COUNTY GOVERNMENT OF KAJIADO

THE KAJIADO COUNTY PRIVATE SECTOR ENGAGEMENT FRAMEWORK (PSEF)

April 2026

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ABBREVIATIONS AND ACRONYMS

BDS	Business Development Services
CEC / CECM	County Executive Committee / County Executive Committee Member
CIDP	County Integrated Development Plan
CPCT	County Project Coordination Team
CSOs	Civil Society Organizations
ICT	Information and Communication Technology
KAM	Kenya Association of Manufacturers
KEPSA	Kenya Private Sector Alliance
KNCCI	Kenya National Chamber of Commerce and Industry
KUSP II	Kenya Urban Support Programme II
MEL	Monitoring, Evaluation, and Learning
MSMEs	Micro, Small and Medium Enterprises
NGOs	Non-Governmental Organizations
PPDFs	Public-Private Dialogue Forums
PPP	Public-Private Partnership
PSEF	Private Sector Engagement Framework
SBP	Single Business Permit
UDG	Urban Development Grant

FORWARD

The development of the Private Sector Engagement Framework (PSEF) for Kajiado County marks a significant milestone in strengthening collaboration between the public and private sectors as a driver of inclusive economic growth and sustainable urban development. This Framework has been prepared in alignment with the Kenya Urban Support Programme II (KUSP II), particularly Result Area 4, which requires counties to institutionalize structured mechanisms for engaging the private sector in planning, budgeting, and investment processes.

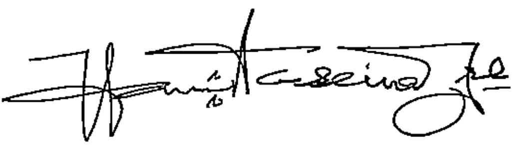
Kajiado County occupies a strategic position within Kenya's economic landscape, owing to its proximity to Nairobi and its rapidly urbanizing centers. This positioning presents unique opportunities for investment in key sectors such as trade, real estate, agribusiness, manufacturing, and services. However, the findings of the field report reveal that despite this potential, the private sector operates within a constrained environment characterized by structural and systemic challenges. Notably, 65% of businesses operate as sole proprietorships, reflecting a predominantly informal and small-scale enterprise ecosystem.

The diagnostic further indicates that 26% of businesses are concentrated in wholesale and retail trade, while 59% operate within local markets, highlighting limited diversification and market integration. At the same time, 62% of enterprises face challenges in accessing affordable business premises, and 71% identify zoning regulations as a major constraint, underscoring the need for regulatory and infrastructure reforms.

This Framework has been developed through a participatory and evidence-based process, integrating quantitative survey data with qualitative insights from county officials, municipal boards, and private sector stakeholders. County officials emphasized the importance of improving infrastructure, simplifying regulatory processes, enhancing access to finance, and institutionalizing structured engagement platforms such as Public-Private Dialogue Forums (PPDFs).

The PSEF provides a structured approach for addressing these challenges by organizing interventions around four key policy levers: institutions and regulations, infrastructure and land, skills and innovation, and enterprise support and finance. These pillars, as outlined in the national toolkit, ensure that the Framework is comprehensive, coordinated, and aligned with national development priorities.

Importantly, this Framework is not merely a policy document but a strategic tool for transforming the private sector into a catalyst for job creation, investment, and economic resilience. Its successful implementation will depend on strong leadership, effective coordination across county departments, active participation of the private sector, and sustained support from national government and development partners.



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ACKNOWLEDGEMENT

The preparation of the Kajiado County Private Sector Engagement Framework (PSEF) has been a collaborative effort involving multiple stakeholders across the public and private sectors. The County Government of Kajiado extends its sincere appreciation to all individuals and institutions that contributed to the development of this Framework.

Special recognition is accorded to the State Department for Housing and Urban Development under the Ministry of Lands, Public Works, Housing and Urban Development for providing technical guidance through the KUSP II programme and the national PSEF Toolkit. The toolkit has provided a structured and standardized approach for conducting the private sector diagnostic, stakeholder mapping, and the establishment of Public-Private Dialogue Forums, ensuring alignment with national policy objectives.

The County Executive Committee Members responsible for Urban Development, Trade, and Finance, together with Chief Officers and technical staff, played a critical role in providing policy direction, institutional insights, and data necessary for the diagnostic. The County Project Coordination Team (CPCT) is also acknowledged for coordinating the process, facilitating stakeholder engagement, and ensuring alignment with KUSP II performance requirements.

The contribution of municipal leadership, including Municipal Managers and Board Members, is highly appreciated. Their insights on infrastructure gaps, regulatory challenges, and engagement mechanisms were instrumental in shaping the Framework. As highlighted in the qualitative findings, municipalities play a central role in creating a conducive business environment through infrastructure development, regulatory oversight, and stakeholder engagement.

The private sector, including business associations such as KNCCI, KEPSA, and KAM, as well as individual enterprises, provided invaluable perspectives on the challenges and opportunities within the county. The high level of association membership (76%) reflects strong institutional capacity for engagement, which will be critical for the implementation of the PSEF.

Development partners, civil society organizations, and research institutions are also acknowledged for their support in data collection, analysis, and validation of findings. Their contributions have enriched the quality and credibility of the Framework.

Finally, we acknowledge all respondents who participated in surveys, interviews, and consultations. Their inputs have provided the evidence base upon which this Framework is built, ensuring that it is grounded in the realities of the private sector in Kajiado County.

EXECUTIVE SUMMARY

The Kajiado County Private Sector Engagement Framework (PSEF) is a strategic and policy-aligned instrument developed to strengthen collaboration between the public and private sectors, enhance the business environment, and promote inclusive and sustainable economic growth. The Framework is anchored in the Kenya Urban Support Programme II (KUSP II), which requires counties to establish structured mechanisms for engaging the private sector in urban planning and development.

The PSEF is informed by a comprehensive private sector diagnostic that integrates quantitative survey data, qualitative insights from county officials, and stakeholder consultations. The diagnostic provides a detailed assessment of the structure, performance, and constraints of the private sector in Kajiado County.

The findings indicate that the private sector is predominantly composed of micro, small, and medium enterprises, with 65% operating as sole proprietorships and 65% under individual ownership structures, reflecting a largely informal and fragmented enterprise ecosystem. While this structure supports livelihoods, it limits scalability, access to finance, and resilience.

Sectorally, the economy is dominated by wholesale and retail trade (26%), followed by financial services (18%) and agriculture (10%). High-value sectors such as ICT (3%) and manufacturing (7%) remain underdeveloped, highlighting opportunities for diversification and value addition.

Market orientation is largely localized, with 59% of businesses serving local markets, while only 4% operate nationally and 23% engage in export markets. This indicates limited market integration but also points to emerging opportunities for regional trade expansion.

The business environment is characterized by moderate functionality but significant inefficiencies. While 28% of businesses report ease in obtaining licenses, 48% experience moderate difficulty, and 21% face significant challenges, indicating procedural bottlenecks and administrative inefficiencies. Regulatory constraints are dominated by zoning issues, affecting 71% of businesses, followed by taxation and levies. These findings highlight systemic challenges in land-use planning and regulatory coordination.

Infrastructure deficits further constrain private sector performance. Municipal services are rated as “good” by 29%–38% of respondents, but only 18%–25% consider them excellent, while up to 12% rate them as poor, reflecting inconsistent service delivery. Access to affordable business premises is a major challenge, with 62% of businesses affected, indicating land and infrastructure constraints.

Skills gaps and limited innovation capacity are also significant challenges, with businesses reporting deficiencies in technical, managerial, and digital competencies. Access to finance remains constrained by high interest rates, lack of collateral, and limited financial literacy, despite the availability of government-supported financial programs.

Institutional engagement between the private sector and county government is present but largely informal. Existing platforms, such as citizen forums and barazas, are conducted on a quarterly basis but lack structured governance frameworks. However, the high level of business association membership (76%) provides a strong foundation for structured engagement through Public-Private Dialogue Forums (PPDFs).

The PSEF responds to these findings by proposing a comprehensive framework organized around four policy levers:

I. institutions and regulations
II. infrastructure and land
III. Skills and innovation, and
IV. Enterprise support and finance.

Key strategic priorities include regulatory reforms to simplify licensing and zoning processes; infrastructure investment to improve connectivity and access to markets; skills development and innovation to enhance productivity; and improved access to finance and business development services. The Framework also emphasizes the institutionalization of PPDFs to strengthen collaboration, improve policy dialogue, and enhance accountability.

Cross-cutting priorities include promoting inclusivity, particularly for youth, women, and informal businesses, as well as integrating environmental sustainability through climate-resilient infrastructure and green business practices.

The implementation of the PSEF will be guided by clear institutional roles, performance indicators, and monitoring frameworks, ensuring alignment with KUSP II requirements and county development priorities. Urban Boards, supported by County Departments and the CPCT, will play a central role in operationalizing the Framework.

In conclusion, the Kajiado County PSEF provides a comprehensive and evidence-based roadmap for unlocking private sector potential, improving the business environment, and promoting inclusive and sustainable economic growth. Its successful implementation will require coordinated efforts, strong institutional capacity, and sustained stakeholder engagement.

1.0 INTRODUCTION

1.1 BACKGROUND

The development of the Private Sector Engagement Framework (PSEF) for Kajiado County is anchored within the broader national agenda of promoting inclusive, resilient, and private sector-led urban development. This agenda is operationalized through the Kenya Urban Support Programme II (KUSP II), a flagship initiative of the Government of Kenya implemented through the State Department for Housing and Urban Development. Under Result Area 4 of KUSP II, county governments and urban boards are required to establish structured mechanisms for engaging the private sector in urban planning, budgeting, and investment prioritization processes.

Kajiado County occupies a strategic geographic and economic position, serving as a peri-urban growth corridor adjacent to Nairobi. Its proximity to the capital city, combined with expanding urban centers such as Kitengela, Ngong, Kiserian, and Ongata Rongai, has positioned the county as an attractive destination for investment in real estate, trade, agribusiness, and service industries. This rapid urbanization presents both opportunities and challenges, particularly in ensuring that economic growth is inclusive, sustainable, and well-coordinated.

The private sector in Kajiado County plays a central role in driving economic activity, employment creation, and service delivery. However, the findings of the field report indicate that the sector is predominantly composed of micro, small, and medium enterprises (MSMEs), with 65% of businesses operating as sole proprietorships and a similar proportion under individual ownership structures. This reflects a largely informal and fragmented enterprise ecosystem characterized by limited access to finance, low levels of productivity, and constrained scalability.

Sectoral analysis reveals that the county's economy is heavily dominated by wholesale and retail trade (26%), followed by financial services (18%) and agriculture (10%), while high-value sectors such as ICT (3%) and manufacturing (7%) remain underdeveloped. This structure underscores the need for economic diversification and value addition to enhance competitiveness and job creation.

The business environment is characterized by moderate functionality but significant inefficiencies. Regulatory processes, particularly licensing, present challenges for businesses, with 48% reporting moderate difficulty and 21% experiencing significant challenges. These challenges are compounded by zoning constraints affecting 71% of businesses, highlighting systemic issues in land-use planning and regulatory coordination.

Infrastructure and service delivery also present critical constraints. Municipal services are rated as "good" by between 29% and 38% of respondents, but only 18%–25% rate them as excellent, while up to 12% report poor service delivery. Access to affordable business premises remains a major challenge, with 62% of businesses affected, reflecting high land costs and limited availability of serviced commercial spaces.

Qualitative insights from county officials further reinforce these findings, highlighting key challenges such as fragmented licensing systems, inadequate infrastructure, limited access to finance, and skills gaps. Officials emphasized that municipalities play a critical role in creating a conducive business environment through infrastructure development, regulatory oversight, and stakeholder engagement.

Against this backdrop, the PSEF is being developed as a strategic and institutional framework to address these challenges, enhance coordination between public and private sector actors, and unlock the full potential of the private sector in driving sustainable urban development in Kajiado County.

1.2 RATIONALE FOR A FRAMEWORK FOR PUBLIC-PRIVATE ENGAGEMENT FOR URBAN DEVELOPMENT

The need for a structured framework for public-private engagement in Kajiado County is driven by the recognition that sustainable urban development cannot be achieved without meaningful and institutionalized collaboration between the public and private sectors. The private sector is a key driver of economic growth, investment, and innovation, while the public sector provides the regulatory, infrastructural, and institutional environment necessary for business operations.

The diagnostic findings highlight significant gaps in the current engagement landscape. Although 76% of businesses are members of associations, engagement mechanisms remain largely informal and fragmented, limiting their effectiveness in influencing policy and planning processes. Existing platforms, such as citizen forums and public barazas, provide opportunities for dialogue but lack structured governance frameworks, continuity, and accountability mechanisms.

The KUSP II toolkit emphasizes the importance of establishing formal Public-Private Dialogue Forums (PPDFs) as structured platforms for engagement, enabling continuous dialogue, consensus building, and alignment of private sector priorities with public sector planning processes. These forums are critical for improving transparency, enhancing policy responsiveness, and fostering trust between stakeholders.

The rationale for the PSEF is further strengthened by the need to address systemic challenges identified in the diagnostic. Regulatory inefficiencies, infrastructure deficits, skills gaps, and limited access to finance require coordinated and multi-sectoral interventions that can only be achieved through effective public-private collaboration. The absence of a structured engagement framework has limited the ability of the county to harness private sector insights, mobilize resources, and implement targeted interventions.

County officials emphasized the importance of institutionalizing engagement through formal frameworks, regular consultations, and clear governance structures. They identified key priorities for the PSEF, including improving infrastructure, simplifying regulatory processes, enhancing access to finance, and strengthening capacity building initiatives.

The PSEF therefore provides a strategic platform for addressing these challenges by establishing clear mechanisms for engagement, defining roles and responsibilities, and integrating private sector perspectives into policy and planning processes. It also supports the development of a private sector database and diagnostic, which are essential components of the toolkit, enabling evidence-based decision-making and targeted interventions.

Ultimately, the PSEF is intended to transform public-private engagement from an ad hoc and fragmented process into a structured, institutionalized, and results-oriented system that supports inclusive and sustainable urban development.t..

1.3 CURRENT PRACTICE

Public-private engagement in Kajiado County is currently facilitated through a range of formal and informal mechanisms, reflecting both the presence of engagement structures and the absence of a cohesive and institutionalized framework. The most common platforms include citizen forums, public barazas, licensing processes, and emerging digital communication channels.

County officials reported that engagement is primarily conducted through quarterly citizen forums, which provide opportunities for businesses and residents to interact with municipal and county officials. These forums serve as important channels for information sharing, feedback, and consultation, particularly during budget planning and public participation processes. However, they are often limited in scope and lack structured follow-up mechanisms, reducing their effectiveness in influencing policy outcomes.

Business associations also play a significant role in facilitating engagement, with 76% of businesses affiliated with such organizations. These associations provide a collective voice for the private sector and serve as intermediaries between businesses and government. However, their potential is not fully leveraged due to the absence of formalized engagement frameworks and coordination mechanisms.

Regulatory processes, particularly licensing and permitting, also serve as points of interaction between businesses and the county government. While these interactions are essential for compliance, they are often transactional in nature and do not provide opportunities for broader dialogue or collaboration.

County officials highlighted additional engagement mechanisms, including digital platforms such as official websites and social media, as well as sector-specific forums and stakeholder meetings. While these platforms enhance communication, they remain fragmented and lack integration into a coherent engagement system.

The absence of a formal Public-Private Dialogue Forum (PPDF) represents a significant gap in the current practice. Without structured platforms, engagement remains ad hoc, limiting the ability of stakeholders to identify priorities, coordinate interventions, and monitor progress.

Overall, current engagement practices provide a foundation for collaboration but require strengthening, institutionalization, and integration into a comprehensive framework to enhance their effectiveness and impact...

1.4 IMPLEMENTATION OF KUSP II

The implementation of the Private Sector Engagement Framework in Kajiado County is closely aligned with the requirements and performance standards of the Kenya Urban Support Programme II (KUSP II). As outlined in the national toolkit, counties are required to establish and operationalize three key components: a private sector database, a private sector diagnostic, and Public-Private Dialogue Forums (PPDFs).

Under KUSP II, the development of the PSEF is a minimum condition for accessing Urban Development Grants (UDG), and its implementation is assessed through annual performance appraisals. This places significant emphasis on institutional readiness, capacity building, and performance management within county governments and urban boards.

The County Government of Kajiado, through the County Executive Committee and the County Project Coordination Team (CPCT), is responsible for leading the development and implementation of the PSEF. The CPCT plays a central role in coordinating county departments, including Urban Development, Trade, Planning, ICT, and Public Participation, ensuring alignment of activities and resources.

Urban Boards and Municipal Managers are tasked with operationalizing the framework at the local level, including establishing private sector databases, conducting diagnostics, and facilitating engagement through PPDFs.

The private sector diagnostic conducted for Kajiado County forms a critical foundation for the PSEF, providing a comprehensive assessment of the business environment, constraints, and opportunities. The diagnostic aligns with the four policy levers outlined in the toolkit institutions and regulations, infrastructure and land, skills and innovation, and enterprise support and finance ensuring a holistic approach to private sector development.

County officials emphasized the need for strong institutional coordination, resource allocation, and capacity building to support implementation. They also highlighted the importance of integrating the PSEF into existing planning and budgeting processes, including Integrated Development Plans (IDEPs), to ensure sustainability and alignment with broader development goals.

The successful implementation of KUSP II in Kajiado County will therefore depend on the effective operationalization of the PSEF, supported by clear governance structures, performance indicators, and monitoring frameworks.

2.0 DEVELOPMENT OF THE FRAMEWORK

The development of the Kajiado County Private Sector Engagement Framework has been guided by a participatory, evidence-based, and policy-aligned process, ensuring that the Framework reflects the realities of the county's private sector while meeting national and programmatic requirements.

