Republic of Kenya

Ministry of Health

Planning, Budgeting and Performance Review Process Guide for Health Sector

Simple Guide to MTEF for Health Sector

First Edition

January 2019

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FOREWORD

The 2010 Constitution and The Public Finance Management Act, 2012 (PFM Act) state who has to play what role in the decision making on how public funds are to be used. The Constitution and the PFM Act set the rules for how government at national and county levels can raise and spend money.

The Medium-Term Expenditure Framework (MTEF) is the backbone of public finance management for all the sectors in Kenya. MTEF is a tool to link planning, budgeting and performance review. Therefore, activities that are planned for the betterment of the people's health should be budgeted, implemented and reviewed appropriately by practicing MTEF.

This MTEF Process Guide is developed to assist Community Health Committees, Health Facility Management Teams, Sub-County and County Health Management Teams, and National Departments by guiding them to understand and practice MTEF process. It will also help in aligning and harmonizing the planning, budgeting and reviewing processes.

Therefore, this Guide will be used as:
  (a) a Teaching Tool to strengthen managerial capacities
  (b) an Operational Guide Manual
  (c) a Reminder, Check List or To-Do-List

It is my sincere hope that this guide would facilitate all Planning Entities adhere to the MTEF cycle timelines and strengthen the managerial functions of both Counties and National levels. I urge you to use the guide and mainstream this in your institutions.

Susan N. Mochache, CBS

Principal Secretary, Ministry of Health

ACKNOWLEDGEMENT

The Ministry of Health (MOH) wishes to acknowledge with sincere gratitude to those who contributed to the production of the MTEF Process Guide developed under the MOH and Japan International Cooperation Agency (JICA) joint Project, "Organizational Capacity Development Project for the Management of Devolved Health Systems in Kenya: OCCADEP" (JICA-OCCADEP).

We acknowledge with special gratitude for the financial and technical support provided by JICA-OCCADEP.

We recognize with appreciation for the technical contribution from the following;

- Department of Policy Planning and Health Financing
- Department of Universal Health Coverage Coordination
- JICA Kenya Office
- Department of Health Sector Coordination and Intergovernmental Affairs
- County Treasury of both Kericho and Kirinyaga Counties
- Kericho County Assembly Secretariat
- County Department of Health of both Kericho and Kirinyaga Counties
  - ✧ Health Facility in Charges
  - ✧ Members of County Health Management Teams and Sub-County Health Management Teams

Finally, the MOH extends appreciation to all those who contributed in one way or another. I wish to emphasize that this Guide will facilitate the work of all stakeholders in the health sector in order to achieve the aspiration of Universal Health Coverage.

Dr. Kioko Jackson K, OGW, MBS
Director of Medical Services, Ministry of Health

INTRODUCTION

The Constitution of Kenya 2010 introduced devolution in governance, through which the eight administrative regions (formerly the 8 provinces) were restructured into 47 counties. The responsibility of health service delivery was devolved to the counties while the national government retained the functions of leadership in policy development, management of national referral facilities and capacity development. The goal of devolution in health is to enhance equity in resource allocation and enhance access to essential services by accelerating Universal Health Coverage (UHC) and improving quality service delivery for all Kenyans, especially those who need it most.

The Ministry of Health (MOH), National Treasury and Japan International Cooperation Agency (JICA) signed a Record of Discussions (R/D) in 2014 in which "Organizational Capacity Development Project for the Management of Devolved Health Systems in Kenya: OCCADEP" (hereinafter "JICA-OCCADEP") was established. One of the focuses of the Project is strengthening the managerial functions through supporting the counties on planning, budgeting and reviewing the performance of the County Development of Health (CDOH) of partner counties which are Kericho and Kirinyaga.

To facilitate the implementation of the Project with the stakeholders; MOH, CDOH, County Treasury and JICA-OCCADEP went through consultative process and developed this MTEF Process Guide.

The Guide attempts to capture the core requirements of the Public Finance Management Act, 2012 and Regulations 2015 for county health sector to follow.   In developing this guide, both Kericho and Kirinyaga County Treasury officials were interviewed, and reference was made to the guidelines and handbooks which are mentioned in References.   The draft was then shared with the MOH and the CDOH officials in both counties for their inputs. This Guide is a living document and therefore subject to regular revisions.

The Guide is expected to assist all the players in the health sector in order to understand the reviewing, planning and budgeting processes following the MTEF cycle in which we believe would contribute to improved service delivery and raise the health status of all Kenyans and track the progress of UHC.

CONTENTS

LIST OF ABBREVIATIONS

ADP	Annual Development Plan
APR	Annual Performance Review
AWP	Annual Work Plan
CA	County Assembly
CBROP	County Budget Review Outlook Paper
CDOH	County Department of Health
CDH	County Director of Health
CEC	County Executive Committee
CEC, Health	County Executive Committee for Health
CFSP	County Fiscal Strategy Paper
CHA	County Health Assistant
CHC	Community Health Committee
CHF	County Health Forum
CHMT	County Health Management Team
CHRIO	County Health Records and Information Officer
CHSSP	County Health Sector Strategic Plan
CHU	Community Health Unit
CHW	Community Health Worker
CIDP	County Integrated Development Plan
COH	County Chief Officer for Health
FY	Financial Year
HF	Health Facility
IGF	Inter-Governmental Forum
KHF	Kenya Health Forum
JICA	Japan International Cooperation Agency
KHSSP	Kenya Health Sector Strategic and Investment Plan
M&E	Monitoring and Evaluation
MOH	Ministry of Health (of Kenya)
MTEF	Medium Term Expenditure Framework
MTR	Mid-term Review
OCCADEP	Organizational Capacity Development Project for the Management of Devolved Health Systems in Kenya
PBB	Program Based Budgeting
PFM	Public Finance Management
SAGA	Semi-Autonomous Government Agency
SCHMT	Sub-County Health Management Team
SWG	Sector Working Group

1 WHAT IS MTEF?

■ Medium Term Expenditure Framework (MTEF) is <mark>**a three-year rolling budget framework**</mark> as shown in the table below (**surrounded by a bold frame**).

■ The first year FY(X+1) represents the following financial year while the two financial years of FY (X+2) and FY (X+3) represent two outer financial years.

■ The objective of MTEF is **to create the link between the two processes of PLANNING and BUDGETING over a medium term.**

■ In the overall picture of MTEF, we are dealing with 5 years as shown below:

	We are here		**3-Year MTEF Budget**		
Fiscal Year (FY)	**FY (X-1)**	**FY (X)**	**FY (X+1)**	**FY (X+2)**	**FY (X+3)**
Example	2017/18	2018/19	2019/20	2020/21	2021/22
Explanation	This is the previous fiscal year.	This is the current fiscal year.	The next financial year	These years are known as the 'outer years'.	
MTEF activity	Performance programme review	Implementation of the budget for the current financial year	The budget is being prepared for this year	Indicative estimates of the outer years	

**MTEF CYCLE for budgeting** ⇒ **See 3.**

2 MTEF AS PART OF THE HEALTH SECTOR PLANNING FRAMEWORK

- As part of budgeting process, County prepares a medium-term <u>County Integrated Development Plan (CIDP)</u> that outlines the County's broad developmental policies covering the period of five years. Based on CIDP, the county prepares **County Health Sector Strategic Plan (CHSSP)** that outlines the County's health sector developmental policies.

- From CHSSP, the priorities in health sector are costed into a budget for the medium term.

- The link between the policies and plans of different levels are shown below.

PLANNING LEVEL	DURATION	SPECIFIC PLAN (S)	
1. Global Health Development	Long Term	Sustainable Development Goals (SDGs) *(2016 – 2030)*	
2. National Health Sector	Long Term	Kenya Vision 2030	Kenya Health Policy (2014 - 2030)
3. Strategic Level Planning	5 – 10 Years	Kenya Health Sector Strategic & Investment Plan	
4. Tactical Level Planning	3 – 5 Years	Ministerial Strategic Plan / CHSSP	Medium Term Plan for the Health Sector / SAGA & 0ther sub-sector / Program Specific
5. Operational Level Planning	1 Year	Medium Term Expenditure Framework (3 year rolling budget)	Annual Work Plans (AWP) / Performance Contracts

Source)   Small modification made from Figure 1: The Planning Framework of the Health Sector, Kenya Health
Sector Strategic Plan 2018-2022

Figure 1: The Planning Framework of the County Health Sector

3 MTEF CYCLE

3.1 What is MTEF Cycle?

MTEF Cycle is a budgeting cycle which concurrently involves three fiscal years shown below:

FY (X):	Current fiscal year	Implementation and monitoring
FY (X+1):	Next fiscal year	Priority setting, planning and budgeting
FY (X+2):	Outer year	Indicative estimation
FY (X+3):	Outer year	Indicative estimation

■ **How do we handle the 3 streams at the same time?**

As we are in the current fiscal year FY (X), we are supposed to handle three streams.   But based on the Public Financial Management Act and Regulations, there are focus months for each stream.

