KENYA URBAN SUPPORT PROGRAM II (KUSP II)

DEPARTMENT OF LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT

NYERI COUNTY

PRIVATE SECTOR ENGAGEMENT FRAMEWORK FOR NYERI COUNTY

February, 2026.

TABLE OF CONTENTS

List of tables ii
ABBREVIATIONS AND ACRONYMS i
SHARED APPROVAL OF THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK (PSEF) ii
FOREWORD iii
PREFACE iv
ACKNOWLEDGEMENT v
EXECUTIVE SUMMARY vi
CHAPTER 1: INTRODUCTION 1
Background 1
Rationale for a Framework for Public-Private Engagement for Urban Development 3
Policy and Legal Framework 3
Objective of the framework 11
Approach to the PSE Framework 11
Principles of the PSEF 12
Key Actors and Roles 12
Benefits of adopting the Private Sector Engagement framework 14
CHAPTER 2: PRIVATE SECTOR DATABASE 1
2.1 Potential private sector partners 1
2.2 Identification, Engagement and mapping. 1
CHAPTER 3: SITUATIONAL ANALYSIS 6
Overview 6
Economic Context And Private Sector Landscape 6
Diagnosis Of The Current State of Private Sector Engagement 6
SWOT Analysis 8
Conclusion 8
CHAPTER 4: PRIVATE SECTOR DIAGNOSTIC 9
Overview 9
Analytical framework 9
The process of undertaking the private sector diagnostic 10
Details of the components 12
Convening of the Public-Private Dialogue Forum (PPDF) 17
Dialogue partners and stakeholders with roles, resources and interests. 20
CHAPTER 6. CAPACITY BUILDING AND OUTREACH 21
Overview 21
Capacity building of Urban Administration 21
Private Sector Capacity 21

SME Capacity Building Initiatives in urban Municipality 22
Opportunities for Collaboration 22
CHAPTER 7: COMMUNICATION AND FEEDBACK CHANNELS 26
Overview 26
Establishment of Communication and Feedback Channels 26
CHAPTER 8: INSTITUTIONAL ARRANGEMENTS AND RESOURCE FRAMEWORK: 29
Overview 29
Institutional Arrangement 29
CHAPTER 9: CHALLENGES, RISKS AND MITIGATION STRATEGIES 32
CHAPTER 10: MONITORING AND EVALUATION FRAMEWORK 35
PSEF Considerations for Monitoring and Evaluation Sustainability 35
References 37
ANNEXES 38
Suggested calendar for two annual forums aligned to the urban board planning and budgeting calendar 38
Sample results framework. 39
Public-Private Dialogue Forum Record 40
Public Private Dialogue Forum Action Plan 42

List of tables

Table 1 Legal and Policy framework 4
Table 2 Alignment and linkage to the urban governance regulatory framework 7
Table 3 Key actors and roles 12
Table 4 List of fields already in the SBP application form and additional fields suggested. 3
Table 5 Key Actors in the Development of Nyeri County Private Sector Diagnostic for Urban Areas 12
Table 6 Sample Capacity Building Plan Template 23
Table 7 Risks, potential challenges and Mitigation Measures 33

ABBREVIATIONS AND ACRONYMS

BETA	Bottom-Up Economic Transformation Agenda
CoG	Council of Governors
COTU	Central Organization of Trade Unions
CSOs	Civil Society Organizations
GDP	Gross Domestic Product
IDEPs	Integrated Development Plans
KAM	Kenya Association of Manufacturers
KARA	Kenya Alliance of Residents Association
KEPSA	Kenya Private Sector Alliance
KeSIC	Kenya Standard Industrial Classification
KNCCI	Kenya National Chamber of Commerce and Industry
KUSP	Kenya Urban Support Program
MCs	Minimum Conditions
MLPWHUD	Ministry of Lands, Public Works, Housing and Urban Development
MSEA	Medium and Small Enterprises Authority
MSMEs	Micro, Medium and Small Enterprises
MTP	Medium-Term Plan
NGOs	Non-Governmental Organizations
NUDP	National Urban Development Policy
PPDFs	Public Private Dialogue Forums
PS	Performance Standards
PSEF	Private Sector Engagement Framework
SBP	Small Business Permits
SDHUD	State Department of Housing and Urban Development
SMEs	Small and Medium-sized Enterprises
UACA	Urban Areas and Cities Act

SHARED APPROVAL OF THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK (PSEF)

This Framework for Private Sector Engagement in Urban Development is hereby approved for implementation by the County Government of Nyeri. It aims to establish a strategic, systematic, and inclusive approach to foster meaningful partnerships between county departments, urban boards, and the private sector, aligned with national development priorities and legal mandates.

As key policymakers and overseers of urban development and county governance, we, the undersigned, affirm our commitment to championing the successful operationalization of this framework across all urban areas within the county. We recognize the vital role of private sector participation in advancing sustainable urban growth, economic resilience, and inclusive development.

This approval signifies our shared responsibility to ensure adherence to the framework's principles, embedded in county planning and budgeting processes, to contribute effectively to Kenya's Vision 2030 and Bottom-Up Economic Transformation Agenda.

We call upon all relevant stakeholders— county departments, urban boards, public agencies, and private sector partners—to collaborate with transparency, accountability, and a shared vision of vibrant, inclusive, and resilient urban areas in Nyeri

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Signatories

Name & Title	**Signature**	**Date**
H.E Dr. Mwalimu Mutahi Kahiga PhD., EGH **Governor** – Nyeri County	....	26/02/2026
Mr. Robert Mwangi Thuo Ag. CECM – Lands, Physical Planning and Urban Development	....	27/02/2026

FOREWORD

Kenya's rapid urbanization and dynamic economic landscape highlight the critical role of the private sector in shaping sustainable, inclusive, and resilient cities. Recognizing this, the County Government has prioritized fostering strong public-private partnerships as a strategic approach to urban development, infrastructure enhancement, and economic growth.

This Private Sector Engagement Framework (PSEF) emerges as a pivotal step towards institutionalizing structured, transparent, and inclusive engagement mechanisms that harness private sector expertise, capital, and innovation. It reflects a shared vision by government, private sector stakeholders, civil society, and urban communities to work collaboratively in creating urban environments that are competitive, equitable, and environmentally sustainable.

By establishing clear guidelines and processes, the PSEF aims to unlock the full potential of Nyeri's vibrant private sector, ultimately contributing to the county's overarching goals of economic transformation under Vision 2030 and the Kenya Kwanza Bottom-Up Agenda.

This framework is not just a policy document—it is a commitment to shared growth, accountability, and inclusive urban prosperity. We trust that its effective implementation will catalyze meaningful partnerships and drive Kenya's urban development into a new era of shared prosperity.

Fredrick Maina,
Chief Officer – Lands, Physical planning & Urban Development.

PREFACE

Nyeri urban landscapes are at the forefront of county and national development, with major towns such as Nyeri, Karatina, Othaya, Mukurweini, Naromoru and Mweiga serving as engines of economic growth, innovation, and cultural exchange. The private sector, comprising formal and informal businesses, plays a pivotal role in this urban economy by creating jobs, generating revenue, and providing essential goods and services.

However, the potential for vibrant private sector participation in urban planning and development remains underutilized due to fragmented engagement approaches. To address this gap, the County Government, in collaboration with the national government, has developed this Private Sector Engagement Framework (PSEF). It aims to establish a systematic, inclusive, and participatory approach to urban governance that leverages private sector capacities for sustainable urban growth.

The development of this framework through the State Department of Housing and Urban Development, involved extensive consultations, surveys, and knowledge sharing across counties and stakeholders, reflecting Kenya's commitment to inclusive development and good governance. It aligns with constitutional mandates and legal requirements, ensuring that private sector participation is embedded across urban planning, infrastructure, and service delivery processes.

This document serves as a guide for county departments, urban boards, and private sector actors to foster mutually beneficial partnerships, ensuring that urban development is not only driven by government policies but also energized by private sector innovation and investment. It marks a significant step toward realizing a shared vision of prosperous, resilient, and inclusive urban areas in Nyeri County.

Plan C K Beatrice,
Director Physical planning & Urban Development/KUSP II Coordinator.

ACKNOWLEDGEMENT

The adaption of this PSEF has been part of the efforts led by the County Department of Lands, Physical Planning and Urban Development, and the Municipality of Nyeri. The development of this guidance document was spearheaded by a technical team led by J.G Njomo, Perister Kigwa, Peter N. Ndichu, Effy A. Odalo, Marcos M. Mururu, Hudson M. Chege, Harry M. Ndumia, George Muhoro, John M. Mwangi, Jane M. Wairimu, Mary C. Nyambura, Elizabeth Muthinji, and Elizabeth Watetu, overally under the leadership of Plan. C.K. Beatrice; KUSP II coordinator and Fredrick Maina; Chief Officer.

Mr. Robert Mwangi Thuo

Ag. CECM – Lands, Physical Planning and Urban Development

EXECUTIVE SUMMARY

The private sector is the engine of Kenya's economic growth, contributing about 75% of the country's GDP and employing roughly 90% of the working-age population. The sector encompasses a large number of Micro, Medium, and Small Enterprises (MSMEs), with approximately 1.5 million registered and over 5 million informal businesses, collectively generating over 30% of GDP and providing employment for nearly 15 million Kenyans. Nyeri county boast of diverse economic activities contributing to the GCP especially from agriculture, manufacturing and services mainly transport & storage, wholesale & retail trade, real estate, public administration, education and financial activities contributing to economic growth spearheaded by urban areas such as Nyeri municipality and towns such as Karatina, Othaya, Mukurweini, Naromoru and Mweiga.

Kenya's Vision 2030 and the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA) position private sector-led growth as central to the country's development ambitions, particularly through business environment reforms, investment attraction, and climate resilience. However, despite the sector's strategic importance, structured engagement mechanisms between private sector actors and urban governance entities remain weak and fragmented. This limits the potential for public-private collaboration to optimize urban infrastructure, services, and economic development. Urban institutions, mandated under the Urban Areas and Cities (Amendment) Act, 2019, are legally required to facilitate private sector participation, including representation in decision-making forums. Despite this, actual engagement remains inconsistent, with private sector actors often being passive rather than active partners.

Despite the county having county public participation Act 2015 to guide public engagements, it lacks structured engagement mechanisms for the private sector in urban development resulting in fragmented and weak participation in urban planning. To enhance the vital role the private sector has in urban development, institutionalizing a private engagement framework is key to enhance inclusive, structured engagement that can lead to more responsive policies and investments, fostering competitive environments and vibrant private sector growth. Such engagement can leverage private sector expertise, capital, and innovation to improve urban infrastructure and services, while building commitment to shared goals and mutual accountability. It is therefore expected that this Private Sector Engagement Framework will offer a standardized, systematic approach for urban boards to partner with the private sector, supporting participatory urban development and fostering competitive, inclusive business environments. The framework will also provide the urban institutions with: Access to up-to-date business enterprise data to facilitate engagement and planning; Private sector diagnostic framework to enhance understanding opportunities for promoting urban development and a guide on establishing public private dialogue forums and their engagement mechanisms.

The development of this framework was through adoption of the model for counties prepared by the State Department of Housing and Urban Development that involved extensive consultations, surveys, and knowledge sharing across counties and stakeholders. It also aligns with constitutional mandates and legal requirements, ensuring that private sector participation is embedded across urban planning, infrastructure, and service delivery processes.

CHAPTER 1: INTRODUCTION

Background

The National Urban Development Policy (2016) recognizes that the country has witnessed rapid urban growth rates of around 5% which has resulted in an urban population rise from 8% at independence to about 40% in 2015. It is therefore projected that more than half of the total Kenyan population will be living in urban areas by 2050.

The Kenya Constitution 2010 created the 47 devolved units that are now generally considered as the engines of growth and especially in terms of contributions to the country's Gross Domestic Product (GDP) and employment. This constitutional change, coupled with the increasing urbanization phenomenon, has helped stimulate business opportunities and the creation of wealth in terms of goods and services to the overall GDP in Kenya. In particular, the private sector in Kenya is estimated to contribute approximately 75% of the country's GDP, as well as employ around 90% of the working-age population. The sector is therefore considered the primary driver of economic growth in the country.

