WORLD BANK

KENYA URBAN SUPPORT PROGRAM II (KUSP II)

FOR THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK FOR URBAN BOARDS IN KIAMBU COUNTY

September 2025

Abbreviations and Acronyms

APA   Annual Program Appraisal
CoG   Council of Governors
COTU   Central Organization of Trade Unions
CSOs   Civil Society Organizations
ESF   Environment and Social Framework
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
MSEA   Medium and Small Enterprises Authority
MSMEs   Micro, Small and Medium Enterprises
MTP   Medium-Term Plan
NGOs   Non-Governmental Organizations
NUDP   National Urban Development Policy
PAD   Program Appraisal Document
PDO   Program Development Objective
PPDFs   Public Private Dialogue Forums
PSE   Private Sector Engagement
PSEF   Private Sector Engagement Framework
SBP   Small Business Permits
SDHUD   State Department for Housing and Urban Development
UACA   Urban Areas and Cities Act
UBs   Urban Boards

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INTRODUCTION

About this Toolkit

This Toolkit has been prepared to support the County Governments (CG) and Urban Boards (UBs) in establishing and in developing a structured framework for engagement with the private sector to inform urban planning and support the creation of competitive urban areas and inclusive, resilient urban growth and development. It has been prepared by the SDHUD in consultation with the Council of Governors and representative private sector actors.

The toolkit will assist the KUSP II participating counties and urban areas meet the program's minimum conditions and performance standards under result area four to access the grants. Technical support will be provided by SDHUD /NPCT. The CGs and UBs will be assessed on the extent to which they have established and operationalized the framework commencing in year two. (See Annex 02 for the RA 4 performance framework). The toolkit provides guidance for CG and UBs on adopting the PSEF and setting up and operationalizing different components for effective engagement. These include:

1. **Private sector database**
2. **Private sector diagnostic**
3. **Public-private dialogue forums**

The eligible counties may apply the UIG towards these actions to enhance the private sector's contribution to urban planning and development. The UIG eligible and non-eligible expenditure menu relevant to RA 4 are shown in Table 01.

Table 01: UIG eligible and non-eligible expenditure menu relevant to RA 4

#	Area	Expenditure type
1	**Policy/regulatory**	• Policy dialogues and consultancy services for development of urban-related policies and regulations, including urban resilience and low carbon urban development
2	**Private sector engagement**	• Mapping of economic activities and private sector actors • Business environment diagnostic and local economy assessment • Consultative meetings and workshops between urban institutions and private sector • Business enterprise database management software
3	**Capacity Building, training and peer**	• Training in any of the above topics for Urban Boards, municipal/city manager, municipal staff and other relevant county staff

#	Area	Expenditure type
	learning	• In-country exchange visits and workshops related to above topics
4	**Others**	• Municipal office furniture, renovation (painting, tiling, etc.). • Specialized equipment and tools (such as surveying and environmental monitoring equipment)

GENERAL

- All UIG-financed expenditures should be included in County annual budget
- Expenditure on ICT equipment and "Other" category should not exceed 25% of total annual UIG

NON-ELIGIBLE EXPENDITURES

- Any expenditure that trigger Substantial/High Risk under the World Bank ESF. In addition, if E&S risks are high or linked to an associated facility related to the proposed investment.
- Infrastructure or infrastructure maintenance
- Vehicles
- Recurrent expenditures, such as salaries, utility costs (e.g., electricity, water), rent
- International travel costs

Source: *Extract from the PAD*

Adoption of a private sector engagement framework (PSEF) by the county government for urban planning and development

KUSP II performance framework timelines

Under the KUSP II performance framework, county governments are required to develop a PSEF to be implemented by urban boards. This requirement is a minimum condition under the UDG and will be assessed during the annual performance appraisal in year two and three. The institutional roles, responsibilities and suggested steps towards developing a PSEF are as shown in Table 02.

Table 02: Roles and responsibilities and suggested steps

Actor	Roles/Tasks	Comments
County government	1. The county executive will review and contextualize the model PSEF prepared by UDD and endorsed by the Council of Governors. The County Executive Committee member (CECM) responsible (either CEC Urban or Trade) will champion and lead the process engaging the urban boards, private sector representatives and other stakeholders. 2. The framework will cover the institutional, organizational, resource and performance management framework ensuring alignment with existing policies and structures for engaging the private sector and other public participation structures and processes at the county and urban level, in particular, the urban citizen fora; and linkage to the county and urban board's policy and legislative development, planning and budgeting, and the reporting and performance management processes. 3. **Adoption of the PSEF:** CECM responsible (either CEC Urban or Trade) will table the PSEF for adoption by the CEC at a cabinet meeting. 4. **Commit relevant departmental support and budget resources:** Upon adoption by the CEC the responsible CECM will commit to take actions and provide resources including use of UIG to build capacity, support and oversee the implementation of the framework by the urban boards.	
County Project Coordination Team (CPCT)	1. **Assign focal point to lead implementation of the private sector engagement component.** 2. **Engage, plan, manage and coordinate with the county departments** i.e., Urban, Trade, Revenue, Planning, Public Participation, ICT which have roles in the PSEF 3. **Prepare workplan and budget:** Define the necessary actions/requirements, staff and budgetary resources, technical assistance to support urban areas implement the PSEF 4. Coordinate and provide technical capacity support to the boards. 5. Support the urban boards prepare for the annual performance appraisal.	
Urban board	1. **Board member and committee assigned to lead the PSEF.** 2. **Board resolution adopting PSEF:** The board member/committee responsible	