The process began with a comprehensive private sector diagnostic, which combined quantitative surveys, qualitative interviews with county officials, and stakeholder consultations. This approach ensured triangulation of data and provided a holistic understanding of the private sector ecosystem.

Stakeholder engagement was a central component of the process, involving businesses, business associations, municipal boards, and county departments. These engagements provided valuable insights into the challenges and opportunities facing the private sector, as well as priorities for intervention.

The development of the PSEF was guided by the national toolkit, which provides a structured framework for engagement, including the establishment of private sector databases, diagnostics, and PPDFs.

County officials emphasized the importance of aligning the PSEF with existing institutional structures and processes, including urban boards, citizen forums, and departmental coordination mechanisms. They also highlighted the need for clear roles and responsibilities, resource allocation, and performance monitoring.

The resulting PSEF is therefore a comprehensive framework that integrates policy, institutional, and operational dimensions, providing a roadmap for enhancing private sector engagement, improving the business environment, and promoting inclusive and sustainable economic growth in Kajiado County.

2.1 LEGAL BASIS AND ALIGNMENT TO EXISTING COUNTY FRAMEWORKS AND PROCESSES

The Private Sector Engagement Framework (PSEF) for Kajiado County is anchored within a comprehensive legal and policy environment that ensures its legitimacy, institutional relevance, and long-term sustainability. At the national level, the framework derives its foundation from the Constitution of Kenya, which establishes key governance principles including public participation, transparency, accountability, and inclusive economic development. Article 10 underscores participation of the people as a core national value, while Article 174 highlights the objectives of devolution, particularly promoting local economic development and enhancing service delivery. These provisions collectively provide a strong legal justification for structured engagement between the public and private sectors.

The framework is further supported by the County Governments Act, which mandates counties to institutionalize public participation mechanisms. Sections 87 and 115 specifically require county governments to facilitate stakeholder engagement in planning, budgeting, and decision-making processes. These provisions provide a direct legal basis for establishing structured private sector engagement platforms such as Public-Private Dialogue Forums (PPDFs).

In addition, the Urban Areas and Cities Act provides the legal framework for managing municipalities and urban areas. It establishes municipal boards as governance entities responsible for promoting economic development and facilitating stakeholder engagement. These boards play a critical role in operationalizing the PSEF at the municipal level, particularly in urban centers such as Kitengela, Ngong, and Ongata Rongai, which are experiencing rapid economic and population growth.

The PSEF is also aligned with the Kenya Urban Support Programme II, which serves as the primary operational framework for strengthening urban governance and service delivery. Under Result Area 4, counties are required to establish private sector engagement frameworks, including diagnostics, databases, and PPDFs. Compliance with these requirements is directly linked to county performance assessments and access to Urban Development Grants, making the PSEF a strategic and operational priority.

At the county level, the PSEF aligns with the Kajiado County Integrated Development Plan, which outlines the county's development priorities, including infrastructure development, economic diversification, and investment promotion. By aligning with the CIDP, the PSEF ensures that private sector engagement is embedded within broader development strategies rather than treated as an isolated initiative.

This alignment is particularly important given the structure of Kajiado's private sector. The diagnostic shows that 65% of businesses operate as sole proprietorships, indicating a largely informal economy with limited scalability. Additionally, 59% of businesses serve local markets, reflecting constrained market integration. These characteristics underscore the need for a framework that is both legally grounded and responsive to local economic realities.

County officials emphasized that aligning the PSEF with existing frameworks enhances coordination, reduces duplication, and ensures sustainability. Embedding the PSEF into planning and budgeting processes allows private sector priorities to be systematically integrated into county development strategies.

In summary, the PSEF is firmly grounded in national legislation, aligned with county development frameworks, and compliant with KUSP II requirements, providing a strong and coherent foundation for its implementation.

2.2 OBJECTIVE OF THE FRAMEWORK

The overarching objective of the Private Sector Engagement Framework (PSEF) for Kajiado County is to establish a structured, inclusive, and sustainable mechanism for collaboration between the public and private sectors to drive economic growth, improve the business environment, and enhance service delivery.

A central objective is to institutionalize public-private dialogue by creating formal and structured platforms for engagement. Although 76% of businesses are affiliated with associations, current engagement remains fragmented and largely informal. The framework therefore aims to establish PPDFs that enable continuous, organized, and results-oriented interaction between stakeholders.

Another key objective is to improve the enabling environment for businesses by addressing systemic challenges identified in the diagnostic. These include licensing inefficiencies affecting 69% of businesses, zoning constraints impacting 71%, and limited access to business premises affecting 62% of enterprises. By addressing these constraints, the PSEF seeks to enhance competitiveness and stimulate investment.

The framework also aims to strengthen private sector participation in county planning and decision-making processes. County officials highlighted that policies are more effective when informed by private sector input, particularly in areas such as infrastructure development, regulation, and service delivery.

In addition, the PSEF promotes inclusivity by ensuring that marginalized groups including youth, women, and informal businesses are actively engaged. The fact that 24% of businesses are not affiliated with associations highlights the need for targeted inclusion strategies.

Ultimately, the framework aims to transform the private sector into a key driver of innovation, employment, and sustainable economic development in Kajiado County.

2.3 APPROACH TO THE PSE FRAMEWORK

The development of the Private Sector Engagement Framework (PSEF) for Kajiado County adopts a participatory, evidence-based, and systems-integrated approach that is fully aligned with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit. This approach is designed to ensure that the framework is not only technically sound but also contextually relevant, inclusive, and implementable within existing county structures.

At its core, the approach is diagnostic-driven and evidence-based, drawing extensively from the findings of the Kajiado County private sector diagnostic. The diagnostic provided a comprehensive understanding of the structure, performance, and constraints of the private sector. For instance, the identification of licensing challenges where 48% of businesses reported moderate difficulty and 21% reported significant difficulty and zoning constraints affecting 71% of businesses highlighted the need for targeted regulatory reforms. Similarly, the finding that 62% of enterprises face challenges accessing business premises informed the prioritization of infrastructure and land-use interventions. These empirical insights ensured that the framework is grounded in real business experiences rather than assumptions.

Complementing the quantitative analysis, the approach incorporates qualitative insights from county officials and stakeholders, which provide institutional and operational context. County officials emphasized challenges such as fragmented licensing systems, limited interdepartmental coordination, and inadequate infrastructure, while also identifying opportunities for improving engagement through structured platforms. This qualitative input enriched the diagnostic by explaining the underlying causes of observed trends and informing the design of practical, institutionally feasible solutions.

A defining feature of the approach is its participatory and stakeholder-centered nature. The development process involved consultations with a wide range of actors, including businesses, business associations, municipal boards, and county departments. This ensured that the framework reflects diverse perspectives and builds ownership among stakeholders. Participation was particularly important given the heterogeneous nature of the private sector in Kajiado County, where 65% of businesses operate as sole proprietorships and 24% are not affiliated with formal associations, requiring deliberate efforts to ensure inclusive representation.

The approach is also institutionally integrated, meaning that the PSEF is embedded within existing county planning, budgeting, and governance systems. Rather than creating parallel structures, the framework leverages existing mechanisms such as citizen forums, municipal boards, and departmental coordination platforms. This integration enhances sustainability, ensures alignment with the Kajiado County Integrated Development Plan, and facilitates resource mobilization and implementation.

In line with KUSP II requirements, the approach emphasizes the establishment of three core components: a private sector database, a comprehensive diagnostic, and Public-Private Dialogue Forums (PPDFs). These components form the operational backbone of the framework, enabling continuous engagement, data-driven decision-making, and effective monitoring.

The approach is adaptive and iterative, recognizing that private sector dynamics are constantly evolving. The framework incorporates mechanisms for feedback, monitoring, and continuous improvement, ensuring that it remains responsive to emerging challenges and opportunities.

The approach to the PSEF combines rigorous analysis, stakeholder participation, and institutional integration to create a framework that is practical, inclusive, and aligned with both county and national development objectives..

2.4 PRINCIPLES OF THE PSEF

The Private Sector Engagement Framework (PSEF) for Kajiado County is guided by a set of core principles that underpin its design, implementation, and sustainability. These principles ensure that engagement between the public and private sectors is structured, inclusive, transparent, and results-oriented, in line with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit. They also reflect the realities of the county's private sector, as evidenced in the diagnostic findings and qualitative insights from county officials.

2.4.1 INCLUSIVITY AND EQUITY

Inclusivity is a foundational principle of the PSEF, ensuring that all segments of the private sector are adequately represented and engaged. This is particularly critical in Kajiado County, where 24% of businesses are not affiliated with formal associations, and 65% operate as sole proprietorships, often within the informal sector. This principle ensures that the benefits of private sector engagement are equitably distributed and that no group is excluded from decision-making processes.

I. The framework promotes deliberate outreach to marginalized groups, including youth, women, and informal enterprises.
II. It ensures that engagement platforms are accessible, geographically inclusive, and sensitive to the needs of diverse stakeholders.
III. It seeks to balance representation between large enterprises and MSMEs to avoid dominance by well-organized actors.

2.4.2 TRANSPARENCY AND ACCOUNTABILITY

Transparency and accountability are essential for building trust between the public and private sectors. The PSEF promotes open, predictable, and well-documented engagement processes. This principle addresses concerns raised by stakeholders regarding fragmented and opaque engagement mechanisms and ensures credibility and trust in the framework.

I. All engagement activities, including Public-Private Dialogue Forums (PPDFs), are structured with clear agendas, documentation, and follow-up mechanisms.
II. Decision-making processes are made transparent, with feedback loops to inform stakeholders of outcomes.
III. County institutions are held accountable for implementing agreed actions, while private sector actors are encouraged to participate constructively.

2.4.3 EVIDENCE-BASED DECISION-MAKING

The PSEF emphasizes the use of data and analysis to inform policies, interventions, and decisions. This principle is grounded in the private sector diagnostic, which highlights key challenges such as licensing inefficiencies (69% of businesses affected) and zoning constraints (71%). This ensures that the PSEF remains responsive to real challenges and delivers measurable outcomes.

I. Decisions are guided by empirical data, including business surveys, stakeholder feedback, and performance indicators.
II. The framework incorporates continuous data collection through private sector databases and monitoring systems.
III. Evidence is used to prioritize interventions and allocate resources effectively.

2.4.4 COLLABORATION AND PARTNERSHIP

The PSEF is built on the principle of collaboration, recognizing that sustainable economic development requires joint efforts between public and private actors. This principle strengthens relationships, enhances mutual understanding, and fosters shared responsibility for development outcomes.

I. The framework promotes partnerships between county government, businesses, development partners, and civil society.
II. It encourages co-creation of solutions through dialogue and joint planning processes.

III. It leverages the strong association networks in the county, where 76% of businesses are members of associations, to facilitate collective engagement.

2.4.5 INSTITUTIONAL INTEGRATION AND SUSTAINABILITY

The PSEF is designed to be fully integrated into existing county systems to ensure sustainability and avoid duplication. This principle ensures that the PSEF is not a standalone initiative but a permanent feature of county governance.

I. Engagement processes are embedded within planning and budgeting frameworks, including the Kajiado County Integrated Development Plan.
II. Existing structures such as municipal boards and citizen forums are leveraged rather than replaced.
III. Capacity building is prioritized to strengthen institutional systems and ensure long-term implementation.

2.4.6 RESPONSIVENESS AND ADAPTABILITY

The dynamic nature of the private sector requires a framework that is flexible and responsive to changing conditions. This principle ensures that the PSEF remains relevant and effective in a rapidly changing economic environment.

I. The PSEF incorporates feedback mechanisms to continuously refine policies and interventions.
II. It allows for adaptive management based on emerging challenges such as market shifts, climate risks, and economic changes.
III. Regular monitoring and evaluation ensure that the framework evolves over time.

2.4.7 SUSTAINABILITY AND RESILIENCE

The PSEF promotes long-term economic, social, and environmental sustainability. This principle ensures that private sector development contributes to resilient and inclusive urban growth.

I. It supports climate-resilient infrastructure and sustainable business practices.
II. It encourages investment in sectors that promote long-term growth and job creation.
III. It aligns with broader sustainability goals at both county and national levels.

2.5 KEY ACTORS AND ROLES

The implementation of the Private Sector Engagement Framework (PSEF) in Kajiado County is inherently multi-dimensional and requires the coordinated participation of a diverse range of actors across county, municipal, national, and private sector levels. The framework recognizes that effective public-private engagement is not the responsibility of a single institution but rather a shared function that depends on clearly defined roles, collaborative mechanisms, and strong institutional linkages. As such, the identification and articulation of the roles of key actors is critical to ensuring that the PSEF is not only implemented effectively but also sustained over time.

Table 1 Key actors and roles in the implementation of the PSEF

Thematic Actor Category	Key Roles and Responsibilities
County Executive Leadership (CECMs)	Provide overall policy direction and political leadership for the PSEF; ensure alignment with the Kajiado County Integrated Development Plan; champion private sector engagement within county governance structures; mobilize resources and approve policy reforms.
Chief Officers & County Departments (Trade, Urban Development, Finance, ICT, Planning)	Translate policy into actionable programs; coordinate implementation of sector-specific interventions; integrate private sector priorities into planning and budgeting; address regulatory, infrastructure, and service delivery constraints affecting businesses.
County Project Coordination Team (CPCT)	Coordinate overall implementation of the PSEF under Kenya Urban Support Programme II; ensure compliance with program requirements; facilitate interdepartmental coordination; oversee monitoring, evaluation, and reporting; support establishment of PPDFs and databases.
Municipal Boards	Provide governance oversight at the municipal level; ensure transparency and inclusivity in engagement processes; approve local-level private sector priorities; guide implementation of PSEF activities within municipalities.
Municipal Managers & Urban Management Teams	Operationalize the PSEF at the municipal level; facilitate stakeholder consultations and Public-Private Dialogue Forums (PPDFs); maintain private sector databases; coordinate infrastructure and service delivery improvements; address local business constraints (e.g., zoning, markets, licensing).
Private Sector – Business Associations (KNCCI, KEPSA, KAM, Sector Associations)	Represent business interests; provide a structured platform for dialogue; aggregate and communicate private sector concerns and proposals; participate in PPDFs; support policy advocacy and feedback mechanisms; strengthen member capacity.
Private Sector – Enterprises (MSMEs, Corporates, Informal Businesses)	Participate directly in engagement processes; provide feedback on business environment challenges (e.g., licensing, infrastructure, finance); adopt best practices; contribute to local economic development; engage in partnerships and investment initiatives.
National Government (State Department for Housing & Urban Development)	Provide policy guidance and oversight; support implementation of KUSP II requirements; offer technical assistance and capacity building; ensure alignment with national urban development policies and standards.
Development Partners (World Bank, NGOs, Donors)	Provide financial and technical support; support capacity building for county institutions; facilitate knowledge transfer and best practices; support infrastructure and private sector development programs.
Civil Society Organizations (CSOs)	Promote inclusivity and accountability; support stakeholder mobilization; advocate for marginalized groups (youth, women, informal sector); monitor transparency and governance processes.

Financial Institutions (Banks, SACCOs, Microfinance Institutions)	Provide access to credit and financial services; partner with county government to develop financing programs; support financial literacy and enterprise development initiatives.
Academic and Research Institutions	Provide data, research, and policy analysis; support evidence-based decision-making; contribute to innovation, skills development, and monitoring of PSEF outcomes.

The implementation of the Private Sector Engagement Framework (PSEF) in Kajiado County is inherently multi-dimensional and requires the coordinated participation of a diverse range of actors across county, municipal, national, and private sector levels. The framework recognizes that effective public-private engagement is not the responsibility of a single institution but rather a shared function that depends on clearly defined roles, collaborative mechanisms, and strong institutional linkages. As such, the identification and articulation of the roles of key actors is critical to ensuring that the PSEF is not only implemented effectively but also sustained over time.

At the apex of this institutional arrangement is the County Government of Kajiado, which provides overall leadership, policy direction, and strategic oversight. The County Executive Committee Members (CECMs), particularly those responsible for Trade, Urban Development, Finance, Infrastructure, and Planning, play a central role in aligning the PSEF with the county's broader development priorities as outlined in the Kajiado County Integrated Development Plan. These leaders are responsible for ensuring that private sector engagement is mainstreamed into county policies, plans, and budgets. They also provide the political leadership necessary to mobilize resources, build stakeholder confidence, and drive institutional reforms.

Supporting the executive leadership are Chief Officers and technical departments, which are responsible for operationalizing the PSEF. These departments including Trade, Urban Development, Finance, ICT, and Public Participation translate policy directives into actionable programs and interventions. Their responsibilities include coordinating stakeholder engagement activities, implementing sector-specific initiatives, and monitoring progress. County officials emphasized that one of the major challenges has been weak interdepartmental coordination, which has led to fragmented approaches to private sector development. The PSEF therefore provides a structured platform for improving coordination and ensuring that all departments work in a complementary and integrated manner.

A critical institutional mechanism within this structure is the County Project Coordination Team (CPCT), which plays a central role in coordinating the implementation of the PSEF within the context of the Kenya Urban Support Programme II. The CPCT is responsible for ensuring compliance with KUSP II requirements, including the establishment of private sector databases, diagnostics, and Public-Private Dialogue Forums (PPDFs). It also facilitates communication between county departments, municipal boards, and national government agencies, ensuring that implementation is aligned with both county and national priorities. The CPCT's role in performance monitoring and reporting is particularly important, as it ensures accountability and supports continuous improvement.

At the municipal level, Urban Boards and Municipal Managers are the primary operational actors responsible for implementing the PSEF. Established under the Urban Areas and Cities Act, these entities are tasked with managing urban areas, delivering services, and promoting local economic development. Municipal Boards provide governance and oversight, ensuring that engagement processes are inclusive, transparent, and aligned with policy objectives. Municipal Managers, on the other hand, are responsible for day-to-day implementation, including facilitating stakeholder consultations, maintaining private sector databases, and coordinating PPDFs.