While we are **implementing and monitoring the budget for the current fiscal year: FY(X) from July to June,**

we **review the performance of the previous budget FY (X-1) implementation mainly from August to September**, when we conduct **Annual Performance Review (APR)**.   APR entails a detailed assessment of the target outputs after the implementation of previous financial year FY(X-1). APR forms the basis for guiding expenditure allocations in the MTEF Budget.   This APR starts after the release of MTEF Budget Circular for FY(X+1).
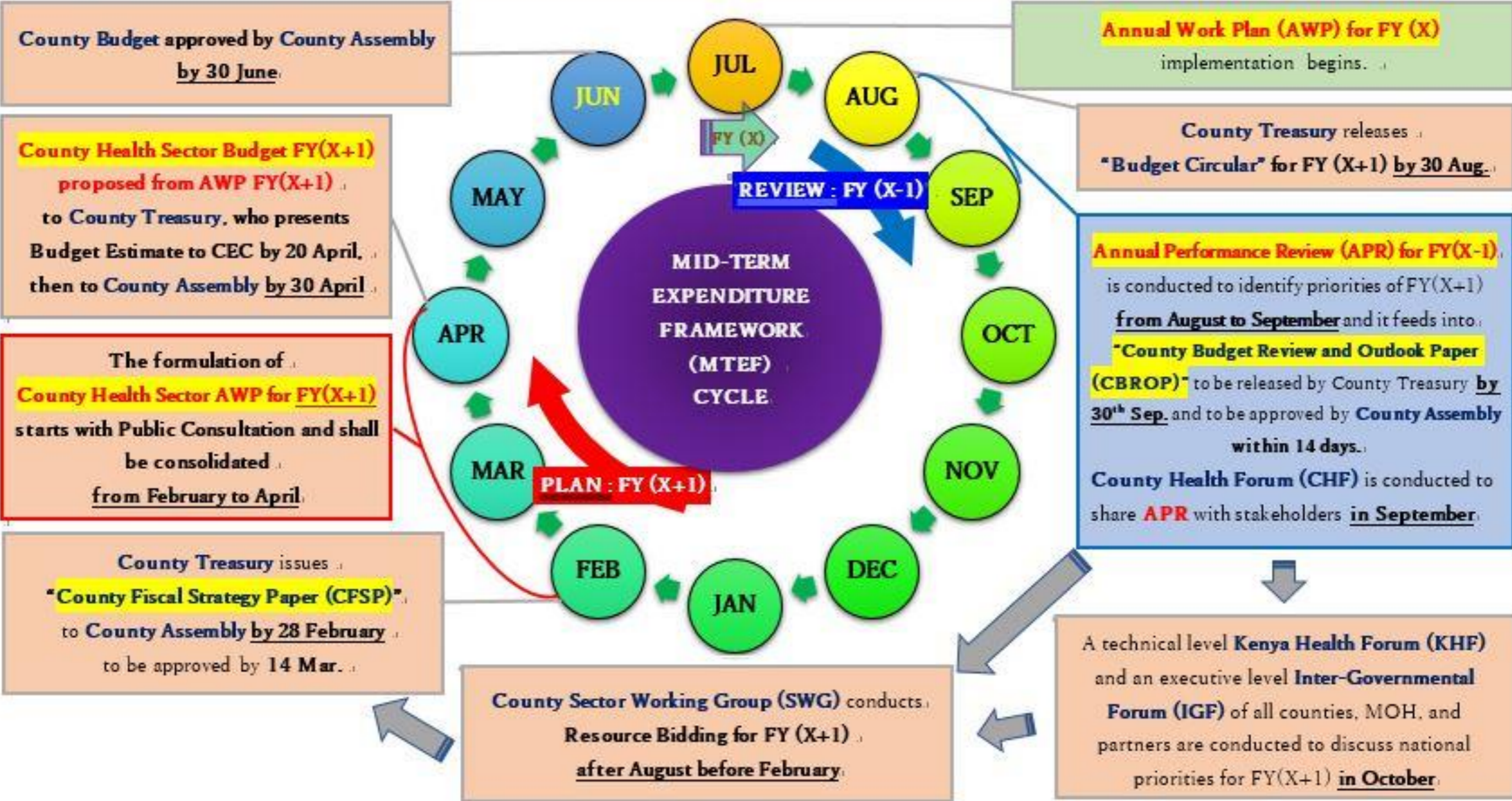
The budgeting for FY (X+1) intensifies from February to April, after the County Fiscal Strategy Paper is issued and we embark on **Annual Work Plan (AWP).**

3.2 MTEF Cycle Management Calendar

A calendar which illustrates MTEF Budgeting Cycle at a glance is shown on the next page.

County Department of Health – MTEF Cycle Management Calendar

County Budget approved by County Assembly by 30 June

County Health Sector Budget FY(X+1) proposed from AWP FY(X+1) to County Treasury, who presents Budget Estimate to CEC by 20 April, then to County Assembly by 30 April

The formulation of **County Health Sector AWP for FY(X+1)** starts with Public Consultation and shall be consolidated from February to April

County Treasury issues **"County Fiscal Strategy Paper (CFSP)"** to **County Assembly by 28 February** to be approved by **14 Mar.**

County Sector Working Group (SWG) conducts Resource Bidding for FY (X+1) after August before February

Annual Work Plan (AWP) for FY (X) implementation begins.

County Treasury releases **"Budget Circular"** for FY (X+1) by 30 Aug.

Annual Performance Review (APR) for FY(X-1) is conducted to identify priorities of FY(X+1) from **August to September** and it feeds into **"County Budget Review and Outlook Paper (CBROP)"** to be released by County Treasury **by 30th Sep.** and to be approved by **County Assembly** within 14 days. **County Health Forum (CHF)** is conducted to share **APR** with stakeholders **in September**

A technical level **Kenya Health Forum (KHF)** and an executive level **Inter-Governmental Forum (IGF)** of all counties, MOH, and partners are conducted to discuss national priorities for FY(X+1) **in October**

JUL · JUN · AUG · MAY · SEP · APR · OCT · MAR · NOV · FEB · JAN · DEC

FY (X)

REVIEW : FY (X-1)

PLAN : FY (X+1)

MID-TERM EXPENDITURE FRAMEWORK (MTEF) CYCLE

Managing MTEF Cycle

for

Each Month

4 MTEF Cycle by Month

Following pages indicate the activities of MTEF Budgeting Cycle to be followed by County Department of Health (CDOH), ranging from Community Unit, Health Facilities, Hospitals, Sub-County and County levels. It starts from July, which is a beginning of the fiscal year.

How to follow the MTEF Cycle by Month?

➢ **Each month has two pages, left and right pages.**

➢ **Left page covers activities for FY (X), while Right Page covers activities for FY(X-1) and FY(X+1)**

LEFT PAGE

An arrow shows where you are

MTEF Budgeting Cycle Calendar

Green color part explains activities to be carried out in relation to Implementation of FY (X) Budget

Monthly routine shall be carried out every month.

Quarterly routine shall be carried out in the following month after the quarter ends, i.e. July, October, January, and April.

RIGHT PAGE

Review of FY (X-1) Budget

As quarterly routine 2 (Supportive supervision):

1. CHMT organizes the **4th Quarter [April, May, and June]** review meeting with SCHMT where quarterly health performance report is compiled/analyzed to confirm progress, discuss issues and the way forward.

2. With this review of 4th Quarter and the accumulation of 1st to 3rd Quarter Review of FY (X-1), the review of the whole FY (X-1) becomes possible.

3. While CHMT and/or SCHMT conduct supportive supervision to rectify and improve the situations, they shall embark on **Annual Performance Review: APR** as well.

Planning for FY (X+1) Budget

No activity.