	for the PSEF will table to the board to adopt and pass resolution to implement the PSEF. 3. The board will commit resources and delegate the responsibility to the Urban Manager to implement against a performance framework 4. Relevant committee will monitor the implementation against the performance framework.	
Urban Manager	1. The Manager will prepare a work plan and budget to implement the PSEF with clear performance targets and indicators 2. The Manager will delegate the tasks as necessary, ensure implementation and reporting back to the board.	

Database of Private Sector Actors Operating within the County Urban Areas

To engage effectively urban boards, need to know the profiles and contacts of the businesses operating within their areas.

Key data points should include:

- Business name, contact details, address, and geo-location
- Municipality, sub-county, and ward
- Industry, sector, and business activity
- Ownership, registration details, size (employment), and financial information (turnover, assets)
- Business affiliations and associations

County governments collect much of this data through business and trade licenses, unified/single business permits (SBP), property rolls, and land registries. The SBP database will be the primary source of business data for urban areas. The county departments should grant urban boards access to disaggregated data specific to their areas.

KUSP II performance framework and timelines for development of the private sector database

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. This requirement will be assessed during the annual performance appraisal in year two and three. The roles and responsibilities for the private sector database are as shown in Table 03.

Table 03: Roles and responsibilities for the private sector database

County departments: Planning, Revenue, Trade, ICT	1. Establish data sharing protocols and provide access and share data with the urban boards from the relevant county databases including the business and trade licensing registers and public participation stakeholder databases. 2. Provide ICT/database management technical assistance
CPCT	Coordinate county departments and provide technical support to the boards
Urban board	1. Delegate and oversee the establishment and creation of the database capturing data on the businesses/enterprises within their jurisdiction 2. Plan and allocate resources in urban board strategic plan, annual work plan and budget i.e., qualified staff for the database

	management (and GIS), software and hardware to create and manage the database
Urban Manager	Hold delegated responsibility to plan for, set-up, manage and use of the database to inform engagement and planning.

Suggested steps

1. **Database fields:** The Template in the toolkit suggests the minimum fields that should be maintained for the private sector database. It indicates the fields already in the county SBP database and outlines new fields and data types that should be included into the SBP platform to facilitate disaggregation by urban area. The relevant county department (i.e., responsible for ICT) will incorporate additional fields into the SBP application form.
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 system 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.
7. From year two onwards, participating urban boards will be required to demonstrate they have a private sector database in place, which can be clustered by economic activity, contains basic business information (name of the business, business code per sector/industry, time in operation, nature of business, contact address including geo-coordinates which and has been updated (annual verification).

Private sector diagnostic

What is the private sector diagnostic?

A private sector diagnostic is an analytical exercise 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. They are a deep dive into a defined local area, to take stock and assess local businesses operating there, the local business environment and its impact on businesses. They are an essential component to any effort seeking to improve the local business environment and nurture private sector-led growth.

Analytical framework

The process involves carrying out desk research, surveys and engaging in a consultative diagnostic exercise with the private sector and other stakeholders. *The World Bank Toolkit for Competitive Counties in Kenya. A Practical Tool to Promote Firm Competitiveness for Jobs and Economic Transformation at the Subnational Level in Kenya (2022)* provides a useful analytical framework to identify needs and categorize interventions that cities and municipalities can employ to improve the business environment, attract the private sector and facilitate job-led private sector growth across four policy levers.

