INTRODUCTION

The Public Finance Management (PFM) Act requires that counties develop an Annual Development Plan\(^1\), which is in turn based on a 5-Year County Integrated Development Plan (CIDP). The ADP should be tabled by the County Executive Member for Finance in the County Assembly by the 1st of September each year. In a sense, the Annual Plan is the single year extract from the CIDP allowing for updates responding to current emerging issues in the economy\(^2\). This becomes the basis for the annual budget. Remember, the County Government Act, 2012 provides that no funds should be appropriated in the budget unless provided for in a plan\(^3\). So, if we want to know what to look for in the budget, we should be starting ideally with the CIDP, then the Annual Plan, and then the budget estimates.

An annual plan answers the question “what are we going to do this year to advance the overall 5-year county plan?” In this guide we use the *Baringo County Annual Development for the year 2017/18* as an example, but it should be helpful to read and analyze any ADP. Some terms used in the ADP are:

- **Recurrent expenditure**: Expenditure that does not result in the acquisition of long-term assets. It consists mainly of expenditure on salaries, goods and services, maintenance, etc.

- **Development (capital) expenditure**: Funds spent for the acquisition of a long-term asset; the total spending on such asset sometimes have to spread across several years. This includes expenditure on equipment, land, buildings, legal expenses, and other transfer costs associated with property.

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1 Section 126 of Kenya’s Public Finance Management Act, 2012

2 There is no legal obligation for these two plans to match but logically the CIDP being a 5-year plan should guide the annual plans.

3 Section 104 County Government Act, 2012
KEY QUESTIONS

1. DOES THE ADP IDENTIFY PRIORITIES WITHIN THE SECTORS?

Prioritization means deciding that some things are more important than others. Yet, it is not always clear what is considered more important and what is considered less important. It is important to set clear priorities as resources are scarce amid many competing needs. The ADP informs programme based budgets in the counties which are prepared in a medium term (3-5 year) structure and the plans should therefore have overall medium-term priorities that the county aims to achieve in the period. Because the ADP is a one-year plan that is drawn from the five-year CIDP, the medium-term priorities in the ADP should draw on the CIDP. In general, we need to see a logical flow from broad strategies and priorities in the CIDP, to more detailed approaches to meeting those strategies and priorities in the ADP and then the budget. For this to work, the CIDP must be broad enough to give guidance without going into all details, but details in ADP must be in line with CIDP. A key question to ask is whether the priorities are clear enough that you could imagine what sector level budget lines they would translate into as we move from ADP to budget.

In the background and overview section (page 1), the Baringo ADP provides for eight strategic priorities that will guide the process of identifying and prioritizing the programs of the county. The third goal is related to health and is stated below, and we can use that as our example.

“Investing in quality, affordable and accessible (curative, preventive and rehabilitative) healthcare services through infrastructural development towards upgrading of Kabarnet and Eldama Ravine County hospital to a level five and five Sub-county hospitals to level 4, equipping existing hospitals and health centres as well as ensuring continuous supply of drugs and other non-pharmaceuticals.”

In the medium term a key intervention in the health sector is upgrading and rehabilitation of health facilities. (Page 35).

<table>
<thead>
<tr>
<th>Strategies and Interventions for the Medium Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Provision of Quality curative and preventive healthcare</td>
</tr>
</tbody>
</table>
This is related to the strategic priority identified under Strategic Priority III earlier. This is further broken down in annex 7 where a set of health facilities are listed for upgrading and also completion of their construction as shown in the snippet below (Page 116). This aligns to the medium strategic interventions as it shows the allocations over a period of three years.

