year;
(g) The logistical and administrative responsibility for supporting the sector working group remains with the host department of the sector under review.

Annex 5: The Role of the Sector Working Group

The sector working groups role is to:-

(a) Coordinate the preparation of Ministerial Public Expenditure Reviews (MPER)
(b) Review sector objectives and strategies in relation to the overall county goals as stated in the County government's policy priorities;
(c) Identity sector programme that prioritize and rank them by their relevance to County goals
(d) Analyze the cost implications of sector policies and strategies required
(e) Identify sector programmes that prioritize poverty reduction in the county, to ensure they are optimally funded subject to county governmental policy priorities;
(f) Identify linkage both within the sector and across sectors to ensure ministerial spending plans take account of these linkages;
(g) Identify whether all sources of funding for the sector including the National allocation, the county's own revenue, extra- budgetary sources such a donor and appropriations in aid (department – raised revenues used to finance service delivery in the year)
(h) Identify whether there are further sector-wide resource needs guided by guidelines from the County Treasury.
(i) Improve communication and nurture partnerships with all stake holders to achieve government priorities.