Activities related to the review of FY (X-1) Budget is indicated in this Blue Frame.

Activities related to the planning for FY(X+1) Budget is indicated in this Red Frame.

County-wide Planning for FY(X+1) Budget

Starting of the budget planning:

1. County Treasury releases MTEF Budget Circular for FY (X+1) by 30th August.

2. County Treasury submits Annual Development Plan (ADP) for FY(X+1) to CA by 1st September.   *ADP is extracted from CIDP and CHSSP.*

"County-wide Review or Planning activities" are carried out by actors other than County Department of Health, such as County Treasury and County Assembly.   They are enclosed in a **Bold Blue Frame** or **Bold Red Frame**.

What is MTEF Budget Circular?

The MTEF Budget Circular is budget guidelines to kickstart the planning for FY (X+1). The Circular includes:
- composition of the sector working groups
- the MTEF calendar
- the fiscal strategy over the medium term
- the sectoral ceilings,
- the key policy areas to guide the preparation of medium-term budget, and other budget preparation information.

On the right bottom, framed in the double line is the explanation of the terminology.

The same activities are repeated for several months up to when they reach the month of deadline.

JULY

You are here:
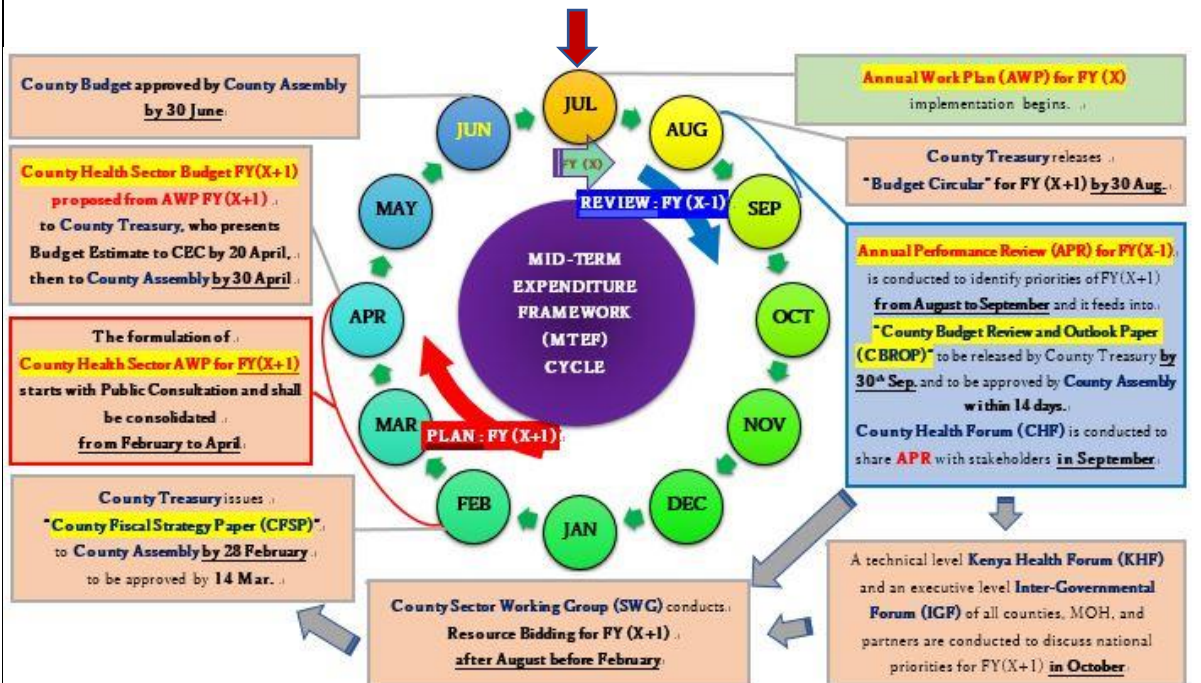
Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month**.

2. **Facility** submits <u>health service delivery data</u> to **Sub-County in charge** by **5th of the month.**

3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **15th of the month**

*Quarterly routine 1 (Community Action)***:**

1. **CHAs** organize **the Dialogue Day** with **CHWs** and **CHCs in** the communities to discuss issues, give their views, and agree on the action to be taken.

2. **CHAs**, with **CHWs** and **CHCs** put into action what they have discussed and agreed on the Dialogue Day (including but not limited to: organizing **Community Action Day**).

Review of FY (X-1) Budget

As quarterly routine 2 (Supportive supervision):

1. **CHMT** organizes the <mark>4th Quarter [April, May, and June] review meeting</mark> with **SCHMT** where quarterly health performance report is compiled/analyzed to confirm progress, discuss issues and the way forward.
2. With this review of 4th Quarter and the accumulation of 1st to 3rd Quarter Review of FY (X-1), the review of the whole FY (X-1) becomes possible.
3. While **CHMT** and/or **SCHMT** conduct supportive supervision to rectify and improve the situations, they shall embark on **Annual Performance Review: APR** as well.

Planning for FY (X+1, X+2, X+3) Budget

No activity.

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*County-wide Planning for FY(X+1) Budget

Starting of the budgeting Process:

1. County Treasury releases <u>MTEF Budget Circular for FY (X+1)</u> by **30th August**.

2. County Treasury submits <u>Annual Development Plan (ADP)</u> for FY(X+1) to CA by **1st September.**   ** ADP is extracted from CIDP and CHSSP.*

What is MTEF Budget Circular?

The MTEF Budget Circular is budget guidelines to kickstart the planning for FY (X+1).
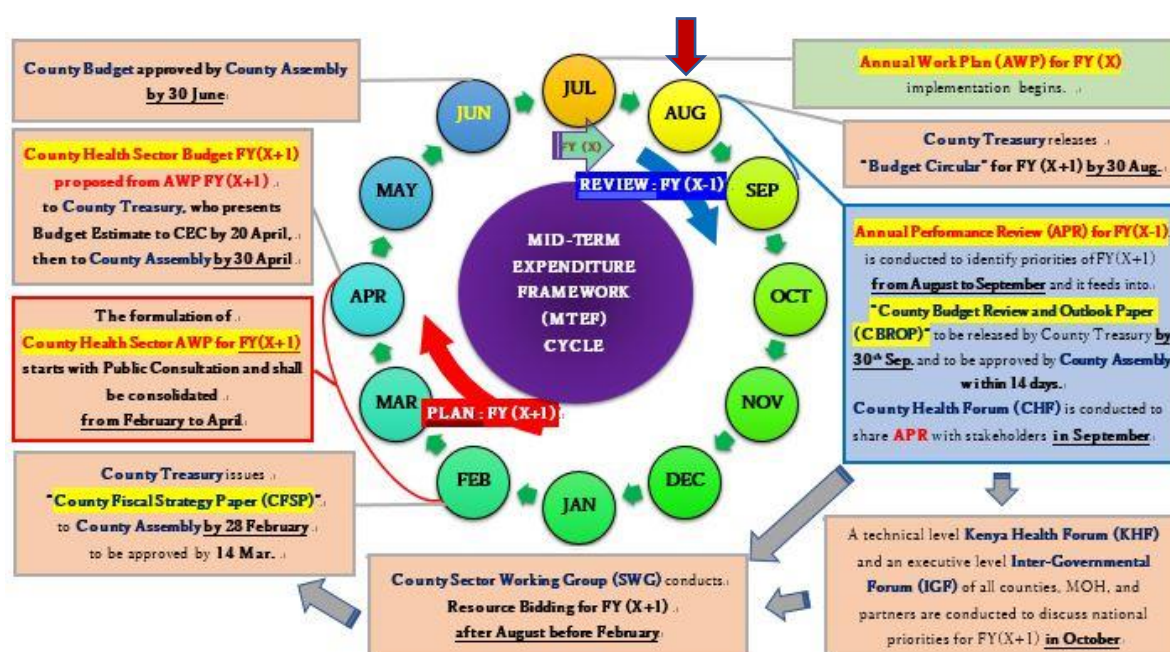The Circular includes:
  - composition of the sector working groups
  - the MTEF calendar
  - the fiscal strategy over the medium term
  - the sectoral ceilings,
  - the key policy areas to guide the preparation of medium-term budget, and other budget preparation information.

AUGUST

You are here:

County Budget approved by County Assembly by 30 June.

