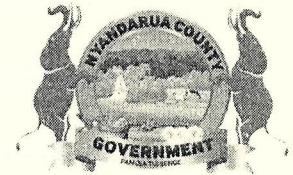




REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NYANDARUA
THE COUNTY TREASURY



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1ST AUGUST, 2025

Ref: COUNTY TREASURY BUDGET CIRCULAR NO. 1/2025

TO: THE COUNTY SECRETARY & HEAD OF PUBLIC SERVICE
ALL CHIEF OFFICERS
CHIEF OF STAFF
COUNTY SOLICITOR
THE SECRETARY, COUNTY PUBLIC SERVICE BOARD
MUNICIPAL MANAGERS, MUNICIPALITIES
THE CLERK, NYANDARUA COUNTY ASSEMBLY

**RE: GUIDELINES FOR THE PREPARATION OF THE FINANCIAL YEAR
2026/2027 AND THE MEDIUM TERM BUDGET**

A. INTRODUCTION

1. Pursuant to section 128 of the PFM Act 2012, the County Executive Committee Member in charge of Finance shall manage the budget process for the County. In so doing, the Executive Committee Member is mandated to prepare a schedule for the preparation of the budget specifying key dates by which the various processes are to be completed, key policy areas and issues to be taken into consideration when preparing the budget and the formats in which information and documents relating to the budget are to be submitted.
2. Section 128(4) provides that a County Government entity shall comply with the guidelines and in particular shall adhere to the key dates specified.
These guidelines shall therefore apply to all County departments and Entities for the Financial Year 2026/27 and the medium term.

B. PURPOSE

3. These Guidelines are meant to inform and guide County Departments and Entities on the preparation and submission of budgets for the Financial Year 2026/27 and the medium. This includes the following:

- a) Context of FY 2026/27 and the medium term budget preparation;
- b) Policy priorities for FY 2026/27 and the medium term;
- c) Prioritization process and costing of programmes;
- d) Timelines for key activities and outputs;
- e) Formats for preparation and submission of key budget documents; and
- f) Modalities of conducting public participation on the budget.

C. CONTEXT OF 2026/27 BUDGET PREPARATION

4. The FY 2026/27 Budget is being prepared in the context of heightened uncertainty on the global level due to the recent trade tariff wars and the intensification of geopolitical tensions which continue to pose significant risks to global economies.
In this respect, global economic growth is expected to slow down from 3.3 percent in 2024 to 2.8 percent in 2025 and to 3.0 percent in 2026.
5. On the domestic front, the economy has remained resilient recording an average growth rate of 5.2 percent for the years 2023 and 2024. This performance is higher than the global average of 3.3 percent and the 3.8 percent average for the sub-Saharan Africa region over the same period..
6. In 2024, the economy grew by 4.7percent supported by growth in all sectors except construction and mining. This growth was however lower compared to 5.7 percent in 2023 mainly due to adverse effects of floods in the second quarter and the anti-finance bill protests in the third quarter of 2024 that disrupted economic activities.
7. Inflation rate has declined to 3.8 percent in May 2025 from a peak of 9.6 percent in 2022.
8. The Central Bank of Kenya has gradually eased monetary policy lowering the CBK rate from 13.0 percent in August 2024 to 9.75 percent in June 2025.as a result, the average commercial bank lending rates that peaked at 17.2 in November 2025 have since declined to 15.7 in April 2025 and are expected to decline further.
9. Foreign exchange market has remained stable. The exchange rate against the US dollar has appreciated from Kshs. 159.7 in January 2024 to stabilize at Kshs. 129.3 by end of May 2025.
10. The economy is expected to sustain growth momentum in 2025 and 2026 with growth projected at 5.3 percent per year.

11. At the local scene, growth continues to be supported by a vibrant agricultural sector due to the favorable weather conditions. Sustaining this growth is premised on a stable macroeconomic environment over the medium term. The County Government will continue to ensure that its investments and projects remain aligned with the evolving needs of the county economy and of the county residents.

