



# THE COUNTY TREASURY COUNTY GOVERNMENT OF HOMA BAY

## BUDGET PREPARATION GUIDELINES [BUDGET CIRCULAR]

FOR THE MEDIUM-TERM PERIOD  
FY 2026/2027 - 2028/29

AUGUST 2025

**August 29, 2025**

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**County Treasury Circular No. 4/2025**

To:

**All County Executive Committee Members (CECMs)**

**All Accounting Officers / Heads of County Government Entities**

**County Government of Homa Bay**

**The Clerk,**

**County Assembly of Homa Bay**

**CC: H.E. The Governor,  
H.E. The Deputy Governor,  
County Government of Homa Bay**

**Hon. Speaker,  
County Assembly of Homa Bay**

## **BUDGET PREPARATION GUIDELINES FOR THE FINANCIAL YEAR 2026/27-2028/29**

### **I. PURPOSE**

1. This guideline is issued pursuant to Section 128 of the Public Finance Management (PFM) Act, 2012. Specifically, Section 128(2) mandates the County Executive Committee Member for Finance to issue an annual circular, not later than August 30th each year, setting out the comprehensive guidelines to be adhered to by all County Government Entities involved in the budget process.
2. This circular outlines:
  - (a) A detailed schedule for budget preparation, specifying key milestones and deadlines for completing the various Medium Term Expenditure Framework (MTEF) activities;
  - (b) The methodology for reviewing and projecting revenues and expenditures;
  - (c) The key policy priorities and thematic areas to be considered during budget formulation;
  - (d) Procedures for public participation in the budget process, ensuring inclusivity and transparency;
  - (e) The standardized formats for submission of budget information and documentation;
  - (f) Requirements for alignment with prescribed budget classification systems as per applicable regulations; and
  - (g) Any additional relevant information to guide the budget process effectively.
3. Furthermore, this circular provides clarifications on the historical and policy context underpinning the Medium-Term Budget for the period 2026/27–2028/29; details the prerequisites for critical budgetary actions; and sets out procedures for prioritizing projects, activities, and programs, as well as conducting comprehensive program performance reviews. It serves as a comprehensive manual to support all boards, agencies, and entities under the Homa Bay County Government in the preparation of sound, transparent, and results-oriented budget proposals.

## II. EFFECTIVENESS AND TIMING

4. This Circular shall take immediate effect upon issuance and applies to all entities within the County Government of Homa Bay. This includes the Governor's Executive Office, all County Departments, Boards, Agencies, and any other affiliated entities involved in the budget process.

## III. BACKGROUND OF THE BUDGET PREPARATION PROCESS

5. Articles 201, 202, and 220 of the Constitution of Kenya provide the foundational principles governing public finance management, including the equitable sharing of revenue between the National and County Governments, conditional allocations to counties, and the requirements for the structure, content, and timing of budgets. Further, Section 104 (1–5) of the County Governments Act, 2012, mandates that all counties undertake comprehensive development planning, and stipulates that public funds shall not be disbursed outside a planning framework prepared by the County Executive and approved by the County Assembly.
6. The budget preparation process shall be conducted in accordance with the timelines and procedures set out in this Circular. All approved budgets must demonstrate sound fiscal discipline and prudent financial management, consistent with the provisions of the Public Finance Management Act, 2012, and related regulations. County Government entities are expected to make informed, cost-effective, and sustainable budget decisions that uphold fiscal responsibility in both the short and medium term.
7. In accordance with Section 125 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance is mandated to ensure meaningful public participation throughout the budget preparation process.
8. The preparation of the County budget is a critical function that requires coordinated efforts, strategic foresight, and adherence to legal and policy frameworks. The process is instrumental in enabling the County Government to allocate resources effectively, aligning programs and projects with the County's development priorities and the needs of its citizens. The success of the budget process hinges on the active and timely participation of all County Departments, Boards, and Agencies.
9. For the Financial Year 2026/27 and the Medium-Term Expenditure Framework (MTEF) period 2026/27–2028/29, the County shall implement the **Zero-Based Budgeting (ZBB) approach within the Programme Based Budgeting (PBB) framework**. This approach requires all County entities to justify their budget proposals from a zero base, rigorously evaluating all programmes and activities for their relevance, efficiency, and alignment with County strategic objectives, including the GENOWA Transformation agenda. This methodology is intended to eliminate redundancies, optimize resource allocation, and reinforce a culture of results-oriented budgeting and fiscal prudence.
10. This Circular provides detailed instructions for the preparation of budget proposals, including standardized templates, schedules, and submission requirements. It further identifies key strategic focus areas and priority development objectives that must guide budget formulation, with emphasis on pro-growth, pro-poor, and future-proof investments that accelerate inclusive economic transformation.
11. All County Government entities are hereby directed to strictly adhere to the timelines specified in this Circular. Timely and compliant submission of budget proposals is essential to ensure efficient consolidation, facilitate effective review, and enable timely approval by the County Executive and County Assembly.
12. To support uniform application and understanding of the budgeting guidelines, all entities are required to participate in the capacity building workshops and training sessions organized by

the County Treasury. These sessions will address procedural clarifications and enhance technical competencies. The collective effort of all stakeholders is vital to producing a credible and sustainable County Budget that advances Her Excellency's vision for accelerated development and improved welfare for the people of Homa Bay County.

#### IV. POLICY FRAMEWORK SUPPORTING THE MEDIUM-TERM BUDGET FOR 2026/27-2028/29

13. Theme: ***“Accelerating Impact through Strong Institutions, Enhanced Stakeholder Engagement, and Scaled Investments for Genowa Transformation.”*** The 2026/27–2028/29 Medium-Term Budget will be anchored on the County's resolve to translate potential into measurable impact, in recognition of Homa Bay County's strategic location along the shores of Lake Victoria — the heart of Kenya's blue economy and a gateway to the East African Community's trade and investment corridors. The budget will prioritize pro-growth, pro-poor, and future-proof interventions that strengthen governance systems, deepen stakeholder participation, unlock blue-green-digital economy opportunities, crowd-in public and private investments, and ensure that economic growth is not only robust but also inclusive, climate-resilient, and environmentally sustainable.
14. The policy framework will consolidate ongoing institutional reforms, promote citizen-centred governance, and accelerate investments in sectors that unlock transformative opportunities. This approach is designed to be pro-growth — fostering expansion of economic activity, pro-poor — ensuring benefits reach vulnerable and marginalized groups, and future-proof — building resilience against economic, environmental, and social risks.

#### Pillars of the Framework

15. First, the County will **harness its natural endowments more productively and sustainably**. This will involve scaling up commercial aquaculture through expanded cage farming, improved cold chain infrastructure, and local fish feed production to boost volumes, value, and market access. Climate-smart agriculture will be promoted through irrigation schemes, improved seed varieties, and soil health programmes, while eco-tourism will be diversified with lakefront parks, birding circuits, and integrated community lodges linked to cultural events and regional tourist routes.
16. Second, the County will **preserve and leverage its rich Luo and Suba heritage** as a driver of unity and economic opportunity. A County Cultural Heritage Centre will be established as a repository and interactive showcase for traditional crafts, music, and storytelling. Annual cultural festivals will be formalized to attract domestic and international visitors, and cultural tourism will be integrated into youth employment programmes through skills training in guiding, entrepreneurship, and digital storytelling.
17. Third, **human capital development will remain at the core** of the County's transformation. Access to Technical and Vocational Education and Training (TVET) will be expanded in blue economy, green economy, and digital skills. Early Childhood Development Education (ECDE) will be strengthened with modern facilities, nutrition support, and teacher training. Partnerships with universities and research institutions will establish local innovation hubs focused on renewable energy, sustainable fisheries, and climate adaptation solutions.
18. Fourth, **enterprise development and innovation will be stimulated** to diversify the economy and generate employment. Blue-Green Innovation Grants will be introduced for MSMEs engaged in fisheries, agro-processing, waste recycling, and eco-tourism. Licensing and compliance processes will be streamlined to make Homa Bay a business-friendly destination,

while industrial clusters for fish processing, fruit processing, and crafts manufacturing will be developed to anchor value chains.