County Health Sector Budget FY(X+1) proposed from AWP FY(X+1) to County Treasury, who presents Budget Estimate to CEC by 20 April, then to County Assembly by 30 April.

The formulation of County Health Sector AWP for FY(X+1) starts with Public Consultation and shall be consolidated from February to April.

County Treasury issues "County Fiscal Strategy Paper (CFSP)" to County Assembly by 28 February to be approved by 14 Mar.

Annual Work Plan (AWP) for FY (X) implementation begins.

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A technical level Kenya Health Forum (KHF) and an executive level Inter-Governmental Forum (IGF) of all counties, MOH, and partners are conducted to discuss national priorities for FY(X+1) in October.

County Sector Working Group (SWG) conducts Resource Bidding for FY (X+1) after August before February.

MID-TERM EXPENDITURE FRAMEWORK (MTEF) CYCLE

REVIEW : FY (X-1)

PLAN : FY (X+1)

FY (X)

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile health service delivery data of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

2. **Facility** submits health service delivery data to **Sub-County in charge** by **5th of the month**.

3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **15th of the month**

Review of FY (X-1) Budget

1. **CHMT** starts the review of FY(X-1) performance and setting priorities for FY (X+1) (=**Annual Performance Review: APR**) from **community units, facilities, hospitals, and Sub-Counties**.

2. APR shall be summarized in **Health Sector MTEF Report** by **CO/CEC Health**, which feeds into <u>County Budget Review and Outlook Paper (CBROP)</u>. CBROP is due on **the 30th September**.

Planning for FY (X+1, X+2, X+3) Budget

No activity..

County-wide Planning for FY(X+1) Budget

Starting of the budgeting process:

1. County Treasury releases <u>MTEF Budget Circular for FY (X+1)</u> by **30th August**.

2. County Treasury submits <u>Annual Development Plan (ADP)</u> for FY(X+1) to CA by **1st September.** ** ADP is extracted from CIDP and CHSSP.*

Resource bidding:

1. **After August and before February** (after <u>the MTEF Budget Circular</u> is issued and before <u>the County Fiscal Strategy Paper</u> is submitted), County Sector Working Group (SWG) constituted by technical people, reviews <u>ADP</u>, and conducts Resource Bidding.

2. Eventually all the sectors meet at Resource Bidding Committee, chaired by the County Governor, comprise CEOs and COs, to conclude the Resource Bidding.


What is CBROP?

In the County Budget Review and Outlook Paper (CBROP), the County Treasury shall specify:

(a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper:

(c) information on

　　(i) any changes in the forecasts compared with the County Fiscal Strategy Paper; or

　　(ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

SEPTEMBER

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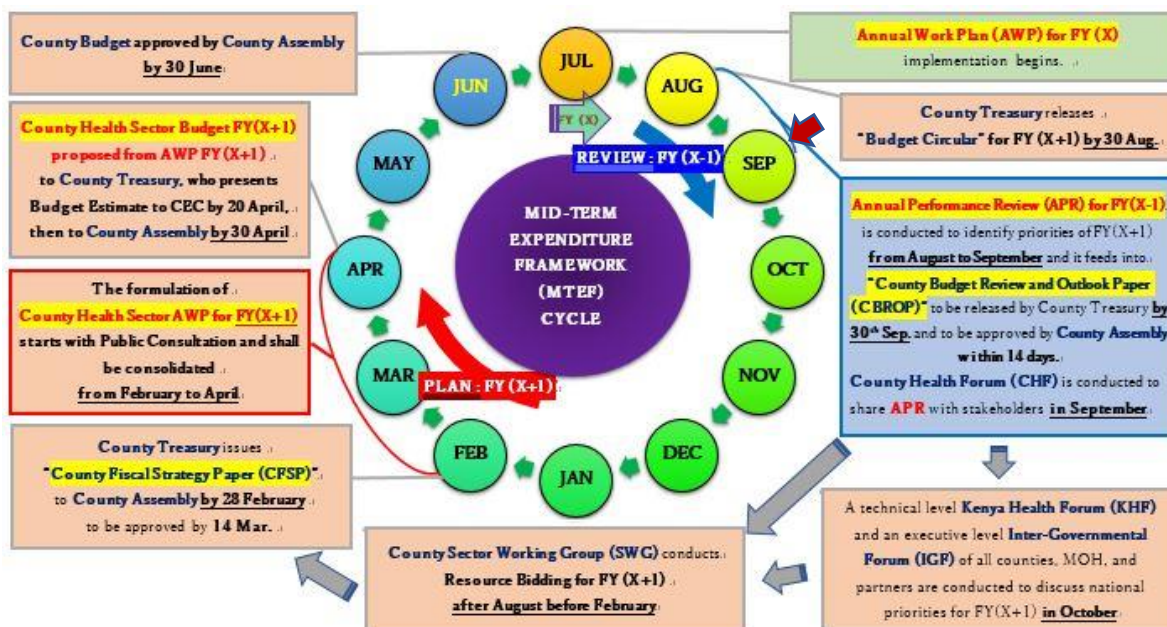
Implementation of FY (X) Budget

Monthly routine (Health Data):

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3. **Sub-County** reviews the data and enquire to **Facility** between **the 6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **the 15th of the month**

Review of FY (X-1) Budget

1. **CHMT** consolidates the review of FY(X-1) performance and setting priorities for FY (X+1) (=**Annual Performance Review: APR**) from **community units, facilities, hospitals, and Sub-Counties**.

2. APR shall be summarized in **Health Sector MTEF Report** by **CO/CEC Health**, which feeds into County Budget Review and Outlook Paper (CBROP). CBROP is due on **the 30th September**.

3. **CDOH** organizes **County Health Forum** to share **the APR** with all the stakeholders.

Planning for FY (X+1, X+2, X+3) Budget

No activity.

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*County-wide Planning for FY(X+1) Budget

Starting of the budgeting process:

1. County Treasury releases <u>MTEF Budget Circular for FY (X+1)</u> by **30th August**.

2. County Treasury submits <u>Annual Development Plan (ADP)</u> for FY(X+1) to CA by **1st September.** ** ADP is extracted from CIDP and CHSSP.*

Resource bidding:

1. **After August and before February** (after <u>the MTEF Budget Circular</u> is issued and before <u>the County Fiscal Strategy Paper</u> is submitted), County Sector Working Group (SWG) constituted by technical people, reviews <u>ADP</u>, and conducts Resource Bidding.

2. Eventually all the sectors meet at Resource Bidding Committee, chaired by the County Governor, comprise CEOs and COs, to conclude the Resource Bidding.

What is Resource Bidding and County SWG?

A County Sector Working Group (SWG) serves the purpose of creating a forum for making trade-offs, on account of resource constraints compared to many expenditure needs. The SWG is comprised of <u>Chairperson</u> who is County Accounting Officer (CAO) and constituted by <u>Sector Convener</u> appointed by the County Treasury, other <u>Chief Officers</u> in the sector who are not CAO, <u>Technical Working Group</u>, if appointed by the respective SWG, <u>Secretariat</u> appointed by CAO, and one representative by invitation from each group of stakeholders such as Development Partners, Faith-based and Civil -based Organisations and Private Sector.   The role and functions of SWG include:
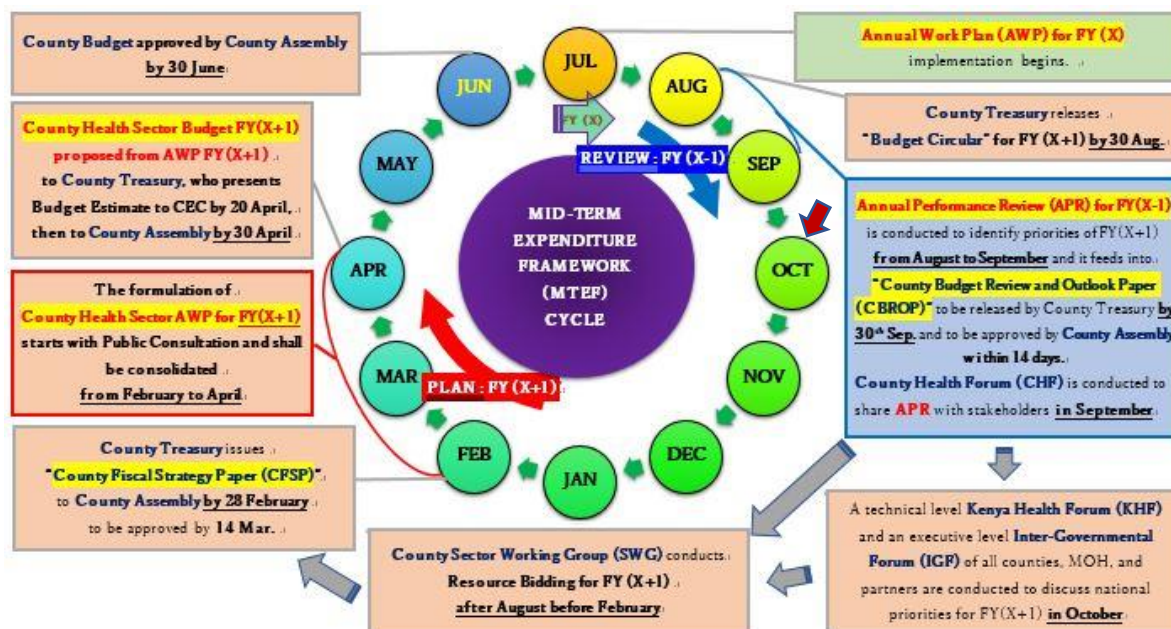
- Setting sectoral objectives and priorities that are linked to the approved County Development Plan.

