



ISIOLO COUNTY GOVERNMENT

THE ISIOLO COUNTY PRIVATE SECTOR ENGAGEMENT FRAMEWORK (PSEF)



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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BDS	Business Development Services
CEC	County Executive Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CGA	County Governments Act
CIDP	County Integrated Development Plan
CPCT	County Project Coordination Team
CSOs	Civil Society Organizations
FGDs	Focus Group Discussions
GIS	Geographic Information System
ICT	Information and Communication Technology
KIIs	Key Informant Interviews
KUSP II	Kenya Urban Support Programme II
M&E	Monitoring and Evaluation
MSMEs	Micro, Small and Medium Enterprises
PFMA	Public Finance Management Act
PPPs	Public-Private Partnerships
PPADA	Public Procurement and Asset Disposal Act
PPDFs	Public-Private Dialogue Forums
PSE	Private Sector Engagement
PSEF	Private Sector Engagement Framework
RA4	Result Area Four
SACCOs	Savings and Credit Cooperative Organizations
SBP	Single Business Permit
SDHUD	State Department for Housing and Urban Development
SMEs	Small and Medium Enterprises
TWGs	Technical Working Groups
UACA	Urban Areas and Cities Act
UDG	Urban Development Grant

FORWARD

The County Government of Isiolo recognizes the private sector as a critical partner in advancing inclusive economic growth, sustainable urbanization, employment creation, innovation, and investment promotion within the county. As Isiolo County continues to position itself as a strategic economic gateway to northern Kenya and the Horn of Africa region, there is increasing need for structured collaboration between public institutions and private sector actors in planning, governance, infrastructure development, service delivery, and economic transformation.

The development of the Isiolo County Private Sector Engagement Framework (PSEF) has therefore been informed by the Kenya Urban Support Programme II (KUSP II) Toolkit for Private Sector Engagement Frameworks, which requires county governments and urban boards to institutionalize structured mechanisms for engaging private sector stakeholders in urban planning and development processes.

This framework has been developed through a comprehensive consultative process involving county departments, municipal institutions, private sector actors, business associations, cooperatives, development partners, civil society organizations, and community stakeholders. It is informed by empirical evidence generated through quantitative and qualitative field assessments undertaken across Isiolo County.

The findings of the field assessment demonstrate both the opportunities and challenges affecting the private sector ecosystem within Isiolo County. The county economy is heavily dominated by sole proprietorships, which account for 91% of enterprises, while companies, cooperatives, and partnerships each account for only 3%. This reflects limited enterprise formalization, weak collective investment structures, and low levels of corporatization within the local economy.

The assessment further established that wholesale and retail trade dominate the county economy at 51%, followed by hospitality and tourism at 13%, while manufacturing, transport and logistics, and financial services each account for 7%. Agriculture and agribusiness contribute 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1% respectively. These findings highlight the county's dependence on trade-oriented economic activities while also revealing significant opportunities for value addition, industrialization, digital transformation, agribusiness development, and green economic growth.

The framework further recognizes that institutional coordination and stakeholder organization remain weak. The field findings established that 91% of businesses are not members of business associations, significantly limiting opportunities for structured advocacy, collective bargaining, market coordination, and policy engagement. The findings further revealed that 83% of enterprises primarily serve county markets while only 15% access national markets and none participate in export markets. This demonstrates the need for targeted interventions aimed at improving market access, competitiveness, value chains, and investment readiness.

The regulatory and business environment also presents notable challenges. Approximately 42% of businesses indicated that obtaining permits and licenses is easy, while 37% rated the process as very difficult. Taxes and levies emerged as the leading regulatory bottlenecks affecting enterprises, accounting for 73% and 18% respectively. These findings underscore the need for regulatory reforms, digitization of county services, improved transparency, and harmonization of revenue administration systems.

Infrastructure gaps also continue to affect enterprise growth and urban competitiveness. While roads and power supply were rated positively by 59% and 55% of respondents respectively,

drainage systems and waste management services were rated poor by 33% and 29% of respondents. ICT connectivity also remains inconsistent, with only 34% rating services good.