19. Fifth, **county infrastructure will be modernized** to unlock productivity and improve service delivery. Feeder and market access roads will be upgraded to connect production zones with markets. Water, sanitation, and energy access will be expanded to reduce poverty-related vulnerabilities. Modern health facilities — including specialized maternal and child health units — will be developed to improve well-being and enhance workforce productivity.
20. Sixth, **environmental stewardship and climate resilience will be strengthened**. A Lake Victoria Restoration Programme will be launched to address pollution, protect wetlands, and restore fish breeding grounds. County-wide reforestation and agroforestry will target degraded landscapes and riparian areas. Renewable energy adoption — through solar mini-grids and biogas systems — will be promoted in households, schools, and enterprises. The County will also leverage the Financing Locally Led Climate Action (FLLoCA) Grant and other climate finance opportunities to enhance disaster preparedness and build sustainable livelihoods.

## Placing People at the Centre of the Transformation

21. Central to this policy framework is placing people at the centre of transformation. All departmental budget proposals will be required to demonstrate how they strengthen governance and institutional capacity, deliver inclusive benefits to women, youth, and marginalized communities, and contribute to climate resilience and long-term sustainability.
22. Sector Working Groups (SWGs) will serve as the primary platforms for appraising funding proposals to ensure alignment with the County Integrated Development Plan (CIDP) 2023–2027, county medium-term priorities, and the outputs from public participation. Resource allocation will adhere strictly to the sector ceilings provided in Annex I.
23. Through this approach, the County Government reaffirms its commitment to building a just, united, prosperous, and resilient Homa Bay — where economic progress safeguards both people and planet, and where *Genowa* transformation represents the collective hope for a future that is pro-growth, pro-poor, and future-proof.

## V. SPECIFIC GUIDELINES

### A) Budget Calendar and Requirements

24. The Public Finance Management (PFM) Act, 2012, together with its attendant regulations, outlines the key policy documents that must be prepared and approved by both the County Executive Committee and the County Assembly within the prescribed timelines. These timelines must be strictly adhered to throughout the budget process. The key policy documents that must be prepared and approved during the FY 2026/27 budget cycle include:

Budget Documents	Policy	Timelines	Purpose
2025/26 Annual Development Plan		September 1, 2025	To outline the strategic priorities, programs, and projects for implementation in the coming financial year, in line with the County Integrated Development Plan (CIDP) and national policy goals
2024 County Budget Review and Outlook Paper		October 30, 2025	To review budget performance for the previous financial year, assess fiscal outcomes, and set



		updated projections for revenues, expenditures, and macroeconomic conditions.
Sector Working Group on Budget	November 30, 2025	To coordinate sector-based budget planning, consolidate inputs from departments, and align sector priorities with county development objectives and fiscal limits.
2025 County Fiscal Strategy Paper	February 28, 2026	To set out the County's fiscal policy direction, expenditure ceilings, revenue strategies, and sectoral priorities for the medium term, in line with the Budget Policy Statement.
2025 County Medium Term Debt Management Strategy Paper	February 28, 2026	To provide a framework for prudent debt management, outlining borrowing strategies, risk management measures, and debt sustainability targets.
2025/26 Annual Budget Estimates & Supporting Documents	April 30, 2026	To present detailed revenue and expenditure proposals for the financial year, with program-level allocations and justifications for resource requirements.
2025/26 County Annual Appropriation Bill	April 30, 2026	To provide the legal authority for the County Government to incur expenditures in accordance with the approved budget estimates.
2025 County Finance Bill	April 30, 2026	To set out the revenue-raising measures, fees, charges, and taxes for the financial year, in line with applicable laws and policies.

25. To ensure the timely finalization and approval of the aforementioned policy documents and bills, as outlined in Annex II of this circular, Accounting Officers are required to strictly implement the activities specified in the Budget Calendar within the prescribed timeframes. .

### B) Institutional Framework for Guiding the Budget Process

26. The budget formulation process within Homa Bay County Government shall be coordinated through three main bodies: the **Macro Working Group**, the **Budget Procedure Group**, and the **Sector Working Groups (SWGs)**. These structures will ensure adherence to fiscal discipline, strategic alignment, stakeholder inclusivity, and results-oriented budgeting under the Program-Based Budgeting (PBB) framework developed through a zero-based approach.

### Macro Working Group

27. The Macro Working Group provides the foundational fiscal framework that guides how the County will mobilize revenues and allocate resources to finance expenditure. This group is responsible for defining the County's resource envelope in alignment with the prevailing macroeconomic environment, fiscal responsibility principles under the Public Finance Management Act, and strategic priorities, including the Genowa Transformation Agenda and the National Government's Bottom-Up Economic Transformation Agenda (BETA).

27. Specifically, the Macro Working Group will:

- Determine the total expected revenues from local taxes, service charges, intergovernmental transfers, and grants, ensuring prudent revenue projections.
- Analyze economic trends and risks, including impacts of climate change, global economic uncertainties, and local fiscal pressures—to inform resilient fiscal planning.
- Develop the statement of fiscal aggregates, allocating resources across broad expenditure categories while prioritizing pro-growth, pro-poor, and future-proof investments.
- Identify and manage fiscal risks, including wage bill sustainability, interest rate fluctuations, and unforeseen economic shocks such as pandemic resurgence.

28. The Macro Working Group will be chaired by the County Executive Committee (CEC) Member for Finance and will include Chief Officers and Directors from Budget, Planning, Public Participation, Project Finance, Revenue Mobilization (both Internal and External), Administration, ICT, and Financial Reporting departments.

### Budget Procedure Group

29. The Budget Procedure Group oversees the preparation of key budget policy documents, including the County Budget Review and Outlook Paper (CBROP), County Fiscal Strategy Paper (CFSP), and detailed Estimates of Development and Recurrent Expenditure for all County entities. This group ensures that budget preparation starts with a zero-based review of sectoral policies, strategic plans, and the County Integrated Development Plan (CIDP) priorities.

30. The Group ensures that budgets are formulated in compliance with fiscal responsibility requirements, public participation standards, transparency, and accountability. It rigorously reviews budget submissions to verify alignment with set priorities and allocation criteria, requiring clear documentation and justification for resource demands.

31. Chaired by the Chief Officer responsible for Budget, the group comprises Directors or Senior Accountants responsible for preparing and submitting budget estimates. It serves as the platform for presenting, scrutinizing, and defending budget proposals at the executive level.

32. All Accounting Officers are mandated to nominate sufficiently senior representatives capable of making informed budget decisions and providing explanations. The Deputy Governor, County Secretary, CEC Members, and Chief Officers may attend meetings to observe proceedings and offer strategic guidance.

### Sector Working Groups (SWGs)

33. SWGs constitute the primary resource allocation forum, where sector-specific budget proposals are developed, aligned with national and county priorities, and justified for approval. Active participation by senior officers from all spending entities is essential to ensure informed decision-making and accountability in resource bidding within approved ceilings.

34. The County's sectoral structure aligns largely with national government sectors, excluding constitutionally reserved functions such as National Security and Governance, Justice, Law and Order. The sectors, following the UN Classification of Functions of Government (COFOG), include:

- Agriculture, Rural and Urban Development (ARUD)
- Energy, Infrastructure and ICT (EII)

- General Economic and Commercial Affairs (GECA)
- Health
- Education
- Public Administration and Inter-Government Relations (PAIR)
- Social Protection, Culture and Recreation (SPCR)
- Environmental Protection, Water and Natural Resources (EPWNR)

35. Each SWG will be composed of:

- A Chairperson selected by consensus among Accounting Officers
- A Sector Convenor appointed by the County Treasury
- Project Committee Members nominated by spending entities
- SWG Secretariat members appointed from project secretariats
- Representatives from Development Partners
- Representatives from Kenya Private Sector Alliance
- Representatives from National Public Sector Organizations

36. SWGs will rigorously:

- Review program performance and apply lessons to resource allocation
- Identify necessary policy, legal, and institutional reforms within sectors
- Estimate costs for proposed programs and projects using a zero-based approach
- Prioritize programs/projects in alignment with Genowa Transformation and pro-growth, pro-poor, future-proof objectives
- Identify projects suitable for public-private partnerships (PPP)
- Coordinate preparation of sector reports and budget proposals

37. Chairpersons are responsible for convening SWG meetings and ensuring timely completion of sector reports, which must be submitted to the County Budget and Economic Forum and County Treasury by **December 30, 2025**, per the format in Annex VII.

## Fiscal Parameters and Budget Ceilings

38. Indicative sector ceilings for FY 2026/27 are detailed in Annex I. The broad fiscal framework will be presented in the County Budget Review and Outlook Paper (CBROP), to be submitted to the County Assembly not later than October 14, 2025. Final sector ceilings will be reviewed and approved in the County Fiscal Strategy Paper (CFSP) 2026, expected by March 14, 2026.

