



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

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24th July 2024

ECONOMIC PLANNING CIRCULAR NO. 1/2024

TO: Chairperson
Council of Governors

**RE: GUIDELINES FOR PREPARATION OF COUNTY ANNUAL DEVELOPMENT
PLANS 2025/2026 FINANCIAL YEAR**

SECTION ONE

I. Introduction

1. The Constitution of Kenya created a two-tier system of governance, National Government and County Governments that requires a paradigm shift in development planning. The Fourth Schedule of the Constitution assigns the National Government 35 functions and County Governments 14 functions. Article 220(2) (a) of the Constitution states that "national legislation shall prescribe the structure of development plans and budgets of counties", while Section 105 of the County Government Act, 2012 emphasizes the need for linkages between county plans and national planning frameworks. On this basis, the State Department for Economic Planning prepares and issues various guidelines, including the CADP Guidelines for use by county governments.

II. Legal Framework

2. Various laws have been enacted to strengthen development planning in the Counties which include:
 - a. The County Governments Act, 2012;
 - b. Urban Areas and Cities (Amendment) Act, No. 3 of 2019;
 - c. Inter-Governmental Relations Act, 2012;
 - d. The Public Finance Management (Amendment) Act, No. 12 of 2023; and
 - e. The Public Procurement and Asset Disposal Act, 2015, among others.

III. Purpose of the Guidelines

3. These Guidelines provide County Governments with a standard structure for preparing the County Annual Development Plans (CADPs). The Guidelines also ensure uniformity in the development of CADPs across counties and provide a framework for linking policy, planning, and budgeting at that level.

IV. Objectives and Scope

4. The CADP Preparation Guidelines are meant to ensure that the plans:
 - a. Outline strategic priorities for the medium term that reflect the county government's priorities and plans;
 - b. Describe how the county government is responding to changes in the financial and economic environment; and
 - c. Provide details of programmes to be implemented.
5. The Guidelines apply to all counties. The Guidelines are for use by county governments, other development players, and stakeholders at the county level.

V. CADP Preparation Process

6. The process of developing the CADP should adhere to the following steps:
 - a. The County Executive Committee Member responsible for Economic Planning issues a circular, with instructions and timelines to all County Accounting Officers. The County Planning Unit convenes the county government departmental/agencies forums and forms the CADP secretariat;
 - b. The county government reviews the previous Annual Development Plan to document achievements (key outputs and projects implementation status), challenges faced during the implementation of the plan and lessons learnt. In preparing the CADPs, county departments should take into consideration changes in policy priorities as outlined in CIDP or any new policies;
 - c. The county government undertakes stakeholder engagements to document their views/inputs. The county technical departments are expected to have carried out public participation forums to identify possible projects for implementation in the forthcoming financial year.

The projects should be prioritized during the Medium-Term Expenditure Framework budget-making process;

- d. The CADP secretariat analyzes the submissions from technical departments incorporating inputs from citizens and other stakeholders, and compiles a draft CADP. The Draft CADP is thereafter validated by stakeholders and submitted to the County Executive Committee for approval. The County Executive Committee member responsible for economic planning submits the approved CADP to the County Assembly for approval not later than 1st September of each year; and
- e. The County Executive Committee member responsible for economic planning shall publish and publicize the annual development plan within seven (7) days after its submission to the County Assembly.

SECTION TWO

7. Specific guidelines have been developed to direct the process to ensure effective preparation of the FY 2025/26 CADP. This section presents an overview of the CADP structure. The comprehensive structure is detailed in *Annex II*.

I. Introduction

8. In this chapter, a County government is required to provide an overview of the county, the rationale for the preparation, the linkage of the CADP with other development plans, and the process of developing the plan.

II. Review of Previously Implemented CADP

9. The Chapter provides a review of the previously implemented CADP (FY 2023/24) considering the following:
 - a. Financial performance including revenue performance, expenditure analysis, and pending bills;
 - b. Sector/sub-sector key achievements;
 - c. Status of projects;
 - d. Issuance of Grants, Benefits and Subsidies;
 - e. Contribution of achievements to the National, Regional and International aspirations/concerns;
 - f. Challenges encountered;
 - g. Emerging issues;
 - h. Lessons learnt during the implementation of the previous plan;
 - i. Recommendations; and
 - j. Development issues arising.