The Isiolo County PSEF therefore provides a structured framework for addressing these challenges while strengthening collaboration between the County Government and private sector stakeholders. The framework establishes mechanisms for:

- Institutionalized Public-Private Dialogue Forums (PPDFs);
- Private sector diagnostics and business databases;
- Capacity building and outreach programmes;
- Monitoring and accountability systems;
- Communication and stakeholder feedback mechanisms;
- Sustainable financing and institutional coordination structures.

The framework further aligns with the KUSP II performance standards and urban governance reforms which seek to strengthen urban institutions, promote inclusive urban planning, and support resilient and competitive urban development.

The County Government of Isiolo remains committed to operationalizing this framework in partnership with municipalities, urban boards, private sector actors, development partners, and community stakeholders. Through collaborative governance, evidence-based planning, and structured engagement, the framework will contribute toward strengthening investor confidence, improving service delivery, promoting enterprise growth, and supporting sustainable urban economic transformation across Isiolo County...



Hon Hussein Jirmo Katelo

CEC-Housing, Lands Physical Planning and Urban Development
COUNTY GOVERNMENT OF ISIOLO.

The Municipality of Isiolo recognizes the private sector as a strategic partner in promoting inclusive economic growth, sustainable urbanization, employment creation, innovation, and investment development within the municipality and the wider county. As Isiolo continues to emerge as an important economic gateway connecting northern Kenya and the Horn of Africa region, there is growing need for structured collaboration between public institutions and private sector actors in urban planning, infrastructure development, service delivery, trade expansion, and local economic transformation. The development of the Isiolo County Private Sector Engagement Framework (PSEF) has therefore been guided by the Kenya Urban Support Programme II Toolkit for Private Sector Engagement Frameworks, which seeks to institutionalize structured public-private engagement mechanisms within urban governance systems.

This framework has been developed through an extensive consultative process involving county departments, municipal institutions, business communities, cooperatives, civil society organizations, development partners, and community stakeholders. The framework is informed by quantitative and qualitative field assessments undertaken across Isiolo Municipality, which revealed important trends within the local private sector ecosystem. The findings indicate that the municipality's economy is predominantly driven by sole proprietorships, accounting for 91% of enterprises, while companies, cooperatives, and partnerships each represent only 3%. This demonstrates low levels of enterprise formalization, weak collective investment structures, and limited corporatization within the local economy.

The assessment further established that wholesale and retail trade dominate the local economy at 51%, followed by hospitality and tourism at 13%, while manufacturing, transport and logistics, and financial services each account for 7%. Agriculture and agribusiness contribute 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1% respectively. These findings highlight both the municipality's dependence on trade-oriented activities and the untapped opportunities for industrialization, agribusiness expansion, digital transformation, green economy initiatives, and value addition. However, the assessment also revealed that institutional coordination remains weak, with 91% of businesses not affiliated with any business association, thereby limiting opportunities for collective advocacy, policy engagement, market coordination, and business networking.

The regulatory and business environment also presents significant challenges affecting enterprise growth and investment confidence. While 42% of businesses reported that obtaining permits and licenses is relatively easy, 37% indicated that the process remains very difficult. Taxes and levies emerged as the leading regulatory bottlenecks affecting enterprises, accounting for 73% and 18% respectively. Infrastructure gaps further continue to affect urban competitiveness and business performance. Although roads and electricity supply received relatively positive ratings, drainage systems, waste management services, and ICT connectivity were identified as major concerns requiring urgent improvement. These findings underscore the need for reforms aimed at improving regulatory efficiency, digitizing municipal services, strengthening infrastructure systems, and enhancing transparency and accountability in service delivery.