County officials highlighted that municipalities are at the frontline of private sector engagement, given their direct responsibility for infrastructure provision, regulatory enforcement, and service delivery. This role is particularly critical in addressing key constraints identified in the diagnostic, such as infrastructure gaps, zoning challenges affecting 71% of businesses, and access to business premises affecting 62% of enterprises. Municipal actors are therefore central to translating the objectives of the PSEF into tangible outcomes on the ground.

The private sector itself is a central pillar of the framework and comprises a diverse range of actors, including micro, small, and medium enterprises (MSMEs), large enterprises, and business associations. Business associations such as KNCCI, KEPSA, and KAM play a particularly important role in representing the interests of businesses, facilitating dialogue, and advocating for policy reforms. The diagnostic indicates that 76% of businesses are members of associations, highlighting the strong potential for collective engagement.

Individual enterprises, particularly MSMEs, are also critical stakeholders. Given that 65% of businesses operate as sole proprietorships, the PSEF must ensure that engagement mechanisms are inclusive and accessible to small and informal businesses, which often lack representation in formal structures. This requires deliberate efforts to reach out to unorganized businesses and ensure that their voices are heard.

National government institutions, particularly the State Department for Housing and Urban Development, play an important role in providing policy guidance, technical support, and oversight. These institutions ensure that county-level frameworks are aligned with national policies and standards, and they support capacity building and resource mobilization.

Development partners and civil society organizations contribute by providing technical assistance, financial support, and capacity building. Their involvement enhances the capacity of county institutions and introduces best practices in private sector engagement.

Academic and research institutions also play a supporting role by providing data, analysis, and innovation. Their contributions are particularly important for evidence-based decision-making and monitoring the impact of the PSEF.

2.6 BENEFITS OF ADOPTING THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK

The adoption of the Private Sector Engagement Framework (PSEF) in Kajiado County presents a comprehensive set of benefits that directly respond to the constraints and opportunities identified in the private sector diagnostic and county officials' consultations. Anchored in the requirements of the Kenya Urban Support Programme II and aligned to the national toolkit, the framework provides a structured mechanism for strengthening collaboration, improving the business environment, and unlocking economic potential. The benefits outlined below are grounded in empirical findings from the field report and reflect the transformative impact of institutionalizing public-private engagement.

2.6.1 IMPROVED COORDINATION AND STRUCTURED ENGAGEMENT

One of the most significant benefits of the PSEF is the transition from fragmented and ad hoc engagement to a structured and institutionalized system. Although 76% of businesses are members of associations, engagement remains largely informal and lacks continuity and coordination.

By establishing formal Public-Private Dialogue Forums (PPDFs), the PSEF creates a predictable platform for regular interaction between the county government and the private sector. This enhances communication, strengthens collaboration, and ensures that stakeholder inputs are systematically incorporated into decision-making processes. County officials emphasized that structured engagement would significantly improve coordination across departments and reduce duplication of efforts.

2.6.2 ENHANCED BUSINESS ENVIRONMENT AND REGULATORY EFFICIENCY

The PSEF directly addresses regulatory bottlenecks that constrain business operations. The diagnostic reveals that 48% of businesses experience moderate licensing challenges, while 21% face significant difficulties, indicating inefficiencies in regulatory processes.

Through continuous dialogue and feedback mechanisms, the framework enables the identification and resolution of these challenges, leading to streamlined licensing procedures, improved transparency, and reduced compliance costs. Furthermore, zoning constraints affecting 71% of businesses can be addressed through coordinated planning and policy reforms facilitated by the PSEF.

The result is a more predictable and business-friendly regulatory environment that encourages investment and enterprise growth.

2.6.3 IMPROVED INFRASTRUCTURE PLANNING AND ACCESS TO BUSINESS PREMISES

Infrastructure deficits are a major constraint to private sector growth in Kajiado County. The diagnostic indicates that 62% of businesses face challenges accessing business premises, reflecting gaps in land-use planning and infrastructure provision.

The PSEF provides a platform for aligning infrastructure development with private sector needs. Through structured engagement, businesses can inform the planning and prioritization of investments in roads, markets, utilities, and ICT infrastructure. County officials highlighted the importance of integrating private sector input into infrastructure planning to ensure that investments are demand-driven and impactful.

This leads to improved service delivery, reduced operational costs, and enhanced access to markets.

2.6.4 INCREASED INVESTMENT AND ECONOMIC DIVERSIFICATION

The PSEF enhances the attractiveness of Kajiado County as an investment destination by creating a stable and supportive business environment. The diagnostic shows that the economy is heavily concentrated in wholesale and retail trade (26%), with limited representation in high-value sectors such as manufacturing (7%) and ICT (3%).

By facilitating dialogue and identifying sector-specific opportunities, the framework supports diversification into higher-value sectors, promoting innovation and value addition. This not only increases investment but also enhances the resilience and competitiveness of the local economy.

2.6.5 STRENGTHENED ACCESS TO FINANCE AND BUSINESS SUPPORT SERVICES

Access to finance remains a critical barrier for many businesses, particularly MSMEs. While the diagnostic highlights widespread challenges related to financing, it also underscores the need for coordinated interventions.

The PSEF facilitates partnerships between the county government, financial institutions, and development partners to expand access to credit and financial services. It also supports the provision of Business Development Services (BDS), including training, mentorship, and advisory support. County officials identified financial access and capacity building as key priorities for strengthening the private sector.

These interventions enhance business capacity, improve productivity, and support enterprise growth.

2.6.6 PROMOTION OF INCLUSIVITY AND BROAD-BASED PARTICIPATION

The PSEF promotes inclusive participation by ensuring that all segments of the private sector are represented. This is particularly important given that 24% of businesses are not affiliated with formal associations, limiting their access to engagement platforms.

The framework incorporates targeted outreach strategies to engage marginalized groups, including youth, women, and informal businesses. By promoting equitable participation, the PSEF ensures that development benefits are widely distributed and that policies reflect the needs of all stakeholders.

2.6.7 STRENGTHENED GOVERNANCE, TRANSPARENCY, AND ACCOUNTABILITY

The institutionalization of engagement through the PSEF enhances governance by promoting transparency and accountability. Structured dialogue processes ensure that decisions are documented, communicated, and monitored, reducing information asymmetry and building trust between stakeholders.

County officials emphasized that improved transparency and accountability are essential for effective service delivery and policy implementation. The PSEF therefore contributes to stronger governance systems and improved public sector performance.

2.6.8 ENHANCED DATA SYSTEMS AND EVIDENCE-BASED DECISION-MAKING

The PSEF supports the development of robust data systems, including private sector databases and monitoring frameworks. These systems enable the county to collect and analyze data on business performance, challenges, and opportunities.

The diagnostic findings, such as the prevalence of sole proprietorships (65%) and the dominance of local markets (59%), highlight the importance of data in understanding the private sector landscape. By strengthening data systems, the PSEF enhances evidence-based planning and decision-making.

2.6.9 ENVIRONMENTAL SUSTAINABILITY AND RESILIENCE

The PSEF promotes sustainable development by integrating environmental considerations into private sector engagement. County officials identified environmental challenges such as drought and flooding as key risks to business operations.

Through the framework, the county can promote climate-resilient infrastructure, sustainable land-use practices, and green business initiatives. This supports long-term sustainability and resilience.

2.6.10 ALIGNMENT WITH NATIONAL PRIORITIES AND ACCESS TO FUNDING

The PSEF ensures alignment with national development priorities and KUSP II requirements, which is critical for accessing funding and technical support. Compliance with KUSP II performance indicators enables the county to qualify for Urban Development Grants, which can be used to finance development projects.

This alignment enhances the county's ability to mobilize resources and implement large-scale interventions.

3.0 COMPONENTS OF THE PSEF

3.1 COMPONENTS OF THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK

The Private Sector Engagement Framework (PSEF) for Kajiado County is operationalized through a set of interlinked components designed to translate policy intent into practical, measurable, and sustainable outcomes. These components collectively establish the institutional, technical, and operational backbone required to facilitate structured engagement between the county government and the private sector. Their design is informed by the requirements of the Kenya Urban Support Programme II particularly Result Area 4 and guided by the national Private Sector Engagement Toolkit, which emphasizes data-driven planning, structured dialogue, and institutional integration.

The need for clearly defined components arises from the diagnostic findings, which reveal a private sector characterized by fragmentation, informality, and systemic constraints. For instance, 65% of businesses operate as sole proprietorships, indicating a predominance of small and often informal enterprises, while 59% of businesses serve local markets, reflecting limited integration into broader value chains. These characteristics necessitate a structured and coordinated approach to engagement that goes beyond ad hoc consultations and instead establishes institutional mechanisms for continuous interaction, data collection, and policy feedback.

Furthermore, the diagnostic highlights critical constraints that require targeted and coordinated responses. Regulatory challenges affect 69% of businesses, zoning constraints impact 71%, and 62% of enterprises face difficulties accessing business premises. These issues are interrelated and cannot be effectively addressed in isolation. Instead, they require an integrated framework that combines data systems, analytical tools, engagement platforms, and institutional arrangements.

County officials reinforced this perspective, emphasizing the need for structured engagement mechanisms, improved data systems, and enhanced coordination across departments. They noted that existing engagement platforms such as citizen forums and barazas are valuable but insufficiently structured to support continuous dialogue and effective policy implementation.

In response to these challenges, the PSEF is structured around six core components:

I. Private Sector Database for Urban Boards
II. Private Sector Diagnostic
III. Public-Private Dialogue Forums (PPDFs)
IV. Capacity Building and Outreach
V. Communication and Feedback Channels
VI. Institutional Arrangements and Resource Framework

These components are mutually reinforcing. The database provides the data foundation; the diagnostic offers analytical insights; PPDFs facilitate engagement; capacity building strengthens participation; communication channels ensure information flow; and institutional arrangements provide governance and resources. Together, they create a comprehensive system for managing private sector engagement in a structured and sustainable manner.

Importantly, these components are not standalone interventions but are integrated into existing county systems, including planning, budgeting, and service delivery processes aligned with the Kajiado County Integrated Development Plan. This integration ensures that the PSEF is embedded within the broader development framework of the county, enhancing its sustainability and impact.

Overall, the components of the PSEF provide a practical and actionable roadmap for strengthening public-private collaboration, improving the business environment, and promoting inclusive economic growth in Kajiado County..

3.1.1 PRIVATE SECTOR DATABASE FOR URBAN BOARDS

The establishment of a comprehensive and dynamic private sector database is a foundational component of the PSEF, serving as the primary data infrastructure for informed decision-making, stakeholder engagement, and performance monitoring. In Kajiado County, where the private sector is characterized by fragmentation and informality, the absence of a centralized and reliable database has historically limited the effectiveness of planning and engagement processes.

The diagnostic findings underscore the urgency of developing such a system. With 65% of businesses operating as sole proprietorships and 24% not affiliated with formal business associations, a significant portion of the private sector remains outside formal engagement structures. This makes it difficult for the county to identify, reach, and engage all relevant stakeholders through traditional mechanisms. Additionally, the fact that 59% of businesses operate within local markets highlights the localized nature of economic activity, further emphasizing the need for granular, location-specific data.

The private sector database will be established and maintained by municipal authorities, particularly urban boards and municipal management teams, in line with the requirements of the Kenya Urban Support Programme II. It will be integrated into county-level ICT systems to ensure accessibility, interoperability, and sustainability.

The database will capture a wide range of information, including:

I. Business identification details (name, location, sector)
II. Ownership structure and size (micro, small, medium, large)
III. Market orientation (local, national, export)
IV. Employment levels and investment data
V. Key constraints and challenges faced by businesses
VI. Membership in business associations

This data will enable the county to develop a comprehensive profile of the private sector, identify priority sectors, and design targeted interventions. For example, understanding that zoning constraints affect 71% of businesses and that 62% face challenges accessing business premises allows for more precise planning and policy responses.

County officials emphasized that the lack of reliable data has been a major constraint in planning and coordination, noting that decisions are often made without a clear understanding of the private sector landscape. The database therefore addresses this gap by providing a structured and continuously updated source of information.

In addition to supporting planning and policy formulation, the database will play a critical role in:

I. Stakeholder mapping and engagement planning: Ensuring that all relevant actors are identified and included in engagement processes
II. Monitoring and evaluation: Tracking business performance, growth trends, and the impact of interventions
III. Investment promotion: Identifying opportunities for investment and facilitating linkages between investors and local businesses
IV. Communication and outreach: Enabling targeted dissemination of information and feedback collection

To ensure sustainability, the database will be regularly updated through collaboration between county departments, municipal authorities, and business associations. Digital tools and platforms will be used to facilitate data collection, storage, and analysis, enhancing efficiency and accuracy.

Integration with county planning instruments such as the Kajiado County Integrated Development Plan will ensure that data informs broader development strategies, including infrastructure planning, economic development, and service delivery.

Ultimately, the private sector database is not merely a repository of information but a strategic tool for transforming how the county engages with and supports the private sector. By providing accurate, timely, and comprehensive data, it enables a shift from reactive to proactive and evidence-based engagement, thereby enhancing the effectiveness and impact of the PSEF...

3.1.2 PRIVATE SECTOR DIAGNOSTIC

The private sector diagnostic constitutes a central analytical pillar of the Private Sector Engagement Framework (PSEF) for Kajiado County, providing a comprehensive, evidence-based assessment of the structure, performance, constraints, and opportunities within the county's private sector ecosystem. Developed in alignment with the requirements of the Kenya Urban Support Programme II and guided by the national Private Sector Engagement Toolkit, the diagnostic serves as the foundation upon which all policy, institutional, and programmatic interventions under the PSEF are anchored.

At its core, the diagnostic provides a detailed profile of the private sector in Kajiado County. The findings reveal a business landscape dominated by micro and small enterprises, with 65% of businesses operating as sole proprietorships, indicating a high level of informality and limited scalability. This structure suggests that a significant proportion of enterprises operate with constrained access to finance, limited managerial capacity, and minimal integration into formal value chains. While this reflects strong entrepreneurial activity, it also underscores the need for targeted interventions to support business growth, formalization, and resilience.

Sectoral distribution further highlights structural imbalances within the county economy. The diagnostic shows that 26% of businesses are concentrated in wholesale and retail trade, followed by financial services (18%) and agriculture (10%), while high-value sectors such as manufacturing (7%) and ICT (3%) remain underrepresented. This concentration in low-value, service-oriented activities limits opportunities for value addition, job creation, and economic diversification. It also exposes the economy to market volatility, particularly in sectors with low barriers to entry and high competition.

Market orientation is another critical dimension of the diagnostic. The findings indicate that 59% of businesses operate within local markets, with only a small proportion engaging in national or export markets. This localized focus reflects limited market linkages, constrained access to distribution networks, and challenges in meeting standards required for broader market participation. However, it also presents an opportunity for the county to support market expansion through improved infrastructure, business support services, and regional trade integration.

The diagnostic also provides a detailed assessment of the business environment, identifying key constraints that hinder private sector growth. Regulatory inefficiencies are among the most significant challenges, with 48% of businesses reporting moderate difficulties in obtaining licenses and 21% reporting significant challenges. These challenges are indicative of complex procedures, lack of coordination among regulatory agencies, and limited transparency in licensing processes. Such inefficiencies increase the cost of doing business and discourage formalization.

Zoning and land-use constraints represent another major barrier, affecting 71% of businesses. These challenges are linked to unclear zoning regulations, lengthy approval processes, and limited availability of serviced land for commercial use. As a result, businesses often operate in suboptimal locations, limiting their growth potential and increasing operational costs.

Infrastructure deficits further compound these challenges. The diagnostic reveals that municipal services are inconsistently delivered, with only 18%–25% of businesses rating them as excellent, while up to 12% rate them as poor. In addition, 62% of businesses report difficulties accessing business premises, highlighting constraints related to land availability, cost, and infrastructure. These issues affect productivity, increase costs, and reduce the competitiveness of local enterprises.

Human capital constraints also emerge as a significant issue, with 60% of businesses reporting skills gaps, particularly in technical, managerial, and digital competencies. This limits the ability of businesses to innovate, adopt new technologies, and compete effectively in dynamic markets. It also highlights the need for stronger linkages between training institutions and industry.

Access to finance remains a persistent challenge, particularly for micro and small enterprises. While the diagnostic does not quantify this constraint in percentage terms, qualitative insights from county officials indicate that high interest rates, lack of collateral, and limited financial literacy are major barriers. These constraints limit business expansion and investment.

Despite these challenges, the diagnostic also identifies key strengths and opportunities within the private sector. Notably, 76% of businesses are members of associations, providing a strong foundation for structured engagement through Public-Private Dialogue Forums (PPDFs). Additionally, the county's proximity to Nairobi offers significant opportunities for market expansion, investment, and integration into regional value chains.

County officials further emphasized the importance of addressing institutional and coordination challenges, noting that fragmented mandates and weak collaboration across departments have limited the effectiveness of existing interventions.

The diagnostic is not a one-time exercise but a continuous process that will be updated periodically to reflect changing economic conditions, emerging trends, and the impact of interventions. It will be integrated with the private sector database to ensure that data remains current and actionable.

3.1.3 PUBLIC-PRIVATE DIALOGUE FORUMS (PPDF) FOR URBAN PLANNING AND DEVELOPMENT

Public-Private Dialogue Forums (PPDFs) constitute the central institutional mechanism for operationalizing engagement under the Private Sector Engagement Framework (PSEF) in Kajiado County. They provide structured, continuous, and results-oriented platforms through which the county government and private sector stakeholders can interact, deliberate, and collaborate on issues related to urban planning, service delivery, and economic development. The establishment and institutionalization of PPDFs is a core requirement under the Kenya Urban Support Programme II and is explicitly outlined in the national Private Sector Engagement Toolkit as a key pillar for strengthening urban governance.

The need for formalized dialogue platforms in Kajiado County is strongly supported by the findings of the private sector diagnostic. While the county demonstrates a relatively high level of business organization, with 76% of enterprises affiliated with business associations, engagement between the private sector and government remains largely informal, fragmented, and episodic. Existing mechanisms such as public barazas, citizen forums, and ad hoc stakeholder meetings provide opportunities for interaction but lack structure, continuity, and formal feedback loops. As a result, they are often insufficient for addressing complex and persistent issues such as regulatory inefficiencies, infrastructure deficits, and land-use challenges.