### C) Form and Content of the Budget

#### Programme-Based Budgeting (PBB)

39. In compliance with the Public Finance Management (PFM) Act of 2012, the appropriation of the County budget for the Financial Year 2026/27 shall be executed at both the vote and program levels. Each program must align with the strategic objectives of the County Government entity responsible for its oversight. The County Treasury's prior approval is mandatory before proposing any new program. The standard format for presenting program-based budgets is provided in Annex VI of this circular.



40. New and existing programs should reflect the core service delivery areas of the respective entities. For every program, the following must be clearly defined:

- **Outcomes and outputs** that are *Specific, Measurable, Achievable, Realistic, and Time-bound (SMART)*, derived from relevant government strategies and the County Integrated Development Plan.
- **Performance indicators and targets** are *Clear, Relevant, Economic, Adequate, and Monitorable (CREAM)*.
- **Program targets** must be within the reasonable influence of the respective entity.

41. Accounting Officers are responsible for providing a distinct description that clearly states each program's primary objective. All programs and sub-programs must reside within a single county entity, and all entity functions must be captured within identified programs without exclusion, even for cross-cutting activities. Programs or service delivery units lacking clear outputs, performance indicators, and targets will be subject to funding rationalization.

42. The Integrated Financial Management Information System (IFMIS) already contains codes for existing programs, which can only be amended with authorization from the County Treasury. Duplication of programs or program names is prohibited, and all cross-cutting functions must be assigned to an appropriate program. Accounting Officers must ensure compliance with the approved chart of accounts.

43. Where entities operate multiple development programs, a dedicated program should be established for overhead and administrative costs that cannot be attributed to specific programs. This overhead program will cover shared services such as administration, finance, internal audit, procurement, planning, human resource management, and IT support.

44. Each program's performance overview and funding background must include:

- A succinct description of the program's mandate;
- Historical expenditure trends;
- Major achievements against planned outputs during the previous Medium-Term Expenditure Framework (MTEF) period;
- Constraints and challenges encountered in budget implementation and strategies for resolution;
- Key services and outputs planned for the upcoming budget cycle, aligned with allocated development and recurrent expenditure.

### Three-Year 'Rolling' Medium-Term Budget Estimates

45. The County budget estimates shall be prepared as a three-year rolling plan, where the budget of the first year forms the baseline for subsequent outer years. While resources continue to be appropriated annually, this approach facilitates medium-term fiscal planning and alignment with strategic priorities. Accounting Officers should note that ceilings for Personnel Emoluments and Development Expenditure in outer years remain binding as per the PFM Regulations, 2015.

### Medium-Term Development Strategy

46. The FY 2026/27–2028/29 Medium-Term Budget will build upon the fourth and fifth years of the CIDP 2023–2027 as well as the first year of the CIDP 2028–2032, emphasizing the National Government's Bottom-Up Economic Transformation Agenda (BETA) within the framework of

“Unlocking the County’s Endless Potential.” Sector Working Groups (SWGs) are tasked to critically evaluate budget proposals, prioritizing allocations that enhance productivity, stimulate sustainable economic growth, and generate employment opportunities consistent with Genowa Transformation objectives.

### **Programme Performance Review**

47. Sector Working Groups must incorporate findings from Program Performance Reviews (PPR) when prioritizing budget allocations. Accounting Officers are required to conduct comprehensive PPRs evaluating progress made during FY 2022/23–2024/25 MTEF implementation. The PPR must assess financial and non-financial performance, adherence to policies, value-for-money, and achievement of outputs and outcomes. It should also identify:
- Completed and ongoing programs/projects;
  - Emerging policy priorities and urgent needs;
  - Outstanding commitments requiring attention.
48. The review must capture implementation experiences and lessons learned to inform effective and efficient resource allocation in the upcoming Medium-Term Budget. A standardized evaluation and reporting template is provided in Annex V.
49. County Entities will only be eligible to bid for budget resources after submission of the finalized PPR report to their respective SWGs. Thereafter, Accounting Officers may proceed to draft their FY 2025/26 budget estimates using the format in Annex IV.

### **D) Prioritization and Allocation of Resources**

50. In line with the theme “*Accelerating Impact through Strong Institutions, Enhanced Stakeholder Engagement, and Scaled Investments for Genowa Transformation*,” the County Government of Homa Bay will prioritize resource allocation to maximize pro-growth, pro-poor, and future-proof outcomes. The focus will be on strengthening institutional capacity, deepening citizen participation, and scaling strategic investments that unlock sustainable economic opportunities for all, especially vulnerable populations.
51. To realize this vision, resource prioritization will emphasize programs and projects that:
- Demonstrably enhance institutional resilience and governance for improved service delivery and accountability.
  - Actively engage communities and stakeholders in co-creating solutions, ensuring that investments reflect the needs and aspirations of all citizens.
  - Deliver inclusive economic growth by targeting poverty reduction, youth and women empowerment, and job creation.
  - Foster climate-smart, blue-green economy initiatives that secure long-term environmental sustainability and resilience.
  - Embed innovation and technology to future-proof sectors and improve efficiency across service delivery.
52. Resource allocation will be guided by the following weighted criteria, ensuring investments generate measurable impact aligned to Genowa Transformation priorities:

Score/Weighting Criteria	% Weight
Program performance review findings on the on-going programs	10.00
Linkage of the programme with broad strategic objectives highlighted in the CIDP, CSIP, and other plans as well as in response to and furtherance of the objects of the new Constitution	10.00
Linkage with flagship projects/interventions of the current political administration	7.50
Degree to which the programme sustainably addresses the core challenges of Poverty and Unemployment	25.00
Degree to which the programme addresses the core mandate of the spending entity	7.50
Expected outputs and outcomes from the programme	22.50
Linkage of the programme with other programmes	2.50
Cost-effectiveness and sustainability of the programme	15.00
<b>Total</b>	<b>100.00</b>

53. Sector Working Groups (SWGs) will rigorously apply these criteria to prioritize projects that accelerate Genowa Transformation's goals. SWGs must also:

- Prioritize initiatives that are ready for implementation, backed by thorough feasibility and preparatory work.
- Identify and reallocate funds from lower-impact or non-essential activities to high-impact programs supporting institutional strength, citizen empowerment, and sustainable economic development.
- Promote innovative approaches that reduce costs and increase efficiency without compromising service quality.
- Ensure transparent documentation of financial implications, savings, and resource trade-offs.

54. Accounting Officers are responsible for submitting realistic, justified budget proposals aligned to the ceilings in Annex I. Inflated or unfounded budget requests will be reviewed and adjusted to maintain fiscal discipline and strategic focus.

55. This resource allocation framework reflects our commitment to fast-tracking a just, prosperous, and resilient Homa Bay where Genowa Transformation delivers tangible, inclusive benefits for current and future generations.

### **E) Recurrent Budget Expenditure**

56. In line with the theme *"Accelerating Impact through Strong Institutions, Enhanced Stakeholder Engagement, and Scaled Investments for Genowa Transformation,"* Sector Working Groups (SWGs) and the Budget Procedure Group must ensure that all recurrent expenditures essential for effective service delivery and sustained project implementation are fully accounted for and efficiently managed.

## Personnel Emoluments

57. Adequate provision must be made for all approved salaries, allowances, and benefits, supported by verified data from the Integrated Personnel Payroll Database (IPPD). County Government Entities are required to submit comprehensive personnel documentation to justify their budget requests. Recurrent personnel costs are projected to grow by an average of 3% annually to accommodate wage growth, with a 3% increase applied for FY 2026/27, unless exceptional adjustments are approved by the County Treasury.
58. Consistent with Section 107(2c) of the Public Finance Management Act (PFMA), 2012, and the 35% wage bill ceiling stipulated in the PFM Regulations, 2015, wage management must ensure sustainability without compromising service delivery. While strategic recruitment and retention are necessary, fiscal discipline requires prioritizing development investments that unlock Homa Bay's economic potential. Therefore, unless expressly authorized by the County Executive Committee, no funds should be allocated for new hires, interns, casual labor, or staff upgrades—though promotions and pay grade adjustments remain permissible.
59. Human resource decisions must align with the County Government Act, 2012 (Section 55), which outlines the procedures for establishing positions, appointments, and career management. The following HR governance processes are mandatory:
- All HR proposals shall first undergo review by the County HRM Advisory Committee before submission to the County Executive Committee.
  - New position requests must receive County Executive Committee approval prior to referral to the County Public Service Board.
  - Recruitment shall replace only vacancies arising from attrition (retirement, resignation, death, incapacity).
  - Accounting Officers must prepare HR budgets strictly based on approved HR plans and submit detailed personnel lists inclusive of all salary components (basic pay, allowances, gratuity, pension).
  - Any remuneration or benefit changes require prior approval by the Salaries and Remuneration Commission, County Executive Committee, and County Treasury, accompanied by proof of budget availability.