The Isiolo County Private Sector Engagement Framework therefore provides a structured platform for strengthening collaboration between the Municipality, County Government, private sector actors, and development stakeholders. The framework establishes mechanisms for institutionalized Public-Private Dialogue Forums (PPDFs), business diagnostics and databases, stakeholder engagement platforms, capacity-building programmes, communication and feedback systems, monitoring and accountability structures, and sustainable financing mechanisms. The Municipality of Isiolo remains committed to operationalizing this framework in partnership with all stakeholders to strengthen investor confidence, promote enterprise growth, improve urban service delivery, and support sustainable economic transformation across Isiolo Municipality and the wider county.



Mr. Halake Osman Dadacha
Municipality Manager
MUNICIPALITY OF ISILO

ACKNOWLEDGEMENT

The development of the Isiolo County Private Sector Engagement Framework (PSEF) represents an important milestone in strengthening collaboration between the County Government of Isiolo and private sector stakeholders in promoting sustainable urban development, investment competitiveness, enterprise growth, and inclusive economic transformation. The framework has been developed through a highly consultative and evidence-based process aligned with the Kenya Urban Support Programme II (KUSP II) Toolkit and urban governance requirements.

The County Government of Isiolo expresses sincere appreciation to all institutions, stakeholders, and individuals who contributed toward the successful development of this framework.

Special appreciation is extended to the State Department for Housing and Urban Development (SDHUD) and the Kenya Urban Support Programme II (KUSP II) for providing the technical guidance, policy direction, and implementation toolkit that informed the development of this framework. The KUSP II Toolkit provided the institutional framework for establishment of private sector databases, diagnostics, Public-Private Dialogue Forums (PPDFs), and capacity-building mechanisms necessary for sustainable urban governance and stakeholder engagement.

The County further appreciates the leadership provided by the County Executive Committee Members (CECMs), Chief Officers, Directors, Municipal Board Members, Urban Managers, and technical officers from the departments of Trade, Urban Development, Finance, Planning, ICT, Public Participation, Environment, and Revenue Administration. Their technical input, institutional perspectives, and continuous support ensured that the framework reflects the realities and priorities of Isiolo County.

Special recognition is extended to the Municipal Board representatives and county officials who participated in the qualitative consultations and provided valuable insights on governance structures, investment opportunities, institutional challenges, public-private dialogue mechanisms, and implementation priorities.

The County also acknowledges the active participation of private sector actors including traders, MSMEs, SACCOs, cooperatives, hospitality enterprises, transport operators, livestock traders, agribusiness enterprises, ICT businesses, women enterprises, youth enterprises, informal sector operators, and business associations who participated in the field surveys and stakeholder consultations. Their contributions provided critical empirical evidence regarding the business environment, infrastructure challenges, financing constraints, regulatory bottlenecks, and stakeholder engagement needs within the county.

The field findings demonstrated that taxes and levies remain the leading regulatory bottlenecks affecting enterprises, accounting for 73% and 18% respectively, while 91% of businesses are not affiliated with business associations. These insights significantly informed the policy recommendations and institutional arrangements proposed within this framework.

The County Government further appreciates development partners, civil society organizations, professional associations, and technical experts whose contributions strengthened the quality and relevance of the framework.

The successful completion of the Isiolo County PSEF demonstrates the county's commitment to participatory governance, evidence-based planning, and inclusive urban development. The framework now provides a foundation for strengthening structured public-private engagement, improving the business environment, enhancing service delivery, and promoting sustainable local economic development in alignment with KUSP II urban governance reforms.

The County Government of Isiolo remains committed to implementing this framework and strengthening long-term partnerships that will contribute toward resilient, competitive, inclusive, and sustainable urban growth.

EXECUTIVE SUMMARY

The Isiolo County Private Sector Engagement Framework (PSEF) has been developed as a strategic governance and institutional framework for strengthening collaboration between the County Government of Isiolo, municipalities, urban boards, private sector actors, development partners, and other stakeholders in urban planning, economic development, investment promotion, and service delivery. The framework is aligned with the Kenya Urban Support Programme II (KUSP II) Toolkit, which requires county governments and urban boards to institutionalize structured private sector engagement systems as part of urban governance reforms and performance standards under Result Area Four (RA4).