1. **Institutions and regulations**: to define interventions related to policy and regulatory review, business process reengineering, legal regulation i.e., zoning, development control, rates, fees and levies, licenses.
2. **Infrastructure and land**: to identify and define interventions and investment requirements related to infrastructure and land i.e., roads, public spaces, markets, transportation, communications, land and zoning i.e., export processing zones, co-location arrangements for similar firms in dedicated zones and/or office space, improving public utilities and services i.e., electricity, water, and sanitation.
3. **Skills and innovation:** to identify skills gaps and mismatches in the labor market, explore opportunities for workforce development, assess the availability and quality of education and vocational training programs within the municipality to meet the local labor market demands and evaluate the level of innovation and entrepreneurship within the local business community, and the support for research and development activities. This will support the definition of interventions related to vocational training and workforce development for demand-driven market-oriented skills, innovation hubs, partnerships and networks.
4. **Enterprise support and finance:** analyze the availability of financial services, including banking, microfinance, and venture capital, for local businesses, review existing enterprise support programs and business development services offered by the municipality or external partners and identify barriers to access to finance and explore innovative financing mechanisms to support small and medium-sized enterprises (SMEs). This will allow definition of interventions and partners to facilitate access to capital, research and advisory services i.e., business scans, market linkage assistance, business development service, trade and investment promotion, branding.

The private sector diagnostic can be carried out as part of a wider local economy assessment at the urban or county level. The reports inform dialogues between the urban boards, the private sector and other stakeholders on urban planning and investment prioritization processes,

preparation and review of policy and regulatory instruments. They can also focus on a specific industry or sector or business activity of strategic interest or high potential.

KUSP II performance framework and timelines for the development of the private sector diagnostic

Under the KUSP II performance framework the urban boards are required to carry out private sector diagnostics as part of the performance standard under the UDG. This will be assessed during the annual performance appraisal in year three. The roles and responsibilities for development of the private sector diagnostic is shown in Table 04.

Table 04: Roles and responsibilities for development of the private sector diagnostic

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 to 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

Suggested step overview

Preliminaries:

1. The urban manager will define the objectives of the private sector diagnostic. Determine the main aim of the diagnostic such as identifying key economic sectors, understanding the business environment, the challenges and opportunities, and interventions to foster competitiveness and local economic growth.
2. The urban manager will commission the diagnostic: Prepare terms of reference (see attached sample TOR), procure consultant to carry out the diagnostic following steps outlined below.
3. The urban manager will identify and inform all the key stakeholders and partners.

Step 1: Desk research and stakeholder mapping

1. 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.
2. Stakeholder mapping: map county and urban officials, the private sector and other actors.

Step 2: Preparation of diagnostic tools

1. Preparation of diagnostic tools i.e., interview frames and data collection tools using The World Bank Toolkit for Competitive Counties in Kenya[1] provides analytical framework to identify needs and categorize interventions that the city or municipality can employ to improve the business environment, attract the private sector and facilitate job-led private sector growth across four policy levers:

A. Institutions and regulations

The following allows the definition of interventions related to policy and regulatory review, business process reengineering, legal regulation i.e., zoning, development control, rates, fees and levies, licenses.

   i. To evaluate the efficiency and transparency of regulatory processes, including business registration, licensing, and permitting.
   ii. To understand the effectiveness of urban institutions and policies in facilitating business operations and resolving disputes.
   iii. To assess the enforcement of property rights and contract enforcement mechanisms within the municipality.

B. Infrastructure and land

The following will help to identify interventions and investment requirements related to infrastructure and land i.e., roads, public spaces, markets, transportation, communications, land and zoning i.e., export processing zones, co-location arrangements for similar firms in dedicated zones and/or office space, improving public utilities and services i.e., electricity, water, and sanitation.

   i. To assess the municipality's infrastructure and services, including transportation networks, utilities (water, electricity, telecommunications), municipal services i.e., water, waste management, security, power and digital connectivity, how they support business growth and identify infrastructure gaps and prioritize investments needed to improve connectivity and access to markets.

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[1] *The World Bank Toolkit for Competitive Counties in Kenya. A Practical Tool to Promote Firm Competitiveness for Jobs and Economic Transformation at the Subnational Level in Kenya (2022)*

ii. To evaluate land use policies and zoning regulations and if they support or limit business growth and investment.

C. Skills and innovation

The following will support the definition of interventions related to vocational training and workforce development for demand-driven market-oriented skills, innovation hubs, partnerships and networks.

i. To identify skills gaps and mismatches in the labor market and explore opportunities for workforce development.
ii. To assess the availability and quality of education and vocational training programs within the municipality to meet the local labour market demands.
iii. To evaluate the level of innovation and entrepreneurship within the local business community, and the support for research and development activities.

D. Enterprise support and finance

The following will allow definition of interventions and partners to facilitate access to capital, research and advisory services i.e., business scans, market linkage assistance, business development service, trade and investment promotion, branding.

i. Analyze the availability of financial services, including banking, microfinance, and venture capital, for local businesses.
ii. Review existing enterprise support programs and business development services offered by the municipality or external partners.
iii. Identify barriers to access to finance and explore innovative financing mechanisms to support small and medium-sized enterprises (SMEs).