- Setting outputs and targets for the sector in the medium term.

- Setting a process of estimating resource requirements for the sector and link available resources to the critical priorities of the sector (commonly referred to as sector resource sharing process).

An example of terms and references of County SWG is shown on Page 24.

OCTOBER

You are here:

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

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Quarterly routine 1 (Community Action):

1. **CHAs** organize **the Dialogue Day** with **CHWs** and **CHCs** at the community to discuss issues, give their views, and agree on the action to be taken.

2. **CHAs**, with **CHWs** and **CHCs** put into action what they have discussed and agreed on the Dialogue Day (including but not limited to: organizing **Community Action Day**).

Quarterly routine 2 (Supportive supervision):

1. **CHMT** organizes the **1st Quarter [July, August, and September] review meeting** with **SCHMT** where quarterly health performance report is compiled/analyzed to confirm progress, discuss issues and the way forward.

2. **CHMT** and/or **SCHMT** conducts supportive supervision to rectify and improve the situations.

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
Linking County and National level priorities for budget planning: 1. CDOH representatives shall attend **the Kenya Health Forum (KHF)**, which is a technical level forum where all the counties and MOH meet to discuss issues and priorities for FY (X+1) which emanate from **APR** and **CHF**. 2. The results from KHF shall be passed to **the Inter-Governmental Forum (IGF)**, where **CEC-Health** from all the counties, MOH, and partners attend. National priorities shall be discussed and actions to be taken in FY(X+1) shall be confirmed in the form of Communique at the end. 3. The results of **IGF** shall feed into the National Budget Outlook Paper released by the National Treasury and approved **by November**
Resource bidding: The commitment in **the Communique of IGF** shall be reflected in the course of Resource Bidding.

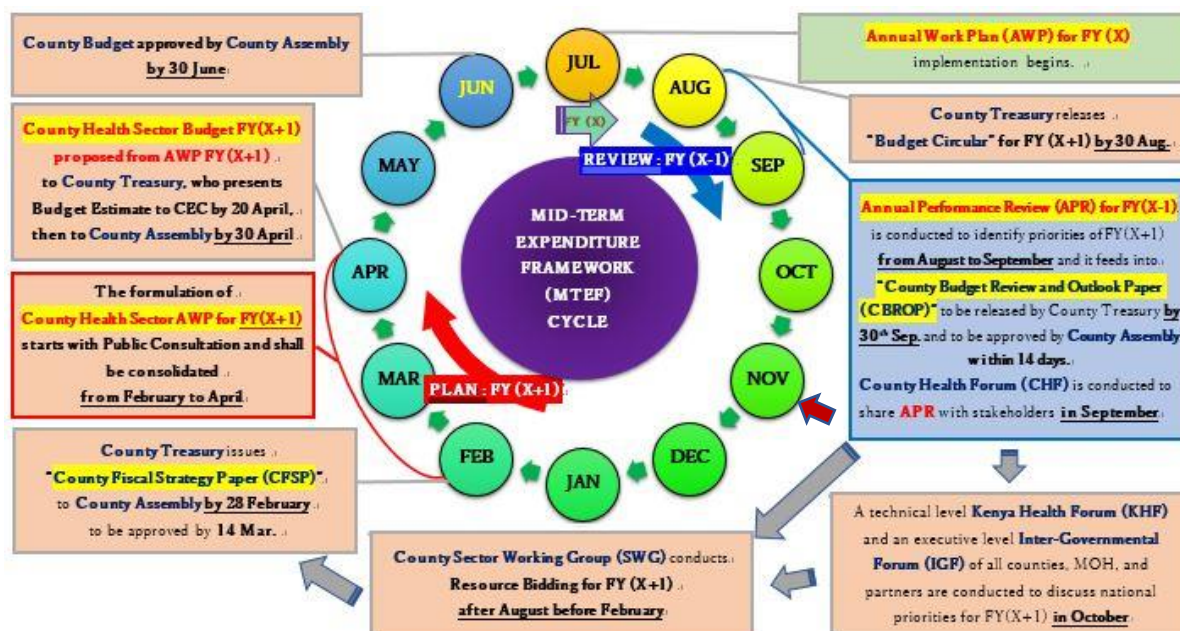| *County-wide Review of FY(X-1) Budget* |
|---|
| *Budget review:*

1. County Treasury must have submitted County Budget Review and Output Paper (CBROP) for FY(X+1) **to CEC by 30th September**

2. **Within 14 days** from submission, CEC must review CBROP

3. **7 days after the approval by CEC**, CBROP must be

  (i) tabled before CA (this must be b**y 21st October**), and

  (ii) published and publicized for the public to be informed. |

County-wide Planning for FY(X+1) Budget
Resource bidding: 1. **After August and before February** (after the MTEF Budget Circular is issued and before the County Fiscal Strategy Paper is submitted), County Sector Working Group (SWG) constituted by technical people, reviews ADP, and conducts Resource Bidding. 2. Eventually all the sectors meet at Resource Bidding Committee, chaired by the County Governor, comprise CEOs and COs, to conclude the Resource Bidding.

NOVEMBER

You are here:

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

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3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **15th of the month**

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
Resource bidding:
The commitment in **the Communique of IGF** shall be reflected in the course of Resource Bidding. The commitment in the Communique of IGF shall be reflected in the course of Resource Bidding.

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4. Eventually all the sectors meet at Resource Bidding Committee, chaired by the County Governor, comprise CEOs and COs, to conclude the Resource Bidding.

Example of terms and references of County SWG for Resource Bidding
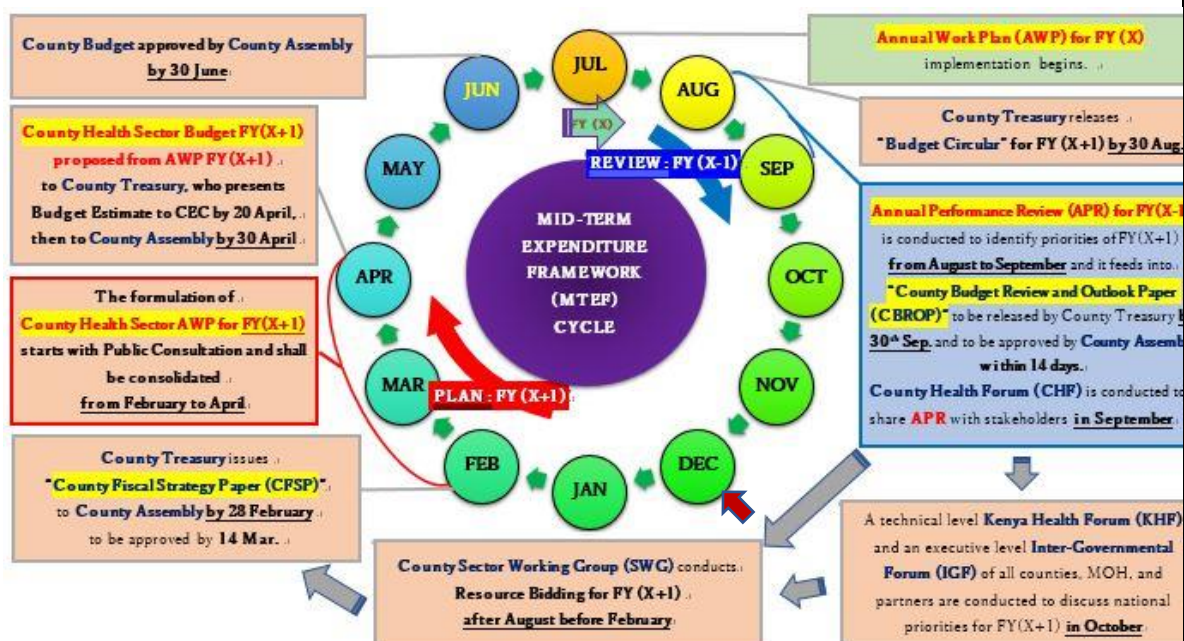*(extracted from FY2018-19 Narok County Budget Circular)*