The framework is informed by comprehensive quantitative and qualitative field assessments conducted across Isiolo County. The diagnostic process examined the private sector landscape, regulatory environment, infrastructure systems, institutional coordination, enterprise support systems, public-private dialogue mechanisms, and sustainability considerations affecting enterprise growth and urban competitiveness.

The findings reveal a private sector ecosystem characterized by significant entrepreneurial activity but constrained by weak institutional organization, infrastructure gaps, limited access to finance, regulatory bottlenecks, weak market diversification, and inadequate structured engagement systems.

The assessment established that 91% of businesses operating within Isiolo County are sole proprietorships while companies, cooperatives, and partnerships each account for only 3%. This ownership structure demonstrates high levels of informality, limited enterprise aggregation, and weak corporate investment systems within the county economy.

Sectoral analysis revealed that wholesale and retail trade dominate the county economy, accounting for 51% of enterprises. Hospitality and tourism contribute 13%, while manufacturing, transport and logistics, and financial services each account for 7%. Agriculture and agribusiness contribute 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1%.

The findings further demonstrate weak institutional coordination and limited collective representation within the private sector ecosystem. Approximately 91% of enterprises are not members of business associations, while only 9% participate in organized business networks. This significantly weakens opportunities for advocacy, policy participation, collective bargaining, knowledge sharing, and stakeholder coordination.

Market orientation remains heavily localized, with 83% of businesses serving county markets, 15% accessing national markets, 2% operating within local micro-markets, and none participating in export markets. This demonstrates limited market integration, weak value chains, low competitiveness, and inadequate enterprise readiness for regional and international trade opportunities.

The business environment diagnostic identified several institutional and regulatory constraints affecting enterprise growth. While 42% of respondents indicated that obtaining permits and licenses is easy, 37% rated the process very difficult while 19% considered it moderate. These findings demonstrate inconsistencies in service delivery, administrative efficiency, and regulatory accessibility.

Taxes and levies emerged as the leading regulatory bottlenecks affecting businesses, accounting for 73% and 18% respectively. Bureaucracy accounted for 3%, zoning challenges 2%, and permit delays 1%. These findings point to the need for revenue harmonization, digitization of county services, regulatory reforms, and transparent administrative systems.

The assessment further identified weak property rights and contract enforcement systems. Only 13–19% of respondents rated land ownership systems highly reliable while a majority rated them only slightly reliable. Contract enforcement systems also performed poorly, with only 19% rating legal enforcement systems highly reliable.

Infrastructure systems showed mixed performance. Roads and power supply were rated positively by 59% and 55% of respondents respectively. However, drainage systems and waste management services remain inadequate, with 33% and 29% rating them poor. ICT connectivity also remains inconsistent, with only 34% rating services good.

The assessment further established major skills gaps, limited innovation systems, low accessibility of vocational training programmes, and weak engagement in research and technology adoption. Access to finance remains a major challenge due to high collateral requirements, limited financial literacy, high interest rates, and weak enterprise support systems.

Public-private engagement systems also remain fragmented and inconsistent. Awareness of dialogue forums is low while communication systems remain weak and irregular. However, stakeholders demonstrated strong willingness to participate in structured forums, with 58% identifying policy influence as the primary motivation for engagement.

The qualitative consultations further identified key institutional priorities for implementation of the PSEF including:

- Transparency and accountability;
- Anti-corruption measures;
- Climate resilience and sustainability;
- Infrastructure improvement;
- Stakeholder inclusivity;
- Institutionalized dialogue forums;
- Continuous monitoring and evaluation;
- Evidence-based decision-making.

The Isiolo County PSEF therefore establishes a comprehensive framework built around the core KUSP II components including:

- Private sector databases;
- Private sector diagnostics;
- Public-Private Dialogue Forums (PPDFs);
- Capacity-building and outreach systems;
- Communication and feedback mechanisms;
- Institutional coordination structures;
- Performance and accountability frameworks;
- Sustainability and resilience systems.