The formal and informal Micro, Medium and Small Enterprises (MSMEs) in the country form a large portion of the private sector enterprises. With this recognition, the Government created the Micro and Small Enterprise Authority (MSEA), under the Ministry of Cooperatives and Micro, Small and Medium Enterprises Development as a State Corporation and regulated by MSEA Act, 2012. The Authority is charged with the responsibility of coordinating and mainstreaming the MSMEs development function in Kenya.

Kenya is estimated to have about 1.5 million formally registered Micro, Medium and Small Enterprises (MSMEs) and over 5 million informal MSMEs. They collectively generate over 30 percent of the GDP and employ approximately 14.9 million Kenyans across various sectors. This means a significant portion of Kenya's economic output is generated by these businesses.

Urban areas in Kenya are critical economic hubs, contributing over 50% of the national GDP, with Nairobi, Mombasa, Kiambu, and Nakuru accounting for about 38%. The private sector is the key driver of this growth, contributing 80% of GDP, of which 90% are MSMEs and 83.38% are in the informal sector[1]. KNBS Gross County Product 2024 highlights Nyeri county contributed Ksh. 265,208M GCP in 2023 with a growth rate of 3.6% against 4.6% of the national GDP between 2019-2023. Nyeri county boast of diverse economic activities contributing to the GCP especially from agriculture, manufacturing and services mainly transport & storage, wholesale & retail trade, real estate, public administration, education and financial activities

[1] Kenya Institute for Public Policy Research and Analysis (2020). Kenya Economic Report 2020, Creating an Enabling Environment for Inclusive Growth in Kenya- the same counties also account for over half of the total annual County OSR.

contributing to economic growth spearheaded by urban areas such as Nyeri municipality and towns such as Karatina, Othaya, Mukurweini, Naromoru and Mweiga.

It is also acknowledged that the private sector plays a vital role in urban development as the main producer, consumer, and service partner. It is the largest employer and tax contributor, bringing essential knowledge, skills, and capital to improve urban infrastructure and services. A competitive business environment, reliable infrastructure, and access to skills and finance are critical to fostering private sector growth. The National Urban Development Policy (NUDP) highlights vibrant urban economies, infrastructure, governance and finance, and climate resilience as pillars for inclusive, sustainable growth[1].

Kenya's Vision 2030 and the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA) position the private sector as central to achieving middle-income status. The fourth Medium-Term Development Plan (MTP IV) 2023–2027 emphasizes the importance of private sector-led growth through business environment reforms, investment attraction, and climate improvements to drive economic transformation[2]. The National Urban Development Policy (2016) is operationalized by the Urban Areas and Cities Act (2011) with attendant regulations. Due to the various changes in the management of cities and urban areas, the Ministry of Lands, Public Works, Housing and Urban Development, through the State Department of Housing and Urban Development, (SDHUD) is in the process of reviewing the National Urban Development Policy and publish the Urban Areas and Cities Act Regulations to ensure responsiveness to emerging challenges.

While national agencies[3] engage in policy and regulatory reforms and work with counties to streamline business registration, licensing, and operational processes, the constitutional and legal framework[4] recognizes the competitive advantage the County Government of Nyeri and urban boards have and assigns them the pivotal roles of creating enabling and competitive environments for business. Nyeri county and their respective urban boards are required to engage with the private sector in the process of planning and implementation of their socio-economic agenda to create competitive environments for businesses.

Despite the county having county public participation Act 2015 to guide public engagements, it lacks structured engagement mechanisms for the private sector in urban development resulting in fragmented and weak participation in urban planning. To enhance the vital role the private sector has in urban development, institutionalizing a private engagement framework is key to enhance inclusive, and

[22] MTP IV (2023 – 2027)

[3] Including the Registrar of Companies and Registrar of Societies, the State Department of Trade and the State Department of Investment Promotion and the State Department of Micro, Small and Medium Enterprises (MSMES) Development and its state corporation the Micro and Small Enterprises Authority (MSEA)

[4] Kenya Constitution (2010), the County Government Act (CGA), 2012, Urban Areas and Cities (Amendment) Act, 2019

structured engagement can lead to more responsive policies and investments, fostering competitive environments and vibrant private sector growth. Such engagement can leverage private sector expertise, capital, and innovation to improve urban infrastructure and services, while building commitment to shared goals and mutual accountability.

Rationale for a Framework for Public-Private Engagement for Urban Development

Kenya's constitution and legal frameworks recognize the private sector as a key player in urban development, driving the urban economy, creating jobs, generating revenue, and partnering in service delivery. Counties, cities, and municipalities are tasked with creating inclusive, competitive business environments through functions such as urban planning, development control, business and trade regulation, land surveying, enterprise and skills development, and infrastructure services like roads, drainage, water, and sanitation. Engaging the private sector is essential to these processes and can lead to attracting and retaining private sector investment, driving job creation, stimulating economic growth, and increasing local tax revenue for further urban infrastructure development and provision of services. Private sector participation also allows municipalities to leverage private sector capital, technology, and innovation, forming partnerships that improve service delivery and infrastructure.

Urban boards are legally required to establish mechanisms for active public participation in urban management. The Urban Areas and Cities (Amendment) Act, 2019 (UACA) mandates boards to convene citizen forums, including representation from the private sector and informal business associations, to engage residents in city affairs. These forums provide a platform for aligning policies and investments with the needs of the private sector and local residents.

Effective engagement creates a cycle of mutual benefit, driving vibrant urban economies and prosperous societies. However, there has been minimal guidance on structuring these engagement processes. It is therefore expected that this Private Sector Engagement Framework will offer a standardized, systematic approach for urban boards to partner with the private sector, supporting participatory urban development and fostering competitive, inclusive business environments.

Policy and Legal Framework

This Private Sector Engagement Framework aligns with existing county and urban governance structures, planning, and budgeting processes. It ensures that engagement outcomes are integrated into county policies, legislation, programs, and budgets. The PSEF also supports the monitoring of results and performance through established county and urban accountability frameworks.

Private sector involvement in county and urban governance is a legal requirement in Kenya. The relevant key legislations as outlined in the table 1

Table 1 Legal and Policy framework

Legal instrument	Article/ Section	Provision	Details of provision
Constitution of Kenya (2010)	Article 184	Governance and management of urban areas and cities	National legislation on the governance and management of urban areas and cities shall provide for the participation of residents
County Government Act (CGA), 2012	Part VIII	Citizen participation	Outlines the principles of public participation, the rights of citizens, requires for the establishment of modalities and platforms for citizen participation by county governments and all decentralized units of the county
	Section 104	Obligation to plan and to promote public participation in the process	Urban areas are designated as planning authorities and required to promote public participation in the process
	Section 105	County planning units	County planning units should ensure the collection, collation, storage and updating of data and information suitable for the planning process
	Section 115	Citizen participation in county planning	Requiring that public participation in county planning is mandatory; counties are required to develop laws, regulations and establish mechanisms as provided in Part VIII
Urban Areas and Cities (Amendment) Act, 2019	Section 11 (d)	Principles of governance and management	Requires the institutionalized active participation by its residents in the management of the urban area and city affairs
	Section 13	Private sector representation on Boards of Cities	On the composition Boards of Cities which are responsible for governance and management of urban areas provides for two of the nine members to be nominated by private sector organizations: (2)(b) an association representing the private sector in the area; (2)(c) a cluster representing registered associations of the informal sector in the area;
	Section 14	Private sector representation on Boards of Municipalities	On the composition of Board of Municipality provides for two of the nine members to be nominated by private sector organizations

			(3)(b) an association representing the private sector in the area; (3)(c) a cluster representing registered associations of the informal sector in the area;
	Section 21	Powers of the boards of cities and municipalities	(1)(g) to ensure participation of the residents in decision making and, in its activities, and programmes in accordance with the Schedule to the Act as provided in the County Governments Act, 2012 and any other national legislation on public participation
	Section 22	Citizen fora	Subject to the Second Schedule provides for urban residents to deliberate and make proposals on county and national policy and legislation, plans and budgets; and monitor the activities of officials and board members cities and urban areas. And for Urban boards to seek and receive petitions and representations from citizen fora on the management and administration of urban affairs within its jurisdiction and functions and make recommendations on issues raised for implementation and reporting by the Urban Manager on decisions made on the recommendation. Including on service provision, development plans (i.e., IDEPs) and budgets, policies and legislation.
	Second Schedule	Rights of, and participation by residents in affairs of their city or urban areas	Outlines the rights and duties of residents; requires that city or urban areas develop systems of governance, mechanisms, processes and procedures that encourage citizen participation in its affairs; apply resources and build capacity of urban residents to do so
	Section 45(1)		Three months before the commencement of each financial year, a board or town committee shall cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year
Draft UACA Regulations, 2022	19 Fifth and Sixth schedules	Registration, accreditation, and clustering of business community within urban areas and cities	Guides the process for the urban boards to accredit and maintain a register updated annually of business associations operating within the specified urban area, city, municipality for the purpose of promoting consultation; to facilitate the process the business associations shall apply for accreditation as prescribed in the Fifth Schedule and Urban Board will issue a certificate of accreditation as prescribed in the Sixth Schedule once satisfied the association has meet the requirements which are proof of existence for two years, proof or registration by the competent, recognized body under the requisite law, proof of membership of at least 25% of the persons undertaking the business/economic activity under that relevant business area, active participation of its members in the management and governance of the association

	27	Promoting active citizenship and participation.	For purposes of promoting vibrant and active citizenship and participation in urban areas and cities, the Boards shall put in place measures to (a) map representative groups within the urban area or city; (b) set up appropriate platforms for engagement and participation; (c) empower residents through capacity development initiatives on urban development matters; and (d) set up community outreach programmes.
	31(1)	Citizen fora composition	The citizen fora shall comprise of (a) accredited neighbourhood associations in the area; (b) registered associations of the informal sector including market committees and public transport associations in the area; (c) the association representing the private sector in the area; (d) professional associations in the area; (e) the association of business community in the area; (f) Faith Based Organizations; and (g) any other entity that the Boards or the Committees may deem necessary. **These entities may participate as clusters in their respective organizations.**
	32, 33		Provides for the convening of the fora, election and responsibilities of an executive committee. And the conduct of meetings
Public Financial Management Act (2012)	175	Budget and budget process for urban areas or cities	Requires urban boards involve the public in budget making processes. Provides the budget process for urban areas and cities i.e., the urban board shall prepare a strategic plan based on the IDEP consistent with the CFSP as basis for the urban budget estimates; and the public given the opportunity to participate in the process as per Second Schedule, Urban Areas and Cities (Amendment) Act, 2019
Access to Information Act, 2016	Sec. 4 and 5	On Right to information and disclosure of information by public entities	The Act guarantees the right of access to information held by public entities, including county governments. It ensures transparency and accountability in the governance processes by allowing citizens to access relevant information.
Data Protection Action, 2019	Part X1 Section 72	On offences of unlawful disclosure of personal data	The Act provides outlines offences related to unlawful disclosure of personal data and information
Public private partnerships Act, No 15, 2012	Section 19 and 20	Public Private Sector partnership on Section 19 and Section 20 Sector Diagnostic Study and	Public private partnerships Act, No 15, 2012 provides for the private sector engagement and undertaking diagnostic study of the local economy on Public Private Sector partnership and Section 20 Sector Diagnostic Study and

		Assessment	Assessment
The County Licensing (Uniform Procedures) Act 2024	Sec. 4e	Coding system	The Act provides for Counties to establish and implement a system that designates different codes for the different categories of licenses issued by that authority.
County Assembly Standing Orders	PART XXVII	Public access to the county assembly and its committees	County assemblies have their standing orders that outline the procedures and mechanisms for public participation in the legislative processes. These orders provide guidance on how the public can engage with the assembly.
Nyeri County Public Participation Act 2015	Sec.9	Stakeholder and public engagement	Each county department or Committee of the County Assembly are required to engage and encourage participation of the relevant stakeholders and the public while developing legislation and policy or designing or implementing programs or delivering services and continuously report to them on the process, outcome and policy, program and services impact.
	Sec.10	Stakeholder engagement plan.	The Act provides that each county department or agency or Committee of the County Assembly shall develop and implement a stakeholder engagement plan that provides objectives of stakeholder engagement; major issues requiring public and stakeholder engagement and consultations, consultation timeframe, process and methods for participation