Step 3: Data collection, interviews and consultations

1. 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.
2. Hold with representative sample of individual private sector firms and representatives from associations and coordinating bodies/groups identified as relevant. A workshop format can be used to bring representatives from different associations and coordinating bodies/groups together. Use the data collection and interview frame organized around the four policy levers to capture the data.
3. *Adopting the questions in the TCC.*

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.

3. *Adopting the questions in the TCC.*

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

1. Using the PPDF as a platform to 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. Assigning roles and responsibilities to the county and other agencies.
2. It should also define the roles and responsibilities of the private sector, and the potential resources and opportunities for partnerships.
3. Process should result in agreement on common goals, prioritize interventions around the policy levers, the roles and responsibilities, resource requirements, opportunities for partnership.
4. *Adopt templates for organizing the outputs in the TCC.*

Step 7: Preparation of report and action plan

1. The urban board will prepare and submit a summary report (sample template provided in the toolkit) with 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.
3. Participating urban boards will be assessed on completion of the diagnostic and disclosing the report in the third performance assessment.

Setting up a Public-Private Dialogue Forum (PPDF) Platform

Rationale for Public private dialogue forums

City and municipals boards will establish public private dialogue forums as 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 structure, with clear membership and governance arrangements, scheduled meetings, agenda, processes for passing resolutions, implementing resolutions through relevant county and urban structures and processes, follow-up procedures, reporting and accountability arrangements.

To facilitate structured engagement, counties and urban boards should encourage business entities, including informal sector enterprises, to affiliate and form/join business associations or other membership organizations based on shared interests, industry, or geographic location. Associations serve as important channels for urban boards to engage businesses in dialogue on mutual interests and objectives and build collaborative relationships. They should be encouraged to apply for accreditation with the county or urban board.

The **UACA Draft Regulations, 2022** guides this accreditation process. Accreditation formally recognizes associations as legitimate representatives of their members, empowering them to engage with city and municipal boards to lobby and advocate for their perspectives and proposals. Accreditation requires that they meet standards of professionalism, governance, and ethical conduct, lending credibility and fostering trust in their ability to effectively represent their members' interests. Urban boards should maintain a register of accredited associations to streamline outreach and engagement efforts.

The forums serve as platforms for inclusive open exchange where alignment between the local private sector needs and the public sector mandate, capacity, incentives and resources to meet these needs can be achieved. They offer a structured approach for the boards to build consensus, set common objectives and prioritize policy interventions and investments that can increase the efficiency and effectiveness of the public sector support for local business competitiveness and economic transformation[2].

The forums facilitate continuous, intentional and timely engagement with the private sector to inform key urban governance and decision-making processes. They allow for a virtuous, feedback loop to be developed to improve the design and quality of policy initiatives, facilitate implementation and results monitoring fostering mutual commitment and accountability to individual and collective actions and results. They allow continuous learning and adaptative management to address emerging opportunities, issues and bottlenecks which build agile and resilient businesses and urban entities.

The dialogue outputs inform the preparation, implementation and review of the IDEPs, annual urban plans and budgets, city and municipal land use plans, building and zoning plans, development control and other regulatory instruments.

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[2] Toolkit for competitive counties in Kenya

Dialogue partners and stakeholders with roles, resources and interests relevant to building resilient, competitive urban business environments include:

1) Relevant county departments, ministry departments and agencies (MDAs): line ministries, departments, regulatory agencies.
2) Professional associations, research and learning institutions: professional associations, universities, research institutions i.e., carrying out surveys, diagnostics, research, data provision, data analytics and database management.
3) Development partners: NGOs and development agencies.
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.

KUSP II performance framework and timelines for the development of public private dialogue forums (PPDF)

Under the KUSP II performance framework the urban boards are required to set up a public private sector dialogue forums as part of the performance standard under the UDG. This will be assessed during the annual performance appraisal in year two and three. The Roles and responsibilities are as shown in Table 05.

Table 05: Roles and responsibilities for the development of public private dialogue forums

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	• Responsible for integrated urban planning, investment and service delivery, and for engaging stakeholders and urban citizen in the process. • Required to convene citizen forums and other necessary forums to engage urban constituents i.e., public private dialogue forums. • Responsible for establishing, operationalizing, and resourcing the PPDF. Chair or relevant committee member will be responsible to champion, establish, chair forums and oversee the urban manager. • Consider outputs from the business forums as input to the IDEPs and urban board annual plans and budget. • Plan and budget for the forums in the urban annual plan and budget.
Urban Manager	1. Responsible to operationalize the forum structure, convene and

	facilitate the PPDF.
	2. Support business association clusters organize and participate in dialogue forums.
	3. Record forum decisions, recommendations and submit output to board for consideration.
	4. Follow up actions and feedback to the business associations/PPDFs.
	5. Publish report findings
Private Sector	1. Be aware of their rights and duties (UACA, 2011 (Amended 2019) Second Schedule Section 1)
	2. Take interest and read information shared by the boards; actively participate by organizing themselves into associations to bring knowledge, expertise to create legitimate forums that facilitate their participation and collective voice in urban integrated planning and decision making.