The framework further provides institutional arrangements involving the County Executive Committee, County Project Coordination Team (CPCT), Municipal Boards, Urban Managers, Technical Working Groups (TWGs), business associations, and development partners.

Implementation of the framework is expected to:

- Improve the business and investment environment;

- Strengthen stakeholder participation and trust;
- Improve service delivery and infrastructure prioritization;
- Promote local economic development;
- Enhance enterprise competitiveness and formalization;
- Strengthen transparency and accountability;
- Improve urban governance systems;
- Support climate-resilient urban development;
- Strengthen implementation of KUSP II reforms.

The Isiolo County PSEF provides a structured pathway for strengthening collaboration between the public and private sectors while promoting inclusive, resilient, competitive, and sustainable urban development across Isiolo County.

1.0 INTRODUCTION

1.1 Background

Isiolo County occupies a strategic position within Kenya's northern economic corridor and serves as an emerging gateway connecting northern Kenya with the wider Horn of Africa region. The county's economy is supported by trade, livestock production, transport and logistics, tourism, agribusiness, financial services, and expanding urban commercial activities. As urbanization, infrastructure investments, and population growth continue to increase within the county, the private sector is becoming increasingly important in supporting employment creation, revenue generation, innovation, investment mobilization, and local economic transformation.

The Kenya Urban Support Programme II (KUSP II) recognizes the private sector as a critical partner in urban governance, economic planning, infrastructure development, and sustainable urban growth. Under Result Area Four (RA4), county governments and urban boards are required to establish Private Sector Engagement Frameworks (PSEFs) to institutionalize structured collaboration between county governments, municipalities, urban boards, and private sector actors.

The Isiolo County Private Sector Engagement Framework (PSEF) has therefore been developed to provide an institutional, operational, and governance framework for strengthening public-private collaboration in urban planning, service delivery, investment promotion, and local economic development.

The framework is informed by comprehensive field assessments and qualitative consultations conducted across Isiolo County. The findings demonstrate that the county's private sector ecosystem remains vibrant but constrained by weak institutional organization, infrastructure gaps, regulatory bottlenecks, limited market diversification, and inadequate structured engagement mechanisms.

The assessment established that 91% of enterprises operating within Isiolo County are sole proprietorships, while companies, cooperatives, and partnerships each account for only 3%. This ownership structure reflects limited enterprise formalization and low levels of corporate investment within the county economy.

Sectoral analysis further reveals that wholesale and retail trade dominate the county economy at 51%, followed by hospitality and tourism at 13%. Manufacturing, financial services, and transport and logistics each account for 7%, while agriculture and agribusiness contribute 5%. ICT and construction account for 4% each, health services 2%, and utilities and waste management 1%. These findings demonstrate the county's heavy dependence on trade-oriented enterprises while highlighting opportunities for economic diversification, industrialization, value addition, and innovation.

The assessment also identified weak stakeholder organization and limited collective representation. Approximately 91% of enterprises are not affiliated with business associations, significantly limiting opportunities for structured advocacy, coordinated engagement, and enterprise support. Market orientation also remains highly localized, with 83% of businesses serving county markets, 15% serving national markets, and none participating in export markets.

Regulatory and administrative constraints further affect enterprise growth. The findings indicate that while 42% of respondents consider licensing procedures easy, 37% rate them very difficult, while taxes and levies account for 73% and 18% of regulatory bottlenecks respectively.

These findings demonstrate the urgent need for a structured and sustainable engagement framework capable of strengthening collaboration, improving the business environment, enhancing governance systems, and promoting inclusive urban economic development. The Isiolo County PSEF therefore provides a strategic mechanism for institutionalizing public-private dialogue, improving stakeholder coordination, supporting evidence-based planning, and strengthening implementation of KUSP II urban governance reforms...