Alignment and linkage to the urban governance regulatory framework

Table 2 Alignment and linkage to the urban governance regulatory framework

<table>
<tr><td colspan="5">Private sector database, maintaining a register of accredited business association; outreach and capacity building of business associations.
Purpose: Database on the private sector for analytical purposes; and to facilitate targeting, clustering for engagement and the implementation of relevant and targeted interventions.</td></tr>
<tr><td colspan="2">Alignment to urban governance framework</td><td>Purpose</td><td>Timing</td><td>Tools</td></tr>
<tr><td>UACA Draft Regulations, 2022,</td><td>Urban boards are required to accredit and maintain a register of accredited</td><td>1. Urban area private sector database includes administrative</td><td>Updated annually</td><td>GIS Software; data collection surveys, KNBS data – county</td></tr>
</table>

Regulation 19;	business associations for clustering of business community within urban areas and cities to facilitate engagement and service delivery Urban Doards are required to map representative groups within the urban area or city, set up platforms for engagement and participation and empower residents through capacity building and outreach programmes	location, address (geo-referenced) , ownership, size, sector and industry, business activity - drawn from the county revenue department business licensing database **2.** Used for analytical purposes and to cluster and convene private sector actors for engagement, planning and service delivery		statistics, economic surveys, industry statistics, business license register, land registry, KNCC, business & trade & professional associations. Partnerships with data analytic companies
Private sector diagnostics **Purpose:** Facilitates analysis of the local business environment, private sector needs, opportunities, and challenges and potential solutions to address bottlenecks (based on the four levers of competitive cities (World Bank, 2012				
Alignment to urban governance framework		**Purpose**	**Timing**	**Tools**
CGA, 2012, Section 104, 105 **PFMA, 2012, Section 175**	Urban boards are required to prepare an Integrated Plan, and every year prepare a strategic plan based on the IDEP consistent with the CFSP as basis for the urban budget estimates and giver the public the opportunity to participate as per CGA, 2012 Second Schedule As planning units, they are required to collect, store and update data and information suitable for the planning process	1. Informs the: - IDeP preparation and review, annual urban strategic plan and budget estimates - city/municipality spatial & land use plans, zoning plans - Departmental strategic and implementation plans. 2. Informs the county CIDP preparation and review, county spatial plan, Sector Plans, ADP and CFSP (where sector priorities and ceiling are established), Urban (& other sector) Departmental Strategic Plans and Implementation Plans, county budget estimates,	Every 3-5 years Reviewed and updated annually (through the PPD processes)	

		implementation, monitoring and reporting: quarterly budget implementation reports, CBROP, sector reports		
Public Private Dialogue Forum – Platform for Policy Dialogue and Prioritization of Intervention **Purpose:** Creates an institutional platform for virtuous, inclusive and structured dialogue to meet specific objective. Engagements focused on the four policy pillars; or sector/industry-based; or issue-based convened as required				
Alignment to urban governance framework		**Purpose**	**Timing**	**Tools**
Urban Areas and Cities (Amendment) Act, 2019 **21, 22, Second Schedule and the Regulations, 2022**	Urban boards are required to ensure the participation of residents in decision making and in in its activities and programmes; To establish and institutionalize active participation of its residents in the management of the affairs of urban areas and cities To create citizen for a as platforms to seek and deliberate on county and national policy, legislation, plans and budgets Second schedule outlines rights and duties of residents of urban area in city and urban areas and requires urban areas development systems of governance, mechanisms, processes and procedure to encourage citizen participation urban residents	1. The PPD minutes and resolutions informs: - urban planning and budgeting: -IDEP preparation and review, urban area annual strategic plan and budget estimates, - city/municipality spatial & land use plans, zoning plans - Departmental strategic and implementation plans. - Urban area budget implementation reporting: quarterly budget implementation reports 2. Informs preparation and review of plans county: - CIDP preparation and review, county spatial plan, ADP and CFSP (where sector priorities and ceiling are established), Urban (& other sector) Sector Plans, Departmental Strategic Plans and Implementation Plans, county budget estimates	Quarterly Issue based convened when required	

		- County budget implementation monitoring and reporting: quarterly budget implementation reports, CBROP, sector reports		

Objective of the framework

This PSE framework seeks to provide county governments a common approach to guide urban boards engaging with the private sector in urban planning to create competitive, inclusive and resilient urban areas. It serves as a foundation for mapping local businesses, understanding the business environment, and fostering structured, evidence-based engagement that shapes participatory urban policies and plans. The intended outcomes include:

a) Increased private sector participation in urban planning and development;
b) Better alignment of urban policies with private sector needs;
c) Enhanced collaboration between urban boards and private sector entities;
d) Leveraged private sector expertise and resources for infrastructure and service delivery; and
e) Trust-building between public and private actors, fostering commitment to shared urban development goals.

Approach to the PSE Framework

The framework:

1. Aligns with Kenya's constitutional, legal, policy, and institutional framework governing devolved urban governance, administration, and service delivery. It operationalizes the UACA (Amendment) Act, 2019, and it's Draft Regulations, 2022, institutionalizing engagement structures, accountability, and action implementation.
2. Anchors on the legal basis for private sector engagement in urban governance, complementing existing county and urban policies and citizen engagement structures in Table 2.
3. Defines the roles of public and private sector actors, engagement structures, and processes. It is inclusive, ensuring representation and accessibility for both formal and informal private sector actors. It brings together stakeholders to facilitate co-design, coordination, and collaboration necessary for creating competitive and inclusive urban environments.
4. Components are interconnected, building on existing county and urban governance structures to inform planning, budgeting, investment, service delivery, and accountability.
5. Guides urban boards in organizing the private sector for effective engagement, identifying needs, and convening structured dialogue forums. These forums help prioritize and co-design interventions, which are then integrated into policies, legislation and regulations, plans, and budgets, with built-in performance and accountability monitoring.
6. Leverages the World Bank's Toolkit for Competitive Counties, using its analytical tools to identify and categorize interventions to improve business environments and foster enterprise growth and job creation. This focuses on four policy levers available to counties and urban areas: institutions, infrastructure, skills, and enterprise support.

Principles of the PSEF

The principles of the PSEF include the following:

1. **Alignment with relevant policy and legal frameworks:** Adheres to constitutional, legal, and policy requirements for private sector engagement in governance and urban development;
2. **Purpose-driven engagement:** Ensures that all engagements are goal-oriented, resulting in clear collective actions and measurable outcomes within a specified time frame;
3. **Inclusivity and equity:** Guarantee that engagement processes are inclusive, accessible, and equitable, ensuring no stakeholder is left behind in both process and outcome;
4. **Intergovernmental collaboration:** Promotes effective coordination and cooperation across all levels of government, aligned with devolved functions and principles of intergovernmental collaboration; and
5. **Transparency and accountability:** Upholds transparency through public disclosure of processes and decisions, ensuring accountability for all actions taken.

Key Actors and Roles

Based on the literature review, field visits and stakeholders' consultations, the key actors and their roles are defined in Table 3. However, each county framework should define the relevant stakeholders and actors based on how they would be engaged.

Table 3 Key actors and roles

Actor	Roles and Responsibilities
National Government	**Kenya National Bureau of Statistics (KNBS):** The Kenya National Bureau of Statistics has the responsibility of coordinating the National Statistical System (NSS). KeSIC developed by the Ministry of Labour and Social Protection and KNBS for statistical purposes for business coding system[5] provides a comprehensive framework for categorizing businesses based on their primary activities or industries. **Medium and Small Enterprises Authority (MSEA):** The Authority is domiciled in the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development. It coordinates, harmonizes and facilitates the integration of various public and private sector activities, programmes and development plans relating to MSEs. This includes registration of micro and small enterprises (MSEs) associations, capacity building, supporting market access and infrastructure development, access to affordable credit, and MSE centers of excellence. It regulates, develops, and promotes MSEs.
County Government	**County Executive**: Assists in planning, adopting, and reviewing Integrated Development Plans (IDePs), ensuring alignment with county and national policies and strategies. Appoints urban board members through a competitive process.

[5] KeSIC is a domestication of International Standard Industrial Classification of All Economic Activities (ISIC Rev 4) ensuring international comparability of statistics relating to economic activities.

	County Executive Committee Member (CECM): Appointed by the governor to coordinate board functions and approve urban development plans. **County Assembly (CA)**: Approves urban board appointments, county plans, IDEPs and urban board budgets, and oversees urban development policies and regulations. **County Revenue Boards** responsible for county revenue management gather data on the private sector and have data analytics and statistical capacity. **County Investment Authorities** conduct research, investment promotion and outreach activities.
Urban boards	Implement the PSE Framework, incorporating activities into IDEPs, annual plans, and budgets. Oversees urban administration in executing these plans. The **Urban Manager** ensures the PSEF contains a performance framework, manages implementation and reports on PSEF activities.
Private Sector	**Private Sector**: Engages in dialogue with urban boards to influence policy, urban planning, and investment priorities. Offers resources, technology, and expertise to enhance infrastructure and service delivery while ensuring alignment with business growth opportunities. **Informal Businesses**: Represent over 80% of MSMEs, generating up to 70% of jobs, particularly for women and youth. Their role is to actively participate in dialogue and help identify urban development needs, policies and investment opportunities that support business growth. Often unregistered, they rely on membership organizations for collective representation and engagement with urban boards. **Formal Businesses**: Ranging from small to large enterprises, including multinational companies, their role is to actively participate in dialogue and help identify urban development needs, policies and investment opportunities that support business growth. **Business Associations**: Act as intermediaries for collective private sector interests, focusing on policy advocacy, promotion, and standardization. They organize engagement with urban boards to ensure private sector priorities are represented. **Umbrella Organizations**: National bodies like Kenya Private Sector Alliance (KEPSA), Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI) and Central Organization of Trade Unions (COTU) bring together business groups for enhanced participation, coordinated advocacy and policy influence, playing a key role in shaping the policy and regulatory environment, strategic urban initiatives and investment decisions.
Other State and Non-State Actors	**Professional Associations and Research Institutions**: Provide technical expertise through surveys, research, and data analysis to guide urban planning and policymaking. **Dialogue Partners**: Decentralized ministries, regulatory agencies, and development agencies collaborate with urban boards to support the implementation of policies, regulatory reforms, and capacity building for urban development. They also facilitate coordination between national and local government functions. **Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs)**: Advocate for issues such as gender equity, climate action, environmental protection, social and economic inclusion. They ensure that urban development is inclusive and addresses broader social, economic, environmental, and community concerns, bringing marginalized voices into the conversation. **Residents' associations:** Resident associations represent important

	organized urban constituents and stakeholders residing and engaging with and contributing to the urban economy within the municipality. They have an interest and stake in its development. Kenya Alliance of Resident Associations (KARA) is their umbrella body of resident associations.

Benefits of adopting the Private Sector Engagement framework

It is appreciated that numerous formal and informal private sector players in every county are involved in diverse economic activities. It is therefore anticipated that adoption of a Private Sector Engagement Framework will not only enhance their involvement in the planning of the urban areas but also help stimulate additional investments that contribute to socio-economic development and thus GDP. Some of the additional benefits are summarized below:

1. **Institutionalized engagement**: Shifts County and urban boards from fragmented, transactional interactions with the private sector to structured, consistent engagement in governance and decision-making. This fosters mutual understanding, aligns priorities, enhances policy effectiveness, encourages formalization, improves compliance, and boosts private sector contributions to the local economy, ultimately creating more jobs;
2. **Knowledge and resource sharing**: Leverage private sector expertise in research, technology, management, and innovation to enhance public sector efficiency and productivity, stimulating mutual learning;
3. **Clarifies roles and responsibilities**: Clearly defines the roles of county governments, the private sector, and other stakeholders, fostering commitment, accountability, and improved performance through shared goals;
4. **Strengthens trust and cooperation**: Promotes collaboration by breaking down barriers, fostering trust, and building a social contract that supports reform implementation and compliance;
5. **Reduces information gaps**: Bridges knowledge and information gaps between the public and private sectors, leading to more informed decision-making and efficient cooperation; and
6. **Builds partnerships**: Facilitates partnerships by deepening the understanding between urban boards and the private sector, leading to the identification of opportunities, resource mobilization, and risk-sharing to enhance urban development and service delivery

CHAPTER 2: PRIVATE SECTOR DATABASE

Access to up-to-date data on the composition of the private sector to facilitate targeted engagement and provide data for economic and statistical analysis to inform urban policy and planning.