III. County Strategic Priorities, Programmes and Projects

10. County Governments should present sector/sub-sector strategic priorities, programmes and projects for the Financial Year as indicated in the CADP. They

should also include information on grants, benefits, and subsidies to be issued by the County Government during the plan period, where applicable. In addition, linkages on various planned programmes and projects to the National, Regional, and International aspirations such as BETA, Vision 2030 and its MTPs, the 2030 Agenda for Sustainable Development, and Climate Change mitigation, among others should be elaborated.

IV. Implementation Framework and Resource Requirement

11. The County Governments should present the implementation framework, resource requirement and risk management strategy by sector and programme as follows:
 - a. An implementation framework containing an organizational chart indicating how each department/sector will participate in the implementation;
 - b. Resource mobilization and management framework containing resource requirement by sector and programme, revenue projections and the estimated resource gap; and
 - c. The risk management strategies by sector and programme.

NB: For revenue projection, refer to relevant documents such as the County Finance Act, County Allocation of Revenue Act (CARA), Budget Policy Statement (BPS), the County Fiscal Strategy Paper (CFSP), and the approved budget, among others.

V. Monitoring, Evaluation and Reporting

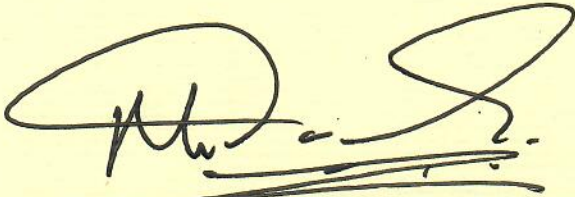
12. A brief description of the Monitoring and Evaluation (M&E) structure in the county should be provided. This will include the existence of M&E policy and its operationalization, M&E committees established, the M&E unit, its staff establishment and where it is domiciled.
13. The methods and tools for data collection, analysis and reporting, key output indicators, and outcomes adopted to measure performance should also be included.

VI. Conclusion

14. The State Department for Economic Planning will provide technical support in the preparation of the CADPs in line with its mandate of building the capacity of counties to undertake the economic planning function. The CADPs will also be assessed to ascertain the levels of adherence to these guidelines.
15. As we embark on the completion and implementation of the County Annual Development Plans, let us remain steadfast in our commitment to realizing the aspirations of our respective counties. Further, in the spirit of delivering as ONE, it is important to strengthen linkages between the two (2) levels of

government in the economic planning function. I trust that these guidelines will serve as a valuable framework for the preparation of development plans that will build a more prosperous and sustainable future for all Kenyans.

16. The purpose of this communication is to request you to share the contents of this circular with all County Governors to guide the preparation of the FY 2025/26 CADPs.



H.E. DR. MUSALIA MUDAVADI, EGH
PRIME CABINET SECRETARY AND CABINET SECRETARY FOR FOREIGN AND
DIASPORA AFFAIRS AND
Ag. CABINET SECRETARY FOR NATIONAL TREASURY AND ECONOMIC
PLANNING

Copy to: Ms. Mary Mwiti
Chief Executive Officer
Council of Governors
Nairobi

Encl.

ANNEX I: CONCEPTS AND TERMINOLOGIES

Baseline: A baseline is an analysis describing the initial state of an indicator before the start of a project/programme, against which progress can be assessed or comparisons made.

Bottom-up Economic Transformation Agenda: It is an economic model which aims at economic turnaround and uplifting the lives and livelihoods of those at the bottom of the pyramid through a value chain approach.

Green Economy: The green economy is defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. The policy framework for the green economy and green growth in Kenya is designed to support a globally competitive low-carbon development path through promoting economic resilience and resource efficiency, sustainable management of natural resources, development of sustainable infrastructure and providing support for social inclusion. The Green Economy Strategy and Implementation Plan (GESIP) 2016 aims to guide the National and County Governments as well as other actors to adopt development pathways with higher and more efficient growth, cleaner environment, and higher productivity.

Indicator: An indicator is a sign of progress /change that results from your project. It measures a change in a situation or condition and confirms progress towards the achievement of a specific result. It is used to measure a project's impact, outcomes, outputs, and inputs that are monitored during project implementation to assess progress.

Outcome Indicator: This is a specific, observable, and measurable characteristic or change that will represent the achievement of the outcome. Outcome indicators include quantitative and qualitative measures. Examples: Enrollment rates, transition rates, mortality rates etc.

Outcome: Measures the intermediate results generated relative to the objective of the intervention. It describes the actual change in conditions/situation as a result of an intervention output(s) such as changed practices as a result of a programme or project.