The diagnostic further highlights the urgency of structured engagement by identifying key constraints that require coordinated action. For example, 48% of businesses report moderate difficulties in obtaining licenses and 21% report significant challenges, while 71% of enterprises are affected by zoning constraints. These challenges are inherently cross-cutting and cannot be effectively addressed through isolated interventions. Instead, they require ongoing dialogue, joint problem-solving, and coordinated decision-making functions that PPDFs are specifically designed to fulfill.

PPDFs will therefore serve as formal platforms for bringing together county officials, municipal authorities, private sector representatives, business associations, development partners, and other stakeholders to engage on issues of mutual interest. Their primary objectives include:

I. Facilitating structured policy dialogue and consultation
II. Identifying and prioritizing private sector constraints and opportunities
III. Supporting joint problem-solving and consensus building
IV. Aligning private sector priorities with urban planning and development processes
V. Enhancing transparency, accountability, and trust

County officials emphasized that the absence of structured engagement mechanisms has limited the county's ability to effectively incorporate private sector perspectives into planning and decision-making processes. The establishment of PPDFs therefore addresses a critical institutional gap by providing a formal mechanism for integrating stakeholder input into policy and program design.

3.1.3.1 Structure and Operationalization of PPDFs

To ensure effectiveness, PPDFs will be institutionalized within the governance structures of municipalities and linked to county-level coordination mechanisms. Each municipality will establish a PPDF composed of representatives from:

I. County departments (Trade, Urban Development, Finance, Planning)
II. Municipal boards and management teams
III. Business associations and sectoral groups
IV. MSMEs and informal sector representatives

Development partners and civil society organizations

The forums will be guided by clear terms of reference, including defined roles and responsibilities, meeting schedules, and decision-making processes. Regular meetings at least quarterly will be aligned with key planning and budgeting cycles to ensure that private sector inputs are timely and relevant.

3.1.3.2 Functions in Urban Planning and Development

PPDFs will play a particularly important role in urban planning and development, where coordination between public and private actors is essential. Through these forums, private sector stakeholders will have the opportunity to:

I. Provide input into land-use planning and zoning policies
II. Identify infrastructure priorities, including roads, markets, and utilities
III. Contribute to the design and implementation of urban development projects
IV. Monitor service delivery and provide feedback on performance

This is especially critical given that 62% of businesses face challenges accessing business premises and infrastructure services are inconsistently delivered. By incorporating private sector perspectives into planning processes, PPDFs ensure that investments are demand-driven and aligned with economic priorities.

3.1.3.3 Enhancing Accountability and Feedback

A key feature of PPDFs is their role in strengthening accountability and feedback mechanisms. Unlike informal engagement platforms, PPDFs will incorporate structured documentation, including meeting minutes, action plans, and follow-up reports. This ensures that discussions translate into actionable outcomes and that progress can be monitored over time.

Feedback loops will also be established to ensure that stakeholders are informed of decisions and implementation progress. This enhances transparency and builds trust between the public and private sectors.

3.1.3.4 Inclusivity and Representation

The design of PPDFs will emphasize inclusivity, ensuring representation of diverse stakeholder groups. This is particularly important given that 24% of businesses are not affiliated with formal associations, and many operate in the informal sector. Targeted outreach will be conducted to ensure that these groups are included in engagement processes.

3.1.4 CAPACITY BUILDING AND OUTREACH

Capacity building and outreach are central to the effectiveness, inclusivity, and sustainability of the Private Sector Engagement Framework (PSEF) in Kajiado County. This component recognizes that meaningful engagement is not achieved solely through the establishment of platforms such as Public-Private Dialogue Forums (PPDFs), but also through ensuring that all actors both public and private possess the requisite skills, institutional capacity, and access to information needed to participate effectively. In the context of Kajiado County, where the private sector is predominantly informal and characterized by capacity constraints, this component becomes even more critical.

The private sector diagnostic provides compelling evidence of the need for targeted capacity building interventions. Notably, 60% of businesses reported significant skills gaps, particularly in technical, managerial, and digital competencies. These gaps limit productivity, innovation, and competitiveness, especially among micro, small, and medium enterprises (MSMEs). Furthermore, the structure of the private sector where 65% of businesses operate as sole proprietorships suggests limited access to professional management systems, formal training, and institutional support.

County officials corroborated these findings, highlighting challenges related to limited technical capacity within county departments, weak coordination mechanisms, and inadequate resources to support private sector development initiatives. They emphasized that strengthening both institutional and individual capacities is essential for improving service delivery, enhancing regulatory efficiency, and ensuring effective implementation of development programs.

3.1.4.1 Strengthening Capacity of County and Municipal Institutions

A key pillar of this component is building the capacity of county institutions to effectively design, implement, and manage private sector engagement processes. The effectiveness of the PSEF depends heavily on the ability of county departments and municipal authorities to coordinate activities, facilitate dialogue, and respond to private sector needs.

Capacity building interventions for the public sector will focus on:

I. Technical Competencies: Enhancing skills in economic analysis, private sector diagnostics, urban planning, and regulatory reform. This is particularly important given that 71% of businesses are affected by zoning constraints, which require technically sound planning and policy responses.
II. Data Management and Digital Systems: Training staff in the use of digital tools for managing the private sector database, monitoring performance, and supporting evidence-based decision-making.
III. Stakeholder Engagement and Facilitation: Building the capacity of officials to effectively manage PPDFs, including skills in negotiation, conflict resolution, and consensus building.
IV. Interdepartmental Coordination: Establishing systems and protocols that improve collaboration across departments, addressing fragmentation identified by county officials.

These interventions will strengthen the institutional foundation of the PSEF and improve the county's ability to deliver services efficiently and responsively.

3.1.4.2 Enhancing Capacity of the Private Sector

Capacity building for the private sector focuses on equipping businesses with the skills and knowledge needed to grow, compete, and participate effectively in engagement processes. Given that 59% of businesses operate within local markets, there is a clear need to support enterprises in expanding their market reach and integrating into broader value chains.

Key interventions will include:

I. Entrepreneurship and Business Management Training: Covering financial management, business planning, record-keeping, and compliance with regulatory requirements.
II. Technical Skills Development: Addressing sector-specific skills gaps to improve productivity and quality of products and services.
III. Digital Transformation: Promoting the adoption of digital tools and technologies, particularly important given the low representation of ICT-based enterprises (3%).
IV. Market Access and Value Chain Integration: Supporting businesses to access new markets, improve product standards, and participate in regional trade.
V. Financial Literacy and Access to Finance: Enhancing understanding of financial products and improving access to credit, particularly for MSMEs facing financing constraints.

These interventions will improve the competitiveness and resilience of the private sector, enabling businesses to respond to market opportunities and challenges.

3.1.4.3 Strengthening Business Associations and Intermediaries

Business associations play a critical role in facilitating engagement and representing the interests of their members. The diagnostic shows that 76% of businesses are members of associations, indicating strong potential for collective action.

However, the effectiveness of these associations varies, and there is a need to strengthen their institutional capacity. This includes:

I. Enhancing governance structures and leadership capacity
II. Building advocacy and policy engagement skills
III. Improving data collection and member services
IV. Strengthening communication and outreach mechanisms

Stronger associations will enhance the effectiveness of PPDFs, improve representation, and ensure that private sector voices are effectively articulated.

3.1.4.4 Outreach and Inclusion Strategies

Outreach is essential for ensuring that the PSEF is inclusive and reaches all segments of the private sector, particularly those that are traditionally underrepresented. The diagnostic indicates that 24% of businesses are not affiliated with formal associations, highlighting the need for targeted outreach strategies.

Outreach efforts will focus on:

I. Engaging Informal Businesses: Using community-based approaches to reach enterprises operating outside formal structures
II. Promoting Youth and Women Participation: Ensuring that marginalized groups are actively included in engagement processes
III. Decentralized Engagement: Conducting outreach at ward and municipal levels to ensure geographic inclusivity
IV. Leveraging Digital Platforms: Using mobile and online tools to expand reach and improve accessibility

These strategies ensure that the benefits of the PSEF are widely distributed and that all stakeholders have a voice in decision-making processes.

3.1.4.5 Knowledge Sharing, Learning, and Innovation

The PSEF promotes a culture of continuous learning and knowledge sharing among stakeholders. This is critical for fostering innovation, improving performance, and ensuring that the framework remains responsive to changing conditions.

Key initiatives include:

I. Documentation and dissemination of best practices
II. Peer learning and exchange programs
III. Workshops, seminars, and training sessions
IV. Collaboration with academic and research institutions

These activities enhance the capacity of stakeholders to adapt to emerging trends and challenges.

3.1.4.6 Sustainability and Institutionalization

To ensure long-term impact, capacity building and outreach activities will be integrated into existing county systems and aligned with the Kajiado County Integrated Development Plan. This integration ensures that these activities are not treated as standalone initiatives but are embedded within broader development processes.

Partnerships with development partners, training institutions, and the private sector will be leveraged to mobilize resources and ensure sustainability. The framework will also incorporate monitoring and evaluation mechanisms to track progress and assess impact.

3.1.5 COMMUNICATION AND FEEDBACK CHANNELS

Effective communication and responsive feedback mechanisms are central to the functionality, credibility, and sustainability of the Private Sector Engagement Framework (PSEF) in Kajiado County. This component establishes a structured, multi-directional communication system that ensures timely information flow, facilitates stakeholder participation, and institutionalizes feedback into policy and decision-making processes. In a context where engagement has historically been fragmented and largely informal, strengthening communication systems is essential for transforming public-private interactions into continuous, transparent, and results-oriented processes.

The need for enhanced communication systems is strongly supported by findings from the private sector diagnostic and consultations with county officials. While platforms such as public barazas, citizen forums, and stakeholder meetings exist, they are often irregular, lack structure, and do not provide systematic feedback mechanisms. County officials emphasized that these platforms, although useful, do not ensure continuity or effective follow-up, leading to gaps in implementation and limited stakeholder confidence.

From the private sector perspective, communication challenges are compounded by the structure of the business landscape. With 65% of businesses operating as sole proprietorships and 24% not affiliated with formal associations, a significant proportion of enterprises lack access to organized communication channels. Additionally, the fact that 59% of businesses operate within local markets underscores the need for localized, accessible, and context-specific communication strategies. These dynamics necessitate a comprehensive communication system that reaches diverse stakeholders across different levels of formalization and geographic locations.

I. Development of an Integrated Multi-Channel Communication System

The PSEF will establish an integrated communication system that combines digital, institutional, and community-based channels to ensure wide coverage and accessibility. This system will enable both top-down dissemination of information and bottom-up feedback from stakeholders.

Key communication channels will include:

- Digital Platforms: County and municipal websites, social media platforms, and mobile-based tools (SMS, WhatsApp groups) will be used to disseminate real-time information on policies, regulatory changes, investment opportunities, and engagement activities. These platforms are particularly effective for reaching tech-enabled businesses and urban stakeholders.
- Public-Private Dialogue Forums (PPDFs): PPDFs will serve as structured communication platforms where stakeholders can exchange information, discuss policy issues, and provide feedback in a formal setting.
- Business Associations: Leveraging the strong association networks where 76% of businesses are members to disseminate information and collect feedback from members.
- Community-Based Platforms: Barazas, ward-level meetings, and local forums will be used to reach informal and unregistered businesses, particularly in rural and peri-urban areas.
- Traditional Media: Local radio, print media, and newsletters will be used to reach stakeholders with limited access to digital platforms.

This multi-channel approach ensures that communication is inclusive, responsive, and tailored to the diverse characteristics of the private sector.

II. Institutionalization of Structured Feedback Mechanisms

A core objective of this component is to move beyond one-way communication and establish structured, institutionalized feedback systems. These systems will ensure that stakeholder input is not only collected but also analyzed, acted upon, and communicated back to stakeholders.

Key elements of the feedback system include:

- Formal Feedback Loops within PPDFs: Issues raised during forums will be documented, assigned to responsible departments, and tracked through action plans and progress reports.
- Digital Feedback Platforms: Online portals, mobile applications, and SMS systems will allow businesses to submit feedback, complaints, and suggestions in real time.
- Customer Service Desks: Dedicated desks within county and municipal offices will provide a physical point of contact for businesses to seek information and submit feedback.
- Periodic Surveys and Business Barometers: Regular surveys will be conducted to assess business satisfaction, identify emerging challenges, and monitor trends.

These mechanisms address the current gap in structured feedback systems, ensuring that engagement processes are responsive and accountable. For instance, recurring feedback on licensing challenges affecting 48% moderately and 21% significantly can be systematically tracked and addressed through targeted reforms.

III. Enhancing Transparency and Accountability through Communication

Transparency is a critical outcome of effective communication systems and a key driver of trust between the public and private sectors. The PSEF will enhance transparency by ensuring that information is openly shared and easily accessible.

This will include:

- Publishing minutes, action points, and follow-up reports from PPDFs
- Providing updates on regulatory changes, licensing processes, and service delivery improvements
- Sharing progress reports on infrastructure projects and development initiatives
- Disseminating data and insights from the private sector database and diagnostic

County officials emphasized that improving transparency is essential for strengthening governance and enhancing investor confidence. By reducing information asymmetry, the PSEF ensures that stakeholders are well-informed and able to participate effectively in decision-making processes.

IV. Targeted Communication for Inclusivity and Equity

Inclusivity is a central principle of the PSEF, and communication systems must be designed to reach all segments of the private sector. The presence of 24% of businesses outside formal associations highlights the need for deliberate and targeted communication strategies.

Targeted communication approaches will include:

- Localized Messaging: Using local languages and culturally appropriate communication methods to reach diverse communities
- Segmented Communication: Tailoring messages to specific groups such as MSMEs, women entrepreneurs, youth, and informal businesses
- Mobile Outreach: Leveraging mobile technology to reach businesses in remote or underserved areas
- Partnerships with Community Organizations: Working with local leaders, cooperatives, and NGOs to enhance outreach

These strategies ensure that communication is equitable and that all stakeholders have access to information and opportunities.

V. Integration with Data Systems and Evidence-Based Decision-Making

The communication and feedback component will be closely integrated with the private sector database and monitoring systems to ensure that information collected is used to inform decision-making. Feedback from businesses will be analyzed to identify trends, prioritize interventions, and evaluate the effectiveness of policies.

For example:

- Feedback on zoning challenges affecting 71% of businesses can inform land-use planning reforms
- Input on infrastructure constraints affecting 62% of enterprises can guide investment prioritization
- Insights on market access challenges given that 59% of businesses operate locally can support strategies for market expansion

This integration ensures that communication systems contribute to evidence-based planning and continuous improvement.

VI. Capacity Building for Communication Systems

To ensure effective implementation, capacity building will be undertaken to strengthen communication systems within county institutions and among private sector actors. This includes:

- Training county staff in communication strategies, digital tools, and stakeholder engagement
- Enhancing the capacity of business associations to disseminate information and collect feedback
- Promoting digital literacy among businesses to improve access to communication platforms

These efforts ensure that communication systems are not only established but also effectively utilized.

VII. Sustainability and Institutionalization

For long-term impact, communication and feedback systems will be institutionalized within county governance structures. This includes establishing dedicated communication units, integrating communication functions into departmental mandates, and allocating resources for ongoing operations.

Partnerships with ICT providers, development partners, and the private sector will be leveraged to support innovation and sustainability. Integration with county planning frameworks such as the Kajiado County Integrated Development Plan will ensure alignment with broader development strategies.

3.1.6 INSTITUTIONAL ARRANGEMENTS AND RESOURCE FRAMEWORK

The Institutional Arrangements and Resource Framework for the Private Sector Engagement Framework (PSEF) in Kajiado County provides the governance architecture, coordination mechanisms, and financing strategies necessary to ensure effective implementation, accountability, and sustainability. It establishes how different actors interact, how decisions are made, and how resources are mobilized and utilized. This component is aligned with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, ensuring compliance with Result Area 4 while addressing institutional and resource gaps identified in the field report.

The importance of this component is underscored by diagnostic findings and county officials' insights, which highlight fragmented coordination, limited resource allocation, and weak institutional linkages as major barriers to effective private sector engagement. These weaknesses have contributed to persistent challenges such as regulatory inefficiencies affecting 69% of businesses, zoning constraints impacting 71%, and infrastructure-related limitations affecting 62% of enterprises. The framework therefore establishes a structured and integrated institutional system to address these issues.

3.1.6.1 County-Level Strategic Leadership and Governance

At the apex of the institutional framework is the County Government of Kajiado, which provides overall leadership, policy direction, and strategic oversight. The County Executive Committee Members (CECMs), particularly those responsible for Trade, Urban Development, Finance, Infrastructure, and Planning, play a central role in ensuring that the PSEF is aligned with the county's development priorities as outlined in the Kajiado County Integrated Development Plan.

These leaders are responsible for setting policy direction, approving budgets, and championing reforms aimed at improving the business environment. Their role is critical in ensuring that private sector engagement is mainstreamed into county governance processes and that adequate resources are allocated to support implementation. Political leadership also plays a key role in building stakeholder confidence and ensuring sustained commitment to the framework.

3.1.6.2 Role of County Departments and Technical Units

County departments serve as the operational arms of the PSEF, translating policy into actionable interventions. Departments such as Trade, Urban Development, Finance, ICT, Planning, and Public Participation are responsible for implementing sector-specific components of the framework.

Their roles include integrating private sector priorities into planning and budgeting processes, addressing regulatory and infrastructure challenges, and supporting engagement platforms such as Public-Private Dialogue Forums (PPDFs). However, county officials noted that weak coordination among departments has historically led to fragmented implementation and inefficiencies.

The PSEF addresses this by promoting structured coordination mechanisms, including interdepartmental working groups and joint planning sessions. These mechanisms ensure alignment of activities, efficient use of resources, and improved service delivery outcomes.