2.1 Potential private sector partners

There are many types of potential private sector partners. The principle types of partners considered under this framework are:

2.1.1 Corporations

This refers to a company or group of people authorized to act as a legal person and recognized as such in law. These are commercial enterprises, either publicly listed or privately owned, that are intended to make a profit for their owners. They typically operate in a regulated legal compliance and financial environment particularly if they are publicly-listed.

2.1.2 Private Foundations

These are private non-profit entities such as foundations and trusts, whose assets are provided by donors and whose income is spent on socially useful purposes. Such entities typically operate in a similar environment as companies when it comes to operating standards in developed countries but the legal, bureaucratic, and political framework for foundations and trusts in the developing world tends to be more varied.

2.1.3 Individuals

This refers primarily to High-Net-Worth Individuals (HNWIs). Partnerships with such individuals and their families are typically focused on philanthropy, through individual gifts, family foundations or other vehicles such as donor advised funds.

2.2 Identification, Engagement and mapping.

Identification, Engagement and mapping of these partners may be done in the following areas without limiting to the services and activities of the private sector.

2.2.1 Manufacturing and Industry

Manufacturing encompasses the production of goods across various industries.

2.2.2 Service Sector

This sector includes a broad range of services such as financial services, telecommunications, information technology, healthcare, hospitality, and professional services (legal, accounting, consulting).

2.2.3 Agriculture and Agribusiness

Includes farming, agro-processing, food production, and agricultural technology.

2.2.4 Real Estate and Construction

Involves property development, construction, architecture, and real estate services.

2.2.5 Energy and Utilities

Encompasses various forms of energy production (renewable and non-renewable) and utility services such as electricity, water, and gas supply.

2.2.6 Retail and Consumer Goods

This sector covers retail operations, consumer goods manufacturing, and distribution.

2.2.7 Financial Services and Banking

Includes banking, insurance, investments, and other financial institutions.

2.2.8 Technology and Innovation

Encompasses IT services, software development, hardware manufacturing, and technological innovation across various industries.

2.2.9 Transport and Logistics

Involves transportation services, logistics, and supply chain management.

2.2.10 Telecommunication and Media

Encompasses telecommunications companies, broadcasting, print media, digital media, and entertainment.

2.2.11 Health and Pharmaceuticals

Involves healthcare services, pharmaceuticals, medical devices, and biotechnology.

2.2.12 Tourism and Hospitality

Encompasses the tourism industry, including accommodation, travel agencies, and related services.

2.2.13 Education and Training

Involves private educational institutions, vocational training, and professional development services.

2.2.14 Environment and Green Sector

Covers industries involved in environmental conservation, renewable energy, sustainability, and eco-friendly products.

These sectors within the private industry are vital contributors to economic growth, employment, and innovation within a region. Collaborating with these sectors presents an opportunity for the public sector to enhance service delivery, infrastructure development, and economic progress.

These partners can be mapped and a resultant database as per attached database template, see also data template, that can be used to populate the same database as a field tool either through physical or electronic surveys.

Table 4 List of fields already in the SBP application form and additional fields suggested.

Field name	SBP	Data types
Name of business	Yes	
Business no (issued during licensing)	Yes	
Certificate of registration no	Yes	
Business ownership structure: sole proprietor, partnership, limited liability, other legal entity	No	Select from drop down list of different entity types: business name; private limited company; limited; company limited by guarantee; limited partnership; foreign company; trust; other legal entity
Gender of proprietor/majority shareholder		
Certificate of registration no	Yes	
Year of registration/incorporation	No	
Years in operation	No	Range of year: < 1 yr; 2 – 3 yrs; 4 - 5 yrs; 6 – 10 yrs; over 10 yrs
Business Permit no	No	
Date of permit issue	No	
Industry/sector (code)	Yes	Drop down list based on the KeSIC codes
Business activity (code)	Yes	Drop down list based on the KeSIC codes
Business activity description (code)	Yes	
Mailing Address: PO Box, Postal Code	Yes	
Phone number	Yes	
Email address	Yes	
Physical address	Yes	
Plot no	Yes	
County	Yes	Drop down list of all counties

City/Municipality	No	Drop down list
Sub county	No	Drop down list
Ward	No	Drop down list
Geo-location (GIS coordinates)	No	
Land zone (if any/if known)	No	Drop down list
***No of employees**	No	Drop down categories: Single individual/sole proprietor/trader Micro: Less than 10 Small: 10 – 49 Medium: 50 – 250 Large: over 250
Total size of premises (m^2)	No	
Property/land use data (ownership)	No	
*Financial data (gross annual turnover for last year) - KES range	No	Drop down categories: Micro: <500,000 Small: 500,001 – 5 million Medium: 5,000,001 – 100,000,000
Business affiliation i.e., membership in trade/business/professional associations or cooperative	No	
Other licenses and permits for specific business activities	No	

PSEF PRIVATE SECTOR DATABASE TEMPLATE

24-Oct

Field name	Name of business	Business no (issued during licensing)	Certificate of registration no	Business ownership structure	Gender of proprietor/majority shareholder	Certificate of registration no	Year of registration/incorporation	Years in operation	Business Permit no	Date of permit issue	Industry/sector (code)	Business activity (code)	Business activity description (code)	Mailing Address: PO Box,	Mailing Address: Postal Code	Phone number	Email address	Physical address	Plot no	County	City/Municipality	Sub county	Ward	Geo-location (GIS coordinates)	Land zone (if any/if known)	*No of employees	Total size of premises (m^2)	Property/land use data (ownership)	*Financial data (gross annual turnover for last year) - KES range	Business affiliation/membership: indicate name of trade/business/professional associations or cooperative	Other licenses and permits for specific business activities
SBP	Yes	Yes	Yes	No		Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	
Data types				Drop down list OF entity types: business name; private limited company; limited; company limited by guarantee; limited partnership; foreign company; trust; other legal entity	Male/Female			Drop down list: Range of year: < 1 yr; 2 – 3 yrs; 4 - 5 yrs; 6 – 10 yrs; over 10 yrs		DD/MM/YYYY	Drop down list based on the KeSIC codes	Drop down list based on the KeSIC codes	Drop down list based on the KeSIC codes							Drop down list of all counties	Drop down list of cities/municipalities	Drop down list of sub counties	Drop down list of all wards			Drop down options: Single individual/sole proprietor/trader; Micro: Less than 10; Small: 10 – 49; Medium: 50 – 250; Large: over 250					

Figure 1 PSEF private sector database template

CHAPTER 3: SITUATIONAL ANALYSIS

Overview

Nyeri County's private sector is crucial to local economic growth, contributing significantly to the Gross County Product (GCP). However, it faces critical structural engagement gaps that limit its potential to drive inclusive urban development. Despite legislative provisions for participation, actual engagement remains fragmented, transactional, and largely informal.

This situational analysis informed by both a desktop analysis as well as consultative process with relevant stakeholders provides and evidence-based review of the county's economic landscape, regulatory environment, and existing institutional capacities. It demonstrates that the PSEF is not merely a procedural requirement but a strategic necessity to unlock investment, enhance service delivery, and align urban planning with the realities of the local business environment.

Economic Context And Private Sector Landscape

Nyeri County represents a vital economic hub within the region. According to the Kenya National Bureau of Statistics Gross County Product report, 2024, In 2023, the county contributed Ksh. 265,208 Million to the Gross County Product (GCP).While significant, the county's average growth rate between 2019 and 2023 stood at 3.6%, trailing the national average of 4.6%.[2] This disparity highlights an untapped potential that structured private sector engagement aims to unlock.

The economy is diversified across three primary pillars:

- **Agriculture:** The foundational bedrock of the county's economy.
- **Manufacturing:** A growing sector with immense value-addition potential.
- **Services:** Including Transport & Storage, Wholesale & Retail Trade, Real Estate, Public Administration, Education, and Financial Activities.

Urbanization is the primary driver of this economic activity, with Nyeri Municipality serving as the central engine, supported by key urban centers including Karatina, Othaya, Mukurweini, Naromoru, and Mweiga. These towns act as markets, logistics hubs, and centers for innovation.

Diagnosis Of The Current State of Private Sector Engagement

Following engagement with various government and non-government stakeholders, the following gaps with regards to the state of private sector engagement in Nyeri came Up.

a) Structural Weaknesses in Public-Private Engagement

Despite the existence of the *Nyeri County Public Participation Act 2015*, there is currently no structured, institutionalized mechanism for private sector involvement specifically in urban development and planning. Engagement has historically been:

- **Fragmented:** Occurring ad-hoc between individual businesses and specific departments without central coordination.

- **Transactional:** Focused primarily on licensing, taxation, and compliance rather than strategic partnership and planning.
- **Inconsistent:** Dependent on individual officers rather than institutional systems.

Consequently, private sector actors have remained passive subjects of regulation rather than active partners in development.

b) Institutional Fragmentation

Government actors operate in silos. The County Executive, Urban Boards, and Revenue Departments often interact with the same businesses separately. This lack of coordination leads to engagement fatigue among businesses and results in disjointed policy implementation that fails to address cross-cutting business environment issues.

c) Information and Data Deficits

A critical gap exists in data infrastructure. While business licensing databases exist, they are primarily designed for revenue collection. They lack crucial information that can be helpful in mapping and identification of private sector players.

d) Trust Deficit

A long-standing trust deficit exists between the government and the private sector, particularly with informal businesses. This historical mistrust creates significant barriers to meaningful participation, with businesses often viewing government engagement solely as a prelude to increased taxation or regulation.

Summary of the Gaps

Area	**Current Situation**	**Impact**	**Need Addressed by PSEF**
Dialogue Platforms	Ad-hoc, irregular meetings often crisis-driven.	Reactive policy-making; low business ownership of plans.	Institutionalized Public-Private Dialogue Forums (PPDFs).
Data Systems	Revenue-focused SBP data; no spatial mapping.	Planning decisions disconnected from economic reality.	Comprehensive Private Sector Database with all the required information.
Institutional Roles	Unclear mandates for private sector liaison.	Lack of accountability; coordination failures.	Clear roles for Urban Boards & Managers.
Capacity	Limited technical	Ineffective	Structured Capacity

Area	Current Situation	Impact	Need Addressed by PSEF
	skills in PPP & engagement.	partnerships; poor contract management.	Building Plan.

SWOT Analysis

The SWOT analysis below summarises Nyeri County's internal strengths and weaknesses, along with external opportunities and threats affecting private sector engagement.

Strengths	Weaknesses
• Strong constitutional and legal mandate (UACA 2019). • Diverse economic base (Agriculture, Manufacturing, Services). • Strategic university partnerships (Dedan Kimathi, Karatina). • Existing SBP data infrastructure. • KUSP II technical and financial support. • Established urban board structures.	• Economic growth rate (3.6%) below national average. • Fragmented, ad-hoc engagement history. • Limited data infrastructure (lack of GIS/KeSIC). • Technical capacity gaps in urban boards. • High levels of informality in the business sector. • Historic trust deficit between public/private sectors.
Opportunities	**Threats**
• Alignment with Vision 2030 & Kenya Kwanza BETA. • Utilization of World Bank competitive cities toolkit. • Digital transformation of data systems. • Formalization potential of the MSME sector. • Leveraging County Investment Authorities. • Improving local revenue through better engagement.	• Procurement delays for diagnostic tools. • Budgetary constraints and allocation cuts. • Data privacy breaches and cyber security risks. • Fluctuations in political will and support. • Continued disengagement of the informal sector. • High staff turnover affecting institutional memory.