Output: Immediate result from conducting an activity i.e. goods and services produced.
Performance indicator: A measurement that evaluates the success of an organization or of a particular activity (such as projects, programmes, products and other initiatives) in which it engages.

Programme: It is a grouping of similar projects and/or services performed by a National/County Department to achieve a specific objective. The Programmes must be mapped to strategic objectives. **Project:** A project is a set of coordinated activities implemented to meet specific objectives within defined time, cost and performance parameters. Projects aimed at achieving a common goal form a programme.

Sectors: Is a composition of departments, agencies and organizations that are grouped according to the services and products they provide. They produce or offer similar or related products and services, and share common operating characteristics.

Target: A target refers to the planned level of an indicator achievement.

ANNEX II: CADP STRUCTURE

FOREWORD

ACKNOWLEDGMENT

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ABBREVIATIONS AND ACRONYMS

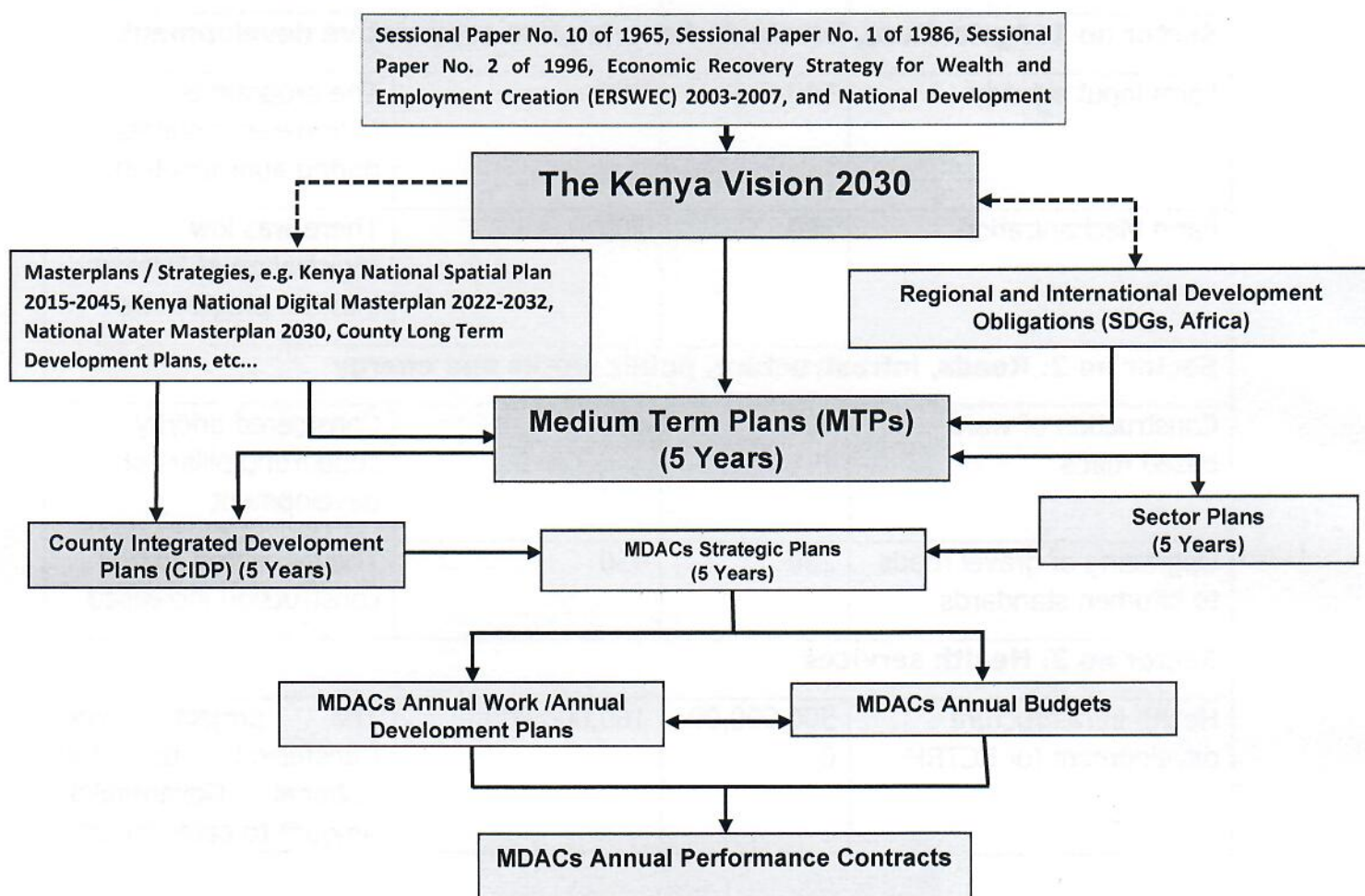
CONCEPTS AND TERMINOLOGIES

CHAPTER ONE

INTRODUCTION

- 1.1 Overview of the County
- 1.2 Rationale for Preparation of the County Annual Development Plan (CADP)
- 1.3 Preparation Process of the CADP
- 1.4 Linkage of CADP with CIDP and Other Development Plans

Figure 1: Linkage of the CADP with Other Plans



CHAPTER TWO

REVIEW OF THE IMPLEMENTATION OF THE PREVIOUS CADPS

2.1 Analysis of (current ADP)2024/2025 CADP Allocation against Approved Budget 2024/2025

This section seeks to establish the linkage between the running CADP and the county budget. It further links the CADP 2024/25 to the CADP 2025/26. The section provides a sector-specific assessment of the budget allocation between the planned programmes and projects in the CADP 2024/25 and the allocations in the approved budget for the same year.

Table 2.1: Analysis of (current ADP) 2024/2025 CADP Allocation Against Approved Budget 2024/2025

Planned Project/Programmes as outlined in CADP 2024/25	Amount Allocated in CADP 2024/2025 (KShs. Millions)	Amount Allocated in the Approved budget 2024/2025 (KShs. Millions)	Remarks**
Sector no 1: Agriculture, livestock, fisheries and cooperative development			
Farm input subsidy	500	703	The program is considered a priority during appropriation.
Farm Mechanization	300	200	There was low registration of farmers into the programme