## Use of Goods and Services

60. All recurrent expenditure on goods and services must be precisely costed, justified, and supported by relevant documentation such as contracts, demand notes, and past spending trends. SWGs and the Budget Procedure Group shall ensure sufficient provision for utilities and essential services, safeguarding uninterrupted operations across all County Government Entities (CGEs).

## Other Recurrent Expenditures

61. Subscriptions and contributions to local and international organizations will be budgeted under the County Treasury. CGEs may propose adjustments with sound justifications, subject to evaluation and approval by the Treasury and CEC. Transfers to government agencies must be thoroughly justified; unjustified allocations may be reduced or removed, with savings redirected to priority CGE programs or sector-wide needs.
62. Each CGE will henceforth budget independently for ICT needs but must collaborate with the County ICT Directorate to ensure all acquisitions—including computers, printers, software,

networking, and specialized equipment—comply with technical standards and efficiency requirements.

## F) Development Budget Estimates

63. The County Government of Homa Bay remains firmly committed to driving capital investments that unlock the full potential of the County under the Genowa Transformation agenda. Development projects financed through the 2026/27–2028/29 Medium-Term Budget must be deeply aligned with the Third County Integrated Development Plan (CIDP 2023-2027) and allied plans, delivering measurable outcomes that promote sustainable growth, reduce poverty, and create employment opportunities.

### Preparation, Appraisal and Approval of New Projects

64. Prior to inclusion in the budget, all capital projects must undergo rigorous preparation and appraisal in accordance with the National Treasury's Public Investment Management Guidelines. Accounting Officers are tasked with ensuring that projects meet essential baseline requirements including land acquisition, stakeholder engagement, finalized designs, regulatory approvals, clear funding sources, and full registration in the Public Investment Management Information System.
65. Sector Working Groups (SWGs) shall rigorously review project proposals to confirm that these conditions are met before allocating resources within the prescribed budget ceilings. Projects still in the preparatory phase may be allocated funds only to complete these prerequisites within the current financial year. The County Treasury will prioritize projects that have been appraised, approved, and pipelined by June 30 of the preceding financial year for financing agreements with Development Partners.
66. The list of all on-going and pipelined capital projects must be submitted to the County Treasury in the format provided in a format under each sub-programme as follows:

Project Code & Project Title	Estimate Cost of the Project or Contract Value (a)	Financing		Timeline		Actual Cum. Expend. up to 30/6/25	Outstanding Project Cost as at 30/6/25	Allocation for FY 2025/2026		Allocation for FY 2026/27		Projection for FY 2027/28		Project Status
		HBC	Other (Specify)	Start Date	Expected Completion Date	(b)	(a) – (b)	HBC	Other	HBC	Other	HBC	Other	
	<b>Amount in KSh.</b>					<b>Amount in KSh.</b>		<b>Amount in KSh.</b>						
XX1														
XX2														
.....														
XXn														

67. SWGs are encouraged to actively explore Public-Private Partnership (PPP) opportunities as a strategic means to bridge investment gaps, mobilize private capital, leverage technology, and enhance service delivery efficiency. Recognizing the critical role of capital investments in fostering Genowa Transformation, a minimum of 30% of the annual budget will be allocated to capital projects, underscoring the County's commitment to future-proofing its infrastructure and service delivery systems.



## Dealing with On-Going and Stalled Projects

68. The 2026/27 budget cycle will emphasize the timely completion of ongoing and stalled projects, especially those nearing fruition, to enable the public to enjoy their benefits promptly. Clear documentation justifying ongoing funding must be provided by Accounting Officers, consistent with Public Investment Management guidelines that classify projects as ongoing, stalled, new (pipelined but not commenced), or pipelined (fully appraised and approved ready for budgeting).
69. For the purposes of clarity of this circular, the following definitions will apply:
- (i) **Ongoing projects** are those whose implementation is underway with implementation works having commenced or contractual commitments already entered into;
  - (ii) **Stalled projects** are those whose implementation had stopped for whatever reason or has been receiving inadequate allocation which cannot facilitate its meaningful progress over the medium term;
  - (iii) **New projects** are pipelined projects that had been prioritized for financing, but implementation works are yet to begin or contractual commitment is yet to be entered into;
  - (iv) **Pipelined projects** are those that have been appraised and granted the necessary approvals ready for prioritization and budget allocation.

## Management of Projects by Project Committees

70. Each County Government Entity must establish a Project Implementation Committee (PIC) to oversee all capital projects, ensuring alignment with strategic plans, risk management, timely monitoring, and delivery of targeted outcomes. The PIC, chaired by the Accounting Officer or designated Director, will include technical experts and a monitoring & evaluation focal person, supported by robust public participation as mandated by relevant legislation.
71. The terms of reference of the PC shall include:
- i) Prioritization of projects based on the strategic plan of the entity, the CIDP and the CSIP;
  - ii) Assessment of the viability and sustainability of new projects;
  - iii) Approval of projects to be implemented based on the established criteria;
  - iv) Identification of potential project risks and mitigating measures;
  - v) Providing guidance on any changes in the project design during implementation;
  - vi) Monitoring and evaluating the achievement of programmes/project outputs and outcomes; and \
  - vii) Recommending the mode of project financing.
72. The names of persons appointed to the entity projects committee should be submitted the County Treasury not later than September 15, 2025. The PC shall be recommended for appropriate training both in-house training and training within the Kenya School of Government.

## Criteria for Sequencing Projects

73. To enhance project sequencing and prioritization, PICs will assess projects based on their strategic importance in unlocking Homa Bay's economic potential, contribution to poverty alleviation and employment creation, alignment with entity mandates, presence of committed partners, and fiscal sustainability.
74. While identifying and prioritizing projects, the PCs will take the following into consideration:
- The strategic importance of the project in unlocking or optimizing the endless potential of Homa Bay County;
  - Alignment of the project with entity strategy;
  - Impact/Contribution of the project on extreme poverty and unemployment;
  - Strategic importance of the project for promoting growth and job creation,
  - Presence of champions and resource partners for the project, and
  - Fiscal viability and sustainability including community ownership and contribution.
75. **Completion of on-going projects must be accorded priority.** Any proposal for allocation of resources must be accompanied by a cost-benefit analysis. The proposed additional or new expenditure will have to be aligned with the mandate of the spending entity and the available fiscal space. In addition, the spending entity will have to provide information for projects that require counterpart funding. The format for reporting on projects is already provided in Paragraph 24 of this circular.

## Allocation for Ward-Based Development Projects

76. Consistent with the County's decentralization and community empowerment goals, at least 30% of development funding will be allocated to ward-based projects addressing local needs in infrastructure, health, education, agriculture, trade, and other priority sectors. Allocation fairness will be ensured by considering all sub-locations, promoting equity and access. Proposed projects must demonstrate strong demand justification, cost-effectiveness, sustainability, environmental safeguards, and measurable outcomes.
77. The allocations are proposed as follows (but this shall be informed by the available resources/funds)

County Entity Hosting the Ward-Based Project	Current Allocation Per Ward (2025/26)	Proposed Allocation Per Ward (2026/27)
Department of Roads, Public Works, Transport and Infrastructure		
Department of Water, Sanitation, Irrigation, Environment. Energy and Climate Change		
Department of Trade, Industry, Tourism, Investment, Cooperatives Development and Marketing		
Department of Education, Human Capital Development and Vocational Training		
Department Health		

Department Gender, Sports, Culture		
Office of the Deputy Governor, Department of Agriculture and Livestock		
<b>Total Per Ward</b>		

78. To ensure equity and fairness in the allocation of ward-based development projects, the County Treasury strongly recommends that every sub-location be deliberately considered. This approach guarantees that over the three-year Medium-Term Expenditure Framework (MTEF) period, each ward will benefit from at least one impactful county government project. Beyond equitable distribution, it is imperative to prioritize the sustainability of these initiatives. Therefore, all selected projects must be sustainable, directly responsive to community needs, culturally and socially acceptable, and designed to continue delivering benefits long after government support has ended.
79. Furthermore, every project proposal must be supported by a clear rationale, demonstrating a well-founded demand and supply analysis, comprehensive costing, defined expected outputs, and measurable performance indicators. Risks should be explicitly identified alongside robust mitigation strategies, all of which must be satisfactorily addressed before projects qualify for funding. Importantly, the burden placed on beneficiaries must be reasonable and manageable both now and in the future, while ensuring cost-effectiveness in implementation.
80. Environmental stewardship remains a non-negotiable priority. No project shall cause harm to the environment unless adequate compensatory measures are in place to prevent mitigatable losses to current and future generations, thereby upholding the County's commitment to a pro-growth, pro-poor, and future-proof Genowa Transformation.