Conclusion

This situational analysis confirms that while Nyeri County possesses a vibrant and critical private sector, the current engagement landscape suffers from structural, informational, institutional, and relational deficits. The Private Sector Engagement Framework (PSEF) provides a comprehensive, legally-grounded, and operationally structured response to these specific gaps.

Each chapter of the framework directly addresses an identified challenge, from data scarcity to institutional fragmentation, ensuring that the PSEF is not an aspirational document but an evidence-driven toolkit for implementation.

CHAPTER 4: PRIVATE SECTOR DIAGNOSTIC

Overview

Urban boards often lack a deep, contextual understanding of the local business environment. Investment and infrastructure decisions are frequently misaligned with actual private sector needs. The county's growth rate of 3.6% (below the national average) signals underleveraged economic potential and unresolved bottlenecks.

The diagnostic chapter provides a structured 7-step analytical framework examining four competitive city levers: Institutions & Regulations, Infrastructure & Land, Skills & Innovation, and Enterprise Support & Finance. This SWOT-based analysis enables the prioritization of high-impact interventions that directly inform Integrated Development Plans (IDEPs) and county budgets.

The private sector diagnostic is an analytical exercise that will be carried out to build contextual understanding of the business environment, the market dynamics, enablers, failures and key constraints to private sector competitiveness and to define responsive interventions to address them. It will take stock and assess local businesses operating in the urban area, the local business environment and its impact on businesses, identify constraints, and propose interventions through analyzing institutional and regulatory frameworks, infrastructure, skills, and enterprise interventions. The diagnostic will unlock private sector-led growth and investment towards accelerating economic growth within an appropriate policy and regulatory regime.

The diagnostic output will inform discussions between Nyeri County urban boards, the private sector, and other stakeholders, guiding urban planning, investment prioritization, and the preparation or review of policy and regulatory instruments.

Analytical framework

The process shall involve desk research and business/enterprise surveys, and consultative sessions with the private sector and other stakeholders to assess the local business landscape, identify needs and design interventions across four key policy areas:

1. Institutions and Regulations:
   - Assesses the effectiveness of local institutions, policies, and regulations.
   - Reviews business registration, licensing, and permitting processes.
   - Evaluates the enforcement of property rights and contract mechanisms.
2. Infrastructure and Land:
   - Reviews the state of infrastructure (transport, utilities, waste management) and identifies gaps affecting business growth.

    - Analyzes land use policies and zoning regulations to evaluate their impact on investment and business activity.
3. Skills and Innovation:
    - Identifies skills gaps in the labor market and assesses vocational training programs.
    - Evaluates the level of innovation within the business community and available support for research and development.
4. Enterprise Support and Finance:
    - Analyzes the availability of financial services (banking, microfinance, venture capital).
    - Reviews enterprise support programs and business development services.
    - Identifies barriers to finance and explore innovative solutions for small and medium enterprises (SMEs).

The diagnostic findings shall be made publicly available and will inform public-private dialogue forums as well as the preparation and review of the private sector related policies and regulations. In addition, it will inform the preparation of the Integrated Development Plans (IDePs), Annual Urban Plans, and budgets. The initial diagnostic shall serve as a baseline and will be reviewed and updated annually during public-private dialogue forums to assess progress and guide future interventions.

The process of undertaking the private sector diagnostic

The urban manager shall undertake the preliminary activities which shall include:

1. Definition of the objectives of the private sector diagnostic that will include identifying key economic sectors, understanding the business environment, the challenges and opportunities, and interventions to foster competitiveness and local economic growth.

2. Preparation of terms of reference, procure consultant to carry out the diagnostic.

3. Identification and communication to all the key stakeholders and partners.

The diagnostic process will include:

Step 1: Desk research and stakeholder mapping

I. Desk research of urban plans, policy budget documents, assessment reports and studies, existing data on the business environment and the enablers and key constraints facing private sector firms.

II. Stakeholder mapping including county and urban officials, the private sector and other actors.

Step 2: Preparation of diagnostic tools.

Preparation of diagnostic tools that include interview frames and other data collection tools.

Step 3: Data collection, interviews and consultations.

I. Hold meetings and interview county and urban officials to discuss the challenges affecting the private sector from the county/urban board perspective; the current plans to resolve the challenges.

II. Hold meetings with representative samples of individual private sector firms and representatives from associations and coordinating bodies/groups identified as relevant.

Step 4: Carry out urban institutional analysis.

1. Using a structured, participatory, analytical process to assess and understand mandates, structure, fiscal status, incentives and existing capacity of the urban boards to act, support and pursue necessary interventions. Build on the desk research, hold consultations with urban and county officials to better understand mandates, roles and responsibilities, reporting lines, resources and capacities.

2. The assessment should be used to identify any gaps in capacity and recommend the types of capacity building needed by the board.

Step 5: Data analysis

1. Collate and analyze the data and outputs from the consultations captured and organized around the four policy levers.

2. Apply a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of the private sector based on the four policy levers.

3. Preparation of preliminary report on findings and recommendations

Step 6: Definition and prioritization of interventions

I. Bring together the public and private sector actors to discuss the proposed interventions and to reach agreement on common goals, priorities aligned to the institutional mandates, roles and responsibilities, capacity and resources of the urban board.

II. Define the roles and responsibilities of the private sector, and the potential resources and opportunities for partnerships.

III. Identify the common goals, prioritize interventions around the policy levers, the roles and responsibilities, resource requirements, opportunities for partnership.

Step 7: Preparation of report and action plan

1. The urban board will prepare and submit a summary report with an action plan and monitoring framework to track progress and evaluate outcomes. This will be used to inform the preparation of IDEP and other relevant plans.

2. The report should be made publicly available.

Key Actors in the Development of Nyeri County Private Sector Diagnostic for Urban Areas.

Table 5 Key Actors in the Development of Nyeri County Private Sector Diagnostic for Urban Areas

Actor	Role/Responsibilities
County departments: Planning, M&E, ICT	1. Technical assistance in the preparation of survey tools, data collection and analysis. 2. Plan and budget UIG resources.
CPCT	1. Coordinate county departments and provide technical capacity support to the boards.
Urban board	1. Responsible for gathering and analyzing local economic and statistical data, and for establishing committees/ forums for engagement to do so. 2. Plan and budget for the diagnostic in the urban annual plan and budget. 3. Commission the diagnostic, oversee process. 4. Consider and use the report findings and recommendations in the preparation of the IDEP, urban policies and plans.
Urban Manager	1. Outsource and manage the diagnostic process. 2. Present the report findings to the board. 3. Publish report findings
Private sector	1. To provide input data and information 2. Pursue accreditation status as guided by the Municipal manager

Details of the components

Private sector database for urban boards

To engage effectively in urban planning and development, urban boards should know the profiles and contacts of the businesses operating within their areas. This requires collecting, maintaining, and analyzing business data to gain insights into their organization, interests, influence, and overall contribution to the local economy.

The data is necessary for urban boards to better engage the private sector players in dialogue and action. The data supports outreach, communication, and relationship-building with the private sector.

Sources of data: County government departments collect and store this data in the performance of their respective functions. Of significant relevance is the county revenue departments, which gather and store business enterprise data during business and trade permitting process in the Single Business Permits (SBP) database. Other databanks include property rolls and land registries.

The SBP database offers a primary source of business data on licensed businesses that can be shared with urban boards as an initial basis for their private sector databases. The county departments responsible for the SBP data should grant urban boards access to disaggregated data specific to their jurisdictions. To facilitate this access, it may be necessary for the county SBP application forms and/or online platforms to be modified:

1. To incorporate a field to capture the urban area (city or municipality) of operation through a standard dropdown list of all urban areas to facilitate data disaggregation and sharing to the respective urban area[6]. While the business location/address (in some cases GIS coordinates) is included fields for urban area i.e., the city/municipality of operation are not as these are relatively new administrative jurisdictions.

   Other data fields which may be incorporated to enrich the information gathered on business entities to better engage in dialogue and action include geo-location (GIS coordinates), years in operation, number of employees, business affiliation. See **Annex 03** for the list of fields already in the SBP application form and additional fields suggested.
2. To establish data access protocols that allow urban boards access to relevant disaggregated business data on entities within their jurisdiction.

County departments that can serve as data sources include departments responsible for public participation that routinely map, gather and store data on the local citizens including the private sector, both formal and informal. Departments of trade and cooperatives also possess valuable data on businesses and trade associations and cooperatives captured in the performance of their functions.

County revenue boards and investment authorities actively collect and hold valuable data on the private sector and business entities. These institutions also have research and data analytical capacity to support urban boards in establishing their databases and analyzing the data for engagement and planning.

Local Chambers of Commerce, trade associations and organized groups: The Kenya National Chamber of Commerce and Industry (KNCCI) has well-established and active devolved chapters in all counties. These local chapters have an active membership and data that can be shared with urban boards on local business entities. In addition, there are formal and informal trade and business associations and organized groups in the counties with local membership including special interest groups such as refugees, women, youth and persons with disability. These groups can all provide valuable sources of data for urban boards.

Primary data collection: Urban boards may also collect data through business enterprise surveys to ensure they have comprehensive data on both formal and informal businesses to ensure inclusive engagement.

6

National institutions: Kenya National Bureau of Statistics publishes County Statistical Abstracts (e.g. for Liakipia), and conducts enterprise surveys. MSEA registers MSE associations and is also involved in surveys.

Standardized coding of business categories: A standardized coding system for business categorization is necessary to facilitate uniformity in business categorization. For statistical purposes, the national government through the KNBS uses the Kenya Standardized Industry Classification (KeSIC**)** system[7], a comprehensive framework for categorizing economic activities that can be applied to categorize businesses based on their primary industry and economic activity. Counties should adopt standardized coding system for business categorization to ensure uniformity in business categorization. This standardized approach will:

a) Improve the efficiency and accuracy of business data analysis and management, leading to more informed decision-making and resource planning.

b) Support vertical and horizontal data aggregation, leading to better alignment, harmonization, and integration of urban policies and plans, and enable consistent statistical and economic reporting across urban areas and counties. It facilitates implementation of the County Licensing (Uniform Procedures) Act 2024, which seeks to harmonize licensing, regulations, procedures and requirements and fee structures across counties.

c) Allow for accurate segmentation and clustering of businesses by sector, industry, and activity, facilitating more targeted engagement.

d) Enable comparative analysis of businesses and markets across counties.

e) Identify trends and patterns to inform policy development, planning, and resource allocation.

Data management and visualization: The urban boards should create and maintain database management systems (for example, using MS Excel). They may employ geo-mapping and data analytics tools to facilitate visualization of data through maps and charts to support clustering for targeted engagement and for planning and targeting of services and investments. This data management system may provide contextual and geographic perspective, support analysis of patterns i.e., trade, supply chains, infrastructure and service delivery usage and demands, or the identification of areas of economic growth and potential investment. It may also provide insights on private sector resources that the urban board can tap into and leverage through partnerships. Boards may explore partnerships with data analytics companies to assist in providing customized solutions, including on data extraction, analysis, mapping and visualization.

Data privacy and security: Urban boards must comply with the **Data Protection Act, 2019** to ensure data security and privacy. While particular information from the database should be made publicly accessible to stakeholders via

[7]9 KeSIC is developed by the Ministry of Labor and Social Protection and Kenya National Bureau of Standards (KNBS) and is a domestication of International Standard Industrial Classification of All Economic Activities (ISIC Rev 4) ensuring international comparability of statistics relating to economic activities.

secure portals, this should be in accordance with the **Access to Information Act, 2016**.

Public accessibility to private sector database: Once established, the urban boards should provide access to information on the private sector database by publishing data online on their websites, in line with data protection legislation and regulations. This is expected to foster open, inclusive engagement, networking and to demonstrate local market growth through increased contribution to urban development and growth.

CHAPTER 5. PUBLIC-PRIVATE DIALOGUE FORUMS (PPDF) FOR URBAN PLANNING AND DEVELOPMENT

Overview

From the situational analysis there currently lacks formal, structured platforms for consistent dialogue with private actors. Decisions are often made without adequate private sector input, reducing policy responsiveness. While the UACA 2019 mandates citizen forums, implementation has been inconsistent and lacks a specific focus on business issues.

