COUNTY GOVERNMENT OF GARISSA

OFFICE OF THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING
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When replying please quote:

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To All Accounting Officers,
Garissa County.

COUNTY BUDGET PREPARATION GUIDELINE FOR 2025/2026 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 2025/2026 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 2025/2026 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. Programme performance reviews
VI. Prioritization and allocation of resources
VII. Framework for setting out procedures and the public participation process

2) Background and Context of 2025-20256 and medium-term budget

The financial year 2025/2026 and medium-term budget is formulated against an improving national economic outlook with GDP expected to growth at 5% in 2025 . The inflation rate is expected to be maintained at -+2.5 of 5%. The national unemployment rate is 6.61% . The county government and its entities are therefore required to reflect on this national outlook in formulating the county budget .

Beside the national outlook, Garissa County has been significantly impacted by the recent El Niño rains, which caused widespread destruction of essential infrastructure and adversely affected livelihoods, particularly along the Tana River.

Despite this challenge, 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 Executive 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 government institutions will be categorized into eight sectors in line with the classification of the functions of government (COFOG). This is about mapping institutions 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.

Fiscal consolidation policy

The county Government will continue to pursue a fiscal consolidation with aim of reducing budget deficit. specific focus will be strategies to enhance own source revenue . Automation of revenue collection is at most priority that SGW need to consider and also reprioritize to in order to have programs that will have high impact in terms of service delivery

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 programme -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.

Zero Based Budgeting

The county Government is operating under constrained fiscal environment in view of this the county government will adopt **a zero-based budgeting approach** to guide the prioritization and allocation of scarce resources to projects and programs. Therefore, all expenditure on programs to be included in FY2025/2026 budget must be justified a fresh.

Costing of programmes

In view to Implement a **zero-based budgeting approach** Garissa county have already started costing programmes in the formulation of 2024/2025 budget. Accounting officers are required to apply the costing techniques we introduced in last year 2023. you are therefore required to apply the following costing techniques where applicable.

- ***Quantity x price approach***
- ***Trend analysis approach***
- ***Lump sum approach***
- ***Ad hoc approach***

The treasury will continue to capacity build the accounting officers and their technical teams on this costing modules

6) Programme Performance Reviews

The county budget review and outlook paper should be ready by end September 2024.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 implementation 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, 2024 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

In the medium term, the county will aim to meet the Public Financial Management (PFM) threshold by ensuring that personnel emoluments do not exceed 35% of the total county budget, while also maintaining that operation and maintenance costs do not exceed 30% of personnel emoluments, except for the health department.

Development Projects

In 2023/2024, the county's final supplementary budget saw a 40% increase in development allocation. The budget estimates for the 2024/2025 development budget are at 37%. The County Treasury will strive to ensure that the development index increases in 2025/2026 and the medium term.

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.
(c) Ensure that a proper pre-feasibility assessment is conducted before proposing any new project.
(d) All conditions are fulfilled including land acquisition , compensation ,stake holders participations and management and other development partners requirement .

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

Public participation is a constitutional requirement 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.

2) Budgeting and reporting on climate change

In our attempt to mitigate climate change risks Garissa county enacted Garissa county climate change fund Act of 2018. This law sets aside funding of at least 2% of the county development budget to programme that that help mitigate vulnerabilities as a result of climate change. SWG are therefore advised to strengthen implementation of this law and come up with further innovate measure to conserve the environment and mitigate risks of climate change including sources of funding. sector working group report must include and highlight specific risks posed by climate change to children, PWDS, Women and measures proposed to mitigate these risks .

3) Gender Responsive Budgeting (GRB) & Child Sensitive Budgeting

Garissa county is committed to promoting Gender equity and equality in the society. In this regard investing gender sensitive programs is critical. The Gender policy and social protection policy the county has adopted is a testament to the commitment the government has in enhancing Gender programs. I therefore instruct Accounting officers and SWG teams to integrate and mainstream their programms and policies on programs and activities that promote gender equity and equality.

Garissa County children population is approximately 48.6 % of the overall population of the county as per 2019 census. This now calls for a deep focus of the extent of investment of child programs in our budget o. specifically on child health, Nutrition, Early childhood Education, DRM and Child Protection. Garissa County approved budget for FY 2024/2025 made progress in child protection for proposing child protection Volunteers and purchase of motor bike to enhance mobility of the volunteers for the first. The Accounting officers of respective department are therefore required to upscale investment and financing of this program and activities that support specific sensitive children program. SWG reports in the respective Sectors must highlight the impact the respective sector investment had child indicators.

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



Hon. Abass Ismail Khaar,
CECM - Finance and Economic planning.
Garissa County.

Annex 1: 2023/ 2024 MTEF Budget Calendar

Issue of budget circular by CEC finance	CEC finance	30th August 2024
Submission of ADP	County treasury	1st September 2024
The submission County dget Review and Outlook Paper	County treasury	27th September 2024
Start of Sector Consultations	All Departments- Finance and planning to co-ordinate in onsultation with the Governor's office	By 15th January, 2025
Submission of final sector reports	All C.E.Cs for their respective Departments	By 22nd January 2025
Seek public views public participation	All sectors' reports	23nd to 30th January 2025
Finalize Development of County Fiscal Strategy Paper(CFSP)	County Treasury	10th February 2025
Seek public views about the CFSP	County Treasury	By 14th February 2025
Submission of County Fiscal trategy Paper(CFSP) to County ecutive Committee for approval	County Treasury	By 19th February 2025
Submission of County Fiscal trategy Paper(CFSP) to County Assembly	County Treasury	By 28th February, 2025
Issue of circular for nalization of 2024-2025 MTEF estimates and PBB	County Treasury	17th March 2025
Circulate approved County Fiscal Strategy Paper(CFSP) to ounty Executive and Accounting Officers	County Treasury	21st march 2025
Finalization of Departmental temized and Programme Based Budgets(PBB)	All Departments	28th March 2024
Review and Finalization of Departmental itemized and Programme Based Budgets	County Treasury	By 8th April 2025
Submission of Budget timates to County Executive for approval	County Treasury	By 14th April 2025
Publish Departmental temized and Programme Based Budgets	County Treasury	By 15th April 2025
Presentation of Budget to County Assembly	C.E.C Finance & Planning	By 30th April 2025

Annex 2:Sector Composition

SECTOR	DEPARTMENTS
Agriculture, Rural and urban Development	Agriculture , livestock ,veterinary ,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 conservations , water and sanitation
Education sector	ECD, vocational training and libraries
Public Administration and Intergovernmental Relations	Finance, planning , executive services , human resources , 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 Recreation	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) Chief officer Finance /Economic planning -co convener
c) County Department finance /Economic planning – one senior officer (Technical team)
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;

a) The groups should meet at a venue of the host department of the sector under review;
b) Timing for the sector meetings should commence soon after September of each year and not later than November of that year;
c) 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 group's 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 prioritizes and rank them by their relevance to County goals

d) Analyze the cost implications of sector policies and strategies required

e) Identify sector programme 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.