D. THE SPECIFIC GUIDELINES

The following will guide the preparation of Financial 2026/27 and the Medium Term Budget:

I. County Development Agenda and Priorities For FY 2026/27

12. The FY 2026/27 budget will be the fourth in a series of annual budgets prepared to actualize the CIDP III (2023-2027). In this respect, the preparation of and subsequent implementation of the FY 2026/27 budget must be aligned to following:
 - a) The priorities and programmes contained in the CIDP III (2023-2027)
 - b) The priorities outlined in H.E the Governor's Change Agenda
 - c) The priorities outlined in the Bottom-Up Economic Transformation Agenda (BETA) specific to the County.

II. Prioritization and Costing of Programmes, Projects and Services

13. The following criteria will serve as a guide for prioritizing of projects, programmes and services and the allocation of attendant resources:
 - a) Pending Bills for completed projects should be a first charge in terms of PFMA regulations 41(2);
 - b) Completion and operationalization of ongoing/pipelined projects;
 - c) Identified high impact/flagship projects;
 - d) Projects identified and prioritized through public participation;
 - e) The costing of projects, programmes and services shall be anchored on the budget estimates for the previous year (i.e 2025/26FY) as the baseline in light of the MTEF approach.
14. The National Treasury has also developed a costing tool for reference in estimating the budget baseline in respect of ongoing projects, new projects and verified pending bills.

All accounting officers shall ensure that costing of activities in respect of programmes and projects is in line with the guidelines

III. Organization Of Sector Working Groups (SWGs) For FY 2026/27 Budget Preparation.

15. In line with the organization of the County Government departments and entities, sectors have been formed within the context of Classification of the Functions of Government (COFOG) which is an international best practice. The functions of the County Government of Nyandarua have been mapped into four sectors, namely:
- a) Governance sector;
 - b) Human resource sector;
 - c) Infrastructure sector; and
 - d) Productive Sector.
16. The mapping of departments and agencies to the respective sectors is contained in *annex IV* of this circular. The respective SWG shall be responsible for formulating budget proposals, prioritization and resource allocation for planned projects, programmes and services in FY 2026/27 and the medium term.
17. The composition and terms of reference for SWGs is also indicated in Annex IV. Departments and agencies are therefore required to fully participate in the relevant SWG and bid for resources within the available ceilings.

IV. Timelines For Delivery Of Key Activities And Outputs

18. The Budget Calendar which is provided in *Annex III* outlines the timelines for the budget process and the development of key budget documents in accordance with the requirements of the PFM Act, 2012.
19. The expected Key Outputs for the FY2026/26 budget process will be:
- a) The County Annual Development Plan (CADP) for 2026/27 FY;
 - b) The County Budget Review and Outlook Paper (CBROP) 2025;
 - c) The County Fiscal Strategy Paper 2026 and the Debt Management Strategy Paper 2026;
 - d) Budget Estimates in both Programme Based (PBB) and itemized formats;

- e) County Appropriation Bill/Act 2026; and
- f) County Finance Bill/Act 2026

V. FORMAT FOR PREPARATION AND SUBMISSION OF BUDGETS FOR FY 2026/2027 AND THE MEDIUM TERM

- 20. Pursuant to Section 130 of the PFM Act and Regulation 30(1) (c) of the Public Finance Management (County Governments) Regulations, 2015, Budget proposals shall be submitted in prescribed formats that support program-based budgeting and classification of expenditure in economic classes. Therefore, the preparation and submission of the 2026/27 FY and the Medium-Term Budget should strictly adhere to this requirement.
- 21. The County Treasury will not consider for approval proposed departmental Budgets which do not comply with the guidelines in this circular in form and/or content.
- 22. Final Budget proposals from Department's should be ready for submission to the County Treasury **by 15th April 2026** in line with the Budget Calendar indicated in annex III.

VI. PUBLIC PARTICIPATION AND STAKEHOLDER INVOLVEMENT

- 23. Article 174 & 201 of the Constitution and Section 87 of the County Government Act 2012 provides that there shall be openness and accountability including public participation in financial matters. To fulfil this requirement, the County government will involve all the relevant stakeholders in the budget process with a view of seeking and taking into account their views for incorporation in the Budget for FY 2026/27.
- 24. This will be done through, inviting the CBEF to participate in the budget making process, holding physical public fora to discuss the budget, invitation for submission of memoranda and through the County grievance handling mechanism.

E. CONCLUSION AND WAY FORWARD

25. All Accounting Officers are hereby required to take note and strictly adhere to the form, content, timelines provided in these guidelines to ensure timely preparation, approval and implementation of the FY 2026/27 Budget.