### **Involvement of Stakeholders**

81. True ownership of the budget process—and enduring support for its implementation—can only be achieved by inclusively engaging all key stakeholders. Sector Working Groups (SWGs) must therefore proactively identify and involve critical stakeholders, including development partners, private sector actors, community-based organizations, and local community leaders, in programme prioritization and decision-making. In recognition of budget constraints and the need for broad engagement, virtual platforms should be leveraged where physical meetings are not feasible, ensuring no voices are left unheard.
82. Engaging stakeholders in budget deliberations is vital to:
- Improve public understanding of county priorities, budget estimates, revenue sources, expenditures, and challenges;
  - Transparently reveal trade-offs inherent in allocating limited resources across competing needs;
  - Provide policymakers with direct insight into the goods and services most valued by citizens;
  - Prevent oversight or under-prioritization of critical issues due to inadequate consultation;
  - Ensure project designs reflect the genuine concerns and priorities of affected communities, minimizing mismatches between interventions and local needs;
  - Enhance overall transparency and accountability in the government's budgeting process.

83. It is especially critical that non-state actors and decentralized units—sub-counties, municipalities, towns, and wards—actively participate in the SWG processes. In line with the budget calendar (Annex II), Accounting Officers must ensure timely consultation with these stakeholders, prioritizing and incorporating their needs into departmental budget proposals within the stipulated deadlines.
84. All public participation activities and consultations must be thoroughly documented for accountability and reference. Moreover, SWGs are responsible for ensuring that County Executive Committee (CEC) members, Chief Officers, and Heads of Service Delivery Units are comprehensively briefed and jointly accountable for the integrity and inclusiveness of the budget proposals, thereby reinforcing the Genowa Transformation commitment to strong institutions, inclusive governance, and equitable development.

### G) Appearance before Assembly Committees to defend Budgets

85. In accordance with Section 9 of the County Government Act, 2012, Members of the County Assembly (MCAs) must refrain from direct involvement in executive functions or service delivery. Their primary role is to provide robust oversight and hold county officers accountable for the implementation of approved plans. It is therefore imperative that all projects implemented are strictly those outlined in the County Integrated Development Plan (CIDP) 2023–2027 and the Annual Development Plan 2025/26, consistent with the legal framework established by the County Government Act, 2012.
86. Accounting Officers and Technical Officers appearing before relevant County Assembly Committees must embody the principles of accountability, transparency, public participation, and equitable development — all central to accelerating impact under the Genowa Transformation theme. They must be prepared to demonstrate how their programmes align with constitutional values, particularly Article 201 on public finance management and prudent use of public resources.
87. Supporting documentation—including meeting minutes, beneficiary lists, progress and financial reports, public participation evidence, and other programmatic materials—must be provided to the accountable CEC member for onward submission to the Committees. This ensures informed deliberations and reinforces trust in public institutions.
88. All spending entities should recognize that appearances before County Assembly Committees are to clarify government policies, justify budgetary allocations, and provide evidence of achievements or, where relevant, explain challenges and corrective measures. Importantly, **no new budget requests are permitted during these sessions unless formally submitted through a memorandum from the CEC Member for Finance**, as unauthorized requests undermine the collective position of the County Executive Committee.
89. To uphold the integrity and effectiveness of this process, CEC members and their Accounting Officers must ensure thorough preparation and briefing of their technical teams before Committee engagements, reflecting a united front committed to strong institutions, inclusive governance, and the pro-growth, pro-poor, and future-proof objectives of the Genowa Transformation.

## VI. CONCLUSION

90. Lastly, Accounting Officers bear the responsibility to ensure strict adherence to the provisions outlined in this circular. They must guarantee that all personnel under their supervision, including County Directors and members of the boards and corporations they oversee—are fully informed of these guidelines. This collective understanding and compliance are essential

to advancing the Genowa Transformation agenda through strong institutions, enhanced stakeholder engagement, and scaled investments that promote sustainable, inclusive, and future-proof development for Homa Bay County.

## **ISSUANCE**

This Budget Preparation Guideline has been prepared and issued by the Homa Bay County Treasury as provided under the Public Finance Management Act, 2012, with my full approval as the Head of County Treasury for Homa Bay.

**HON. SOLOMON OBIERO,**



CECM - FINANCE AND ECONOMIC PLANNING,

**COUNTY GOVERNMENT OF HOMA BAY**

**DATE: 29<sup>TH</sup> AUGUST 2025**



### Annex I: Indicative Recurrent and Development Ceilings for FY 2026/27

Vote No.	Name of County Government Entity	Revenue/Expense Group	RECURRENT		DEVELOPMENT	
			Approved	Ceiling	Approved	Ceiling
			FY 2025/26	FY 2026/27	FY 2025/26	FY 2026/27
5120	Department of Finance and Economic Planning	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5122	County Public Service Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5123	County Assembly Service Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5124	Homa Bay Municipal Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5125	Office the Deputy Governor and Department of Agriculture and Livestock	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5126	Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				

5127	Department of Roads, Public Works, Transport and Infrastructure	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5128	Department of Blue Economy, Fisheries, Mining and Digital Economy	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5129	Department of Education, Human Capital Development and Vocational Training	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5130	Department of Public Health and Medical Services	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5131	Department of Lands, Physical Planning, Housing and Urban Development	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5132	Department of Trade, Industry, Tourism, Cooperative Development and Marketing	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5133	Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change	<b>Gross</b>				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				

5134	Department of Governance, Administration, Communication and Devolution	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5135	Executive Office of the Governor	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5136	Kendu Bay Municipal Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5137	Mbita Municipal Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5138	Ndhiwa Municipal Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
5139	Oyugis Municipal Board	Gross				
		A-I-A				
		Net				
		Salaries				
		Grants				
		Others				
Expenditure by Economic Classification						
Projected Total Expenditure for the FY 2026/27						

## Annex II: Key Budget Preparation Activities, Responsibilities, and Deadlines

ACTIVITY	RESPONSIBILITY	DEADLINE
• Conduct county-level public participation on the County Annual Development Plan (CADP) 2026/27	Chief Officer, Planning & Budget	22nd August 2025
• Undertake ward-level consultations on the CADP 2026/27	Chief Officer, Planning & Budget	18th August 2025
• Convene Macro Working Group meeting to consider Budget Circular and Draft Annual Development Plan (ADP)	County Executive Committee Member (CECM), Finance	25th August 2025
• Obtain CEC approval and issue Budget Preparation Guidelines for FY 2026/27	CECM Finance	29th August 2025
• Finalize and submit CADP to County Budget and Economic Forum (CBEF) and County Executive Committee (CEC)	Chief Officer, Planning & Budget	29th August 2025
• Submit CADP to County Assembly	CECM Finance	1st September 2025
• Publish and publicize CADP via radio broadcast	CECM Finance	9th September 2025
• Finalize Public Expenditure Reviews	Accounting Officers	10th September 2025
• Develop the Medium-Term Budget Framework	Chief Officer, Planning & Budget	16th September 2025
• Convene Macro Working Group meeting to review County Budget Review and Outlook Paper (CBROP) and Fiscal Framework	CECM Finance	17th September 2025
• Finalize CBROP	CECM Finance	23rd September 2025
• Hold CBEF meeting to consider CBROP and Fiscal Framework	CECM Finance	25th September 2025
• Convene County Executive Committee meeting to consider CBROP	CECM Finance	3rd October 2025
• Submit CBROP to County Assembly	CECM Finance	11th October 2025
• Circulate CBROP to Accounting Officers	CECM Finance	15th October 2025
• Receive budget submissions from devolved units	Accounting Officers	18th October 2025
• Convene First Sector Working Group meetings	Chief Officer, Planning & Budget	18th October 2025
• Convene Second Sector Working Group meetings	Chief Officer, Planning & Budget	25th October 2025
• Convene Third Sector Working Group meetings	Chief Officer, Planning & Budget	4th November 2025
• Submit Sector Reports	Sector Working Group Chairpersons	11th November 2025
• Budget preparation retreat to develop first draft estimates for development and recurrent budgets	Chief Officer, Planning & Budget	29th November 2025
• Publish Sector Reports	CECM Finance	29th November 2025
• Convene Macro Working Group meeting to consider first draft estimates	CECM Finance	4th December 2025