This chapter of the framework institutionalizes PPDFs as bi-annual plenary engagements (July and February) to align with the budget cycle. Chaired by a board member with a private sector co-chair, these forums link directly to citizen fora and feed resolutions into IDEPs and budget estimates, fulfilling UACA Sections 21, 22 and the Second Schedule.

Establishment Of The Public-Private Dialogue Forums

The Urban boards in Nyeri County shall establish public private dialogue forums (PPDFs). These forums will be platforms to bring together private sector actors and other stakeholders for regular, purpose-driven dialogue on the business environment and the development and management of inclusive, competitive urban areas.

The forums will be formal structures, with clear membership and governance structures, scheduled meetings, agenda, processes for passing resolutions, implementing resolutions through relevant county and urban structures and processes, follow-up procedures, reporting and accountability arrangements.

The forums shall bring representatives from both the formal and informal businesses, business associations, resident associations and other dialogue partners and stakeholders, together to share and gather information, understand the needs and opportunities, and agree on priorities that will inform urban development plans and the development of competitive urban areas. To facilitate a more structured engagement the urban boards shall encourage business entities including informal sector enterprises, to affiliate and form or join business associations or other membership organizations based on shared interests, industry, or geographic location. These associations will serve as important channels for the urban boards to engage businesses in dialogue on mutual interests and objectives and build collaborative relationships. The urban boards shall encourage them to apply for accreditation with the county or urban boards as envisioned in the UACA Draft Regulations, 2022 that provides the process of accreditation.

The PPDFs shall serve as open, inclusive platforms where local private sector needs are aligned with public sector mandates, resources, and capacity. The meetings of the PPDFs shall be structured and scheduled to build consensus, set shared objectives, and prioritize interventions for integration into urban plans, enhancing the efficiency and effectiveness of public sector support for business competitiveness and economic growth.

The outcome of these dialogues shall inform the preparation, implementation, and review of Integrated Development Plans (IDePs), annual urban area plans and budgets, physical and land use development plans, building and zoning regulations, development control, and other regulatory instruments.

Through regular dialogue forums, a feedback loop will be established to continuously improve policy design, implementation, and results monitoring. This feedback process will foster mutual commitment, accountability, and shared responsibility for outcomes. It will also support continuous learning and adaptive management, addressing emerging opportunities, challenges, and bottlenecks, helping to build agile and resilient businesses and urban communities.

Organizing the PPDF:

The manager will use the database of local businesses and the register of accredited business associations, interest groups such as resident's associations, professional associations and other dialogue partners to identify, cluster and invite them to become members of the forum. The manager may cluster businesses and associations by sector or industry, size or special interest group to adequately reflect the local urban economy for effective engagement. Each representative should demonstrate they legitimately represent their cluster, association or interest group. The clusters, associations and other entities will be required to demonstrate they have engaged their membership to define the issues of interest and priorities they seek to be addressed and to nominate a representative to participate in the forum. Representatives will then meet in plenary sessions to agree on the collective private sector priorities to be submitted to the urban board for consideration.

Convening of the Public-Private Dialogue Forum (PPDF)

The board member representing the private sector or chairing the board's committee responsible for matters related to the economy or trade or business environment will convene and chair the initial PPDF. The initial agenda will involve establishing the membership and governance structures, the format of the dialogues and the decision-making processes.

The urban boards shall be responsible for operationalizing and resourcing the Public-Private Dialogue Forums (PPDF). The Urban area PPDFs structure shall be as below:

1. **PPDF Champion:** The PPDF champion shall be the board member representing the private sector or the board member chairing the committee responsible for the private sector.

2. **PPDF Secretariat:** The urban boards shall establish PPDFs secretariat headed by the urban manager (who will act as secretary of the forum) to manage the forum's operations. The secretariat shall co-opt officers to support the urban manager to plan and organize for the PPDFs.

3. PPDF Institutional and membership framework.

a) **Leadership:** The board member responsible for the PPDF will chair the forum, with a private sector representative serving as co-chair.

b) **Secretariat:** Led by the urban manager (who will act as secretary), the secretariat will manage the forum's operations.

c) **Membership:** The PPDF membership will be open and inclusive of both formal and informal enterprises, adhering to the 2/3 gender rule and ensuring representation from persons with disabilities. Accredited business associations will be encouraged and preferred as members to facilitate effective engagement. The business associations clusters maybe formed as necessary to streamline engagement. These will be expected to convene their members to prioritize needs and submissions. The business associations clusters will be required to demonstrate evidence that they have established representative governance structure, open and transparent processes including notice of meetings and agenda, lists of participants, meeting minutes, agreed priorities for submission in the prescribed format to be provided.

d) Other dialogue partners and stakeholders, such as relevant county departments, ministries, development agencies, research institutions, civil society organizations (CSOs), and non-governmental organizations (NGOs), may be co-opted into the forum as needed.

e) **Working groups** may also be created, aligned with local industry sectors or policy priorities. The working groups will nominate a chair and secretary and carry out necessary analytical work supported by the urban administration and meet as necessary to deliberate and advice the plenary deliberations and recommendations.

4. **Calendar Meetings and reporting:** The plenary PPDFs will meet at least twice a year, timed to influence key decision-making processes in the county and urban planning and budget process. The urban manager will prepare and publish the calendar and meeting agenda. Ad-hoc meetings may be convened as may be needed to review policy and regulatory proposals.

5. **Dialogue format:** The forum agenda and process shall involve the presentation, negotiation, and agreement of the priorities around the four policy levers. The format of the dialogue shall promote the open exchange of local knowledge, expertise, and evidence-based insights. The discussions shall be informed by data and reports, including policies, spatial plans, private sector diagnostics and local economy assessments, and sectoral studies, to provide analytical perspective of the economy and business environment, the potential, the challenges and the possible policy actions, investment and partnership opportunities.

6. **Sector specific and business association cluster dialogues:** with membership growth the board may cluster businesses and associations by sector or industry, engaging each cluster to define needs and priorities. Representatives from these clusters will then meet in plenary sessions to agree on the collective private sector priorities for submission for consideration into urban plans and policies.

- ❖ Ad-hoc dialogues can be convened on a need basis to review sector specific policy and regulatory issues and proposals.
- ❖ Minutes documenting the main decisions, recommendations and action plans shall be taken at each forum and published. They will inform private sector diagnostic exercises and be forwarded to the urban boards by the urban manager for consideration during the review of the IDEP, the preparation of the urban board annual strategic plan, and annual budget estimates, as well as other urban planning, policy and regulatory instruments. They will also be presented by the private sector representative at the urban fora.

7. **Action plan follow-up:** The urban manager will follow up to ensure the reports are received by the urban board and report back to the plenary on the board's decisions and actions taken. If interventions require action beyond the board i.e., by county government or other public agencies, the manager will coordinate with the relevant actors and provide updates.

8. **Monitoring and Accountability:** The urban manager is responsible for monitoring the progress of the PPDF action plan, tracking follow-up actions, maintaining records, assessing outcomes, and evaluating the effectiveness of the dialogue. This process will support continuous performance improvement.

9. **Linkage to the citizen fora:** As outlined in the **UACA (Amendment) Act, 2019**, urban boards are required to hold citizen fora, providing a platform where representatives of urban residents, the urban board, and relevant agencies can engage in dialogue on key urban development issues. These fora will serve to discuss shared concerns, agree on goals, and set priorities. At the urban citizen fora, the views and submissions including the agreed priorities from the PPDF, will be presented by the representative from the accredited business associations. The fora will allow all urban residents to collectively establish common goals, priorities for consideration by the urban board. The forum will also build commitment to collective action and accountability. The priorities, resolutions, and submissions from the **PPDF** will be presented by accredited business association representatives at the citizen fora for further consideration by the urban board. This structured approach ensures that the collective views and interests of the private sector are effectively communicated and integrated into the broader citizen engagement process.

Dialogue partners and stakeholders with roles, resources and interests.

The following partners and stakeholders are relevant to building resilient, competitive urban business environments. They include:

1) Relevant county departments, ministry departments and agencies (MDAs): line ministries, departments, regulatory agencies. These include NEMA, NGAO, County Assembly

2) Professional associations, research and learning institutions: professional associations, universities, research institutions. These include Kenya institute of Planners, Architectural Association of Kenya, Dedan Kimathi University, Karatina University, Nyeri Polytechnic etc.

3) Development partners: NGOs and development agencies. These include World Bank, UN-Habitat, FAO etc.

4) Urban residents' associations and civil society organizations (CSO): also bring a variety of information and interests to the dialogue table that otherwise may be overlooked i.e., gender equity, climate and environmental protection, health issues and other community matters.

Summary of the dialogue partners and stakeholders and their roles is illustrated in table 5.

CHAPTER 6. CAPACITY BUILDING AND OUTREACH

Overview

From the situational analysis, there is a significant skills gap. Urban board members often lack technical knowledge on PPP modalities and urban economics. Municipal staff are not fully equipped for data analysis or contract management. Furthermore, private sector associations, especially in the informal sector, have limited organizational capacity to advocate effectively.

Therefore, a structured capacity building plan addresses these deficits directly. By targeting board members, urban administrators, and Business Member Organizations (BMOs), and partnering with institutions like Karatina and Dedan Kimathi Universities, the framework ensures all parties have the competence to engage meaningfully.

Capacity building of Urban Administration

Capacity building and outreach is essential in ensuring effective implementation of the framework through a comprehensive strategy developed by the urban boards. This can be achieved through the following using the capacity building plan template in table 6 :

1. **Training of Board Members**: Regular workshops on PPPs, urban economic development, on urban planning, budgeting, and policy implementation and stakeholder engagement.
2. **Technical Skills Development**: Equip municipal staff with skills in data analysis, contract management, service monitoring and investment appraisal.
3. **Policy Literacy**: Build understanding of National and county-level policies like Kenya Vision 2030 and the Urban Areas and Cities Act.

Private Sector Capacity

The urban board, under Kenya's Urban Areas and Cities Act of 2011(amended 2019), plays a strategic role in urban development and governance. While its direct mandate focuses on oversight, planning, and infrastructure, it also supports **partnerships and contracts** that can foster private sector growth.

Key functions relevant to capacity building include:

- **Policy and Strategy Development**: Creating frameworks that support SME growth and innovation.
- **Integrated Development Planning**: Aligning urban development with private sector needs.
- **Partnerships and Contracts**: Engaging with NGOs, universities, and private entities to deliver training and support programs.

SME Capacity Building Initiatives in urban Municipality

Several studies and initiatives have explored how to strengthen **Small and Micro Enterprises (SMEs)** in urban area.

- **Training Approaches Used by SMEs**
  - **Formal training** (e.g., workshops, seminars)
  - **On-the-job training**
  - **Job-specific training**
  - **Hybrid models** combining all three

These approaches aim to improve:

- Business management skills.
- Financial literacy.
- Marketing and customer engagement.
- Digital adoption.

- **Key Findings from Research**

  - Capacity building significantly improves SME performance.
  - Flexible, inexpensive training is most effective.
  - Programs should minimize time away from work to suit SME realities.
  - Tailored support is crucial due to the diverse nature of small businesses.

Opportunities for Collaboration

To enhance private sector capacity, the urban Board could:

- Partner with **Institutions** (Kimathi, Karatina University, Nyeri Polytechnic,) for business training.
- Work with **development agencies** to fund incubators and accelerators.
- Support **digital platforms** for e-commerce and remote learning.
- Facilitate **public-private dialogues** to align municipal planning with SME needs.
- Develop structures for SME(s) at the county level and partner with the National Government on the same.