You shall also bring the contents of this circular to the attention of all officers working under you, especially those involved in the budget process.

26. Annexed herein, find the formats and calendar for preparation and submission of Budget reports and plan accordingly.



HON. MARY W. KAMANDE
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING AND ICT

Encls.

Copies to. H.E THE GOVERNOR
ALL EXECUTIVE COMMITTEE MEMBERS
HON. SPEAKER, NYANDARUA COUNTY ASSEMBLY

ANNEX I: COUNTY ANNUAL DEVELOPMENT PLAN FORMAT

Attached separately (Enclosed).

ANNEX II: PROGRAMME BASED BUDGET REPORT FORMAT

MINISTRY:

A. Vision

B. Mission

C. Mandate

D. Performance Overview and Background for Programme Funding (what have the department achieved from the allocations in the past years)

E. Programme Objectives

Programme	Objective

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

	2025/26 Baseline	2026/27 Estimates	2027/28 Projected	2028/29 Projected
Current Expenditures (ESTIMATES)				
Compensation to employees				
Use of Goods and Services				
Current Transfers				
Other current expenditures				
Development Expenditures				
Capital Transfers				
Acquisition of Non Financial Assets				
Other capital expenditures				
SUB-TOTAL				

G. Summary of expenditures by programme

Programme	ACTUAL 2022/23	Baseline Estimates 2025/26	ESTIMATES	Projected Estimates	
			2026/27	2027/28	2028/29
Programme 1: (State the name of the programme here)					
SP 1. 1					
SP 1. 2.					
Total Expenditure of Programme 1					
Programme 2: (State the name of the programme here)					
SP 2. 1					
SP 2. 2.					
Total Expenditure of Programme 2					
Total Expenditure of Vote -----					

Expenditure Classification	Actual 2022/23	Baseline Estimates 2025/26	Estimates	Projected Estimates	
			2026/27	2027/28	2028/29
Programme 1: (State the name of the programme here)					
Current Expenditure					
Compensation to Employees					
Use of goods and services					
Current Transfers to Govt. Agencies					
Other Recurrent					
Capital Expenditure					
Acquisition of Non-Financial Assets					
Capital Transfers to Govt. Agencies					
Other Development					
Total Expenditure					

I. Summary of the Programme Outputs ,Performance Indicators and targets

Programme Name:

Outcome:

Sub Programme	Key Output (K.O)	Key Performance indicators (KPI)	<i>Actual 2024/25</i>	Target 2025/26 (baseline)	Target 2026/27	Target 2027/28	Target 2028/29
S.P1: ...							
S.P2:							
S.P3:etc							

J. Details of staff establishment

[illegible]

ANNEX III: BUDGET CALENDAR FOR FY 2026/27 MTEF BUDGET PROCESS

Activity/output	Objective	Responsibility	Timelines
Issue of 2026/27 FY Budget Guidelines Circular	To guide on the contents, formats and timelines for the packaging and presentation of data and information to be contained in the FY2026/27 budget	CECM – FEP, ICT& Revenue	By 30 th August 2025
Preparation, finalization and submission of Annual Development Plan (CADP) FY 2026/27	To identify and document priority developments to be carried out in FY2026/27	All Departments- Economic Planning Directorate to coordinate	By 1 st September 2025
Preparation of County Budget Review & Outlook Paper (CBROP)	To review the implementation of the FY 2024/25 budget and set the preliminary sector ceilings for FY2026/27	All Departments- Economic Planning Directorate to coordinate	By 20 th September 2025
Submission and consideration of County Budget Review & Outlook Paper (CBROP) by C.E.C		County Treasury to submit County Executive Committee to consider and approve	By 30 th September 2025
Submission of County Budget Review & Outlook Paper (CBROP) to County Assembly		CECM – FEP, ICT& Revenue	By 21 st October 2025
Drafting of the County Fiscal Strategy Paper(CFSP)	To set out the fiscal framework for Fy 2026/27 and affirm the expenditure ceilings for sector programmes	All departments- Economic Planning to Coordinate	By 14 th February 2026
Public participation and presentation of draft CFSP to County Budget & Economic forum (CBEF)		Economic Planning directorate to Coordinate	By 20 th February 2026
Finalization and submission of the CFSP to County Executive Committee Consideration and approval		County Treasury	By 25 th February 2026
Submission of CFSP to County Assembly for adoption		County Executive Committee	
Consideration and Adoption of the CFSP by the County Assembly		CECM – FEP, ICT& Revenue	By 28 th February 2026
		County Assembly	By 15 th March 2026
Issue of circular/guidelines for the finalization of departmental budget estimates in view of the adopted CFSP	To communicate the resolutions of the county Assembly on the CFSP ceilings to enable the departments appropriately align their programmes	CECM – FEP, ICT& Revenue	By 20 th March 2026
Finalization of departmental budget estimates and Submission to County Treasury	To allocate resources to the identified and approved projects programmes and	All departments- Economic planning to coordinate	By 15 th April 2026

