



OFFICE OF THE DEPUTY PRESIDENT  
STATE DEPARTMENT FOR DEVOLUTION



**Guidelines for the Development of the Level 1  
Annual Work Plan and Level 2 County Annual  
Investment Plan and Budget**



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Investment Plan and Budget**

**1. Annual Work plan for the Institutional strengthening (Level 1) grant**

**1.1. The level 1 grant, amounting to USD 250,000 per county, is available for the first three years of the program (FY2024/25, FY2025/26, and FY2026/2027) and is intended for institutional and capacity-building. The following should be noted:**

- a) The Annual County Institutional Development Plan and Budget are part of the county's budget for the financial year and will need to be approved by the county assembly.
- b) It should be made public by posting it on the county's website.

**1.2. Activities for the level 1 grant should:**

- a) Be geared towards achieving the KDSP II objectives, i.e., strengthening county performance in the financing, management, coordination, and accountability for resources.

- b) Prioritize activities that support the achievement of Disbursement Linked Indicators with their Minimum Conditions and Performance Measures.

- c) A list of eligible activities is provided in Annex 11 of the KDSP II Procedure and operational manual.

**1.3. The work plan should follow the guidelines provided in Annex 9 of the KDSP II Procedure and Operational Manual**

**2. County Annual Investment Plan and Budget for the Service Delivery ( Level 2) Grant**

**2.1. A project proposed for funding should:**

- a) Cost **NOT** less than KES 50,000,000.
- b) Be a project in the County Development Plans.
- c) Have a concept note developed as per the Public Finance Management (Public Investment Management) Regulations, 2022.
- d) Have a pre-feasibility study undertaken as per the Public Finance Management (Public Investment Management) Regulations, 2022.

- e) Have a feasibility study undertaken as per the Public Finance Management (Public Investment Management) Regulations, 2022.
- f) Be screened for climate and disaster, social, and environmental risks as per the guidelines provided by the NPCU.

**2.2. A County Annual Investment Plan and Budget should be developed for proposed KDSP II Project(s).** The Plan is a more specific annual justification for investments in a particular year. Apart from other sources, for instance other existing World Bank projects, the plan should include the KDSP II service delivery and investment grant (level 2) for the next financial year.

**2.3. The County Annual Investment Plan and Budget:**

- a) Is part of the county's budget and will, as part of the overall budget discussion, need to be approved by the County Assembly.
- b) Its budget needs to be within the budget ceiling provided by the county government.

- c) Should be made public by posting it on the county's website.
- d) Includes annexes i.e., the project concept note, pre-feasibility study report(s), feasibility report, and the results of the climate and disaster risks, social and environmental impact screening.

## **2.4.Example of Eligible projects**

- a) Agriculture: construction, rehabilitation, and equipping of agri-processing plants, dairy production parks, and fisheries
- b) County health: Construction, rehabilitation/upgrading, and equipping of county hospitals, dispensaries, and other health facilities, Purchase of ambulances and mobile clinics (within a maximum limit/threshold defined in the POM)
- c) Cultural activities, public entertainment, and public amenities: construction, rehabilitation, beautification, and equipping of county libraries, museums, sports, cultural activities, parks, beaches, and recreation facilities

- d) County transport: construction and rehabilitation/upgrading of roads and bridges
- e) Trade development: construction, rehabilitation/upgrading, and equipping of markets
- f) Education: construction, rehabilitation/upgrading, and equipping early child development and education (ECDs), village polytechnics, and childcare facilities
- g) County public works: construction and rehabilitation/upgrading of piping, drainage, toilets, gutters, and so on
- h) Firefighting and disaster management: Construction, rehabilitation/upgrading, and equipping of county fire stations, Purchase of fire engines (within a maximum limit/threshold defined in the POM)

## **2.5.Examples of ineligible projects**

- a) Activities on the negative list of the ESSA
- b) Investments in loans, other micro-credit schemes, and other securities

- c) Investments made outside the CIDPS and Annual development plans
- d) Recurrent expenditures, such as salaries, utility costs (for example, electricity and water), and rent
- e) School bursaries and scholarships
- f) Foreign study tours
- g) Expenditures for infrastructure funded by other development partner programs/grants
- h) Any projects that may involve forced displacement or resettlement (the proposed project will not be eligible for financing if it is likely to result in the relocation of more than 200 people)
- i) Any proposed project that requires the preparation of a full environmental impact assessment and an environmental management plan before NEMA awarding an environmental license to the project

**2.6. The County Annual Investment Plan and Budget should follow the guidelines provided in Annex 10 of the KDSP II Procedure and Operational Manual**