Suggested steps

City/Municipality PPDF

1. **PPDF Secretariat:** The urban board will create a PPDF secretariat headed by the urban manager and co-opt officers to support the manager to plan and organize the PPDF.
2. **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.
3. **Convening of the PPDF:** The board member representing the private sector or chairing the board's committee responsible for matters related to the economy/trade/business environment will convene and chair the initial PPDF. The initial agenda will involve establishing the membership and governance arrangements, the format of the dialogues and decision-making processes.
4. **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. Private sector representatives with relevant skills may volunteer to join to provide technical and administrative support.

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

5. **Calendar of meetings and reporting:** The **plenary PPDF** will meet at least twice a year, timed to influence key decision-making processes in the county and urban planning and budget process (see outline of calendar and agenda below). The urban manager will prepare and publish the calendar and meeting agenda.

6. **Dialogue format:** The forum agenda and process will involve the presentation, negotiation, and agreement of the priorities around the four policy levers. Annex xx sample PPDF agenda. The format of the dialogue should promote the open exchange of local knowledge, expertise, and evidence-based insights. The discussions should 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.

7. **Sector specific and business association cluster dialogues:** As the membership grows 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 as needed to review sector specific policy and regulatory issues and proposals.
- Minutes documenting the main decisions, and the recommendations and action plans will be taken at each forum and published. They will inform private sector diagnostic exercises and be forwarded to the urban boards by the manager for consideration during the review of the IDEP, the preparation of the urban board annual strategic plan, and annual budget estimates3, as well as other urban planning, policy and regulatory instruments. They will also be presented by the private sector representative at the urban fora.

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3 *UACA (2019)(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*

8. **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.

9. **Monitoring and Accountability:** The urban manager will monitor the progress of the PPDF action plan, track follow-up actions, maintain records, assess outcomes, and evaluate the effectiveness of the dialogue. This process will support continuous improvement in performance. The participating urban boards will be required to hold a minimum of two meetings per year (annual verification) and have records including minutes of meeting that include a list of participants, a summary of deliberations, including private sector input to urban development plans.

10. **Linkage to the citizen fora: Urban** Boards hold citizen fora as platforms bringing representatives of urban residents together with the urban board and other relevant agencies/actors to dialogue on the common urban development issues and concerns and to agree on common goals and priorities[4]. The membership of the fora includes representation from business associations, registered associations of the informal sector among other urban resident representatives[5].

8. At the urban citizen fora, the views and submissions including the agree 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 also builds commitment to collective action and accountability. They nurture opportunities for joint actions and partnerships that leverage knowledge, skills, capital and resources of all actors to bear in urban development.

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[4] UACA, 2011 (22) and the Second Schedule

[5] *Fora members include accredited neighbourhood associations in the area, registered associations of the informal sector including market, committees and public transport associations in the area; the association representing the private sector in the area, professional associations in the area; Faith Based Organizations; and any other entity that the Boards or the Committees may deem necessary. UACA Regulation 31*

Annex 01: KUSP II UIG MCs and the indicators

Minimum Condition (MC)	Start date	Indicator
MC1: County government has committed itself to participate in KUSP2	APA 1 (FY23/24)	The County Governor has signed an Intergovernmental Agreement stating that the county will participate in KUSP2 and adhere to its POM.
MC2: County government has drawn up (and is implementing) its County Urban Institutional Development Strategy (CUIDS)[6] that integrates aspects of climate resilience and disaster risk management	APA 1	County government has prepared a CUIDS approved by the county executive. County government has included the proposed UIG activities in the County Annual Development Plan and Budget.
MC3: Use of previous year's UIG has been as per approved CUIDS and is consistent with eligibility and guidelines in the POM	APA 2 (FY24/25)	Annual county expenditure statement shows that the county has followed approved annual County Annual Development Plan and UIG expenditure guidelines and POM.
MC4: County government has utilized at least 50 percent of the UIG towards activities benefiting eligible urban boards participating in KUSP2	APA 2	Annual County Development Plan shows at least 50 percent of funds is allocated towards activities benefiting eligible urban boards participating in KUSP2. Expenditure statement validates the actual use of the funds accordingly.
MC5: County government has utilized at least 30 percent of funds for climate change related activities within the eligible expenditure menu in categories (1) Policy/regulatory, (2) Urban Planning, (4) Urban Resilience, (5) Asset Management, (8) Capacity Building	APA 2	Annual County Development Plan shows at least 30 percent of funds is allocated for climate related activities. Expenditure statement validates the actual use of the funds accordingly.