COUNTY BUDGET CIRCULAR FOR FY 2026/2027

Review and Consolidation of budget estimates by the County Treasury	services	County Treasury-Economic planning	By 20 th April 2026
Consideration and approval of budget estimates by the County Executive Committee		C.E.C	By 25 th April 2026
Submission of budget estimates to County Assembly for approval		CECM – FEP, ICT& Revenue	By 30 th April 2026
Consideration and Approval of Budget Estimates by the County Assembly		County Assembly	By 20 th June 2026
Enactment of the Appropriation Act	To authorize the utilization of the approved allocations to deliver projects and other services	County Assembly	By 30 th June 2026

ANNEX IV: SECTOR WORKING GROUP (SWGs) FOR THE FY 2026/27 AND THE MEDIUM TERM-COMPOSITION AND TORs

- a) In line with the County Executive Order no. 1 of 2022 and the classification of functions of government (COFOG), the County Government departments are grouped into 4 MTEF Sectors as follows:

Sector	Departments/Agency
Governance	i. Office of the governor ii. Office of the County Secretary & Head of Public Service iii. Office of County Attorney iv. Finance ,Economic Planning, ICT & Revenue v. County Public Service Board
Productive	i. Agriculture, Agribusiness, Livestock & Fisheries ii. Water, Sanitation, Environment, Tourism, Natural Resources and Climate Change iii. Youth Affairs, Sports and Innovation iv. Trade, Industrialization, Cooperatives Development and Partnership
Infrastructure	i. Roads, Transport, Energy and Public Works ii. Lands, Physical Planning, Housing and Urban Development iii. Municipalities (Olkalou, Enginee & Mairo Inya)
Human Resource	i. Health services ii. Education, Technical Training, Culture, Gender and Social Services

- b) **Sector Working Groups (SWGs):** Each sector will constitute a SWG which will be responsible for the planning and prioritization resource allocation and budget formulation.
- i. **The composition of the SWGs will be as follows**
 - a) Chairperson- One Accounting Officer chosen by consensus by other Accounting Officers within the Sector
 - b) Sector economist (s)- Convener
 - c) Representatives from the sector departments and agencies
 - d) Private sector stakeholders
 - e) Development partners stakeholders
 - ii. **SWG Secretariat-** there shall be a secretariat which should be a lean team drawn from the SWG members and should include all the sector economists (conveners).

The secretariat will be the SWGs rapporteur and will be responsible for capturing the deliberations of the SWG.

iii. Term of Reference (TORs) for the SWGs:- The SWGs shall be responsible for :

- a) Developing its specific roadmap in line with the activity matrix in annex III of this circular ;
- b) Undertake stakeholder mapping;
- c) Review the budget performance for the FY 2024/25
- d) Drafting of the FY 2026/27 and the Medium Term Budget in line with the guidelines issued herein;
- e) Reviewing sector performance to determine the level of achievements , programme implementation, challenges and lessons learnt;
- f) Collecting relevant information and inputs from various stakeholders through various established modalities such as consultation forums, memoranda etc. while preparing the budget for FY 2026/27. The draft budget estimated will be shared with the stakeholders for inputs and comments to be incorporated by the SWG;
- g) Ensuring the alignment of the sector priorities with CIDP III, MTP IV and BETA.
- h) **Approvals:** the SWG will present its sector plans, reports and budgets to the County Treasury for review, advice, consolidation and eventual tabling before the County Executive Committee for approval.