### Annex 7: Health Services

<table>
<thead>
<tr>
<th>Programme</th>
<th>Strategic priority</th>
<th>Projects</th>
<th>New or phased</th>
<th>Source of projects</th>
<th>Measure of indicator</th>
<th>Plan for 2017/18</th>
<th>Budget estimates in Kes (Million)</th>
<th>Source of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health infrastructure development</td>
<td>Infrastructure Development</td>
<td>Upgrading of Kibarnet Hospital to level 5</td>
<td>New</td>
<td>CDP</td>
<td>Functional level 5</td>
<td>1</td>
<td>40 30 50</td>
<td>National/County/Development partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Upgrade 4 hospitals to Sub county level hospitals</td>
<td>Phased</td>
<td>MTEF</td>
<td>Number of fully upgraded</td>
<td>4</td>
<td>60 40 40</td>
<td>National/County/Development partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chemoliengoi, Nariog, Kibarnet, and Baring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Komoting Hospital</td>
<td>Phased</td>
<td>MTEF</td>
<td>completion</td>
<td>1</td>
<td>10 10 10</td>
<td>National/County/Development partners</td>
</tr>
</tbody>
</table>

2. DOES THE ADP IDENTIFY PROGRAMMES WITHIN THE SECTOR?

An ADP should show priorities organized under programmes in the same format as the county’s programme based budget. ADPs should not be prepared as long lists of projects, but comprehensive documents, like budgets, that capture which priority programmes (including both recurrent and development spending) will be funded in the county. This might include projects or recurrent items like employment of medical specialists. Programmes point to the objectives that the county wants to achieve and the activities that are needed to meet these objectives. In addition, it is important that an ADP has the same format as the budget to ease tracking between a plan and a budget.

The Baringo ADP identifies only one programme under the health sector as shown in the snippet below. However, it’s not clear if this is the only programme in the health services department of whether there are others, but this is the priority programme in the ADP for 2017/18. The reason this is important is because the ADP should be in the same form as the programme based budget to facilitate links between them.
3. DOES THE ADP PROVIDE INFORMATION ON SIGNIFICANT CAPITAL PROJECTS?

An ADP should give details of capital projects that will be undertaken in the coming financial year. This includes details of individual projects, location of the projects, status (ongoing, new, etc.), completion timelines, source of funding and the proposed costs for the projects.

The snippet used in question two shows that the ADP has provided details on allocations to the individual projects across three years. However, it is not clear whether these are the total costs for the projects. The status of projects is also partially provided. For example, the upgrading of Kabarnet hospital is a “new” project. However, the upgrading of the other four hospitals in given as “phased” which looks more like a timeline that information on whether they are new or ongoing projects. The last column has details on the source of funding. While the location of some of the projects is obvious from their names, the local of other projects is not provided as shown below. For example, the county plans to expand 10 dispensaries but provides no information on their location.
4. DOES THE ADP INDICATE WHERE THE PROJECTS WERE DERIVED FROM?

*Budget documents should justify choices made, particularly about priorities (what to do first or last). In general, as we move through the planning and budgeting process, we are narrowing down our options. So, if our options are reducing, we are making choices which we need to explain. Possible sources of projects for an ADP include proposals from public participation, projects identified in the CIDP and projects derived from sector plans. This should be supported by reliable and accurate data as well as research and feasibility studies.*

The Baringo ADP indicates the projects were derived from for the CIDP and the Medium-Term Expenditure Framework (MTEF). It’s not clear if the MTEF in reference here is a county focused framework or the national MTEF. In addition, it is not clear the influence of the public in the planning process.

5. DOES THE ADP PROVIDE PERFORMANCE TARGETS FOR PROGRAMMES OR PROJECTS AND/OR INDICATORS OF SUCCESS OR IMPACT?

*An ADP should show priorities organized under sectors and programmes. The programmes should include a select set of performance indicators and targets (not more than a few for any programme) that can be used for tracking transition in the budget estimates but also implementation if they are approved in the budget. One other component that should be apparent are the baselines that the county is working from to measure change.*

There are indicators and targets. Even though it is clear what capital projects the county will undertake in the health infrastructure development programme, the measurable indicators relate to the projects as opposed to the outcomes of the programme. (Page 116). A programme target, on the other hand, would be something like the percentage decrease in the number of malaria cases (or any other prevalent diseases) in the county, which is more of an outcome of the construction or upgrading of facilities.