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[6] The CUIDS will outline the county's overall approach to the management of urban areas within its jurisdiction, define the process the county will follow to integrate urban development into county-wide planning that incorporates climate resilience and inclusivity considerations and prepare an annual action plan and budget for achieving its objectives.

KUSP II UDG Performance Framework Result Area 4

UDG MINIMUM CONDITIONS

RA	MC	APA	Indicators	Assessment Procedure & Means of Verification
RA4	**MC8:** The participating urban area operates within the county government's private sector engagement framework to promote public private dialogue.	**APA 2 - Aug 25** **APA 3 - Aug 26**	• **The county government has developed an engagement framework[7] to promote public private dialogue.**	• Obtain copy of County Private Sector Engagement Framework.
RA2	**MC6:** Updated & comprehensive IDeP and Physical and Land Use Plan.	**APA 3 – AUGUST 26**	• **Urban IDeP** a) prepared b) reviewed annually. c) includes key elements, as per UACA section 38, Schedule 3. **d) includes principal findings and proposals of private sector dialogues and diagnostic (from APA3).**	**IDeP:** • Obtain online or physical copies of most recent IDeP from planning department/municipality. • Verify that IDeP: a) has been approved. b) has been reviewed in previous year. c) includes all key elements (as per UACA 2011, CGA 2012 and other regulations). I **d) includes principal findings and proposals of private sector needs diagnostic (from APA3)** • Includes Environmental and social impact assessment and management chapter.

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[7] The framework will identify private sector needs and priority interventions building on the Competitive Counties Toolkit, and based on the public-private forum discussion.

UDG PERFORMANCE STANDARDS

Results Area	Performance Standard		Indicator(s) and Scoring	Assessment Procedure	Means of Verification
RA4	**PS11:** Implementation of the county government's private sector engagement framework	**APA 2 – AUGUST 25** **APA 3 – AUGUST 26**	• The participating urban board has: **a) developed a database of local businesses.** b) updated the database on an annual basis. **[SCORE = 6]**	**Up-to-date business enterprise database.** Obtain a database of businesses for each participating board and review whether the database is clustered by economic activity, contains basic business information (name of the business, business code per sector/industry, time in operation, nature of business, contact address including geo with Data Protection Act of 2019) and has been updated (annual verification). This includes adding or removing businesses and updating their information (change in activity, etc.)-location), is publicly available (in accordance	**Up-to-date business enterprise database. Online database** of businesses for each participating board *(updated annually)*
			• The participating urban board has held at **least two public-private dialogue (PPD)** meetings during the past 12 months. **[SCORE = 4]**	**PPD meetings/consultations.** Records and minutes of the meetings that include a list of participants, a summary of deliberations, including private sector input to urban development plans. Minimum of two meetings per year (annual verification).	**PPD meetings, consultations. Reports** on meeting's deliberations and private sector input to inform urban development plans *(minimum 2 engagements per year)*
RA4	**PS11:** Implementation of the county government's private sector engagement framework.	**APA 3 – AUGUST 26**	1. Private sector needs diagnostic: the participating urban board has: c) completed a comprehensive private sector needs diagnostic. d) publicly disclosed the private sector needs diagnostic. **[SCORE = 5]** **TOTAL SCORE = 15**		

Tools and Templates

Annex 02: Private Sector Database

Data fields for the private sector database

The table below indicates data fields that could be used for a simple excel database. It indicates the data captured in the SBP application form.

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 (m²)	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	

*MSME Categories as defined Micro and Small Enterprises Act (2012)

PSEF PRIVATE SECTOR DATABASE TEMPLATE

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 (m²)	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					

Annex 4: Private Sector Diagnostic

Sample Diagnostic Report Template

[Logo]
[Name] City/Municipality Private Sector Diagnostic Report
Contact Information
City/Municipal Contact
Name: [Enter name]
Department: [Enter department]
Position: [Enter position]
Contact Details: [Enter contact details]
Report Prepared By
Name: [Enter name]
Position: [Enter position]
Contact Details: [Enter contact details]
Date:

Executive Summary
Summarized background
[Provide a brief overview of the diagnostic purpose and scope]
Key Findings
[Summarize the key findings of the diagnostic]
Conclusions
Recommendations
[Highlight the main recommendations based on the findings]

1. **Introduction**
1.1 Background
[Provide background information on the private sector, business environment in the city/municipality, including economic context and relevance of the diagnostic]

1.2 Objectives of the Diagnostic Analysis
[Outline the objectives of the diagnostic]

2. **Situational Analysis**
   2.1 Overview of the Local Business Environment and Private Sector Competitiveness

   2.2 Economic Context
[Provide an overview of the local economic context, including key industries, economic indicators, and demographic information]