Sector no 2: Roads, infrastructure, public works and energy			
Construction of ward-based roads	600	600	Considered priority supporting pillars of development
Upgrading of gravel roads to bitumen standards	250	450	The estimated cost of construction increased
Sector no 3: Health services			
Health infrastructure development for KCTRH	500,000,000	100,000,000	The project was transferred to the National Government. Amount to cater for only

Planned Project/Programmes as outlined in CADP 2024/25	Amount Allocated in CADP 2024/2024 (KShs. Millions)	Amount Allocated in the Approved budget 2024/2025 (KShs. Millions)	Remarks**
			outstanding interest for the contractor.
Cashless system	0	84	It was considered a priority to enhance revenue collection.

****Provide the reason(s) for overallocation, under-allocation or no allocation**

Further, provide a summary in prose of the contents of Table 2.1 as shown in the example below

Most of the projects were allocated funds in the 2024/25 budget as planned in the CADP 2024/25. However, several projects received no allocation in the budget due to changed priorities. On the other hand, other projects such as the cashless system, were allocated funds despite having not been prioritized during the CADP prioritization. This was due to the need to enhance cashless adoption in revenue collection as well as sealing the revenue leakages.

2.2 Financial Performance Review for FY 2023/24

2.2.1 Revenue Performance

Table 2.2: Revenue Performance Analysis

Revenue source	Target amount (KShs.)	Actual amount realized (KShs.)	Variance (KShs.)	Remarks*

**Remarks: This should give comments on the variation of Target vs. actual amounts realized if any clarifying reasons for over/underachievement.*

2.2.2 Expenditure Analysis

Table 2.3: Expenditure Analysis

Sector/programme	Allocated amount (KShs.) A	Actual Expenditure (KShs.) B	Absorption rate (%) =(B/C) *100	*Remarks

**Remarks: This should give comments on the level of absorption of allocated amounts and reasons for under/over absorption.*

2.2.3 Pending Bills

Table 2.4: Pending bills per sector/programme

Sector/Programme	Contract Amount (KShs.) A	Amount paid (KShs.) B	Outstanding balance (KShs.) A-B

Note: In case a programme has several projects, provide the total amount of all affected projects within a programme.

2.3 Sector Achievements in the Previous FY 2023/24

The achievements in all sectors should be presented in tabular form and an explanation given in prose below the table.