When preparing Sector and departmental budget estimates for financial year 2018/19 and MTEF period, County SWGs are expected to ensure that proposed programmes and projects are in line with the objectives of Medium Term Plan (MTP) of Kenya Vision 2030 and the CIDP. Specifically, the terms of reference for SWGs will be to:

a) Review the implementation status of programmes and projects in F/Y 2015/16-2017/2018.

b) Prioritize County Programmes on the basis of strategic objectives of the County, magnitude of the impact, implementation status and among other agreed criteria and justification for the prioritization;

c) Analyzing the County Integrated Development Plan (CIDP) with an objective of identifying programmes/projects that address the County priorities and objectives.

d) Analyzing the second Medium Term Plan (MTP) of Vision 2030 with a view of picking out flagship projects which fall within the County.

e) Identify and consider National and international protocol/declarations, Acts of the parliament, policies that required to be adhered to.

f) Identify programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.

g) Identify programmes and projects to be funded under Public Private Partnerships (PPP) and other off budget modes of financing.

h) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals

i) Analyze cost implications of the proposed programmes, projects and policies for the budget year 2018/19 and MTEF period;

DECEMBER

You are here:

County Budget approved by County Assembly by 30 June.

County Health Sector Budget FY(X+1) proposed from AWP FY(X+1) to County Treasury, who presents Budget Estimate to CEC by 20 April, then to County Assembly by 30 April.

The formulation of County Health Sector AWP for FY(X+1) starts with Public Consultation and shall be consolidated from February to April.

County Treasury issues "County Fiscal Strategy Paper (CFSP)" to County Assembly by 28 February to be approved by 14 Mar.

County Sector Working Group (SWG) conducts Resource Bidding for FY (X+1) after August before February.

Annual Work Plan (AWP) for FY (X) implementation begins.

County Treasury releases "Budget Circular" for FY (X+1) by 30 Aug.

Annual Performance Review (APR) for FY(X-1) is conducted to identify priorities of FY(X+1) from August to September and it feeds into. "County Budget Review and Outlook Paper (CBROP)" to be released by County Treasury 30th Sep. and to be approved by County Assembly within 14 days. County Health Forum (CHF) is conducted to share APR with stakeholders in September.

A technical level Kenya Health Forum (KHF) and an executive level Inter-Governmental Forum (IGF) of all counties, MOH, and partners are conducted to discuss national priorities for FY(X+1) in October.

MID-TERM EXPENDITURE FRAMEWORK (MTEF) CYCLE

REVIEW : FY (X-1)

PLAN : FY (X+1)

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month**.

2. **Facility** submits <u>health service delivery data</u> to **Sub-County in charge** by **5th of the month.**

3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **15th of the month**

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
Resource bidding: The commitment in **the Communique of IGF** shall be reflected in the course of Resource Bidding.

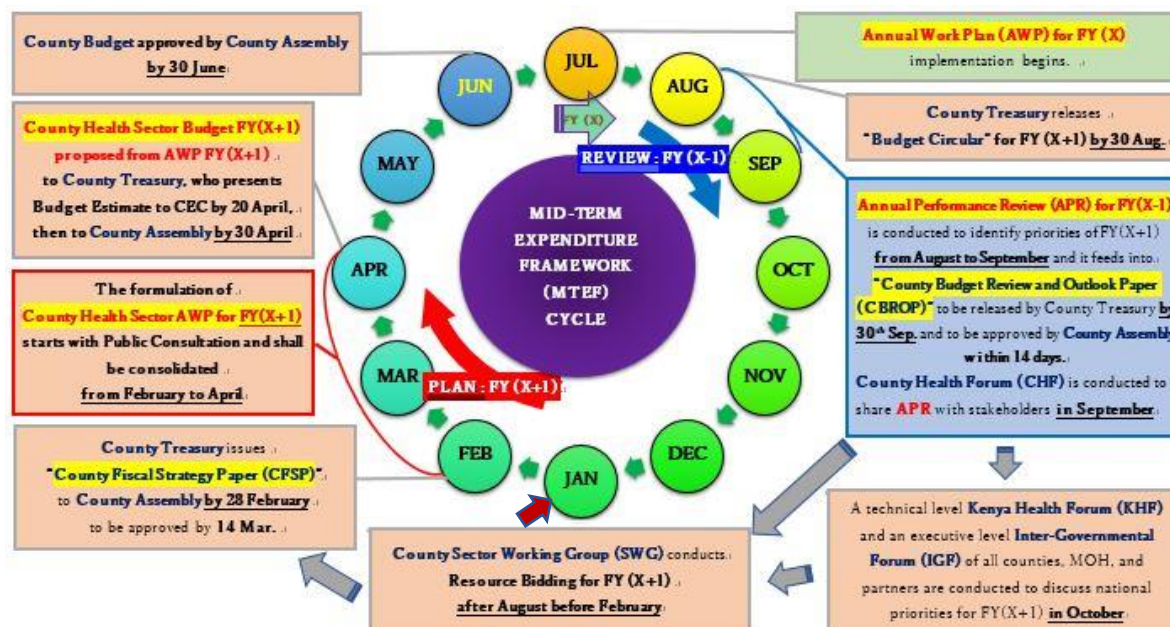| **County-wide Planning for FY(X+1) Budget* |
|---|
| *Resource bidding:*
1. **After August and before February** (after <u>the MTEF Budget Circular</u> is issued and before <u>the County Fiscal Strategy Paper</u> is submitted), County Sector Working Group (SWG) constituted by technical people, reviews <u>ADP</u>, and conducts Resource Bidding.

2. Eventually all the sectors meet at Resource Bidding Committee, chaired by the County Governor, comprise CEOs and COs, to conclude the Resource Bidding. |

Notes

JANUARY

You are here:

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

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Quarterly routine 1 (Community Action):

1. **CHAs** organize **the Dialogue Day** with **CHWs** and **CHCs** at the community to discuss issues, give their views, and agree on the action to be taken.

2. **CHAs**, with **CHWs** and **CHCs** put into action what they have discussed and agreed on the Dialogue Day (including but not limited to: organizing **Community Action Day**).

Quarterly routine 2 (Supportive supervision):

1. **CHMT** organizes the **2nd Quarter [October, November, and December] review meeting** with **SCHMT** where quarterly health performance report is compiled/analyzed to confirm progress, discuss issues and the way forward. This, with the 1st Quarter review results serves as **a mid-term review of FY (X) AWP.**

2. **CHMT** and/or **SCHMT** conducts supportive supervision to rectify and improve the situations.