   2.3 Key Sectors
[Identify and describe the key sectors within the private sector]
   2.4 Stakeholder Map
[List major private sector stakeholders and their roles]

3. Approach and Methodology

3.1 [Describe the approach used to conduct the diagnostic, including data collection and analysis methods]

3.2 [Describe methodology used to conduct the diagnostic, including data collection and analysis methods]

1. SWOT Analysis

4.1 SWOT Analysis

[Present a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of the private sector based on the four policy levers]

4.2 Summary of Key Challenges

[Identify and describe the main challenges faced by the private sector]

4.3 Institutional analysis

[Illustration of potential roles across the different levels of government and other stakeholders. Use the Illustrative output provided in TCC Step 3]

2. Findings of the Analysis

5.1 Policy Levers for Competitive Cities/Municipalities

5. 1.1 Lever 1: Institutions and Regulations

[Assess the local institutions and regulatory framework impacting the private sector]

5.1.1.1 Business Regulations

[Evaluate business registration processes, licensing, and compliance requirements]

5.1.1.2 Governance and Corruption

[Examine the impact of governance and corruption on private sector growth]

5.1.2 Lever 2: Infrastructure and Land

[Evaluate the availability and quality of infrastructure and land resources]

5.1.2.1 Transport Infrastructure

[Assess the quality of roads, ports, airports, and public transportation]

5.1.2.2 Utilities

[Examine the availability and reliability of utilities such as electricity, water, and internet]

5.2.2.3 Land Availability and Use

[Evaluate land use policies, availability of commercial land, and property rights]

5.1.3 Lever 3: Skills and Innovation

[Analyze the availability of skilled labor and the level of innovation in the private sector]

5.1.3.1 Education and Training

[Assess the education system and vocational training programs]

5.1.3.2 Labor Market Dynamics

[Examine labor market conditions, employment rates, and skills gaps]

5.1.3.3 Research and Development

[Evaluate the level of investment in research and development and the support for innovation]

5.1.4 Lever 4: Enterprise Support and Finance

[Assess the availability of support and finance for enterprises]

5.1.4.1 Access to Finance

[Examine the availability and accessibility of financial services for businesses]

5.1.4.2 Business Support Services

[Evaluate the availability and effectiveness of business development services and support programs]

6. Monitoring, Evaluation, Learning and Reporting

[Describe how the implementation of the PSEF will be monitored, Evaluated, Lessons learnt documented and shared and how reporting will be done. Include an M&E framework with indicators]

6.1 Monitoring
6.2 Evaluation
6.3 Learning
6.4 Reporting

7. Capacity Building and training

7.1 Strategic Initiatives

[Outline strategic initiatives for addressing key challenges and leveraging opportunities]

7.2 Partnership Opportunities

[Identify opportunities for public-private partnerships and collaborations]

8. Conclusion

8.1 Summary

[Provide a concise summary of the report's main points and findings]

8.1.1 Lever-Specific conclusions

8.1.1 Policy, institutional legal and regulations

[List specific Policy, institutional legal and regulations for improving institutions and regulations]

8.1.2 Infrastructure and Land

[List specific recommendations for enhancing infrastructure and land use]

8.1.3 Skills and Innovation

[List specific recommendations for improving skills and fostering innovation]

8.1.4 Enterprise Support and Finance

[List specific conclusions for increasing enterprise support and access to finance]

8.2 Next Steps

[Outline the next steps to be taken following the diagnostic]

9. Recommendations of Priority Interventions

[Including all potential interventions that will address the constraints facing the private

9.1.1 Policy, institutional legal and regulations

[List specific Policy, institutional legal and regulations for improving institutions and regulations]

9.1.2 Infrastructure and Land

[List specific recommendations for enhancing infrastructure and land use]
    9.1.3   Skills and Innovation
[List specific recommendations for improving skills and fostering innovation]
    9.1.4 Enterprise Support and Finance
[List specific recommendations for increasing enterprise support and access to finance

Annex 1: **Implementation Matrix**

No	Action Description	Responsible Party	Timeline	Resource Requirement

Reference

Annexes and Appendices
- ✓ Data Tables

[Include any relevant data tables used in the analysis]
- ✓ Additional Information

[Include any additional information, such as list of actors consulted, detailed stakeholder profiles, case studies,