3.1.6.3 Central Coordination through the County Project Coordination Team (CPCT)

The County Project Coordination Team (CPCT) functions as the central technical coordination unit for the PSEF. It plays a critical role in ensuring coherence, monitoring progress, and facilitating communication across different levels of governance.

The CPCT is responsible for coordinating the implementation of all PSEF components, ensuring compliance with KUSP II requirements, and managing reporting and monitoring processes. It also serves as a link between county departments, municipal authorities, and national government institutions.

This role is particularly important in ensuring that interventions are aligned with diagnostic findings, such as addressing zoning challenges affecting 71% of businesses and infrastructure constraints affecting 62% of enterprises. By providing centralized coordination, the CPCT enhances efficiency, accountability, and consistency in implementation.

3.1.6.4 Municipal Boards and Urban-Level Implementation

Municipal Boards and Municipal Managers are the primary implementation units for the PSEF at the local level. Established under the Urban Areas and Cities Act, these entities are responsible for managing urban development and delivering services.

Their roles include operationalizing PPDFs, maintaining the private sector database, coordinating infrastructure development, and addressing local business challenges. Given that many of the constraints identified in the diagnostic such as access to business premises (62%) and zoning challenges (71%) are linked to urban planning, municipal structures play a critical role in translating policy into tangible outcomes.

Decentralizing implementation to the municipal level enhances responsiveness, ensures context-specific solutions, and strengthens engagement with local stakeholders.

3.1.6.5 Role of the Private Sector and Business Associations

The private sector is a central actor in the PSEF, participating actively in engagement processes and contributing to economic development. Business associations play a key role in representing the interests of their members and facilitating communication.

The diagnostic indicates that 76% of businesses are members of associations, highlighting the importance of these organizations as platforms for structured engagement. Through their participation in PPDFs and other mechanisms, associations contribute to policy formulation, provide feedback, and support capacity building initiatives.

At the same time, the framework recognizes the need to engage the 24% of businesses outside formal associations, ensuring that informal and marginalized enterprises are included. This inclusive approach enhances representation and ensures that policies reflect the needs of all stakeholders.

3.1.6.6 National Government and Development Partners

National government institutions provide policy guidance, technical support, and oversight, ensuring alignment with national development priorities. Their involvement is critical in maintaining consistency with national frameworks and standards.

Development partners contribute financial resources, technical expertise, and knowledge sharing. These partnerships enhance the county's capacity to implement complex interventions and introduce best practices in private sector engagement.

3.1.6.7 Resource Mobilization and Financing Framework

The resource framework outlines the financial mechanisms required to support the implementation of the PSEF. A diversified approach is adopted, combining multiple funding sources to ensure sustainability.

Key sources include county budget allocations, KUSP II Urban Development Grants, development partner support, and public-private partnerships. Integrating PSEF activities into county budgets ensures long-term sustainability, while KUSP II grants provide significant funding for infrastructure and development projects.

The importance of adequate resource allocation is highlighted by diagnostic findings, particularly infrastructure challenges affecting 62% of businesses. Addressing these challenges requires substantial investment, which the resource framework seeks to mobilize.

3.1.6.8 Coordination, Monitoring, and Accountability Mechanisms

Effective implementation of the PSEF requires strong coordination and accountability mechanisms. These include regular coordination meetings, performance reviews, and reporting systems aligned with KUSP II requirements.

Monitoring and evaluation systems will track progress, assess impact, and inform decision-making. Feedback mechanisms integrated into communication systems will ensure transparency and accountability to stakeholders.

These mechanisms address existing coordination gaps and enhance the effectiveness of the framework.

3.1.6.9 Sustainability and Institutionalization

Sustainability is achieved through embedding the PSEF within existing county systems and processes. By aligning the framework with planning instruments such as the Kajiado County Integrated Development Plan, the county ensures long-term continuity and relevance.

Capacity building, partnerships, and adaptive management approaches further enhance sustainability, enabling the framework to respond to evolving challenges and opportunities.

3.2 ENABLERS FOR EFFECTIVE AND SUSTAINED PRIVATE SECTOR ENGAGEMENT

The effectiveness and long-term sustainability of the Private Sector Engagement Framework (PSEF) in Kajiado County depend on a comprehensive set of enabling conditions that go beyond institutional structures and formal processes. These enablers create the ecosystem within which engagement becomes continuous, inclusive, adaptive, and impactful. In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, these enabling factors ensure that the framework is not only operational but also resilient to evolving economic, institutional, and social dynamics.

The private sector diagnostic and county officials' consultations provide a strong empirical foundation for identifying these enablers. The findings reveal structural inefficiencies and systemic barriers, including regulatory challenges affecting 69% of businesses, zoning constraints impacting 71%, infrastructure limitations affecting 62% of enterprises, and skills gaps reported by 60% of businesses. Additionally, the private sector is largely composed of micro and informal enterprises, with 65% operating as sole proprietorships and 24% not affiliated with formal associations, which complicates engagement efforts and necessitates targeted outreach strategies. County officials further highlighted institutional weaknesses such as fragmented coordination, weak communication systems, and limited technical capacity.

Addressing these challenges requires a deliberate focus on enabling conditions that strengthen governance, improve coordination, enhance inclusivity, and ensure sustained resource availability.

3.2.1 STRATEGIC POLITICAL LEADERSHIP AND POLICY COMMITMENT

Strong political leadership is a cornerstone of effective private sector engagement. In Kajiado County, the commitment of the County Executive Committee Members (CECMs) is critical in ensuring that the PSEF is prioritized within the county's development agenda and integrated into planning frameworks such as the Kajiado County Integrated Development Plan.

Political leadership provides the authority and momentum needed to drive reforms, particularly in addressing systemic regulatory challenges affecting 69% of businesses. It also plays a key role in mobilizing resources, fostering interdepartmental coordination, and building trust among private sector stakeholders. Sustained political commitment ensures continuity of the framework beyond administrative cycles and enhances its institutional legitimacy.

3.2.2 INSTITUTIONAL COORDINATION AND WHOLE-OF-GOVERNMENT APPROACH

Effective engagement requires seamless coordination across county departments and levels of governance. The diagnostic and consultations indicate that fragmented mandates and weak coordination have historically limited the effectiveness of private sector interventions.

The PSEF promotes a whole-of-government approach, where departments such as Trade, Urban Development, Finance, Planning, and ICT work collaboratively to address cross-cutting issues. This is particularly important for addressing challenges such as zoning constraints affecting 71% of businesses and infrastructure gaps affecting 62%, which require coordinated action across multiple sectors.

Through structured coordination mechanisms, including interdepartmental committees and joint planning processes, the framework ensures alignment of policies, efficient resource utilization, and improved service delivery.

3.2.3 DATA SYSTEMS AND CONTINUOUS EVIDENCE GENERATION

A robust data ecosystem is a critical enabler for effective engagement. The establishment of a private sector database and the continuous updating of the diagnostic ensure that decisions are informed by accurate and up-to-date information.

The diagnostic highlights key characteristics of the private sector, including the dominance of sole proprietorships (65%), high association membership (76%), and concentration of businesses in local markets (59%). These insights are essential for designing targeted interventions and monitoring progress.

Continuous data generation and analysis enable the county to identify emerging trends, assess the impact of interventions, and adapt strategies accordingly. This ensures that the PSEF remains dynamic and responsive to changing conditions.

3.2.4 INSTITUTIONALIZED DIALOGUE AND TRUST-BUILDING MECHANISMS

The institutionalization of Public-Private Dialogue Forums (PPDFs) is a key enabler for sustained engagement. These forums provide structured platforms for regular interaction, enabling stakeholders to collaboratively identify challenges, develop solutions, and monitor implementation.

Despite strong association membership (76%), engagement in Kajiado County has historically been informal and inconsistent. PPDFs address this gap by providing predictable and structured engagement processes that enhance transparency, accountability, and trust.

Trust-building is particularly important in overcoming historical skepticism and ensuring active participation from the private sector. Through consistent engagement and demonstrable outcomes, PPDFs strengthen relationships and foster a culture of collaboration.

3.2.5 CAPACITY DEVELOPMENT AND KNOWLEDGE ENHANCEMENT

Capacity constraints remain a significant barrier to effective engagement. The diagnostic indicates that 60% of businesses face skills gaps, particularly in technical, managerial, and digital competencies.

Capacity development is therefore essential for empowering both public and private sector actors. For the private sector, this includes enhancing business management skills, improving access to market information, and promoting innovation. For the public sector, it involves strengthening technical expertise, improving data management capabilities, and enhancing stakeholder engagement skills.

By building capacity across all stakeholders, the PSEF ensures that engagement processes are meaningful, informed, and productive.

3.2.6 INCLUSIVE ENGAGEMENT AND TARGETED OUTREACH

Inclusivity is a fundamental principle and enabler of the PSEF. The presence of 24% of businesses outside formal associations highlights the need for deliberate outreach strategies to ensure that all stakeholders are represented.

The framework promotes inclusive engagement through decentralized platforms, targeted communication strategies, and partnerships with community organizations. Special attention is given to marginalized groups, including women, youth, and informal enterprises.

By ensuring broad participation, the PSEF enhances the legitimacy of engagement processes and ensures that policies reflect the diverse needs of the private sector.

3.2.7 INTEGRATED COMMUNICATION AND FEEDBACK ECOSYSTEM

Effective communication is essential for sustaining engagement and ensuring accountability. The diagnostic and consultations reveal that existing communication systems are fragmented and lack structured feedback mechanisms.

The PSEF establishes a multi-channel communication system that integrates digital platforms, institutional mechanisms, and community-based approaches. Structured feedback loops ensure that stakeholder input is systematically captured, analyzed, and acted upon.

This integrated approach enhances transparency, improves responsiveness, and strengthens trust between the public and private sectors.

3.2.8 SUSTAINABLE FINANCING AND RESOURCE MOBILIZATION

Adequate and sustainable financing is a critical enabler of the PSEF. The framework adopts a diversified resource mobilization strategy that includes county budget allocations, KUSP II grants, development partner support, and private sector contributions.

The importance of this enabler is highlighted by infrastructure challenges affecting 62% of businesses, which require significant investment. By ensuring consistent and adequate funding, the framework supports the implementation of high-impact interventions and ensures continuity of engagement activities.

3.2.9 REGULATORY REFORM AND BUSINESS ENVIRONMENT IMPROVEMENT

A conducive regulatory environment is essential for encouraging private sector participation and investment. The diagnostic indicates that 69% of businesses face regulatory challenges, highlighting the need for reforms.

The PSEF supports regulatory reforms aimed at simplifying licensing processes, improving zoning regulations, and enhancing transparency. These reforms reduce the cost of doing business, improve predictability, and create a more attractive investment climate.

3.2.10 MONITORING, EVALUATION, AND ADAPTIVE LEARNING

Continuous monitoring and evaluation are essential for ensuring the effectiveness and sustainability of the PSEF. This includes tracking performance, measuring outcomes, and identifying areas for improvement.

Adaptive learning mechanisms enable the framework to evolve in response to feedback and changing conditions. By integrating monitoring and evaluation into all components of the PSEF, the county ensures continuous improvement and long-term impact.

3.3 CHALLENGES, RISKS AND MITIGATION STRATEGIES

The implementation of the Private Sector Engagement Framework (PSEF) in Kajiado County presents a transformative opportunity to strengthen collaboration between the public and private sectors, improve the business environment, and drive inclusive economic growth. However, the success of the framework is contingent upon effectively identifying, understanding, and managing a range of institutional, economic, operational, and environmental risks. Drawing from the private sector diagnostic, county officials' consultations, and the requirements of the Kenya Urban Support Programme II, this section provides a comprehensive analysis of the key challenges and risks, alongside targeted mitigation strategies.

The diagnostic findings highlight significant systemic constraints, including regulatory challenges affecting 69% of businesses, zoning constraints impacting 71%, infrastructure access challenges affecting 62%, and skills gaps reported by 60% of businesses. Additionally, the structure of the private sector characterized by 65% sole proprietorships and 24% of businesses outside formal associations introduces challenges related to inclusivity, representation, and scalability. County officials further identified governance, coordination, and communication gaps as critical barriers to effective engagement.

Table 2 Summary of Challenges, Risks, And Mitigation Strategies

Challenge/Risk	Implications	Mitigation Strategy
Weak institutional coordination	Fragmented implementation	Establish CPCT and coordination mechanisms
Regulatory inefficiencies (69%)	Increased business costs	Streamline licensing and reforms
Zoning constraints (71%)	Limited business expansion	Improve land-use planning
Infrastructure gaps (62%)	Reduced productivity	Invest in infrastructure, PPPs
Skills gaps (60%)	Low competitiveness	Capacity building programs
Exclusion (24%)	Limited inclusivity	Targeted outreach
Communication gaps	Weak engagement	Multi-channel communication systems
Financial constraints	Limited implementation	Diversified funding
Market limitations (59%)	Low growth	Market diversification
Environmental risks	Business disruption	Climate-resilient planning

the challenges and risks facing the implementation of the PSEF in Kajiado County are significant but manageable through well-designed mitigation strategies. By addressing institutional, regulatory, infrastructure, capacity, and financial constraints supported by evidence from the diagnostic the framework ensures resilience and adaptability.

Through proactive risk management, strong governance, and continuous engagement, the PSEF is positioned to overcome these challenges and deliver sustainable and inclusive economic development outcomes for Kajiado County

3.3.1 INSTITUTIONAL FRAGMENTATION AND COORDINATION RISKS

A major challenge affecting the PSEF is weak institutional coordination across county departments and levels of governance. County officials noted that fragmented mandates and overlapping responsibilities have historically resulted in inefficiencies, duplication of efforts, and inconsistent policy implementation.

This fragmentation poses a significant risk to the PSEF, particularly in addressing cross-cutting issues such as zoning constraints affecting 71% of businesses and infrastructure challenges affecting 62% of enterprises, which require coordinated action across multiple departments.

If not addressed, this risk could lead to delayed implementation, reduced effectiveness of interventions, and stakeholder dissatisfaction. To mitigate this, the PSEF establishes clear institutional arrangements, including defined roles for county departments, municipal boards, and the County Project Coordination Team (CPCT). Structured coordination mechanisms such as interdepartmental committees and joint planning sessions will ensure alignment of activities and efficient use of resources.

3.3.2 REGULATORY INEFFICIENCIES AND POLICY CONSTRAINTS

Regulatory challenges remain a critical barrier to private sector growth and engagement. The diagnostic indicates that 48% of businesses experience moderate licensing challenges and 21% face significant difficulties, reflecting inefficiencies in regulatory systems.

These challenges increase the cost of doing business, discourage formalization, and undermine investor confidence. They also pose a risk to engagement, as unresolved regulatory issues may lead to frustration among stakeholders and reduced participation in PPDFs.

Mitigation strategies include simplifying licensing processes, enhancing transparency, and improving coordination among regulatory agencies. The PSEF also leverages structured dialogue through PPDFs to identify and address regulatory bottlenecks in a timely manner, ensuring that reforms are responsive to private sector needs.

3.3.3 INFRASTRUCTURE DEFICITS AND SERVICE DELIVERY RISKS

Infrastructure gaps represent one of the most significant challenges to private sector development in Kajiado County. The diagnostic reveals that 62% of businesses face difficulties accessing business premises, while municipal service delivery is inconsistent, with a notable proportion of businesses rating services as poor.

These deficits limit productivity, increase operational costs, and reduce the attractiveness of the county as an investment destination. They also create a risk that private sector actors may disengage from PSEF processes if immediate operational challenges are not addressed.

The PSEF mitigates this risk by integrating private sector input into infrastructure planning and prioritization. Investments will be aligned with business needs, leveraging funding from KUSP II and other sources. Public-private partnerships (PPPs) will also be explored to mobilize additional resources and enhance service delivery.

3.3.4 LIMITED CAPACITY AND SKILLS CONSTRAINTS

Capacity limitations on both the public and private sides pose a significant risk to the effectiveness of the PSEF. The diagnostic indicates that 60% of businesses report skills gaps, particularly in technical and managerial competencies.

These gaps reduce the ability of businesses to participate effectively in engagement processes and to take advantage of opportunities arising from the framework. On the public side, limited technical capacity may affect the quality of policy design, data management, and stakeholder engagement.

Mitigation strategies include comprehensive capacity building programs targeting both sectors. For businesses, this includes training in business management, digital skills, and market access. For county officials, it includes technical training, data analysis, and facilitation skills.

3.3.5 INCLUSIVITY AND REPRESENTATION RISKS

Ensuring inclusive participation is a major challenge, particularly given that 24% of businesses are not affiliated with formal associations and may therefore be excluded from engagement platforms.

This exclusion poses a risk to the legitimacy and effectiveness of the PSEF, as policies may not fully reflect the needs of all stakeholders. It may also result in unequal access to opportunities and benefits.

To mitigate this risk, the PSEF incorporates targeted outreach strategies, decentralized engagement platforms, and inclusive communication mechanisms. These efforts ensure that informal businesses, youth, women, and other marginalized groups are actively engaged.

3.3.6 COMMUNICATION AND INFORMATION ASYMMETRY RISKS

Weak communication systems and lack of structured feedback mechanisms pose a risk to stakeholder engagement and trust. County officials noted that existing communication platforms are fragmented and do not provide consistent or timely information.

This can lead to information gaps, misunderstandings, and reduced participation in engagement processes. It may also hinder accountability and transparency.

The PSEF addresses this by establishing integrated communication systems that combine digital, institutional, and community-based channels. Structured feedback mechanisms ensure that stakeholder input is captured, analyzed, and acted upon.

3.3.7 FINANCIAL AND RESOURCE CONSTRAINTS

Limited financial resources represent a significant risk to the implementation and sustainability of the PSEF. While KUSP II provides funding opportunities, reliance on external funding may pose sustainability challenges.

The need for adequate resources is highlighted by infrastructure challenges affecting 62% of businesses, which require substantial investment.