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
Starting AWP formulation: 1. Distribution of **AWP Template** by MOH to **CDOH**   2. **CHMT** studies **AWP Template** and plan for AWP formulation process

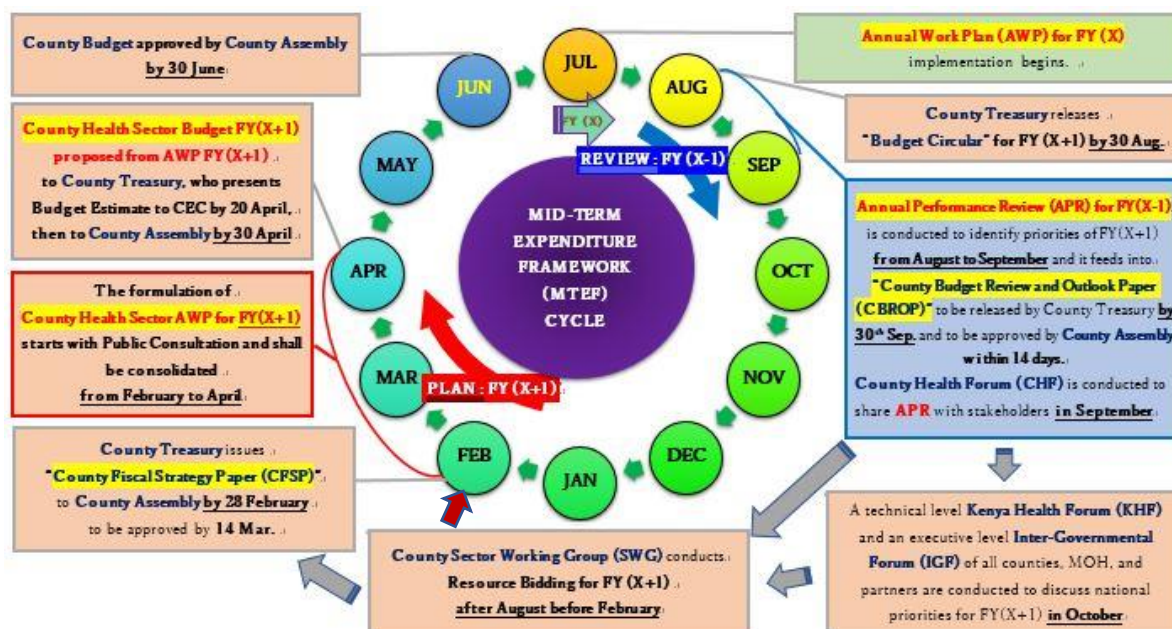| **County-wide Planning for FY(X+1) Budget* |
|---|
| ***Resource bidding:***
 County SWG submits their SWG reports to County Treasury as input into the County Fiscal Strategy Paper by **31st January** |

What is AWP?

See *the Guidelines and Standard Operating Procedures for County Level Health Sector*

Annual Work Planning and Annual Performance Review Processes (MOH June 2018) and

AWP Handbook (JICA OCCADEP September 2018).

Notes

FEBRUARY

You are here:

The formulation of County Health Sector AWP for FY(X+1) starts with Public Consultation and shall be consolidated from February to April.

County Budget approved by County Assembly by 30 June.

County Health Sector Budget FY(X+1) proposed from AWP FY(X+1), to County Treasury, who presents Budget Estimate to CEC by 20 April, then to County Assembly by 30 April.

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A technical level Kenya Health Forum (KHF) and an executive level Inter-Governmental Forum (IGF) of all counties, MOH, and partners are conducted to discuss national priorities for FY(X+1) in October.

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs with CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month**.

2. **Facility** submits <u>health service delivery data</u> to **Sub-County in charge** by **5th of the month.**

3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **15th of the month**

Review of FY (X-1) Budget
No activity.
Planning for FY (X+1, X+2, X+3) Budget

Starting AWP formulation:

1. **CDOH** conducts Public Consultation to share the priorities for FY(X+1) with the Public.

2. **CHMT** calls for AWP formulation meeting with **SCHMT**, **Hospitals, Facilities and CUs**, and distributes **AWP templates**

3. **SCHMT, Hospitals, Facilities and CUs** fill their own **AWP template**.

4. **SCHMT** collects **AWPs** from **Hospitals, Facilities and CUs**.

5. **CHMT** fills its own **AWP template** and collects **AWPs** from **Level 5 Hospitals.**

County-wide Planning for FY(X+1) Budget
Starting of County Budget Estimates formulation: The County Treasury shall prepare and submit <u>the County Fiscal Strategy Paper (CFSP)</u> to the CEC for review and approval then tabled in the CA, **by the 28th February.**

What is County Fiscal Strategy Paper (CFSP)?

The County Fiscal Strategy Paper (CFSP) is prepared in accordance with Section 117 of the PFM Act, 2012 and PFM Regulations 2015.

The CFSP answers the following two key questions:

(i) How much should the total budget be in the next year? This means estimating total revenue, total spending, and, where spending is larger than revenue, the total deficit (also called financing).

(ii) What share of the budget should go to each of the major sectors (such as health, agriculture, education, etc.)? This is also known as "setting the ceilings" for each sector and determines the maximum amount of funds that each sector should receive. This establishes the priorities for the year, allowing certain sectors to grow faster than others.

The CFSP has four key elements, which we refer to as "three Ps and one C," i.e. performance, projections, priorities, and Ceilings.

MARCH

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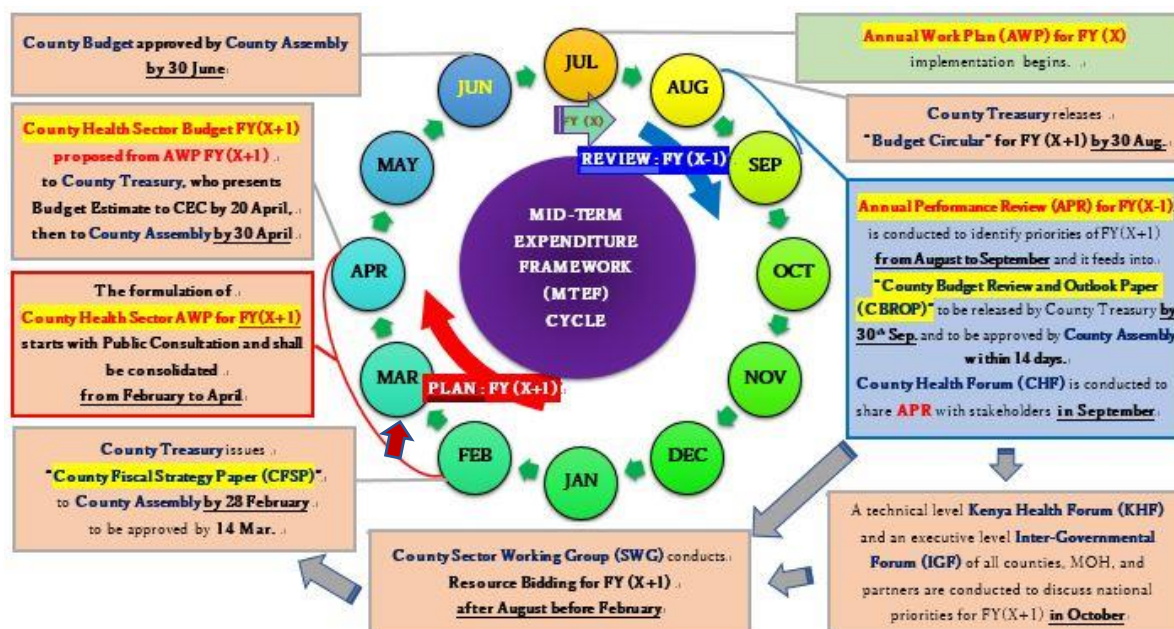
Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile health service delivery data of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

2. **Facility** submits health service delivery data to **Sub-County in charge** by **the 5th of the month.**

3. **Sub-County** reviews the data and enquire to **Facility** between **the 6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **the 15th of the month**

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget

AWP formulation:

1. **CHMT** communicates to the County Treasury and obtain <u>the Health Sector part of CFSP</u> in terms of revenue (ceiling) and expenditure.

2. **SCHMT** consolidates **<u>AWPs</u>** from **Hospitals, Facilities** and **CUs**.

3. **CHMT** consolidates **<u>AWPs</u>** from **SCHMTs** and **Level 5 Hospitals**, with reference to the <u>CFSP</u> and completes **County AWP**.

*County-wide Planning for FY(X+1) Budget

Starting of County Budget Estimates formulation:

1. CA shall review and adopt <u>the County Fiscal Strategy Paper (CFSP),</u> with or without amendments, **within 14 days** of its submission to CA

2. CFSP shall be published and publicized **within 7 days** of submission to the CA

Notes

APRIL

You are here:

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile health service delivery data of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

2. **Facility** submits health service delivery data to **Sub-County in charge** by **5th of the month.**

3. **Sub-County** reviews the data and enquire to **Facility** between **6th and 7th of the month.**

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Quarterly routine 1 (Community Action):

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2. **CHAs**, with **CHWs** and **CHCs** put into action what they have discussed and agreed on the Dialogue Day (including but not limited to: organizing **Community Action Day**).