Table 6 Sample Capacity Building Plan Template

	Target group	Training area	Resource requirement	Budget	Timeline
1	**Urban board**				
	Board members	1. The role of the private sector in urban governance 2. Understanding the urban economy and the role of the private sector 3. Policy levers and tools to create competitive cities/municipalities	Consultants Induction workshops Training workshops Technical assistance		
2	**Urban administration**				
	Urban manager Urban officers	1. Managing business member organizations – set up, outreach, capacity building 2. Facilitation; stakeholder management; negotiation skills; conflict resolution	Consultants Training workshops Technical assistance		
	Urban database management specialists, data analysts;	1. Data management 2. GIS, data analytics	Equipment: hardware, software Consultants Training workshops Technical assistance		
	M&E officers		Consultants Training workshops Technical assistance Financial		
3	**Private sector**				
	Business Membership Organizations/Associations	1. Outreach and sensitization on the affiliation and accreditation 2. Business association governance and leadership 3. Management: setting calendars & agenda setting, convening and running meetings, decision making, taking minutes and reporting, 4. Conflict resolution, 5. Support member outreach communication, notices and information sharing to ensure accessibility to all for inclusive participation 6. Record keeping	Consultants Training workshops Outreach and communications strategy Print and social media channels		

Goal	**"To secure, well-governed, competitive, and sustainable urban areas and cities that contributes to the realization of the broader national development goals articulated in the Constitution of Kenya (2010) and Vision 2030"**							
Outcome	**Competitive urban area which attracts and retains private sector investment and growth**							
	Indicator	**Definition**	**Baseline**	**Target**	**Data Source**	**Frequency**	**Responsible**	**Reporting**
Result/ Output 4	**Capacity building and Outreach**							
Activity 5.1.	Number of urban board members trained in urban governance and planning	**Training of the Urban board(s). Or equivalent.**	Training attended by the board members	100% of the urban board members	Training attendance register Training reports Meeting minutes and resolutions	regular -after every training.	Urban Manager	Urban Manager/ monitoring and evaluation Officer
Activity 5.2.	Number of Technical staff trained Percentage of board members trained in key governance technical areas	**Technical skills development**	Develop and deliver a technical skill training program	100% of the urban board members trained in technical areas(urban governance, strategic planning, public finance	Training attendance register Training reports Meeting minutes and resolutions	To be held within six months.	Urban Manager Finance officer	Urban Manager/ monitoring and evaluation Officer
Activity 5.3.	100%of board members trained on relevant urban policies and legal frameworks -Number of	**Policy Literacy**	Develop and deliver a technical skill training program	100% of the urban board members trained in technical areas(urban governancy,strategic planning,public finan	Training attendance register Training reports Meeting minutes and resolutions	To be held within six month	Urban Manager Finance officer County legal officers	Urban Manager/monitoring and evaluation Officer

	policy literacy sessions conducted per year							

CHAPTER 7: COMMUNICATION AND FEEDBACK CHANNELS

Overview

No structured, consistent two-way communication channel exists between the county urban boards and the private sector. Business actors report feeling uninformed about policies affecting them. Poor feedback loops reinforce the existing trust deficit.

The framework establishes a multi-channel communication strategy using the official portal (www.nyeri.go.ke), physical offices, social media, and service monitoring systems. The commitment to publish 100% of urban board resolutions online directly addresses the transparency requirements of the Access to Information Act 2016.

Establishment of Communication and Feedback Channels

Urban boards should establish **regular, purpose-driven dialogue** forums with private sector actors to better understand the business environment, the private sector, their needs and the barriers they face and the opportunities to develop an inclusive, competitive urban areas. The Public Private Dialogue Forums (PPDF) should bring representatives from both formal and informal businesses, business associations and other dialogue partners and stakeholders, together to share and gather information, understand needs and opportunities, and agree on priorities that inform urban development plans and the development of competitive urban areas as follows;

Official portal: The County Government of Nyeri website provides updates, board minutes, and contact details.**www.nyeri.go.ke**

Physical Address: County Government of Nyeri offices are located in Kamukunji, Nyeri. Their mailing address is P.O. Box 1112-10100 Nyeri

Public Meetings & Committees: The Board regularly holds committee meetings (e.g., Sanitation & Infrastructure, Finance & Administration) and publishes minutes for transparency.

Social Media & Online Platforms: Many Kenyan urban boards use platforms like Facebook or X(formerly Twitter) to share updates and receive feedback.

Feedback Systems

- **Public Participation Forums**: In line with the Urban Areas and Cities Act, the Board promotes public participation in planning and policy-making.
- **Community Engagement Projects**: Initiatives like cultural cooperation events and infrastructure inspections often involve local stakeholders.
- **Service Monitoring & Regulation**: The Board is tasked with monitoring service delivery, which includes collecting feedback on performance and citizen satisfaction

Goal	"To secure, well-governed, competitive, and sustainable urban areas and cities that contributes to the realization of the broader national development goals articulated in the Constitution of Kenya (2010) and Vision 2030"							
Outcome	**Competitive urban area which attracts and retains private sector investment and growth**							
	Indicator	**Definition**	**Baseline**	**Target**	**Data Source**	**Frequency**	**Responsible**	**Reporting**
Result/ Output 4	**Official Urban Area Portal**							
Activity 6.1.	100% of the urban board members' resolutions published and feedback on the official portal.	**Official Urban area Portal.**	Current status of Nyeri Portal.	100% of the urban area stakeholders.	Training attendance register Training reports Meeting minutes and resolutions.	Continuous.	Urban Boards, ICT or communication officers.	Communication officer. M&E officer.
Result/ Output 4	**Public Meetings & Committee**							
Activity 6.2	Attendance list and the representation	**Public Meetings & Committees**:	Public awareness attendance	100% of minimum meetings per year	County Government website portal	Continuous.	Urban Boards, ICT or communication officers.	Communication officer. M&E officer.
Result/ Output 4	**Social Media & Online Platforms**:							
Activity 6.3	Numbers of followers/subs	**Social Media &**	Social media Audit	Reach and awareness	County Government website	Continuous.	Urban municipal Boards,	Urban boards

	cribers	**Online Platforms**::						

CHAPTER 8: INSTITUTIONAL ARRANGEMENTS AND RESOURCE FRAMEWORK:

Overview

Roles and responsibilities for private sector engagement are currently undefined and personalized. Urban boards act without clear mandates for facilitation, and the Urban Manager's role in implementing engagement strategies lacks formal recognition and support. Clear delineation of roles—Urban Board (oversight), Urban Manager (PPDF secretariat), and County Executive (budget integration)—creates accountability. Institutionalization prevents engagement from collapsing when individual champions leave and ensures activities are embedded in annual plans.

Institutional Arrangement

Institutional arrangements, coordination and resource (human, technical and financial) allocations are critical to ensure effective and efficient implementation of the PSEF. This shall be based on local context and institutional arrangements, the following institutional roles and resources are suggested to effectively operationalize the engagement framework:

1. **Urban Board is comprised of urban board chair and chair of the board committee.**

The Urban Board Chair shall have the overall responsibility for overseeing the implementation of the framework while the Chair of the Board Committee (or Sub-Committee) responsible for private sector engagement, business environment, urban economy, or trade shall be responsible to champion the framework and supervise the Urban Manager in its implementation, ensuring alignment with a clear performance framework.

2. **Urban Manager is responsible for:**
   - Setting up the secretariat, planning and managing engagement activities, coordinating implementation of action plans, tracking and monitoring results, and reporting progress against established performance targets and engagement indicators.
   - Serves as the secretary and facilitator of Public Private Dialogue Forums.
   - Responsible for planning capacity-building and outreach activities, and maintaining two-way communication.
3. **City/Municipal Department Heads and Officers** responsible to implement actions relevant to their department as assigned.
4. **Finance and ICT**

Allocation of urban board annual capital and recurrent budgets shall be essential to provision of office space, equipment, ICT tools, engagement activities, meetings and travel. ICT is important to enhance communications and collaboration in the engagements.

5. **Relevant state departments and agencies.** The framework shall ensure development of coordination mechanisms to ensure horizontal linkages across urban departments and vertical connections between urban structures, county governments, and relevant Ministries, Departments and Agencies.

   Multi-sectoral and agency collaboration shall foster joint actions to address the transversal needs of the local economy and business environment, which may involve delegated and concurrent functions and shared responsibilities, is essential for collective action.

6. **Private sector** to be engaged to enhance collaboration, fair competition and governance across various sectors include but not limited to MSEA, KNBS, KNNCI, KEPSA, KAM, professional, resident associations among others, corporates, SMEs, Informal sector, institutions, real estate developers, utilities/services, industry associations, startups and innovators, MSMEs, and research agencies that carry out private sector surveys and research.

Resource framework

The resource framework can be categorized into financial, technical, and human resources. The financial resources sourced from national and county budgets, PPP financing and development finance institutions. The technical resources include toolkits, feasibility studies/research and equipment/facilities/infrastructure needed. The human resource needed are the human capacity needed in implementation. Table 6 summarizes resources needed by the institution to enhance their capacity.

Partnerships are necessary to leverage private sector expertise and resources to support the successful implementation of the framework.

Enablers for effective and sustained private sector engagement

1. Policy commitment and accountability: the framework should be adopted by the CECM, anchored on existing policy and harmonized into local scenarios and integrated into county and urban plans with clear roles and responsibilities.
2. Institutional commitment: High-level political leadership is essential to champion engagement, ensure adequate, predictable budgetary resources, and hold all stakeholders accountable for implementing reforms and achieving outcomes. The board must commit to its role, delegate responsibilities, and support the urban manager.
3. Collaboration mechanisms: the framework should ensure effective collaboration between the county departments and urban boards is essential to operationalize the framework and facilitate capacity support, sharing of information and resources for seamless implementation.
2. Partnerships: Establishing and strengthening partnerships with external actors for engagement, to facilitate outreach, capacity building, diagnostic

surveys and research. County Revenue Boards have data, data analytics and statistical capacity that can be tapped into to support the municipalities in carrying out diagnostics. Investment authorities conduct research, investment promotion and outreach activities.

3. Allocate adequate resources and staff: Plan for and ensure the allocation of adequate budgetary resources for engagement activities, and suitably skilled staff to support the urban manager. Technical capacity should align with the demands of private sector engagement and urban development.
4. Technology and innovation: Invest in digital tools for data management, mapping, and analytics to enhance the urban boards' capabilities for strategic engagement and evidence-informed decision making.
5. Leverage private sector expertise and innovation through partnerships by developing partnerships and outsource tasks to the private sector to capitalize on their expertise.
6. Transparency and Accountability: Set clear goals and objectives for the engagement process, supported by robust monitoring and performance frameworks. Integrate reporting into the urban board's strategic plan and ensure public access to all information. Ensure transparent, publicly accessible, and accountable communication channels for two-way information flow.
9. Inclusive Representation: Implement guidelines for diverse representation (e.g., 2/3 gender rule, inclusion of youth, persons with disabilities, refugees and other interest groups). Establish open, representative dialogue processes. Complement these forums with strong outreach and communication to avoid information gaps and asymmetry.

10. Capacity Building: Provide the necessary staff and resources for capacity building of the urban board, administration, and private sector.

CHAPTER 9: CHALLENGES, RISKS AND MITIGATION STRATEGIES

Effective private sector engagement is critical for fostering sustainable and competitive urban areas. However, this engagement process presents several risks and potential challenges that will require redress for successful implementation and outcomes. By proactively identifying and mitigating these risks, the county through urban boards will create a favorable environment for private sector participation, driving innovation, efficiency, and inclusive growth.