Mitigation strategies include integrating PSEF activities into county budgets, diversifying funding sources, and promoting PPPs. Efficient resource allocation and monitoring systems will ensure optimal use of available resources.

3.3.8 MARKET AND ECONOMIC RISKS

Market-related risks include limited market access, sectoral concentration, and economic volatility. The diagnostic shows that 59% of businesses operate within local markets, indicating limited diversification and exposure to broader markets.

This concentration increases vulnerability to local economic shocks and limits growth potential. It may also affect the ability of businesses to engage effectively in PSEF processes.

Mitigation strategies include promoting market diversification, supporting value chain development, and enhancing access to regional and national markets.

3.3.9 ENVIRONMENTAL AND CLIMATE RISKS

Environmental risks such as drought and flooding pose significant challenges to business operations and infrastructure. County officials identified these risks as key concerns affecting economic activities.

The PSEF integrates climate-resilient planning and promotes sustainable business practices to mitigate these risks. This includes investments in resilient infrastructure and support for green business initiatives.

3.3.10 MONITORING, EVALUATION, AND IMPLEMENTATION RISKS

Weak monitoring and evaluation systems pose a risk to the effectiveness of the PSEF, as they limit the ability to track progress, assess impact, and adapt strategies.

To mitigate this, the framework incorporates robust monitoring and evaluation mechanisms aligned with KUSP II requirements. These systems enable continuous learning and improvement, ensuring that the framework remains responsive to changing conditions.

3.4 PERFORMANCE AND ACCOUNTABILITY FRAMEWORK

The Performance and Accountability Framework for the Private Sector Engagement Framework (PSEF) in Kajiado County establishes a comprehensive system for tracking implementation, measuring results, strengthening transparency, and ensuring that all stakeholders public and private are held accountable for their roles. It operationalizes a results-oriented approach to engagement, ensuring that the PSEF moves beyond process-driven participation to deliver measurable improvements in the business environment, service delivery, and economic outcomes. This framework is aligned with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, which emphasize evidence-based planning, performance tracking, and institutional accountability.

The need for a strengthened performance and accountability system is clearly highlighted in the Kajiado private sector diagnostic and county officials' consultations. The diagnostic reveals persistent systemic constraints, including regulatory challenges affecting 69% of businesses, zoning constraints impacting 71%, infrastructure access challenges affecting 62% of enterprises, and skills gaps reported by 60% of businesses. These challenges are dynamic and interrelated, requiring continuous monitoring to ensure that interventions are effective and responsive. County officials further noted that existing monitoring systems are weak, data is not consistently used in decision-making, and feedback loops are often incomplete.

Purpose and Strategic Objectives of the Framework

The Performance and Accountability Framework is designed to ensure that the PSEF delivers tangible and measurable outcomes. Its primary purpose is to create a structured system through which performance is tracked, progress is assessed, and corrective actions are taken in a timely manner.

The key objectives of the framework are to:

- Monitor the implementation of PSEF components and activities in real time
- Measure outcomes related to business environment improvement and private sector growth
- Strengthen accountability across county institutions, municipal structures, and private sector actors
- Facilitate evidence based decision making and adaptive management
- Enhance transparency and build trust between stakeholders

By aligning these objectives with county priorities and national requirements, the framework ensures that performance management contributes directly to development outcomes.

3.4.1 RESULTS-BASED MANAGEMENT APPROACH

The framework adopts a results-based management (RBM) approach that links inputs, activities, outputs, outcomes, and long-term impacts. This approach ensures that every intervention under the PSEF contributes to clearly defined results and that progress can be systematically measured.

At the input level, resources such as funding, technical expertise, and institutional capacity are mobilized. These inputs support activities such as the establishment of PPDFs, development of databases, and capacity building programs. Outputs include tangible deliverables such as functional dialogue platforms, improved data systems, and trained stakeholders. Outcomes focus on changes in the business environment, including reduced regulatory barriers and improved service delivery, while impacts relate to broader economic growth, investment, and job creation.

For example, addressing licensing challenges where 48% of businesses report moderate difficulties and 21% report significant challenges is expected to lead to improved regulatory efficiency, increased business formalization, and enhanced investment. Similarly, interventions targeting zoning constraints affecting 71% of businesses are expected to improve land-use planning and access to business premises.

3.4.2 KEY PERFORMANCE INDICATORS AND TARGETS

To operationalize the RBM approach, the framework establishes a set of Key Performance Indicators (KPIs) that are aligned with diagnostic findings, county priorities, and KUSP II performance requirements. These indicators provide measurable benchmarks for assessing progress and impact.

Key indicators include:

- Reduction in regulatory bottlenecks, particularly licensing challenges (baseline: 69% affected)
- Reduction in zoning-related constraints (baseline: 71%)
- Improvement in access to business premises (baseline: 62% affected)
- Increase in participation in PPDFs and stakeholder engagement processes
- Expansion of market access beyond local markets (baseline: 59% of businesses operate locally)
- Reduction in skills gaps among businesses (baseline: 60%)
- Improvement in service delivery ratings across municipalities

These indicators are disaggregated by sector, location, and business size to ensure inclusivity and targeted monitoring.

3.4.3 DATA COLLECTION, MANAGEMENT, AND INTEGRATION SYSTEMS

A robust data system is central to the effectiveness of the performance framework. The private sector database and diagnostic tools serve as primary sources of data, providing both baseline and continuous performance information.

Data collection is conducted through multiple channels, including:

- Business surveys and periodic assessments
- Feedback from PPDFs and stakeholder consultations
- Administrative records from county departments and municipalities
- Digital platforms and communication systems

The diagnostic highlights the importance of data in understanding the private sector landscape, including the dominance of sole proprietorships (65%), strong association membership (76%), and localized market operations (59%).

Data management systems will be integrated into county ICT infrastructure, ensuring accessibility, accuracy, and real-time analysis. This integration enables timely reporting and supports evidence-based decision-making.

3.4.4 INSTITUTIONAL ROLES IN PERFORMANCE MANAGEMENT

Clear institutional roles are essential for accountability. The framework assigns responsibilities across different levels of governance to ensure effective performance management.

The County Executive provides strategic oversight and ensures alignment with policy priorities. County departments are responsible for data collection, implementation of activities, and reporting on performance. The County Project Coordination Team (CPCT) coordinates monitoring and evaluation processes, ensuring consistency and compliance with KUSP II requirements. Municipal boards play a critical role in tracking local-level performance and engaging stakeholders, while private sector actors contribute feedback and participate in evaluation processes.

This multi-level approach ensures shared accountability and promotes collaboration across institutions.

3.4.5 MONITORING, EVALUATION, AND REPORTING MECHANISMS

The framework establishes a comprehensive monitoring and evaluation (M&E) system that tracks progress, assesses impact, and informs decision-making. Monitoring is conducted on a continuous basis, while evaluations are carried out periodically to assess outcomes and effectiveness.

Reporting mechanisms include:

- Quarterly performance reports detailing progress and challenges

- Annual evaluation reports assessing outcomes and impacts
- Compliance reports aligned with KUSP II requirements

These reports provide a structured basis for reviewing performance and identifying areas for improvement.

3.4.6 FEEDBACK LOOPS AND ADAPTIVE MANAGEMENT

A key strength of the framework is the integration of feedback mechanisms that support continuous learning and adaptive management. Feedback from stakeholders collected through PPDFs, surveys, and communication platforms is systematically analyzed and used to refine interventions.

This is particularly important in addressing evolving challenges such as infrastructure constraints affecting 62% of businesses and skills gaps affecting 60%, which require ongoing adjustments.

Adaptive management ensures that the PSEF remains flexible, responsive, and effective in a dynamic economic environment.

3.4.7 TRANSPARENCY AND PUBLIC ACCOUNTABILITY

Transparency is a core principle of the performance framework. The PSEF promotes transparency through open access to information, public dissemination of reports, and regular stakeholder engagement.

Performance reports, meeting outcomes, and progress updates will be shared with stakeholders, ensuring that they are informed and able to track progress. County officials emphasized that improving transparency is critical for building trust and enhancing accountability.

This approach strengthens public confidence and encourages active participation in engagement processes.

3.4.8 RISK MANAGEMENT AND COMPLIANCE

The framework incorporates risk management mechanisms to identify, monitor, and address potential risks. These include institutional risks, financial constraints, and stakeholder engagement challenges.

Compliance with KUSP II requirements is also a key component, ensuring that the county meets performance indicators and qualifies for funding and technical support.

3.4.9 INTEGRATION WITH COUNTY PLANNING AND DEVELOPMENT FRAMEWORKS

To ensure sustainability, the Performance and Accountability Framework is integrated into broader county planning systems, including the Kajiado County Integrated Development Plan. This alignment ensures that performance management supports overall development objectives and benefits from institutional continuity.

4.0 PSEF CONSIDERATIONS FOR SUSTAINABILITY

Sustainability is a defining pillar of the Private Sector Engagement Framework (PSEF) for Kajiado County, ensuring that engagement mechanisms remain functional, responsive, and impactful beyond initial implementation phases and external program support. The PSEF is designed not as a one-off intervention, but as an embedded system within county governance that continuously facilitates structured dialogue, informs policy, and drives inclusive economic growth. In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, sustainability considerations focus on institutionalization, financial resilience, stakeholder ownership, adaptive capacity, and long-term policy alignment.

The Kajiado private sector diagnostic and county officials' consultations provide a strong empirical foundation for these considerations. Quantitative findings highlight systemic constraints, including regulatory challenges affecting 69% of businesses, zoning constraints impacting 71%, infrastructure limitations affecting 62% of enterprises, and skills gaps reported by 60% of businesses. Qualitative insights from county officials further point to fragmented coordination, weak communication systems, limited technical capacity, and inadequate data utilization as key barriers to sustainability. These findings underscore the need for a comprehensive and integrated approach to sustaining the PSEF.

4.1 INSTITUTIONALIZATION WITHIN COUNTY SYSTEMS AND GOVERNANCE STRUCTURES

A core sustainability consideration is the institutionalization of the PSEF within existing county governance systems. The framework must be embedded within planning, budgeting, and service delivery processes to ensure continuity and ownership. Aligning the PSEF with the Kajiado County Integrated Development Plan ensures that private sector engagement is recognized as a strategic priority within the county's development agenda.

Qualitative data from county officials indicates that past initiatives have struggled due to lack of institutional anchoring, resulting in discontinuity once external support ends. By integrating PSEF functions into departmental mandates and municipal operations, the county ensures that engagement becomes a routine function rather than a project-based activity.

Institutionalization also strengthens accountability, as roles and responsibilities are clearly defined and embedded within governance structures.

4.2 STRENGTHENING INSTITUTIONAL CAPACITY AND COORDINATION

Sustainability is heavily dependent on the capacity of institutions to implement and manage engagement processes effectively. The diagnostic reveals that capacity constraints exist both within the private sector and county institutions. While 60% of businesses report skills gaps, county officials also noted limited technical expertise and weak coordination mechanisms.

These capacity gaps affect the ability to address key challenges such as zoning constraints affecting 71% of businesses and infrastructure issues affecting 62%, which require coordinated, technically sound interventions.

Sustainability therefore requires continuous investment in capacity building, including technical training, data management skills, and stakeholder engagement competencies. Strengthening coordination structures such as the County Project Coordination Team (CPCT) and interdepartmental committees ensures alignment of activities and efficient resource utilization.

4.3 FINANCIAL SUSTAINABILITY AND DIVERSIFIED RESOURCE MOBILIZATION

Financial sustainability is a critical determinant of the long-term viability of the PSEF. While initial implementation may be supported by KUSP II grants, reliance on external funding poses a risk to continuity.

The diagnostic highlights the scale of investment required, particularly in addressing infrastructure challenges affecting 62% of businesses. Without sustained financing, key interventions such as infrastructure development, capacity building, and engagement platforms may not be maintained.

The PSEF addresses this through a diversified financing strategy that includes integration into county budgets, leveraging KUSP II funding, mobilizing development partner support, and promoting public-private partnerships

(PPPs). County officials emphasized the need for improved resource allocation and financial planning to support long-term implementation.

Efficient financial management and transparency further enhance sustainability by ensuring that resources are used effectively and that stakeholders have confidence in the system.

4.3.1 STAKEHOLDER OWNERSHIP, TRUST, AND PARTICIPATION

Sustainability is closely linked to the level of ownership and participation among stakeholders. The diagnostic indicates strong association membership (76% of businesses), providing a foundation for structured engagement. However, the presence of 24% of businesses outside formal associations highlights the need for inclusive engagement strategies.

Qualitative feedback from stakeholders suggests that trust in government processes is influenced by the responsiveness and transparency of engagement mechanisms. When stakeholders perceive that their input leads to tangible outcomes, they are more likely to remain engaged.

Sustainability therefore requires building trust through consistent engagement, transparent communication, and demonstrable results. Inclusive participation ensures that all segments of the private sector including informal businesses, women, and youth are represented and benefit from the framework.

4.3.2 DATA SYSTEMS, KNOWLEDGE MANAGEMENT, AND CONTINUOUS LEARNING

Robust data systems are essential for sustaining the PSEF. The private sector database and diagnostic tools provide critical insights into the structure and dynamics of the private sector, including the dominance of sole proprietorships (65%) and the concentration of businesses in local markets (59%).

Qualitative findings indicate that data is not consistently used in decision-making, limiting the effectiveness of interventions. Sustainability requires integrating data systems into county ICT infrastructure, ensuring continuous data collection, analysis, and utilization.

Knowledge management systems and learning platforms enable stakeholders to share experiences, adopt best practices, and innovate. Continuous learning ensures that the framework remains responsive to emerging trends and challenges.

4.3.3 INCLUSIVE AND ADAPTIVE ENGAGEMENT MECHANISMS

The diversity of the private sector in Kajiado County necessitates engagement mechanisms that are both inclusive and adaptive. The presence of informal enterprises and businesses outside formal associations (24%) requires targeted outreach and flexible engagement approaches.

Adaptive engagement mechanisms allow the PSEF to respond to changing economic conditions, market dynamics, and stakeholder needs. For example, the concentration of businesses in local markets (59%) highlights the need for strategies that support market expansion and diversification.

Inclusivity and adaptability enhance the relevance and effectiveness of the framework, ensuring that it remains responsive over time.

4.3.4 REGULATORY ENVIRONMENT AND POLICY CONTINUITY

A supportive and predictable regulatory environment is essential for sustaining private sector engagement. The diagnostic indicates that 69% of businesses face regulatory challenges, while zoning constraints affect 71%, highlighting the need for continuous policy reforms.

Qualitative feedback from county officials emphasizes the need for improved policy coordination and consistency. Sustainability requires institutionalizing regulatory reforms and ensuring alignment with national policies.

A stable regulatory environment enhances investor confidence, encourages business growth, and supports sustained engagement.

4.3.5 COMMUNICATION SYSTEMS AND FEEDBACK LOOPS

Effective communication and feedback mechanisms are critical for sustaining engagement. County officials noted that existing communication systems are fragmented and lack structured feedback loops.

The PSEF addresses this by establishing integrated communication systems that ensure continuous information flow and responsiveness. Feedback mechanisms enable stakeholders to provide input and track responses, enhancing accountability and trust.

Sustained communication ensures that stakeholders remain informed and engaged, supporting the long-term viability of the framework.

4.3.6 ENVIRONMENTAL AND SOCIAL SUSTAINABILITY CONSIDERATIONS

Environmental and social factors play a significant role in the sustainability of the PSEF. County officials identified environmental risks such as drought and flooding as key challenges affecting business operations.

The framework promotes climate-resilient infrastructure and sustainable business practices, ensuring that economic development is environmentally sustainable. Social sustainability is achieved through inclusive engagement and equitable distribution of benefits.

4.3.7 MONITORING, EVALUATION, AND ADAPTIVE MANAGEMENT

Continuous monitoring and evaluation are essential for sustaining the PSEF. These systems enable the county to track progress, assess impact, and adapt strategies based on evidence.

Adaptive management is particularly important in addressing dynamic challenges such as skills gaps affecting 60% of businesses and infrastructure constraints affecting 62%, which require ongoing adjustments.

By integrating monitoring and evaluation into all components of the PSEF, the county ensures continuous improvement and long-term impact.

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6.0 ANNEXES

The development of the Private Sector Engagement Framework (PSEF) for KajiadoCounty is anchored within a robust multi-level legislative and policy framework that spans national laws, county regulations, and program-specific requirements under KUSP II. These legal instruments collectively define the institutional mandates, participation mechanisms, data governance requirements, and performance obligations necessary for effective private sector engagement.

ANNEX 1: Summary of the relevant legislation

The Private Sector Engagement Framework (PSEF) for Kajiado County is anchored in a robust and multi-layered legal and policy environment that governs public administration, urban development, economic planning, and stakeholder participation in Kenya. This legal architecture ensures that private sector engagement is not discretionary, but rather a structured and legally supported function of county governance. In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, the PSEF draws from both national legislation and county-level planning instruments to create a coherent and enforceable framework for engagement.

Table 3 Relevant Legislation and Linkages to PSEF

Legislation/Policy	Key Provisions	Relevance to PSEF	Link to Field Findings
Constitution of Kenya	Devolution, public participation, governance principles	Legal basis for stakeholder engagement and county roles	Supports inclusive engagement (addresses 24% non-affiliated businesses)
Urban Areas and Cities Act	Urban governance, municipal boards	Enables urban-level engagement and planning	Addresses zoning challenges (71%)
County Governments Act	Public participation, planning	Supports inclusive and decentralized engagement	Enhances outreach to informal sector
Public Finance Management Act	Budgeting, financial accountability	Ensures funding and accountability	Supports infrastructure investment (62%)
Public Procurement and Asset Disposal Act	Procurement processes	Enables private sector participation in projects	Promotes business opportunities
Physical and Land Use Planning Act	Spatial planning, zoning	Addresses land-use constraints	Resolves zoning issues (71%)
Micro and Small Enterprises Act	MSME support	Promotes entrepreneurship and capacity building	Supports majority sole proprietorships (65%)
Investment Promotion Act	Investment facilitation	Attracts private sector investment	Enhances economic growth
Kajiado County Integrated Development Plan	Development planning	Aligns PSEF with county priorities	Ensures sustainability

The importance of this legislative alignment is reinforced by findings from the Kajiado private sector diagnostic and consultations with county officials. Quantitative data highlights persistent systemic challenges, including regulatory inefficiencies affecting 69% of businesses, zoning constraints impacting 71%, infrastructure limitations affecting 62% of enterprises, and skills gaps reported by 60% of businesses. Qualitative insights further reveal gaps in policy coordination, enforcement, and institutional capacity, which have historically limited the effectiveness of private sector engagement. These realities underscore the need for a strong legal foundation to guide reforms, strengthen accountability, and ensure sustainability.