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

The development of the Isiolo County Private Sector Engagement Framework (PSEF) is informed by the growing recognition that sustainable urban development cannot be achieved by county governments acting independently from private sector actors. Urban economic growth, infrastructure development, service delivery, investment promotion, innovation, and job creation increasingly depend on effective collaboration between public institutions and the private sector.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes the importance of establishing structured and institutionalized engagement systems that facilitate collaboration between county governments, municipalities, urban boards, businesses, development partners, and other stakeholders. The framework therefore provides a governance and institutional mechanism for operationalizing these requirements within Isiolo County.

The rationale for the framework is further informed by the findings of the private sector diagnostic and field assessment conducted across the county. The findings reveal that although the private sector remains central to economic activity within Isiolo County, engagement between county institutions and businesses remains fragmented, irregular, and weakly institutionalized.

The assessment established that 91% of enterprises are sole proprietorships, indicating limited enterprise aggregation, weak investment pooling systems, and low levels of formalization. This ownership structure limits the ability of businesses to access financing, participate in large-scale investments, and engage effectively with county institutions.

The county economy also remains heavily concentrated within wholesale and retail trade, which accounts for 51% of enterprises. Manufacturing, ICT, agribusiness, and infrastructure-related sectors remain underdeveloped despite their significant potential to support value addition, employment creation, and economic diversification. The framework therefore provides a platform for coordinated interventions aimed at supporting diversification, innovation, and investment competitiveness.

The rationale for the framework is also informed by weak institutional coordination within the private sector ecosystem. Approximately 91% of businesses are not members of business associations, limiting opportunities for structured dialogue, advocacy, information sharing, and collective bargaining. Without institutionalized engagement mechanisms, county governments face difficulties obtaining structured feedback from businesses regarding infrastructure needs, regulatory reforms, investment priorities, and service delivery gaps.

The field findings further reveal major challenges affecting the business environment. Taxes and levies account for 73% and 18% of regulatory bottlenecks respectively, while 37% of respondents rated licensing and permit acquisition processes as very difficult. These challenges contribute toward high operational costs, low investor confidence, and weak enterprise competitiveness.

Infrastructure deficits also continue to undermine urban competitiveness and enterprise growth. Drainage systems and waste management services were rated poor by 33% and 29% of

respondents respectively, while ICT connectivity remains inconsistent across urban areas. These findings demonstrate the need for collaborative planning and investment prioritization involving both public institutions and private sector actors.

The framework further responds to the need for transparency, accountability, and participatory governance in urban management. Qualitative consultations established that stakeholders strongly support institutionalized dialogue forums, regular consultations, transparent decision-making, and continuous communication systems. Stakeholders emphasized that structured engagement mechanisms would improve trust, strengthen policy implementation, and support collaborative problem-solving.

The PSEF therefore establishes structured mechanisms for:

- Public-Private Dialogue Forums (PPDFs);
- Private sector diagnostics and databases;
- Capacity building and outreach;
- Monitoring and accountability systems;
- Communication and stakeholder feedback mechanisms;
- Institutional coordination and resource mobilization.

Ultimately, the rationale for the framework is to strengthen collaboration between public and private sector actors in order to improve urban governance, enhance the business environment, promote sustainable investment, strengthen economic competitiveness, and support inclusive and resilient urban development within Isiolo County in accordance with KUSP II requirements...

1.3 Current Practice in Public-Private Engagement

Public-private engagement within Isiolo County currently occurs through a combination of public participation forums, stakeholder consultations, technical working groups, departmental engagements, investor forums, and business association meetings. Although these mechanisms provide opportunities for interaction between county institutions and private sector actors, the field findings demonstrate that engagement systems remain fragmented, inconsistent, and inadequately institutionalized.

The County Government currently engages businesses through multiple departments including Trade, Urban Development, Finance, Revenue Administration, Planning, Public Participation, and Municipal Administration. According to the qualitative consultations, engagement platforms include ward-level public participation forums, policy dialogue sessions, digital communication platforms, field visits, technical working groups, and business association engagements.

County officials further indicated that existing engagement systems are primarily driven through:

- Public participation forums;
- Chamber of Commerce engagements;
- SACCO and cooperative meetings;
- Departmental service desks;
- Investor and stakeholder forums;
- Technical working groups.