Quarterly routine 2 (Supportive supervision):

1. **CHMT** organizes the **3rd Quarter [January, February, and March] review meeting** with **SCHMT** where quarterly health performance report is compiled/analyzed to confirm progress, discuss issues and the way forward.

2. **CHMT** and/or **SCHMT** conducts supportive supervision to rectify and improve the situations.

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
AWP finalization and submission: 1. **CHMT** finalizes <u>AWP (including County Health Budget).</u> 2. **CHMT** submits <u>AWP (including County Health Budget)</u> to **CEC Health** in time for <u>the County Budget Estimates</u>

County-wide Planning for FY(X+1) Budget
County Budget Estimates: County Treasury submits <u>the County Budget Estimates</u> to CEC for approval by **the 30th April.**

What is Budget Estimates?

Budget Estimates here means the proposed budget, which is a document presenting the government's proposed revenues, spending and priorities for a financial year.

The CEC tables the proposed budget in the County Assembly by 30th April.

The County Assembly first submits the proposed budget to the Committee on Budget and Appropriation.
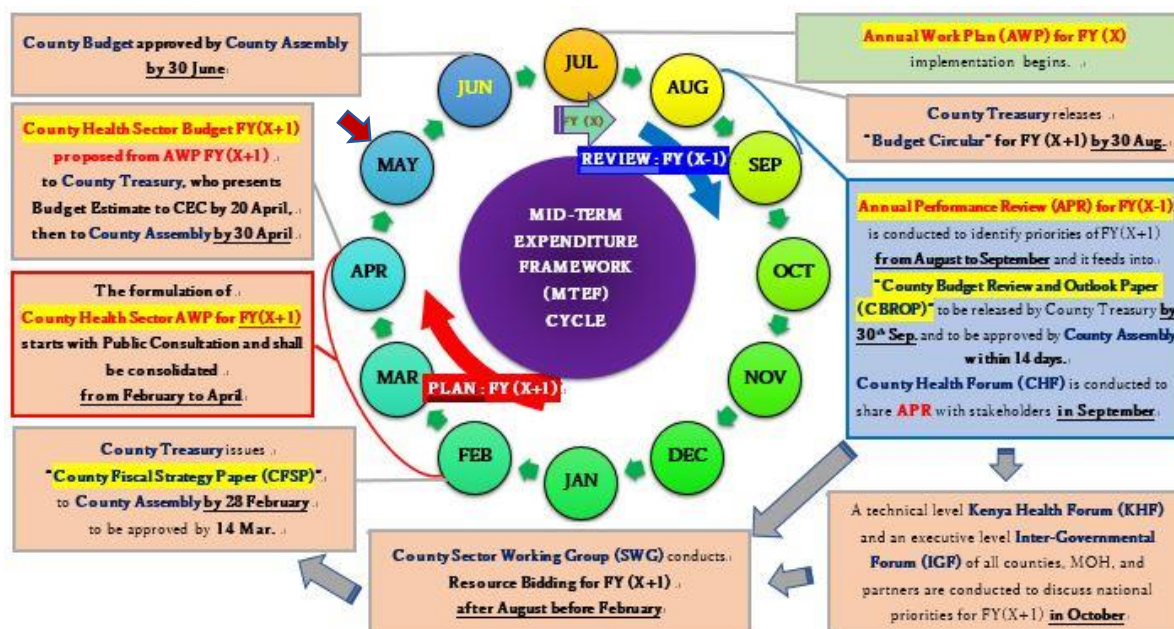
The Committee checks the proposed budget for conformity to the ceilings approved in the County Fiscal Strategy Paper (CFSP). It also checks to ensure programs put up by the sectors in the proposed budget are contained in both the CIDP and ADP.

At this stage, the total budget and sector distribution is not changed, but funds can be moved around between programs.

The committee further holds public hearings before preparing a report that is tabled in the House. Then the budget has to be approved before June 30th, one day before the beginning of the financial year.

MAY

You are here:

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Implementation of FY (X) Budget

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Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month.**

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3. **Sub-County** reviews the data and enquire to **Facility** between **the 6th and 7th of the month.**

4. **Sub-County** inputs data into DHIS2 by **the 15th of the month**

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
No activity.

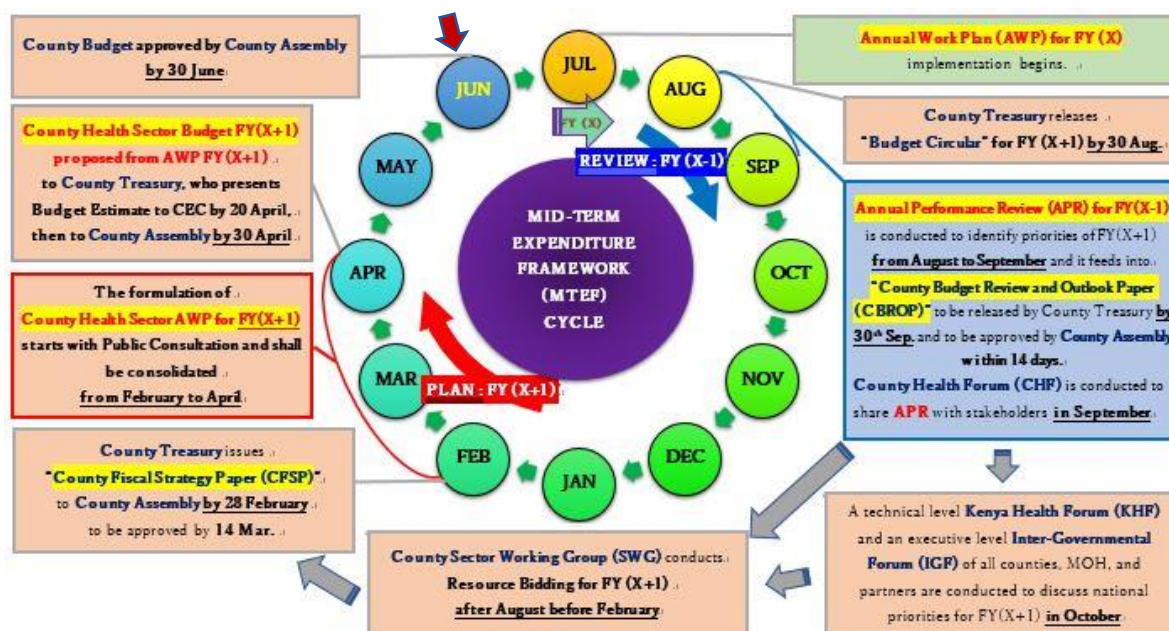| *County-wide Planning for FY(X+1) Budget* |
| :--- |
| **County Budget Estimates:**

The County Assembly debate to approve <u>the County Budget Estimates</u> with any amendments, and **Appropriation Bill must be approved by 30th June.** |

What is Appropriation Bill?

The proposed budget has to be approved before June 30th to allow the County to spend money from the budget allocation in the new financial year.

Once approved, the Appropriations Bill is sent to the Governor for assent before it is finally gazetted. The Approved County Budget Estimates must be published online by 21st July (within 21 days of being approved by the county assembly).

Notes

JUNE

You are here:

Implementation of FY (X) Budget

Monthly routine (Health Data):

1. **CHAs** with **CHWs** compile <u>health service delivery data</u> of the previous month and report to the **Facility** in charge before **the 2nd of the month**.

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4. **Sub-County** inputs data into DHIS2 by **the 15th of the month**

Review of FY (X-1) Budget
No activity.

Planning for FY (X+1, X+2, X+3) Budget
No activity.

County-wide Planning for FY(X+1) Budget
County Budget Estimates: The County Assembly debate to approve the County Budget Estimates with any amendments, and **Appropriation Bill must be approved by 30th June.**

Notes

REFERENCES

http://www.treasury.go.ke/28-departments/77-the-mtef-process-and-the-annual-budget.html

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https://roggkenya.org/areas-for-media-coverage-in-good-governance-and-corruption-in-kenya/kenya-county-budget-making/kenya-county-fiscal-strategy-paper-cfsp/

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MOH (2016) Programme Based Budgeting for the Health Sector: A Training Manual, September.

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National Treasury and Planning (2018) Guidelines for the Preparation of the Medium Term Budget for the Period 2019/20 – 2021/22, Treasury Circular No. 8/2018

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