I. Constitutional and Governance Framework

At the apex of the legal framework is the Constitution of Kenya, which provides the overarching principles guiding governance, devolution, and public participation. The Constitution establishes county governments as key actors in economic development and service delivery, thereby creating the institutional basis for localized private sector engagement.

The principles of public participation enshrined in Articles 10 and 196 provide a legal obligation for counties to involve stakeholders including the private sector in decision-making processes. This directly supports the establishment of Public-Private Dialogue Forums (PPDFs) and other engagement platforms under the PSEF. Furthermore, the Constitution's emphasis on economic and social rights reinforces the role of government in creating an enabling environment for business growth and investment.

II. Legal Framework for Urban Governance and Planning

The Urban Areas and Cities Act provides the legal foundation for urban governance, including the establishment of Municipal Boards and urban management structures. These entities are central to the implementation of the PSEF at the local level, as they are responsible for urban planning, service delivery, and stakeholder engagement.

This Act is particularly relevant in addressing zoning and land-use challenges, which affect 71% of businesses in Kajiado County. By mandating stakeholder participation in urban planning processes, the Act supports the integration of private sector perspectives into land-use decisions and infrastructure development.

Complementing this is the Physical and Land Use Planning Act, which provides detailed procedures for spatial planning, zoning, and development control. The Act enables counties to develop integrated spatial plans that align with economic development objectives. Its provisions are critical in addressing constraints related to access to business premises, which affect 62% of enterprises.

III. County Governance and Public Participation

The County Governments Act operationalizes devolution and provides a framework for county governance, planning, and public participation. It mandates counties to establish mechanisms for stakeholder engagement and to integrate public input into development planning processes.

This Act is particularly important for ensuring inclusivity in the PSEF, especially given that 24% of businesses are not affiliated with formal associations and may otherwise be excluded from engagement processes. Through decentralized governance structures, the Act enables engagement at the ward and community levels, ensuring that all stakeholders have a voice.

IV. Public Finance and Resource Allocation Framework

The Public Finance Management Act provides the legal framework for budgeting, financial management, and accountability in the public sector. Its relevance to the PSEF lies in ensuring that engagement activities are adequately funded and that resources are used efficiently.

Given the significant infrastructure challenges affecting 62% of businesses, the Act provides mechanisms for prioritizing and financing development projects. It also supports performance-based funding models, such as those under KUSP II, which incentivize counties to meet specific development and governance benchmarks.

V. Procurement and Private Sector Participation

The Public Procurement and Asset Disposal Act governs public procurement processes, ensuring transparency, fairness, and competitiveness. This Act is critical for enabling private sector participation in public projects, including infrastructure development and service delivery.

By promoting open and competitive procurement processes, the Act creates opportunities for local businesses to engage with county governments, thereby strengthening economic linkages and supporting business growth.

VI. Enterprise Development and Investment Promotion

The Micro and Small Enterprises Act provides a framework for supporting micro and small enterprises (MSEs), which constitute a significant portion of the private sector in Kajiado County. With 65% of businesses operating as sole proprietorships, this Act is critical for promoting entrepreneurship, access to finance, and capacity building.

Similarly, the Investment Promotion Act supports investment attraction and facilitation, creating an enabling environment for private sector growth. These legal instruments align with the PSEF's objectives of enhancing competitiveness, expanding market access, and promoting inclusive economic development.

VII. County Development Planning Framework

At the county level, the Kajiado County Integrated Development Plan provides the strategic framework for development planning. It outlines priority sectors, infrastructure investments, and economic development strategies, all of which are relevant to the PSEF.

Aligning the PSEF with the CIDP ensures coherence, sustainability, and integration into county planning and budgeting processes. It also facilitates resource allocation and strengthens institutional ownership.

VIII. Linkages Between Legislation and Diagnostic Findings

The legislative framework directly addresses key challenges identified in the diagnostic. Regulatory inefficiencies affecting 69% of businesses are addressed through governance and regulatory reforms embedded in various laws. Zoning constraints affecting 71% are addressed through land-use planning legislation, while infrastructure challenges affecting 62% are addressed through planning and financing frameworks.

Qualitative findings from county officials highlight the need for improved enforcement and coordination of these laws, emphasizing that the effectiveness of the PSEF depends not only on the existence of legislation but also on its implementation.

ANNEX 2: Alignment and linkage to the urban governance regulatory framework

The Private Sector Engagement Framework (PSEF) for Kajiado County is deliberately designed to function within and reinforce the existing urban governance and regulatory framework in Kenya. This alignment ensures that private sector engagement is not treated as a parallel or ad hoc process, but rather as an institutionalized and legally grounded component of urban management, planning, and service delivery. In accordance with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, the PSEF is anchored in national legislation, county planning instruments, and urban governance structures to enhance coherence, accountability, and sustainability.

The importance of this alignment is clearly demonstrated by findings from the Kajiado private sector diagnostic and county officials' consultations. Quantitative evidence highlights structural urban governance challenges, including zoning constraints affecting 71% of businesses, infrastructure limitations affecting 62% of enterprises, and regulatory inefficiencies affecting 69% of businesses. Qualitative findings further reveal weak coordination across institutions, inconsistent enforcement of planning regulations, and limited integration of private sector input into urban development processes. These challenges underscore the need for a framework that is not only aligned with existing laws but also strengthens their implementation through structured engagement.

I. Constitutional Foundation and Devolution Context

The Constitution of Kenya provides the overarching legal and institutional basis for urban governance and private sector engagement. Through the principle of devolution, the Constitution assigns counties the responsibility for local economic development, urban planning, and service delivery, thereby positioning them as central actors in facilitating private sector participation.

The PSEF aligns with constitutional provisions by operationalizing the principles of public participation, transparency, and accountability. Articles 10 and 196 mandate stakeholder involvement in governance processes, which directly informs the design of Public-Private Dialogue Forums (PPDFs) and other engagement platforms. In practice, this alignment ensures that private sector engagement is not discretionary but a legal requirement embedded within governance processes.

Furthermore, the Constitution's emphasis on economic and social rights provides a broader development context within which the PSEF operates. By promoting inclusive economic growth and improved livelihoods, the framework contributes to the realization of constitutional objectives.

II. Integration with Urban Governance Institutions

The Urban Areas and Cities Act establishes the institutional framework for urban governance, including the creation of Municipal Boards and urban management structures. These institutions are critical to the implementation of the PSEF, as they serve as the primary interface between the county government and private sector actors operating in urban areas.

The PSEF strengthens this institutional alignment by embedding engagement mechanisms within municipal structures. Public-Private Dialogue Forums are positioned as integral components of municipal governance, enabling continuous interaction between stakeholders and decision-makers. This integration enhances the responsiveness of urban governance systems and ensures that private sector perspectives are incorporated into planning and service delivery.

This alignment is particularly important in addressing urban-specific challenges identified in the diagnostic, such as zoning constraints affecting 71% of businesses and infrastructure gaps affecting 62%. By leveraging existing urban governance institutions, the PSEF ensures that these challenges are addressed within established regulatory frameworks.

III. Alignment with Spatial Planning and Land Use Regulation

The Physical and Land Use Planning Act provides the regulatory framework for spatial planning, zoning, and development control. The PSEF aligns closely with this Act by promoting the integration of private sector input into land-use planning processes.

The diagnostic findings indicate that zoning and land-use constraints are among the most significant barriers to business operations, affecting 71% of enterprises. These constraints are often linked to rigid planning systems, inadequate stakeholder consultation, and limited coordination between planners and investors.

Through structured engagement platforms, the PSEF enables the identification and resolution of these challenges. Private sector actors are provided with opportunities to contribute to spatial planning processes, ensuring that plans reflect actual business needs. This alignment improves the efficiency of land use, enhances access to business premises, and supports more sustainable urban development.

IV. Linkage to County Governance and Planning Systems

The County Governments Act and the Kajiado County Integrated Development Plan provide the framework for county governance and development planning. The PSEF aligns with these instruments by integrating private sector engagement into planning, budgeting, and implementation processes.

This alignment ensures that private sector priorities are reflected in development plans and that engagement processes are institutionalized within county systems. It also enhances coordination between departments, addressing the fragmentation highlighted by county officials.

By embedding the PSEF within county planning frameworks, the county ensures continuity and sustainability, as engagement becomes part of routine governance processes rather than a standalone initiative.

V. Integration with Public Finance and Resource Allocation Systems

The Public Finance Management Act provides the legal framework for budgeting and financial management. The PSEF aligns with this Act by ensuring that engagement activities and related interventions are integrated into county budgets and financial plans.

This alignment is critical in addressing infrastructure challenges affecting 62% of businesses, which require significant investment and effective resource allocation. By linking engagement processes to budgeting systems, the PSEF ensures that identified priorities are translated into funded projects.

Additionally, alignment with KUSP II performance-based financing mechanisms enhances accountability and incentivizes improved performance in urban governance.

VI. Alignment with Procurement and Service Delivery Frameworks

The Public Procurement and Asset Disposal Act governs procurement processes and promotes transparency and competitiveness. The PSEF aligns with this framework by facilitating private sector participation in public procurement and service delivery.

This alignment creates opportunities for businesses to engage in county projects, enhances local economic development, and improves service delivery outcomes. It also strengthens trust between the public and private sectors by promoting fairness and transparency.

VII. Integration with Enterprise Development and Investment Frameworks

The Micro and Small Enterprises Act and the Investment Promotion Act provide the foundation for enterprise development and investment promotion. The PSEF aligns with these frameworks by supporting capacity building, market access, and investment facilitation.

This alignment is particularly relevant given the structure of the private sector in Kajiado County, where 65% of businesses are sole proprietorships and 59% operate within local markets, limiting their growth potential.

By linking engagement processes to enterprise development initiatives, the PSEF supports the growth and competitiveness of businesses.

VIII. Addressing Institutional and Regulatory Gaps

While the legal and regulatory framework is comprehensive, qualitative findings from county officials highlight challenges related to enforcement, coordination, and capacity. These gaps limit the effectiveness of urban governance systems and private sector engagement.

The PSEF addresses these gaps by strengthening coordination mechanisms, enhancing institutional capacity, and establishing structured engagement platforms. It also promotes the use of data and evidence in decision-making, improving the effectiveness of regulatory frameworks.

IX. Strengthening Policy Coherence and Multi-Level Governance

A key contribution of the PSEF is its ability to enhance coherence across different levels of governance. By aligning county-level initiatives with national policies and frameworks, the PSEF ensures consistency and avoids duplication of efforts.

This multi-level alignment is critical for addressing complex challenges that cut across sectors and jurisdictions. It also facilitates resource mobilization and knowledge sharing, enhancing the effectiveness of interventions.

ANNEX 3: List of fields already in the SBP application form and additional fields suggested

The Single Business Permit (SBP) application form is a critical administrative tool used by Kajiado County to register, license, and regulate businesses operating within its jurisdiction. Beyond its regulatory function, the SBP presents a strategic opportunity for generating structured data that can inform private sector engagement, planning, and policy-making under the Private Sector Engagement Framework (PSEF). In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, enhancing the SBP data fields is essential for establishing a robust private sector database and strengthening evidence-based decision-making.

Findings from the Kajiado private sector diagnostic indicate that data gaps significantly limit the county's ability to understand and respond to private sector needs. While the SBP captures basic business information, it does not adequately capture critical variables related to business performance, constraints, or engagement preferences. This is particularly important given that 65% of businesses operate as sole proprietorships, 59% operate within local markets, and 60% report skills gaps, all of which require targeted interventions informed by reliable data. County officials also noted that fragmented data systems and limited integration of information across departments hinder effective planning and coordination.

This annex therefore provides a detailed analysis of existing SBP fields and proposes additional fields that align with the objectives of the PSEF.

Existing Fields in the SBP Application Form

The current SBP application form primarily captures basic business identification, location, and licensing information. These fields are essential for regulatory compliance but are limited in their ability to support broader economic analysis and engagement.

- In practice, the existing SBP fields include business identification details such as the business name, type of business entity, registration number, and ownership information. These fields provide a foundational understanding of the business landscape but do not capture deeper insights into business operations or performance.
- Location-related fields, including physical address, ward, and municipality, are also included. These fields are important for spatial planning and service delivery but are not sufficiently linked to land-use challenges, despite the fact that 71% of businesses face zoning constraints.
- The SBP form also captures licensing information such as the type of permit, business category, and fee structure. While this supports revenue collection and regulatory oversight, it does not provide insights into regulatory challenges, which affect 69% of businesses.
- Additionally, basic contact information such as phone numbers and email addresses is collected, enabling communication with businesses. However, these fields are not leveraged effectively for engagement or feedback.

Overall, while the existing SBP fields provide essential administrative data, they are insufficient for supporting the objectives of the PSEF, particularly in areas such as engagement, diagnostics, and policy formulation.

Limitations of the Current SBP Data Structure

The limitations of the current SBP data structure are evident in both quantitative and qualitative findings. The absence of detailed data on business performance, constraints, and needs limits the county's ability to design targeted interventions.

For example, while the diagnostic identifies infrastructure challenges affecting 62% of businesses and skills gaps affecting 60%, these variables are not captured in the SBP form. Similarly, the SBP does not capture information on market access, despite 59% of businesses operating within local markets, which limits understanding of growth potential and value chain integration.

County officials further highlighted the lack of integration between SBP data and other county systems, resulting in fragmented information and duplication of efforts. These limitations underscore the need for an enhanced SBP data structure that supports the PSEF.

Proposed Additional Fields for the SBP Application Form

To address these gaps, the PSEF proposes the inclusion of additional data fields that align with the objectives of private sector diagnostics, engagement, and planning. These fields are designed to provide a comprehensive understanding of the private sector and support evidence-based decision-making.

I. Business Performance and Operations

Additional fields should capture information on business size, number of employees, annual turnover, and years of operation. These variables provide insights into business growth and economic contribution.

II. Market Access and Value Chains

Fields capturing primary markets (local, regional, national, international) and participation in value chains are critical, particularly given that 59% of businesses operate locally.

III. Business Constraints and Challenges

Structured fields should capture key challenges faced by businesses, including regulatory issues, infrastructure constraints, and access to finance. This directly aligns with diagnostic findings such as regulatory challenges affecting 69% of businesses and infrastructure issues affecting 62%.

IV. Skills and Capacity Needs

Fields capturing training needs, skills gaps, and capacity building requirements are essential, given that 60% of businesses report skills gaps.

V. Digital Adoption and Innovation

Information on the use of digital tools, e-commerce platforms, and technology adoption should be included to support digital transformation initiatives.

VI. Engagement Preferences

Fields capturing preferred communication channels, willingness to participate in PPDFs, and membership in business associations are critical for designing effective engagement strategies. This is particularly important given that 24% of businesses are not affiliated with formal associations.

VII. Environmental and Social Factors

Fields capturing environmental risks, sustainability practices, and social inclusion indicators support climate-resilient and inclusive development.

Table 4 Fields Proposed Additional Fields Relevance to PSEF

Category	Existing Fields	Proposed Additional Fields	Relevance to PSEF
Business Identification	Name, registration, ownership	Business size, turnover, years of operation	Enhances economic profiling
Location	Address, ward, municipality	Land-use constraints, infrastructure access	Addresses zoning (71%) and infrastructure (62%)
Licensing	Permit type, fees	Regulatory challenges, compliance issues	Addresses regulatory issues (69%)
Contact Information	Phone, email	Preferred communication channels	Improves engagement
Market Information	Limited	Market scope, value chains	Addresses local market concentration (59%)
Skills and Capacity	Not captured	Skills gaps, training needs	Addresses skills gaps (60%)
Engagement	Not captured	Association membership, PPDF participation	Enhances inclusivity
Technology	Not captured	Digital adoption, innovation	Supports modernization
Sustainability	Not captured	Environmental and social indicators	Supports resilience

Integration with County Systems and PSEF Components

The enhanced SBP data structure will be integrated with the private sector database and other PSEF components, including diagnostics and PPDFs. This integration ensures that data collected through the SBP is actively used for planning, monitoring, and engagement.

County officials emphasized the need for integrated data systems to improve coordination and decision-making. By linking SBP data with other systems, the county can create a centralized and dynamic database that supports the PSEF.

ANNEX 4:Suggested calendar for two annual forums aligned to the urban board planning and budgeting calendar

The operational effectiveness of the Private Sector Engagement Framework (PSEF) in Kajiado County is fundamentally dependent on the establishment of structured, predictable, and strategically timed engagement platforms that are embedded within the county's planning and budgeting cycle. The institutionalization of Public-Private Dialogue Forums (PPDFs) provides a mechanism through which private sector perspectives are systematically integrated into decision-making processes, ensuring that planning, budgeting, and implementation are responsive to real economic conditions. In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, this annex proposes a comprehensive annual calendar for two structured forums that are synchronized with the Urban Board planning and budgeting cycle.

The urgency of establishing such a calendar is underscored by findings from the Kajiado field report. Quantitative data reveals that 69% of businesses face regulatory challenges, 71% are affected by zoning constraints, 62% experience infrastructure limitations, and 60% report skills gaps. These challenges require timely policy and investment responses, which can only be achieved if engagement is aligned with key decision-making stages. Qualitative findings further highlight that existing engagement mechanisms are often irregular, poorly coordinated, and disconnected from planning timelines, resulting in limited influence on actual outcomes.