Table 2.5: Sector Programmes Performance

Programme Name: Water resource management						
Objective: To increase access to clean and safe water						
Outcome: Improved access to clean and safe water						
Sub Programme	Key Outputs	Key performance indicators	Targets			*Remarks
			Baseline	Planned	Achieved	
Last-mile water connectivity	Households connected to piped water network	The proportion of households connected to the piped water network	35	50	45	Land disputes on the section of the pipeline

**Remarks: This should give comments on the variation of planned vs. achieved targets if any clarifying reasons for over/underachievement*

In the period under review, the water resource management programme increased the proportion of households connected to piped water from 35% to 45% against a target of 50%. This was as a result of drilling 40 boreholes, laying 1,200 KMs of pipeline, construction of 14 water tanks and provision of 350 plastic tanks to vulnerable households.

2.4 Status of Projects for FY 2023/24

Provide the status of projects in the format shown in Table 2.5.

Table 2.6: Status of Projects

Project name and Location (Ward/Sub-county/Countywide)	Description of activities	Estimated cost (KShs.) as per CADP	Target	Achievement	Contract sum	Actual cumulative cost (KShs.)	Status	*Remarks

**Remarks: This should give comments on the variation of planned vs. achieved targets if any clarifying reasons for over/underachievement*

2.5 Issuance of Grants, Benefits, and Subsidies for FY 2023/24

Table 2.7: Issuance of Grants, Benefits and Subsidies

Type of issuance (e.g. Education bursary, Biashara fund etc.)	Purpose of issuance	Key Performance Indicator	Target	Achievement	Budgeted amount (KShs. in Millions)	Actual amount paid (KShs. in Millions)	Remarks*
County Bursary Scheme	To support bright and needy students in secondary school	No. of students benefitting from bursary scheme	60,000	80,000	600	600	Reduced capitation per student due to increased demand for bursaries

**Remarks: Comment on any variation in the issuances. Grants have a meaning assigned to them under section 138 of the PFM Act 2012; Benefits are as defined within the PFM (county government) Regulations 2015 as deductions on a payroll system against an official salary for a debt arising from employment benefit.*

2.6 Contribution of Achievements to the National, Regional and International Aspirations/Concerns for FY 2023/2024

Table 2.8: Linkages with National Development Agenda, Regional and International Development Frameworks

National/ Regional/ International Obligations	Aspirations/ Goals	County Government Contributions/ Interventions in the last CADP
Bottom-up Economic Transformation Approach (BETA) and MTP IV	<i>Agriculture transformation:</i>	<ul style="list-style-type: none"> • Provided 10,000 bags (50Kgs) of fertilizer to farmers • Supported 20 cooperative societies with grants • Etc.
	<i>Affordable housing</i>	<ul style="list-style-type: none"> • Procured 100 acres of land for housing project • Formed 2 housing cooperatives
SDGs	<i>Goal 4: Quality Education</i>	<ul style="list-style-type: none"> • Recruited ECDE teachers

Note: this should be as outlined in the respective CIDPs and chapter 3 of the previous CADP on National/Regional/ International Obligations.

2.7 Sector Challenges

2.8 Emerging Issues

2.9 Lessons Learnt

2.10 Recommendations

2.11 Development Issues

Table 2.9: Development Issues

Sector	Development Issues	Causes	Constraints*	Opportunities**

**Factors that hinder the sector from addressing the stated development issue*

***Factors that can be harnessed to address the stated issues more efficiently and effectively.*

CHAPTER THREE

COUNTY STRATEGIC PRIORITIES PROGRAMMES AND PROJECTS

3.1 Sector Overview

3.2 Sector Programmes and Projects

3.2.1 Sector Programmes

Table 3.1: Summary of Sector Programmes

Programme Name:					
Objective:					
Outcome:					
Sub Programme	Key Outputs	Key Performance Indicator	Baseline (current status)	Planned Targets	Resource Requirement (Ksh. in Millions)

3.2.2 Sector Projects

Table 3.2: Sector projects for the FY...