• Prepare first draft County Debt Management Strategy Paper (CDMSP)	Chief Officer, Planning & Budget	17th December 2025
• Prepare first draft County Fiscal Strategy Paper (CFSP)	Chief Officer, Planning & Budget	13th January 2026
• Convene Macro Working Group meeting to consider first drafts of CDMSP and CFSP	CECM Finance	20th January 2026
• Convene Sector Working Group meetings to consider first drafts of CDMSP and CFSP	Chief Officer, Planning & Budget	3rd February 2026
• Conduct public participation on Draft County Fiscal Strategy Paper	Chief Officer, Planning & Budget	18th February 2026
• Submit CFSP and CDMSP to CBEF and County Executive Committee	CECM Finance	25th February 2026
• Submit CFSP and CDMSP to County Assembly	CECM Finance	26th February 2026
• Publish and publicize CFSP via radio broadcast	CECM Finance	28th February 2026
• Circulate approved CFSP to Accounting Officers	CECM Finance	24th March 2026
• Issue Final Treasury Circular on FY 2025/26 Budget Estimates	CECM Finance	24th March 2026
• Finalize entity budgets (itemized and Programme Based Budgets)	Accounting Officers	7th April 2026
• Convene first Budget Procedure Group meeting	CECM Finance	9th April 2026
• Hold Sub-County budget hearings on FY 2026/27 estimates	Chief Officer, Planning & Budget	17th April 2026
• Budget retreat to consolidate reports and incorporate public views	Chief Officer, Planning & Budget	23rd April 2026
• Convene final Budget Procedure Group meeting	CECM Finance	24th April 2026
• Submit Budget Estimates to CBEF and County Executive Committee for approval	CECM Finance	26th April 2026
• Submit Budget Estimates to County Assembly	CECM Finance	29th April 2026
• Finalize Appropriation Bill and submit to County Assembly	CECM Finance	30th April 2026
• Deliver Budget Speech	CECM Finance	15th June 2026



### **Annex III: Composition of Sector Working Groups**

<b>Sector</b>	<b>Name of Sub-Sector</b>	<b>Sector Convenor</b>
Agriculture, rural, and urban development (ARUD) sector	Agriculture and Livestock	Mr. Kennedy Oluoch
	Fisheries and Blue Economy	
	Housing and Urban Development	
	Municipal Board and Town Committees	
	Lands and Physical Planning	
General economic and commercial affairs sector	Trade and Industry	Ms. Janet Ogola
	Tourism and Investments	
	Cooperatives Development and Marketing	
Energy, infrastructure and ICT	Energy	Mr. Ken Oyier
	Roads and Transport	
	Public Works and Infrastructure	
	ICT and Digital Economy	
Education	Early Childhood Development	Mr. Steve Owino
	Human Capital Development	
	Vocational Training	
Health	Medical Services	Mr. Derrick Odhiambo
	Public Health	
Social protection, culture and recreation	Gender and Social Services	Ms. Emma Atieno
	Youth, Sports, Culture and Talent Development	
Public Administration and Inter/intra-government relations	Finance	Ms. Harriet Atieno
	Economic Planning and Budgeting	
	Administration and Devolution	
	Public Communications	
	Stakeholder Management and Public Participation	
	County Public Service Board	
	County Assembly Service Board	
Environmental protection, water and natural resources	Water, Sanitation and Irrigation	Mr. Baron Angila
	Environment, Energy, Forestry and Climate Change	

## **Annex IV: Composition and Terms of Reference for the Sector Working Groups**

**There shall be a Sector Working Group composed of the following:**

- i) Chairperson – An Accounting Officer responsible for one of the sub-sectors/county departments constituting the sector chosen by colleagues;
- ii) Sector Convenor appointed by the CEC Member, Finance and Economic Planning
- iii) Secretariat comprising of technical officers from the county planning unit and relevant departments forming the sector
- iv) Other stakeholders – Development Partners, Representatives of Civil Society Organizations and the Private Sector

**The Terms of Reference for the Sector Working Groups will be the following:**

- a) Coordinate departmental reviews in accordance with guidelines;
- b) Finalize Plans and Identify and prioritize public programmes to be funded;
- c) Identify programmes to be funded under the Public Private Partnership, Joint Ventures and by the Private Sector;
- d) Coordinate activities leading to the development of sector plans and reports; programme-based budgets; and itemized budgets;
- e) Analyze cost implications of the proposed programmes, projects and policies;
- f) Allocate resources to county departments, decentralized units and public agencies within the sector in accordance with the agreed criteria.

**Roles and Responsibilities of the Sector Conveners are as follows:**

The sector Conveners are responsible to the CEC Member responsible for Finance and Economic Planning/Treasury and the Sector Chairpersons for overall guidance and oversight of the Sector Working Group consultations, for sound formulation of sector policies and budget priorities. Specifically, the Conveners are expected to perform the following functions:

- Brief Sector Chairpersons on the county SWG implementation plan
- Ensure the SWGs map out their key stakeholders and invite them to the sector consultative meetings
- Assist the SWGs understand and adhere to budget preparation guidelines
- Ensure that SWGs develop an action plan consistent with timelines set in the budget calendar and the SWG implementation action plan
- Ensure that planned SWGs programmes are anchored on the CIDP
- Ensure SWGs develop and document prioritization and resource allocation criteria which is consistent with the overall guidelines provided by the County Treasury
- Ensure that programmes are well costed, and have measurable performance indicators
- Ensure that ensuing budget policy priorities and budgets are well informed by previous progress reports and expenditure reviews
- Track implementation of the SWG planned activities and bring to the attention of Chairperson/ Treasury the challenges facing the exercise and the recommended way forward
- Prepare and submit to the County Treasury bi-monthly status reports on the preparation of the budgets and DPER that clearly identifies achievements/progress made, challenges and proposed way forward
- Coordinate the preparation of the Final Sector Presentation for Public Sector Hearings
- Fully participate in the Estimate Working Group meetings with a view to ensuring that policy priorities as agreed upon at the SWG are funded within the available resource envelop.

## **Annex V: Report Format for Departmental Expenditure Review**

Theme:

***Accelerating Impact through Strong Institutions, Enhanced Stakeholder Engagement, and Scaled Investments for Genowa Transformation***

### **Executive Summary**

Under this section county departments/units/agencies are required to provide a brief summary of the key issues in the report. The report should highlight the major issues discussed in each section of the report.

#### **1. Introduction**

This section should discuss the overall objective of undertaking expenditure review; show the link between the expenditure review and the theme of the 2024/2025 PER as stated above; state any challenges which may hinder effectiveness of expenditure reviews; show the link between the expenditure review and achievement of county objectives through the budget; provide a brief explanation of the methodology used to undertake the review; and provide an overview of the various sections of the report and their relevance.

#### **2. Entity Programmes**

This section should state the mission and vision of the entity; discuss the vision and mission of the entity in relation to its mandate; review programmes of the entity in relation to its mandate and the vision as stated above; review the expenditures of the entity in relation to the programmes and mandate of the entity; review the performance of the programmes of the entity in relation to critical projects as provided for in the CIDP; and discuss the decentralized units and agencies in the entity and how they contribute to achievement of the entity objectives.

##### **2.1 Expenditure Performance**

- Indicate broad outputs in relation to the intended outputs in the past year. Review should be summarized as provided in the format below

<b>Programme/ Programme</b>	<b>Sub- Programme</b>	<b>Intended Output</b>	<b>Achieved Output</b>	<b>Remarks</b>
Programme Name: ..... Programme Outcome: .....				
Sub-Programme 1: Sub-Programme 2: e.t.c.				

