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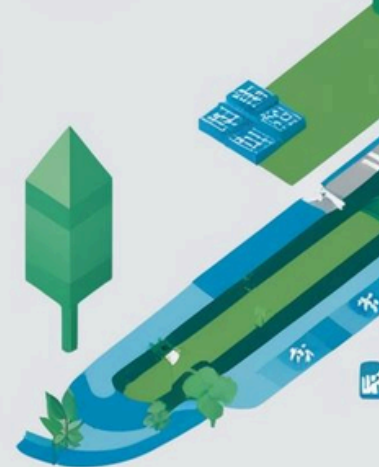
The process that informs the Kenya Annual Finance Bill prior to its preparation by the National Treasury starts well in advance of the fiscal year and includes input from various levels of government, especially county governments, and other stakeholders. Here's a detailed breakdown, including the role of counties, with timelines:

1. County-Level Input: *Budgetary Needs and Priorities*

- **County Integrated Development Plans (CIDPs):**
 - Each county prepares a CIDP, a five-year strategic document that identifies development priorities, projects, and programs.
 - This plan forms the basis for annual budgeting at the county level.



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34%

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- **County Annual Development Plans (ADPs):**

Counties prepare *Annual Development Plans (ADPs)* based on the *CIDPs*. These plans highlight specific priorities for the upcoming fiscal year, including revenue generation and expenditure needs.

- ADPs are submitted to the County Assembly for approval by September 1 of each year.

- **County Fiscal Strategy Papers (CFSPs):**

By **February 28**, counties submit their County Fiscal Strategy Papers (CFSPs) to their County Assemblies.

- The CFSP outlines revenue-raising measures and expenditure priorities aligned with the national agenda.



2. Aggregation at the National Level

- **Consolidation of County Needs:**

The National Treasury considers the fiscal priorities outlined in the County Fiscal Strategy Papers (CFSPs). These documents are important because:

- They highlight potential revenue streams (e.g., county-level taxes, levies, or fees).
- They provide insight into challenges faced by counties that might require national intervention or new tax measures.

- **Intergovernmental Budget and Economic Council (IBEC):**

The IBEC, chaired by the Deputy President, is a forum for consultation between the National Treasury and county governments.

- It reviews county priorities, revenue-sharing needs, and proposed revenue measures.
- **Timeline:** IBEC meets several times during the budget cycle, including in the months leading up to the drafting of the Finance Bill.



3. Preparation of the Budget Policy Statement (BPS)

- **National Priorities Identified in the BPS:**
 - By February 15, the National Treasury prepares and submits the Budget Policy Statement (BPS) to Parliament.
 - The BPS is a critical document that identifies the government's overall fiscal strategy, including:
 - Proposed tax measures
 - Revenue targets
 - Expenditure priorities

- **Incorporating County-Level Inputs:**
 - The National Treasury incorporates recommendations from counties, IBEC, and other stakeholders into the BPS.
 - The BPS serves as the foundation for the preparation of the Finance Bill, ensuring alignment with both national and county priorities.



4. Public Participation in Budget Process

- **Public Forums at the County Level:**
 - Counties conduct public participation forums before submitting their CFSPs to gather citizen input on revenue and expenditure priorities.
 - Timeline: These forums usually take place in January and February.
- **Public Consultations on BPS:**
 - Once the National Treasury releases the draft BPS, it invites public input through stakeholder forums, advertisements in newspapers, and submissions by citizens and organizations.
 - Timeline: Public consultations on the BPS typically occur in February.





5. Recommendations from Constitutional Offices and Agencies

- **Revenue Proposals from the Commission on Revenue Allocation (CRA):**

- The CRA makes recommendations on revenue-raising measures and equitable revenue sharing between the national and county governments.
- These recommendations influence revenue measures in the Finance Bill.

- **Central Bank of Kenya (CBK) and KRA Input:**

- The Central Bank of Kenya (CBK) provides macroeconomic forecasts, while the Kenya Revenue Authority (KRA) proposes new tax measures or adjustments based on collection challenges, compliance gaps, and policy needs.

6. Drafting of the Finance Bill

- Once all inputs are aggregated, the National Treasury begins drafting the Finance Bill. This typically occurs between March and April.

Key Timelines (Summary):

- **September 1:** Counties submit their Annual Development Plans (ADPs).
- **February 28:** Counties submit their County Fiscal Strategy Papers (CFSPs).
- **February 15:** National Treasury submits the Budget Policy Statement (BPS) to Parliament.
- **January-February:** Public participation forums on county priorities and national BPS.
- **March-April:** National Treasury drafts the Finance Bill.

Conclusion

- The Kenya Finance Bill is shaped by a bottom-up process beginning at the county level with the CIDPs, ADPs, and CFSPs, which feed into national priorities through the BPS. Intergovernmental consultations, public participation, and expert input ensure the Finance Bill aligns with the country's economic goals and fiscal realities.





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