Sub Programme	Project name and Location (Ward/Sub County/county-wide)	Description of activities	Estimated cost (Ksh. Millions)	Source of funds	Time frame (Q1, Q2, Q3, Q4)	Performance Indicator	Targets	Status (New/ongoing)	Implementing Agency	Link to cross-cutting issues (Green economy, PWDs etc.)
Programme Name: Early Childhood Development Services (ECDE)										
ECDE Infrastructure Development	Construction of ECDE classrooms, Navakholo	Construction of classrooms	2	County Government	Q1-Q2	No. of ECDE classrooms constructed	2	New	Education Department	Disability friendly,

3.3 Proposed Grants, Benefits and Subsidies to be Issued

Table 3.3: Proposed Grants, Benefits and Subsidies to be Issued

Type of payment (e.g. Education bursary, Biashara fund, Scholarship grants etc.)	Purpose	Key Performance Indicator	Target	Amount (Ksh. in Millions)

3.4 Contribution to the National, Regional and International Aspirations/Concerns

Table 3.4: Linkages with National Development Agenda, Regional and International Development Frameworks

National/ Regional/ International Obligations	Aspirations/ Goals	County Government Contributions/ Interventions
Bottom-up Economic Transformation Approach (BETA) and MTP IV	Agriculture transformation:	<ul style="list-style-type: none"> • Provision of 10,000 bags (50Kgs) of fertilizer to farmers • Support 20 cooperative societies with grants • Procure 10 tractors to support mechanization
	Affordable housing	<ul style="list-style-type: none"> • Procure 100 acres of land for housing project • Promotion of affordable building technologies • etc.
SDGs	Goal 4: Quality Education	<ul style="list-style-type: none"> • Recruitment of ECDE teachers • Construction of ECDE infrastructure • Provision of ECDE learning and teaching materials • etc.

Note: this should be as outlined in the respective CIDPs on National/Regional/International Obligations

CHAPTER FOUR

IMPLEMENTATION FRAMEWORK AND RESOURCE REQUIREMENT

4.1 Implementation Framework

This section should provide responsibilities on implementation framework of the CADP where an organizational chart indicates how each department/sector will participate in CADP implementation.

Table 4.1: Stakeholders and their Role in CADP Implementation

S/No.	Sector/Institution	Role in Implementation of the CADP
1.	County Executive Committee	
2.	County Assembly	
3.	County Government Departments	
4.	County Planning Unit	
7.	Other National Government Departments and Agencies in the county	
8.	Development Partners	
9.	Civil Society Organizations	
10.	Private Sector	
	...	

4.2 Resource Mobilization and Management Framework by Sector and Programme

4.2.1 Resource Requirement by Sector and Programme

Table 4.2: Summary of Resource Requirement by Sector and Programme

Sector Name	Amount (KShs. in Millions)
Programme 1	
Programme 2	
Sector Name	
Programme 1	
Programme 2	
....	
Total	

4.2.2 Revenue Projections

Table 4.3: Revenue projection

Revenue streams	Projected Amount (KShs. in Millions)
Equitable Share +Local Revenue	
Equitable Share	
Local Revenue	
Conditional Grants from National Government Revenue	
Equalization Fund	
Conditional allocations to County Governments from Loans and Grants from Development Partners	
Loans	
Grants	
Others	

4.2.3 Estimated Resource Gap

Table 4.4: Resource Gap

Requirement (Kshs. Millions)	Estimated Revenue (Kshs. Millions)	Variance (Kshs. Millions)

4.3 Risk Management

Table 4.5: Risk Management

Risk Category	Risk	Risk Implication	Risk Level (Low, Medium, High)	Mitigation measures
Financial	Inadequate financial resources	Stalled projects	Medium	Resource mobilization strategies
Technological	Cyber security	Breach of valuable information	High	Investment in cyber risk management
Natural disasters	Drought	Loss of livestock and reduced crop productivity	High	Climate Smart Agricultural practices
Organizational	Inadequate human resource capacity	Inefficiency in service delivery	Medium	Timely recruitment
Economic	Exchange rate fluctuation	Currency devaluation	Medium	Import /export controls
etc.				

CHAPTER FIVE

MONITORING, EVALUATION AND REPORTING

5.1 Introduction

5.2 Performance Indicators

Table 5.1: County key outcomes/output indicators

Sector/Sub-sector	Key Performance Indicators	Baseline	End-of-year target

5.3 Data Collection, Analysis and Reporting Mechanism

5.4 Institutional Framework

5.5 Dissemination and Feedback Mechanism

ANNEXURES:

Annex I: Monitoring and Evaluation Matrix

The template provided should be used to report on the progress of the implementation of prioritized programmes and projects. It **should not** be populated in the CADP.

Programme Name										
Objective:										
Outcome:										
Sub Programme	Output	Key Performance Indicator (s) – KPI(s)	Unit of Measure	Baseline value	Planned Target	Achievement	Data source	Responsible agency	Reporting frequency	Linkage to National & International Obligations (e.g., SDGs, Climate Change)