6. IS THERE INFORMATION ON HOW THE PUBLIC WERE INVOLVED IN THE FORMULATION OF THE ADP?

*The priorities that are highlighted in the ADP should also be subjected to public participation. Therefore, the ADP should give details of priorities that were collected from the public and how that input was adopted into the ADP. Justification should also be provided in all cases where public input was used and where it was not.*
The Baringo county ADP has a list of projects that were proposed by members of the public and listed for each of its 30 wards. However, the document does not give details of how this input was used. For example, which projects were adopted into the ADP? Which ones were not? And why was either choice was made?

Therefore the county government engaged the citizens in projects proposals and prioritization and below are the projects:

**Mogotio Sub County**

1. **Mogotio Ward**

<table>
<thead>
<tr>
<th>S/No</th>
<th>Location</th>
<th>Sublocation</th>
<th>Project</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kiptoi</td>
<td>Sagassagik</td>
<td>Chepchuese - Anakbor - Sagassagik road</td>
<td>Roads &amp; infrastructure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sagassagik</td>
<td>Chepchuese ECDE</td>
<td>Education &amp; ICT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sagassagik</td>
<td>Bikoven cattle dip</td>
<td>Agriculture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Olbat</td>
<td>Construction of feeder road with routing</td>
<td>Roads &amp; infrastructure</td>
</tr>
</tbody>
</table>

7. **WHAT ADDITIONAL INFORMATION DO YOU NEED TO INFORM THE NEXT STAGES IN THE BUDGET CYCLE THAT ARE NOT PROVIDED IN THE ADP?**

*Since the ADP is a planning document, it should inform the rest of the formulation stage of the budget. The subsequent budget documents that must be prepared are the County Budget Review and Outlook Paper (October), the County Fiscal Strategy Paper (February & March), and the annual budget estimates (May & June). To make the connections between the documents clear, you would need details on prioritization of programmes broken down to the sub-programme level with clear objectives. These should have targets and outcomes that relate to the objectives. It would be helpful for an annual plan if projects were given with specific locations (wards/sub-county) so that the readers know where development funds are planned to go and whether the planned distribution is equitable. One other important piece of information is the comparison of the ADP for the current year to that of the previous year ADP and budget estimates. This helps to establish whether there are any continued linkages in achieving the county priorities over the medium term. Such historical information becomes useful in identifying areas of duplications of projects and areas of funding for multiyear projects. In addition, the ADP should provide a summary of the total costs of the programmes in the ADP helps in seeing the potential size of the sector allocations going into the CBROP and CFSP. Another key contribution of the ADP to the budget process is the provision of data or baselines on the different goods and services that are provided by the county government.*
The Baringo ADP does not have any summary that shows what the total funding requirements are based on the priorities in it. Below is a snippet showing the situation in Baringo around water and sanitation. It would be useful to clearly state the within county inequalities. For example, which ward had residents covering the longest distance to the nearest water points.

Water sources (distance to the nearest water points)

The sources of water in the county include dams, lake, water pans, streams, wells, springs and boreholes. They may be piped water or point sources. Water from vendors, especially in urban centres and small market centres, constitute a small percentage. The average distance to the nearest water point is 5km. This is way below the SHERE Standards on access to water. The county government will continue to institute measures and policies that will favour improvement of the existing situation.

Sanitation

Most of the population does not have access to good sanitation. Households using bushes to relieve themselves constitute 49 per cent while 46 per cent use pit latrines as at 2009. Only five per cent of the population has access to proper sanitation.

There is no sewerage plant in all the towns and trading centres in the county. This poses a major health and pollution hazard among the residents of Baringo. The county government will continue to support and partner with relevant development agencies to promote sensitization towards increased latrine coverage as well as mobilizing resources for programmes geared towards Community Led Total Sanitation (CLTS) and promotion of low-cost latrine construction technologies.