Annex 5: Public Private Dialogue Forum

Draft TOR for the PPDF Secretariat - led by the Urban Manager

1. Convene forum and manage the operation of the dialogue forums. Using the register of business associations and database to identify members meeting established criteria to participate in the forums.
2. The Manager will draft the TOR of the forum including:
    - the goals and objectives of the PPDF, the functions, roles and responsibilities, the structure, membership criteria and relationship to other public participation and stakeholder engagement and governance processes based on review of the existing policy framework and ensure alignment with the county government and urban board institutional and organizational framework.
    - the governance arrangements (relationship with existing structures)
    - the management and operations including TOR for secretariat, budget, calendar, forum management tools and accountability and performance framework.
3. Set calendar, and draft agenda, manage forums and outputs for different working groups.
4. During first meeting facilitate establishment of PPDF committee (chair/co-chair, secretary) and working groups aligned to the policy levers i.e., the institutional and regulatory review, urban planning, infrastructure and land, skills and innovation, finance and enterprise development support, specific industry/sector groups. The working groups carry out necessary analytical work supported by the Urban Manager and meet as necessary and advice the plenary. Additional members co-opted as necessary from public and private entities to provide inputs.
5. The private sector representatives will serve in relevant roles on the committee and contribute technical, administrative and/or material support its operations.
6. Ensure members meeting established criteria to participate in the forums.
7. Resource Mobilization: Prepare resource frameworks, both financial and human, to support the operations of the forum. Prepare budget for forum activities including assessments, surveys, research to inform the forum for inclusion into the annual plan and budget through relevant departmental budget. Prepare resource mobilization strategy including seeking donor support or leveraging sponsorship/in-kind contributions from the private sector and participating stakeholders.
8. Capacity building and outreach for both internal departments within the urban organization and outreach amongst private sector, relevant institutions, CSOs and other actors.
9. Hold regular quarterly meetings and ad-hoc sector specific or issue-based forums using the mapping to ensure inclusive and targeted engagement. Facilitate meetings to encourage open participation, co-creation and programming, and learning. The forums will be timed and aligned for the outputs to inform the various county and urban plan preparation and budget processes.
10. Create and maintain mechanisms that facilitate two-way communication, inclusive access to information, and records and knowledge management.
11. Commission and coordinate with relevant departments and private sector actors and stakeholders the conduct of local economy assessments, private sector diagnostics, surveys, research and data analysis to influence/inform policy and intervention.
12. Prepare and implement a monitoring framework to track, monitor and report on the forum activities and outputs. Follow up actions and recommendations from the forum with the relevant departments/stakeholders ensuring they are incorporated into relevant county processes/documents for executive or legislative action and approval.
13. Manage communication and knowledge and records management. Ensure feedback is provided to the forum members and monitor the performance of the forums i.e., activities and outputs against the results and monitoring framework.

City/Municipality 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)

Remarks/ Participant Feedback: Summarize feedback received from participants regarding the dialogue process and outcomes

Resolutions/Conclusions: Describe any resolutions/conclusions to be taken based on the dialogue outcomes

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]

Annex 6: 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)*

Annex 7: Public Private Dialogue Forum List of Participants

City/Municipality:
Date:
Venue:

No	Name	Organization	Position/Title	Email	Phone	Signature

Annex 8: Capacity Building and Outreach Tools and Templates

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				
3	**Private sector**				
	Business Membership Organizations/Associations	1. Outreach and sensitization on the affiliation and accreditation 2. Business association governance and leadership	Consultants Training workshops Outreach and communications		

		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	strategy Print and social media channels		

Annex 9: Sample Outreach and Communications Plan Template

Sample Outreach and Communications Plan Template							
Date/Timeline	Activity/Event	Audience	Key messages (what the audience needs to know, understand or do)	Communication Channel	Feedback mechanism	Resources	Budget

References

1. Business Registration Service: https://brs.go.ke/entities-registered/
2. Kenya Standard Industrial Classification: https://kesic.labourmarket.go.ke
3. Micro and Small Enterprises Act (2012)
4. Toolkit for Competitive Counties in Kenya. A Practical Tool to Promote Firm Competitiveness for Jobs and Economic Transformation at the Subnational Level in Kenya. 2022. World Bank
5. Toolkit for Competitive Counties in Kenya. Companion forms and summary tables. 2022. World Bank
6. Urban Areas and Cities Act (UACA) No 13 of 2011, Amended 2019, Section 21 (1)(g), 22 and Second Schedule
7. Five Step Approach to Advocacy for BMOs www.businessadvocacy.net
8. Benjamin Herzberg and Andrew Wright, The Public- Private Dialogue Handbook: A Toolkit for Business Environment Reformers. December 2006. DFID, World Bank, IFC,OECD.
   http://www.publicprivatedialogue.org/tools/PPDhandbookREFERENCES.pdf
9. Charter of good practice in using public-private dialogue for private sector development.
   http://www.publicprivatedialogue.org/charter/New%202015%20PPD%20Charter%20of%20Good%20Practice.pdf
10. The PPD Handbook: A Toolkit for Business Environment Reformers .
    http://www.publicprivatedialogue.org/papers/PPD%20handbook.pdf