The risk management approach will ensure appropriate risk management strategies are in place. The following principles will be applied:

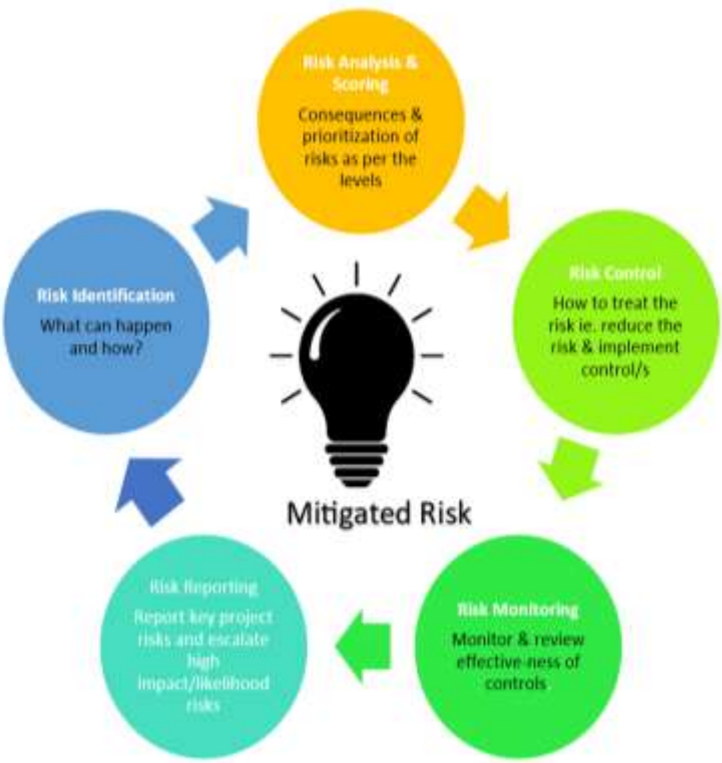
a) Clear assignment of responsibilities and accountabilities

b) Common enterprise-wide risk management framework and processes

c) Identification of uncertain future events that may influence the achievement of work plans and strategic objectives; and

d) The integration of risk management activities within the organization and across its value chains

For effective risk management, the following five key stages from risk identification to risk reporting will be followed. Risk management is dynamic and so the identification phase needs to be carried out continuously as illustrated in the cycle below.



The specific risks and mitigation measures are summarized in Table 7 below;

Table 7 Risks, potential challenges and Mitigation Measures

Risk	Risk Likelihood	Severity (L/M/H)	Mitigation Measures
Private Sector Database			
Data scarcity	M	H	● Use of a multi-pronged approach that combines quantitative data from registered businesses with qualitative methods like focus groups and key informant interviews with informal businesses. ● Partner with local business associations and NGOs to access their information.
Unauthorized data access	H	H	● • implementation of robust data security measures, such as encryption and access controls. • Ensuring compliance with relevant data privacy laws (e.g., Data Protection Act, 2019). • Regular audit of data access logs and security protocols.
Data privacy breaches	M	H	• Develop a comprehensive privacy policy, shared with all relevant stakeholders. • Educate staff and businesses on data privacy protocols. • Limit access to sensitive data and implement tiered permission levels.
Technological and operational risks: Technological failures and operational inefficiencies			reliable technology systems and establish regular maintenance schedules. • Provide staff with appropriate training and necessary operational equipment.
Private Sector Diagnostic			
Procurement delay	L	M	• Ensuring engagement activities including the diagnostic exercise is in the urban annual plan and budget of the fiscal year when it is expected to take place.
Limited access to accurate and up-to-date data from businesses	L	H	• Conducting preliminary data mapping exercises to identify data sources and address data gaps. • Collaboration with business associations to ensure accurate data collection. • Leveraging on existing databases such as business licensing systems and tax registries to access updated data.
Low response rates or poor participation from businesses	L	M	• Partnerships with business associations and chambers of commerce to build trust and encourage participation. • Provision of incentives such as showcasing the benefits of diagnostic findings (e.g., improved business climate). • Use of multiple data collection methods (e.g., surveys, focus groups, interviews) to ensure broad participation.
Lack of skilled personnel to carry out the	L	H	• Investment in staff training on conducting diagnostics, data analysis, and stakeholder engagement. • Outsourcing specific technical components (e.g., data

diagnostic			analytics) to private sector experts if necessary.
High costs of conducting the diagnostic	M	M	• Exploring partnerships with development agencies and the private sector to share costs. • Break down of the diagnostic into phases to spread costs over multiple years if necessary.
Public Private Dialogue Forums (PPDF)			
Poor engagement by the private sector due to a long-standing mistrust between the government and the private sector	M	H	• Conducting targeted communication and outreach campaigns focused on the benefits of engagement. • Establishment of a transparent and accessible two-way communication channels and feedback loops. • Setting oversight, monitoring, and accountability mechanisms to ensure responsiveness. • Publishing key information and reports to foster transparency and build trust.
Resource risks: Inadequate financial and human capacity to conduct activities	H	H	• Identifying staffing needs and capacity gaps for the PPDF and include them in the urban board's staff establishment plan. • Assigning qualified and relevant staff to manage engagement activities. • Planning for financial and human resource allocation for capacity building. • Ensuring PPDF activities are incorporated into the urban board's annual plan and budget. • Integration of priority interventions identified in the forums into the urban board's annual strategic plan and budget.

CHAPTER 10: MONITORING AND EVALUATION FRAMEWORK

A Monitoring and Evaluation Framework is essential for ensuring that resources are used efficiently and for building trust and confidence among the stakeholders. With clearly defined targets, performance indicators and outcomes for each component of the engagement process, these requirements should be integrated into the board's performance management framework. This process provides a monitoring, Evaluation, Learning and reporting mechanism that promotes transparency and accountability for boards to track progress, learn, adapt and improve effectiveness.

PSEF Considerations for Monitoring and Evaluation Sustainability

1. **Ensure political leadership commitment:** Secure high-level political leadership to champion and advocate for effective engagement. Leadership must ensure the commitment of adequate, predictable budget resources and take responsibility for monitoring, supporting, and being accountable for the reform outcomes.
2. **Strengthen County-Urban Boards collaboration:** Establish effective collaboration between the county and urban boards to facilitate the sharing of information, resources, and support necessary for seamless implementation.
3. **Allocate adequate staffing and technical capacity:** Plan and ensure the allocation of sufficient and skilled staff to support the urban manager. Technical capacity should align with the demands of private sector engagement and urban development.
4. **Invest in technology and innovation:** Invest in modern digital technologies for data management, mapping, and analytics to enhance urban boards' capacity for informed decision-making and strategic planning.
5. **Leverage private sector expertise and innovation through partnerships:** Develop partnerships and outsource tasks to the private sector to capitalize on their expertise, particularly in managing databases and advanced data analytics, such as Geographic Information Systems (GIS) that enable layered data visualization through maps and charts.
6. **Allocate resources for regular private sector diagnostics and dialogues:**
   Ensure resources are planned and allocated for the continuous conduct of private sector diagnostics and their regular reviews to maintain an updated understanding of the business environment and stakeholder needs.
7. **Embed political accountability in reforms:** Guarantee high-level political accountability for the successful implementation of reforms. This includes integrating targets and performance indicators into the county performance management framework, such as the performance contracts of County Executive Committee (CEC) members.

Involvement of the private sector in Monitoring and Evaluation

Under the KUSP II performance framework, the urban boards are required to set up a private sector database as part of the performance standard under the UDG. The roles and responsibilities for the private sector database are as shown in Table 5.

Suggested steps

1. **Database fields:** There should be the minimum fields that should be maintained for the private sector database.
2. **Data sharing protocols:** The relevant county department will establish the protocols for filtering and sharing data from the county SBP portal. They will establish the procedures allowing regular access to the SBP database for updates of the data from the county SBP portal.
3. **Private sector database:** Urban boards will have access to the data on the private sector entities operating within the urban area and will download the data from the county SBP database. They will maintain the data in a database using suitable software such as Excel with features to analyze, query, filter and sort and report for the purpose of categorizing and clustering of businesses. Where resources and expertise are available, the board may opt for more advanced database management systems for example with geo-mapping features. The urban area may include additional data gathered locally into the database.

4. **Registers of business associations and other dialogue partners**: Urban boards should maintain registers of business associations (accredited or others) and other dialogue partners and stakeholders i.e., informal business groups/associations, relevant MDAs, professional associations, research and learning institutions, residents' associations.

5. **Database set up, management and quality assurance:** The urban manager and database manager/analyst should be trained in the data management and use of the database. The county IT department will provide technical backstopping support to ensure the accuracy, completeness, and reliability of the data, such as data validation checks, verification procedures, and quality assurance protocols.

6. **Public access:** The data should be made accessible to the public on request/application. The urban manager with support from the county department will establish procedures to publish/make the data publicly accessible in accordance with the Access to Information Act, 2016 and Data Protection Act, 2019, aligned with those of the county if any.

References

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11. Urban Areas and Cities (Amendment) Act, 2019

ANNEXES

Suggested calendar for two annual forums aligned to the urban board planning and budgeting calendar

PPDF sessions	Agenda items	Statutory requirements and timelines
PPDF PLENARY ONE **Held by end of July**	Input into preparation of Urban Integrated Development Plan (IDEP) during the first year of the board's election	Urban Board prepares and adopts an IDEP within the 1st year of its election, which can be reviewed and amended during the board's term. It remains in force until the new plan is adopted by the succeeding committee UACA (Amendment) Act, 2019 Section 39
	Input to the annual review of IDeP	
	Review of the past FY PPDF action plan and urban board implementation report	
	Input into the urban board/urban departmental annual work plan	
PPDF PLENARY TWO **Held by end of February**	Mid-year review of the PPDF action plan and urban board implementation report	
	Input into city or municipality annual strategic plan	Prepared as basis for the annual budget - revenue and expenditure estimates (UACA (Amendment) Act, 2019, Section 36(1)(d)(iv) PFMA, 2012, Section 175
	Input into the urban board annual budget (revenue and expenditure) estimates	UACA (Amendment) Act, 2019, Section 20(1)(l): Prepared and submitted to the county treasury for consideration & submission to the CA for approval as part of the county appropriations bill UACA (Amendment) Act, 2019, Section 45(1): Prepared at least 3 months prior to start of FY PFMA, 2012, Section 175
AD-HOC FORUMS AS REQUIRED	Urban area spatial plans; regulatory instruments, development control, urban policy development and review	

Sample results framework.

Goal	**"To secure, well-governed, competitive, and sustainable urban areas and cities that contributes to the realization of the broader national development goals articulated in the Constitution of Kenya (2010) and Vision 2030"**							
Outcome	**Competitive urban area which attracts and retains private sector investment and growth**							
	Indicator	**Definition**	**Baseline**	**Target**	**Data Source**	**Frequency**	**Responsible**	**Reporting**
Result/ Output 1	**Organizing the private sector for effective engagement**							
Activity 1.1.								
Activity 1.2.								
Result/ Output 2	**Private sector diagnostic conducted to inform urban policy and planning for competitive urban areas**							
Activity 2.1.								
Activity 2.2.								
Result/ Output 3	**Public private dialogue forums established**							
Activity 3.1.								
Activity 3.2.								
Result/ Output 4	**Capacity building, outreach, communication and feedback channels established**							
Activity 4.1.	Number of municipal board members trained in urban governance and planning	Training of the municipal board	Training attended by the board members	100% of the municipal board members	Training attendance register Training reports Meeti	To be held quartely -after every training	Municipal Manager	Municipal Manager Nyeri monitoring and evaluation Officer

					ng minut es and resolu tions			
Activity 4.2.								

Public-Private Dialogue Forum Record

Date of Dialogue:	
Location:	
Duration: Start time:	**End time:**
Facilitator/Moderator: Enter name and position	
Participants: Attach list of participants	
Objectives of the dialogue:	
Agenda:	
Summary of Discussions: Provide a detailed summary of the discussions that took place covering each agenda item	

Agenda Issue	**Key discussion points:**	**Key agreements and decisions** (see agreed action plan attached)

<table>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="3">Remarks/ Participant Feedback: Summarize feedback received from participants regarding the dialogue process and outcomes</td></tr>
<tr><td colspan="3">Resolutions/Conclusions: Describe any resolutions/conclusions to be taken based on the dialogue outcomes</td></tr>
</table>

Contact Information for Follow-up

Municipality Contact: [Name, Department, Position, Contact Details]

Private Sector Contact: [Name, Position, Contact Details]

Attachments

- PPDF action plan
- List of participants
- Presentations: [Attach any presentations given]
- Handouts/Materials: [Attach any handouts or materials distributed]
- Photos: [Attach any photos taken during the dialogue]

Public Private Dialogue Forum Action Plan

City/Municipality:
Date:
Venue:

No.	Actions/Commitments	Responsible Party(ies)	Timelines/Deadline	Expected results/outcome *(how the implementation of agreed actions will be monitored and evaluated)*	Status/Feedback/ Follow up (*to be reviewed/updated at the next forum meeting)*