This proposed calendar therefore seeks to transform engagement from a reactive and ad hoc process into a structured, proactive, and results-oriented system that supports inclusive urban governance.

Strategic Rationale for Timing and Sequencing of Forums

The alignment of PPDFs with the planning and budgeting cycle is not merely procedural but strategic. County planning processes follow a legally defined sequence, including the preparation of the Annual Development Plan (ADP), the County Fiscal Strategy Paper (CFSP), and the annual budget. Each stage presents a critical entry point for private sector engagement.

The first forum is strategically positioned at the beginning of the planning cycle to influence priority setting, while the second forum is aligned with the budgeting phase to validate resource allocation and enhance accountability. This sequencing ensures continuity, allowing issues identified in the first forum to be tracked and addressed in the second forum.

This approach directly responds to diagnostic findings indicating that lack of timely engagement has contributed to persistent challenges such as infrastructure gaps affecting 62% of businesses and zoning issues affecting 71%, which require early and coordinated intervention.

I. Forum 1: Planning and Priority-Setting Forum (October–November)

The Planning and Priority-Setting Forum is designed as the primary entry point for private sector input into the county's development planning process. Scheduled during October and November, this forum coincides with the preparation of the Annual Development Plan (ADP) and sectoral planning processes.

At this stage, county departments are identifying priorities, reviewing performance, and setting development targets. The inclusion of private sector perspectives at this point ensures that plans are grounded in actual business needs and challenges.

The forum provides a platform for:

- Identification of key constraints affecting business operations, including regulatory inefficiencies (69%) and infrastructure challenges (62%)
- Prioritization of infrastructure investments, particularly those addressing access to business premises and service delivery gaps
- Discussion of zoning and land-use challenges affecting 71% of businesses, ensuring that spatial planning is aligned with economic activities
- Identification of capacity-building needs, particularly in response to skills gaps affecting 60% of businesses

Qualitative findings indicate that private sector actors often feel excluded from early planning stages, leading to misalignment between plans and actual needs. By institutionalizing this forum, the PSEF ensures that planning processes are inclusive, participatory, and evidence-based.

Furthermore, this forum enables sector-specific discussions, allowing stakeholders from different industries to articulate their unique challenges and opportunities. This enhances the quality of planning and ensures that interventions are targeted and effective.

II. Forum 2: Budget Validation, Accountability, and Feedback Forum (March–April)

The second forum is strategically scheduled during the budget consultation phase, between March and April. This timing aligns with the review of draft budgets and public participation processes required under county governance frameworks.

The primary objective of this forum is to validate whether the priorities identified in the first forum have been adequately reflected in budget allocations. It also provides a platform for stakeholders to assess the responsiveness of the county to private sector input.

Key functions of this forum include:

- Reviewing draft budget estimates and assessing alignment with identified priorities
- Providing feedback on resource allocation, particularly in addressing infrastructure and service delivery gaps affecting 62% of businesses
- Evaluating progress in addressing regulatory challenges affecting 69% of businesses
- Strengthening accountability by tracking commitments made during the planning phase

This forum plays a critical role in closing the feedback loop, ensuring that engagement is not merely consultative but also results-oriented. It enhances transparency by providing stakeholders with visibility into decision-making processes and resource allocation.

Qualitative insights from county officials emphasize the need for stronger accountability mechanisms and improved feedback systems. The Budget Validation Forum directly addresses this gap by institutionalizing accountability within the engagement process.

Integration with Urban Board Functions and Municipal Governance

The alignment of the PPDF calendar with Urban Board functions ensures that engagement is embedded within institutional processes. Urban Boards are responsible for planning, service delivery, and stakeholder engagement within municipalities, making them key actors in the implementation of the PSEF.

By aligning forums with Urban Board meetings and planning cycles, the PSEF ensures that private sector input is directly linked to urban governance processes. This integration enhances coordination, reduces duplication, and improves the effectiveness of interventions.

For example, issues related to zoning constraints (71%) and infrastructure challenges (62%) can be addressed more effectively when Urban Boards are actively involved in engagement processes.

Operational Considerations for Effective Implementation

For the proposed calendar to be effective, several operational considerations must be addressed. These include:

- Preparation and Data Sharing: Prior to each forum, relevant data from the private sector diagnostic and SBP database should be shared with stakeholders to inform discussions
- Facilitation and Moderation: Forums should be professionally facilitated to ensure structured and productive discussions
- Documentation and Follow-Up: Outcomes of each forum should be documented, with clear action points and timelines
- Integration with Digital Platforms: Use of digital tools to enhance participation and communication

These measures ensure that forums are not only well-attended but also effective in achieving their objectives.

Inclusivity and Stakeholder Representation

Inclusivity is a critical consideration in the design of the PPDF calendar. The diagnostic indicates that 24% of businesses are not affiliated with formal associations, highlighting the need for targeted outreach strategies.

The PSEF addresses this by:

- Conducting decentralized forums at municipal and ward levels
- Engaging informal sector representatives and marginalized groups
- Utilizing multiple communication channels to reach diverse stakeholders

This ensures that engagement is representative and equitable, enhancing the legitimacy and effectiveness of the PSEF.

Forum	Timing	Planning/Budget Cycle Stage	Key Activities	Outputs	Link to Field Findings
Forum 1: Planning & Priority Setting	Oct–Nov	ADP Preparation	Identify challenges, prioritize investments, sector consultations	Agreed priority list, input into ADP	Addresses zoning (71%), infrastructure (62%), regulatory issues (69%)
Forum 2: Budget Validation & Feedback	Mar–Apr	Budget Consultation	Review budgets, validate priorities, accountability discussions	Feedback report, validated budget priorities	Ensures response to identified constraints

Linkages to Diagnostic Findings

The proposed calendar directly addresses key challenges identified in the field report. By aligning engagement with planning and budgeting cycles, the PSEF ensures that issues such as regulatory inefficiencies (69%), zoning constraints (71%), and infrastructure gaps (62%) are systematically addressed.

Qualitative findings highlight the need for structured and timely engagement, which this calendar provides.

ANNEX 5: Sample results framework

The Sample Results Framework for the Private Sector Engagement Framework (PSEF) in Kajiado County serves as a central performance management tool that translates stakeholder engagement into measurable development outcomes. It provides a structured pathway linking engagement processes with tangible improvements in urban governance, service delivery, and private sector growth. In alignment with the requirements of the Kenya Urban Support Programme II and the national Private Sector Engagement Toolkit, this framework adopts a results-based management (RBM) approach anchored on accountability, data-driven decision-making, and adaptive implementation.

The need for such a framework is grounded in the empirical findings from the Kajiado County field report. The diagnostic highlights systemic constraints affecting the private sector, including regulatory inefficiencies impacting 69% of businesses, zoning constraints affecting 71%, infrastructure challenges affecting 62%, and skills gaps affecting 60% of enterprises. These challenges are compounded by qualitative findings from county officials pointing to weak coordination, fragmented data systems, and limited monitoring mechanisms.

The Results Framework therefore provides a mechanism to systematically track progress, measure impact, and ensure that engagement processes under the PSEF contribute meaningfully to economic transformation and improved governance outcomes.

Conceptual Foundation and Theory of Change

The Results Framework is underpinned by a Theory of Change that assumes that structured, inclusive, and data-driven engagement between the public and private sectors will lead to improved planning, better resource allocation, and enhanced service delivery. These improvements, in turn, will create a more conducive business environment, leading to increased investment, job creation, and inclusive economic growth.

The theory recognizes that addressing systemic constraints such as zoning limitations affecting 71% of businesses and infrastructure gaps affecting 62% requires coordinated interventions that are informed by stakeholder input and supported by effective governance systems.

It also acknowledges that strengthening institutional capacity and enhancing stakeholder participation are critical enablers of sustainable outcomes.

The Results Chain and Logical Framework

The Results Framework is structured around a comprehensive results chain that captures the progression from inputs to impacts:

- Inputs: Financial resources (KUSP II grants, county budgets), institutional capacity, ICT systems, stakeholder participation
- Activities: Establishment of PPDFs, data collection and diagnostics, capacity building, communication and outreach
- Outputs: Functional engagement platforms, operational private sector database, trained stakeholders, policy recommendations
- Outcomes: Improved regulatory environment, enhanced service delivery, increased stakeholder participation, improved business performance
- Impact: Inclusive economic growth, increased investment, job creation, and improved quality of life

This structured approach ensures that all PSEF components are aligned with measurable results.

Key Result Areas

I. Improved Business Environment and Regulatory Efficiency

This result area focuses on reducing regulatory barriers and improving the ease of doing business. The diagnostic indicates that 69% of businesses face regulatory challenges, highlighting the need for reforms.

Interventions under this area include streamlining licensing processes, improving transparency, and enhancing coordination among regulatory agencies.

II. Enhanced Urban Infrastructure and Service Delivery

Infrastructure deficits remain a major constraint, affecting 62% of businesses. This result area focuses on improving access to infrastructure and enhancing service delivery through coordinated planning and investment.

III. Strengthened Land Use Planning and Spatial Efficiency

Zoning constraints affecting 71% of businesses highlight the need for improved spatial planning. This area focuses on integrating private sector input into land-use planning and improving access to business premises.

IV. Institutionalized Public-Private Engagement

This result area focuses on establishing structured and sustainable engagement mechanisms, including regular PPDFs. Qualitative findings indicate that existing engagement is irregular and ineffective.

V. Inclusive Participation and Stakeholder Representation

With 24% of businesses not affiliated with formal associations, inclusivity remains a key challenge. This area focuses on ensuring broad participation across all segments of the private sector.

VI. Enhanced Capacity and Competitiveness

Skills gaps affecting 60% of businesses limit productivity and competitiveness. This area focuses on capacity building and skills development.

VII. Strengthened Data Systems and Evidence-Based Decision Making

This area focuses on improving data collection, management, and utilization to support planning and policy-making.

Table 5 The Results Framework

Result Level	Result Area	Indicators	Baseline (Field Data)	Targets (3–5 Years)	Data Source	Responsible Actors
Impact	Inclusive economic growth	% increase in investment and employment	Limited growth data	20–30% increase	County reports	County Govt, Private Sector
Outcome 1	Improved regulatory environment	% reduction in regulatory challenges	69% affected	Reduce to <40%	Surveys, SBP data	Trade Dept
Outcome 2	Improved infrastructure access	% reduction in infrastructure constraints	62% affected	Reduce to <40%	Infrastructure reports	County Govt
Outcome 3	Improved land-use planning	% reduction in zoning constraints	71% affected	Reduce to <45%	Planning reports	Planning Dept
Outcome 4	Enhanced engagement	Number of PPDFs held annually	Ad hoc	≥2 annually	Meeting reports	CPCT
Outcome 5	Increased inclusivity	% of businesses engaged	76% association members	≥90% engagement	Surveys	County Govt
Outcome 6	Improved skills	% reduction in skills gaps	60% affected	Reduce to <40%	Training reports	Trade Dept
Output 1	Functional PPDFs	Number of forums conducted	Limited	Institutionalized	Reports	CPCT
Output 2	Private sector database	Coverage of businesses	Limited	Comprehensive coverage	Database	ICT Dept

Output 3	Capacity programs	Number of trainings	Limited	Regular programs	Reports	County Govt

Indicator Disaggregation and Targeting

Indicator disaggregation and targeting are central to ensuring that the Results Framework for the PSEF is inclusive, equitable, and responsive to the actual structure and dynamics of the private sector in Kajiado County. The field report demonstrates that the private sector is highly heterogeneous, with 65% of businesses operating as sole proprietorships, 59% concentrated in local markets, and 24% not affiliated with formal business associations. These characteristics highlight the need for a nuanced approach to performance measurement that captures differences across business types, locations, and levels of formality.

Disaggregation is therefore applied across key dimensions, including business size, sector, geographic location, and social inclusion categories such as youth- and women-owned enterprises. This is particularly important in addressing disparities in access to opportunities and services. For instance, zoning constraints affecting 71% of businesses and infrastructure challenges affecting 62% may disproportionately impact businesses located in peri-urban or rapidly growing urban areas.

Qualitative data from county officials further indicates that informal and small-scale enterprises are often excluded from planning and engagement processes due to lack of structured representation and targeted outreach. By disaggregating indicators, the PSEF ensures that such groups are explicitly captured and considered in performance tracking.

Targeting complements disaggregation by enabling the county to design tailored interventions. For example, capacity-building initiatives can be specifically directed toward businesses experiencing the 60% skills gap, while regulatory reforms can focus on sectors most affected by licensing inefficiencies (69%).

Through this combined approach, the Results Framework enhances precision, promotes inclusivity, and ensures that interventions are both equitable and impactful.

Data Collection, Verification, and Quality Assurance

The effectiveness of the Results Framework is heavily dependent on the robustness of data collection, verification, and quality assurance systems. The Kajiado field report highlights critical gaps in data systems, with county officials noting fragmented databases, limited interoperability across departments, and inconsistent use of data in planning and decision-making. These gaps undermine the county's ability to respond effectively to challenges such as regulatory inefficiencies affecting 69% of businesses and infrastructure constraints affecting 62%.

To address these issues, the PSEF adopts a multi-source data collection approach that integrates administrative data (e.g., SBP records), survey data, and qualitative feedback from stakeholders. The private sector diagnostic serves as a baseline, capturing key indicators such as zoning constraints (71%) and skills gaps (60%), which are essential for monitoring progress.

Verification processes are embedded to ensure data accuracy and reliability. These include triangulation of data across multiple sources, validation through Public-Private Dialogue Forums (PPDFs), and periodic audits. For instance, survey findings on infrastructure challenges can be cross-checked with municipal service delivery data and stakeholder feedback.

Quality assurance is further strengthened through standardized data collection tools, clear indicator definitions, and capacity building for county staff. Qualitative insights from county officials emphasize the need for training in data management and analysis to improve data quality and utilization.

By establishing a comprehensive data management system, the PSEF ensures that performance tracking is accurate, credible, and capable of informing evidence-based decision-making.

Monitoring, Evaluation, and Learning (MEL) System

The Monitoring, Evaluation, and Learning (MEL) system is a critical component of the Results Framework, providing a structured mechanism for tracking progress, assessing impact, and facilitating continuous improvement. The Kajiado field report underscores the need for a strengthened MEL system, with county officials highlighting weak monitoring structures, limited feedback loops, and inadequate use of evaluation findings in decision-making.

The MEL system addresses these gaps by integrating continuous monitoring, periodic evaluation, and structured learning processes. Monitoring focuses on tracking progress against key indicators derived from the diagnostic, including regulatory challenges (69%), zoning constraints (71%), infrastructure limitations (62%), and skills gaps (60%). Regular monitoring ensures that these challenges are systematically tracked and addressed.

Evaluation processes assess the effectiveness and impact of interventions, examining whether engagement through PPDFs and other mechanisms is translating into tangible improvements in the business environment. For example, reductions in licensing challenges or improvements in service delivery can be measured against baseline data.

The learning component is particularly important in ensuring adaptability. Qualitative findings indicate that previous interventions have lacked mechanisms for capturing and applying lessons learned. The PSEF addresses this by institutionalizing feedback loops through PPDFs and integrating lessons into planning and implementation processes.

Through this integrated MEL system, the PSEF enhances accountability, supports adaptive management, and ensures that interventions remain responsive to evolving challenges.

Institutional Arrangements for Results Management

Effective results management requires well-defined institutional arrangements that promote coordination, accountability, and efficiency. The Kajiado field report highlights significant challenges in this area, including fragmented institutional mandates, weak interdepartmental coordination, and limited technical capacity. These challenges have historically constrained the implementation and monitoring of development initiatives.

The PSEF addresses these issues by establishing a multi-level institutional framework for results management. At the strategic level, the County Executive provides leadership and ensures alignment with policy priorities. This includes oversight of interventions aimed at addressing key challenges such as infrastructure gaps affecting 62% of businesses and regulatory inefficiencies affecting 69%.

At the operational level, county departments are responsible for implementing activities, collecting data, and reporting on performance. The County Project Coordination Team (CPCT) plays a central coordinating role, consolidating data, overseeing monitoring and evaluation processes, and ensuring compliance with KUSP II requirements.

Municipal Boards are critical at the local level, particularly in addressing zoning constraints affecting 71% of businesses and facilitating engagement with local stakeholders.

The private sector is also actively involved in results management through participation in PPDFs and feedback mechanisms. Qualitative data indicates that strengthening stakeholder involvement in monitoring processes enhances accountability and improves outcomes.

These institutional arrangements ensure that results management is integrated into governance structures, promoting collaboration and shared responsibility.

Alignment with County and National Frameworks

Alignment with county and national frameworks is essential for ensuring the coherence, effectiveness, and sustainability of the Results Framework. At the county level, the PSEF is aligned with the Kajiado County Integrated Development Plan, which outlines strategic priorities for economic development, infrastructure investment, and service delivery. This alignment ensures that private sector engagement contributes directly to the county's development agenda.

Qualitative findings from county officials highlight the need for better integration between planning and implementation processes, noting that misalignment has previously led to inefficiencies and duplication of efforts. The PSEF addresses this by linking results indicators to CIDP priorities and integrating engagement outcomes into planning and budgeting processes.

At the national level, alignment with Kenya Urban Support Programme II is critical. KUSP II emphasizes performance-based financing, improved urban governance, and enhanced service delivery. The Results Framework incorporates KUSP II indicators and reporting requirements, ensuring compliance and enabling the county to access funding and technical support.

The diagnostic findings such as regulatory challenges affecting 69% of businesses, zoning constraints affecting 71%, and infrastructure limitations affecting 62% highlight the need for coordinated interventions across multiple frameworks.

By aligning with both county and national frameworks, the Results Framework enhances policy coherence, strengthens institutional integration, and ensures that the PSEF contributes to broader development objectives while remaining sustainable over the long term.