- Discuss the implementation of capital projects. The review should focus on the set targets as spelt out in the sectoral work plan. The table below may be used to summarize the information

Project	Original Contract Sum to Completion	Expected Sum to Completion	Original Date of Completion	Expected Date of Completion	FY 2024/25 Target	FY 2024/25 Achievement	Remarks
■	■	■	■	■	■	■	■

- Discuss briefly the performance of units and agencies in relation to their targets
- State any challenges experienced in implementation of the budget during the period under review

## 2.2 Expenditure Analysis for the One Year Period to June 30, 2025

- Discuss the trends in allocation of total expenditure over the period. Summarize the allocations by economic classification as in table 2.1 below
- Discuss the absorption of the expenditure allocations by comparing the budgeted expenditures (approved estimates) with the actual expenditures.
- Analyze expenditures as in tables 2.1 to 2.6 below and clearly explain the observed trends

**Table 2.1 Analysis of Total Expenditure by Nature and Economic Classification (KSh.)**

	As Percentage of Total Expenditure	Printed Estimates	Revised Estimates	Actual Expenditure
<b>1. Recurrent Budget</b>				
▪ Compensation to employees				
▪ Use of goods and services				
▪ Grants, Transfers and Subsidies				
▪ Other Recurrent				
<b>Total Recurrent Budget</b>	<b>(%)</b>			
▪ Acquisition of Non-Financial Assets				
▪ Grants, Transfers and Subsidies				
▪ Other Development				
<b>Total Development Budget</b>	<b>(%)</b>			
<b>Total Expenditures</b>				

**Table 2.2 Analysis of Expenditures by Programmes and Sub-Programmes (KSh.)**

	Approved Estimates	Actual Expenditures
Programme Name:.....		
Sub-Programme 1:		
<b>2. Recurrent Budget</b>		
▪ Compensation to employees		
▪ Use of goods and services		

▪ Grants, Transfers and Subsidies		
▪ Other Recurrent		
<b>3. Development Budget</b>		
▪ Acquisition of Non-Financial Assets		
▪ Grants, Transfers and Subsidies		
▪ Other development		
<b>Total Expenditure</b>		

N/B: Repeat the above for all sub-programmes in each programme

**Table 2.3 Analysis of Expenditure by Sub-Vote or by Functional Units (KSh.)**

	Approved Estimates	Actual Expenditures
<b>1. Recurrent Budget</b>		
▪ Sub-Vote 1		
▪ Sub-Vote 2		
▪ Sub-Vote 3.....		
▪ Sub-Vote n		
Total Recurrent		
<b>2. Development Budget</b>		
▪ Sub-Vote 1		
▪ Sub-Vote 2		
▪ Sub-Vote 3.....		
▪ Sub-Vote n		
Total Development		
<b>Total Budget</b>		

**Table 2.4 Analysis of Sources of Finances (KSh.)**

	Approved Estimates	Actual Receipts
<b>Current Expenditure</b>		
GoK		
A-I-A		
Donor		
Other - Specify		
<b>Capital Expenditure</b>		
GoK		
A-I-A		
Loan		
Grant		
Others-Specify		
<b>Total</b>		

Clearly state the reasons for divergences between budget and the actual receipts



**Table 2.5 Analysis of Expenditure by Decentralized Units and Public Agencies**

Name of the Unit/Agency: .....

	Revised Budget	Actual Receipts
<b>Source of Funds</b>		
GoK		
Internally Generated Funds		
Loan		
Grants		
Donations		
Others- Specify		
Total		

**N/B: Do analysis for each unit/agency and a summary analysis for all units/agencies within the Department.**

### 2.3 Analysis of Pending Bills

- Analyze the trends in stock of pending bills according to type (recurrent and development)
- Provide the nature of pending bills e.g. utility, personnel, personal claim, e.t.c
- Analyze the stock in pending bills as a proportion of total departmental expenditure over the period of review.
- Discuss any measures undertaken or proposed to settle these pending bills

**Table 2.6 Summary of Pending Bills by Nature and Type (KSh.)**

	Due to lack of liquidity	Due to lack of provision
Type/Nature		
<b>1. Recurrent</b>		
▪ Utility telephone		
▪ Electricity		
▪ Water		
▪ Personal claims		
▪ Others- specify		
<b>2. Development</b>		
▪ Certified works		
▪ Equipment delivered		
▪ Services provided		
▪ Others- specify		
<b>Total Pending Bills</b>		

### 3. Human Resources Development and Capacity Building

- Discuss key personnel challenges over the year and how this has affected the performance of the department
- State any other constraints to service delivery
- Describe efforts being undertaken to combat HIV/AIDS, corruption, disability and gender mainstreaming issues in the department
- Review training needs of the department and the likely impact on service delivery

#### **4. Work Plan for the Implementation of the Recommendations of the DPER**

In this section, provide a work plan for implementation of the proposed recommendation of the DPER

#### **5. Challenges**

In this section, discuss any challenges experienced in reviewing the expenditures and the budget process in general

#### **6. Conclusions**

In this section, provide conclusions drawn from the review

#### **7. Key Recommendations**

In this section, provide recommendations to improve the implementation of the budget in terms of efficiency, effectiveness, timelines and targets for better service delivery.

## **Annex VI: Format for the Presentation of Programme-Performance Based Budgets (PBB)**

VOTE: [Name of the Spending Entity]

### **A. Vision**

State the long-term aspirational goal of the entity aligned with County, National, and Sustainable Development Goals.

### **B. Mission**

State the fundamental purpose and core mandate of the entity that guides its activities.

### **C. Performance Overview and Context for Budget Intervention**

Provide a concise narrative including:

- Mandate and core functions of the entity.
- Key achievements during the last Medium-Term Expenditure Framework (MTEF) period.
- Critical constraints and challenges faced, including actions taken to mitigate them.
- Rationale for budget requests based on current socio-economic needs and strategic priorities.
- Overview of major services and outputs planned for FY 2026/27 and beyond.

*This section situates the budget within a broader context, linking resources to expected development outcomes.*

### **D. Programmes and their Objectives**

<b>Programme Name</b>	<b>Strategic Objective (One per programme)</b>
Programme 1	[Objective statement]
Programme 2	[Objective statement]
Programme N	[Objective statement]

Each programme must be focused on delivering a clear strategic objective that aligns with the entity's mission and vision.

### **E. Summary of Expenditure by Programmes, 2025/26-2028/29 (KSh.)**

<b>Programme 1: State the Name of the Programme here</b>				
<b>Sub-Programme (SP)</b>	<b>Approved Estimates 2025/26</b>	<b>Draft Estimates 2026/27</b>	<b>Projected Estimates 2027/28</b>	<b>Projected Estimates 2028/29</b>
SP 1.1				
SP 1.2...				
SP 1.N				
<b>Total Expenditures of Programme 1</b>				
<b>Programme 2: State the Name of the Programme here</b>				
<b>Sub-Programme (SP)</b>	<b>Approved Estimates 2025/26</b>	<b>Draft Estimates 2026/27</b>	<b>Projected Estimates 2027/28</b>	<b>Projected Estimates 2028/29</b>
SP 2.1				

SP 2.2...				
SP 2.N				
<b>Total Expenditures of Programme 2</b>				
<b>Total Expenditure of Vote.....</b>				
<b>Sub-Programme (SP)</b>	<b>Approved Estimates 2025/26</b>	<b>Draft Estimates 2026/27</b>	<b>Projected Estimates 2027/28</b>	<b>Projected Estimates 2028/29</b>
SP 3.1				
SP 3.2...				
SP 3.N				
<b>Total Expenditures of Programme 3</b>				
<b>Total Expenditure of Vote.....</b>				

**Note:** Provide detailed breakdown of each programme's sub-programmes with historical, current, and projected estimates.

#### F. Summary of Expenditure by Vote and Economic Classification (KSh.)

Expenditure Classification	Approved Estimates 2025/26	Draft Estimates 2026/27	Projected Estimates 2027/28	Projected Estimates 2028/29
<b>(1) Current Expenditure</b>				
Compensation to Employees				
Use of Goods and Services				
Current Transfers to Agencies				
Other recurrent				
<b>(2) Capital Expenditure</b>				
Acquisition of Non-Financial Assets				
Use of Goods and Services				
Capital Transfers to Agencies				
Other Development				
<b>Total Expenditure of Vote...</b>				

#### G. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh.)

Expenditure Classification	Approved Estimates 2025/26	Draft Estimates 2026/27	Projected Estimates 2027/28	Projected Estimates 2028/29
<b>Programme 1: State the Name of the Programme here</b>				
<b>Current Expenditure</b>				
Compensation to Employees				
Use of Goods and Services				
Current Transfers to Agencies				
Other recurrent				
<b>Capital Expenditure</b>				
Acquisition of Non-Financial Assets				
Use of Goods and Services				
Capital Transfers to Agencies				
Other Development				
<b>Total Expenditure of Programme 1</b>				
<b>Programme 2: State the Name of the Programme here</b>				
<b>Current Expenditure</b>				

Compensation to Employees				
Use of Goods and Services				
Current Transfers to Agencies				
Other recurrent				
<b>Capital Expenditure</b>				
Acquisition of Non-Financial Assets				
Use of Goods and Services				
Capital Transfers to Agencies				
Other Development				
<b>Total Expenditure of Programme 2</b>				
<b>Programme 3: State the Name of the Programme here</b>				
<b>Current Expenditure</b>				
Compensation to Employees				
Use of Goods and Services				
Current Transfers to Agencies				
Other recurrent				
<b>Capital Expenditure</b>				
Acquisition of Non-Financial Assets				
Use of Goods and Services				
Capital Transfers to Agencies				
Other Development				
<b>Total Expenditure of Programme 3</b>				

- Repeat as above in cases where a department has more than one programme and/or sub-programmes
- Each programme should clearly state one overarching outcome and measurable outputs with SMART performance indicators.

## H. Summary of Programme Outputs and Performance Indicators

### PROGRAMME 1: (Name of the Programme)

#### Programme Outcome: (Each programme should have one outcome)

Sub-Programme (SP)	Delivery Unit	Key Outputs	Key Performance Indicators	Baseline Target 2025/26	Draft Target 2026/27	Projected Target 2027/28	Projected Target 2028/29
SP 1.1							
SP 1.2							
.....							
SP 1.N							

### PROGRAMME 2.....N: (Repeat as above in cases where a department has more than one programme).

#### Notes on Zero-Based Budgeting (ZBB) Application:

- Each programme and sub-programme budget should be justified *from zero base* annually, ensuring all activities are reviewed for relevance, efficiency, and cost-effectiveness.
- Resources should be reallocated from lower priority to higher priority programmes based on evidence of impact and strategic alignment.

- Include clear cost-benefit and risk assessments for all programme activities to support budget requests.
- All performance targets must be ambitious yet achievable and directly linked to outputs and outcomes.

## I. Summary of Human Resource Requirements

Programme Code	Programme Title	Position/ Designation	Authorized Establishment	In Post as at 30/6/25	2025/26 Funded Positions	2026/27 Positions to be funded	2027/28 Positions to be funded	2028/29 Positions to be funded
XXI	Gen Admin & Manag.							
XX2								
XX3								
Total Funded Positions								



## **Annex VII: Sector Working Group Report Format**

### **TABLE OF CONTENTS**

*(Ensure headings and sub-headings correspond exactly to those in the report)*

### **EXECUTIVE SUMMARY**

Provide a succinct but comprehensive summary that restates key conclusions for each major section of the report. This section should highlight the overall performance of the sector, major challenges faced, resource utilization, and strategic recommendations aimed at improving service delivery and development outcomes in the county.

### **CHAPTER ONE: INTRODUCTION**

#### **1.1 Background**

Describe the context within which the sector operates at the county level. Explain the role of the sector in supporting county development goals and service delivery mandates.

#### **1.2 Sector Vision and Mission**

State the sector's vision and mission aligned with county development priorities and the County Integrated Development Plan (CIDP).

#### **1.3 Strategic Goals and Objectives of the Sector**

List the overarching goals and specific objectives designed to address county needs within the sector's mandate.

#### **1.4 Sub-Sectors and Their Mandates**

Identify key sub-sectors under the sector and briefly outline their respective responsibilities and service delivery roles at county and decentralized levels.

#### **1.5 Decentralized Units and Public Agencies**

Provide an overview of decentralized administrative units (wards, sub-counties) and public agencies under the sector's oversight. Highlight their roles in implementing sector programs and engaging communities.

#### **1.6 Role of Stakeholders**

Identify critical stakeholders including community groups, development partners, private sector actors, and county institutions. Describe how these stakeholders contribute to planning, implementation, and monitoring of sector activities.

*The introduction should clearly define the purpose and scope of the report, the specific issues addressed, and any limitations in data or coverage encountered during the review period.*

### **CHAPTER TWO: PERFORMANCE AND ACHIEVEMENT IN THE PERIOD TO JUNE 2025**

#### **2.1 Performance of Programmes**

Review progress against planned programmes during the past MTEF period, focusing on achievements, outputs, and service delivery improvements at the county level.

## **2.2 Key Indicators of Sector and Sub-Sector Performance**

Present quantitative and qualitative indicators that measure sector performance, including service coverage, quality, and impact metrics relevant to county priorities.

## **2.3 Expenditure Analysis**

Breakdown and analyze sector expenditures, distinguishing between recurrent and development spending to evaluate budget execution and resource utilization.

### **2.3.1 Analysis of Recurrent Expenditure**

Review personnel costs, operational expenses, and service delivery costs, assessing efficiency and alignment with sector priorities.

### **2.3.2 Analysis of Development Expenditure**

Examine capital investments, infrastructure projects, and other development activities, including their completion status and alignment with county development plans.

### **2.3.3 Analysis of Externally Funded Programmes**

Analyze contributions from development partners and donor-funded initiatives, focusing on their integration into county plans and sustainability.

## **2.4 Review of Pending Bills**

Provide details on outstanding financial obligations, distinguishing between recurrent and development pending bills, and assess their impact on service delivery and budget management.

## **CHAPTER THREE: MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD**

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

Outline how programmes and sub-programmes are prioritized based on their strategic importance, potential impact on poverty reduction, job creation, and alignment with county development goals.

### **3.1.1 Programmes and Their Objectives**

List programmes with clearly stated objectives that are responsive to county needs.

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

Detail the logical framework linking programmes and sub-programmes to measurable outcomes and outputs, along with realistic and verifiable performance indicators.

### **3.1.3 Programmes Ranked by Priority**

Rank programmes in order of strategic importance and resource allocation priority, supporting a zero-based budgeting approach.

## **3.2 Analysis of Resource Requirements by:**

3.2.1 Sector (aggregate resource needs for the entire sector)

3.2.2 Sub-Sectors (resources by smaller functional units within the sector)

3.2.3 Programmes and Sub-Programmes (detailed allocation needs)

3.2.4 Decentralized Units (resource needs at ward and sub-county levels, ensuring equitable distribution)

3.2.5 Economic Classification (breakdown into personnel, goods & services, capital expenditure, etc.)

## **CHAPTER FOUR: CROSS-SECTORAL LINKAGES**

Discuss collaboration mechanisms with other sectors to leverage synergies, avoid duplication, and promote integrated service delivery at the county and grassroots levels. Highlight initiatives involving multiple sectors, such as health and water or agriculture and trade.

## **CHAPTER FIVE: EMERGING ISSUES AND CHALLENGES**

Identify major constraints and risks affecting programme implementation, including financial, institutional, environmental, and social challenges. Explain how these may impact the sector's ability to meet its objectives and recommend mitigation strategies.

## **CHAPTER SIX: CONCLUSION**

Summarize the key findings across the report, directly tied to the objectives stated in Chapter One. Highlight the most critical issues and achievements, presented in a clear, numbered list to inform decision-making and resource allocation.

## **CHAPTER SEVEN: RECOMMENDATIONS**

Propose practical, actionable recommendations to address identified challenges and enhance sector performance. Ensure recommendations are prioritized and feasible within the county's fiscal and institutional capacity.

## **REFERENCES**

List all documents, reports, data sources, policies, and legislation referenced in the report, ensuring credibility and traceability of information.

## **APPENDICES**

Include supplementary material that supports the main report but is too detailed to include in the main chapters. Examples include detailed data tables, maps, technical reports, and budget breakdowns. Provide clear references to these appendices within the body of the report.

## **POLICY DIRECTIVE ON THE TEMPLATES**

As guided by the National Treasury, the preparation of planning and budget documents for the medium-term period FY 2026/27 – 2028/29, shall be strictly guided by the above list of annexes. This standardization of the documents shall make comparison, analysis, and reporting convenient for all responsible parties. Therefore, I hereby direct that we all comply and only use the recommended templates for the period, unless guided otherwise.



**HON. SOLOMON OBIERO,**  
CECM - FINANCE AND ECONOMIC PLANNING,  
**COUNTY GOVERNMENT OF HOMA BAY**  
**DATE: 29<sup>TH</sup> AUGUST 2025**