Despite these efforts, awareness and participation remain low across the county. The field assessment established that 91% of businesses are not affiliated with business associations,

significantly limiting structured representation and coordinated participation within governance processes.

The current engagement systems are also affected by limited communication channels, inconsistent consultation schedules, weak feedback mechanisms, and inadequate institutional coordination. Many businesses reported that engagement forums are irregular and often fail to provide timely feedback regarding implementation of resolutions and policy decisions.

Nevertheless, the assessment demonstrates strong interest among stakeholders in participating in structured engagement platforms. Approximately 58% of respondents identified policy influence as the primary motivation for participating in public-private forums, while 13% cited direct benefits and another 13% cited contribution to county development. Incentives and trust each accounted for 8%.

These findings suggest that businesses are willing to participate actively in county governance processes where engagement systems are transparent, predictable, inclusive, and outcome-oriented.

The qualitative findings further identified several existing initiatives supporting private sector development including:

- KUZA Jamii Programme;
- Youth Innovation Centres;
- Enterprise Development Funds;
- Market infrastructure projects;
- Business advisory services;
- Financial linkage programmes.

However, institutional coordination between these programmes remains limited, and awareness among enterprises remains relatively low.

The field findings further demonstrate that engagement systems are not sufficiently integrated into county planning, budgeting, monitoring, and urban governance processes. Stakeholders emphasized the need for institutionalized Public-Private Dialogue Forums (PPDFs), structured communication systems, regular consultations, transparent implementation frameworks, and continuous stakeholder participation.

The current practice therefore demonstrates that although engagement mechanisms exist within Isiolo County, they remain largely fragmented, project-based, and personality-driven rather than institutionalized. The Isiolo County PSEF therefore seeks to strengthen these systems by establishing structured governance mechanisms, sustainable engagement platforms, clear institutional responsibilities, and integrated accountability frameworks aligned with the KUSP II Toolkit requirements...

1.4 Implementation of KUSP II in Meru County

The Kenya Urban Support Programme II (KUSP II) provides a national framework for strengthening urban governance, institutional capacity, urban resilience, infrastructure planning, and sustainable urban development within county governments and urban areas. Under Result Area Four (RA4), KUSP II requires participating counties and urban boards to establish structured Private Sector Engagement Frameworks (PSEFs) as part of the Urban Development Grant (UDG) performance standards.

The Isiolo County PSEF has therefore been developed in alignment with the KUSP II Toolkit and urban governance requirements. The framework operationalizes the four major components identified under the toolkit, namely:

- Private sector databases;
- Private sector diagnostics;
- Public-Private Dialogue Forums (PPDFs);
- Capacity-building and outreach systems.

The implementation of KUSP II within Isiolo County focuses on strengthening urban governance systems, institutional coordination, stakeholder participation, and investment competitiveness. The programme further emphasizes participatory planning, accountability, transparency, and evidence-based urban management systems.

The private sector diagnostic conducted within Isiolo County provides the evidence base required under the KUSP II Toolkit for informing urban planning, investment prioritization, and business environment reforms. The findings identified major challenges affecting enterprise competitiveness including high taxes and levies, infrastructure deficits, weak stakeholder coordination, low levels of enterprise formalization, and inadequate access to finance.

The implementation framework further requires county governments and municipalities to establish institutional coordination mechanisms involving County Executive Committees, County Project Coordination Teams (CPCTs), Urban Boards, Urban Managers, and private sector stakeholders.

The Isiolo County PSEF therefore supports KUSP II implementation by:

- Institutionalizing stakeholder engagement systems;
- Strengthening public-private collaboration;
- Supporting evidence-based planning;
- Improving urban governance systems;
- Enhancing transparency and accountability;
- Promoting inclusive economic development.

Through implementation of this framework, Isiolo County will strengthen compliance with KUSP II performance standards while improving investment competitiveness, urban management systems, and sustainable urban economic development..

1.5 Development of the Private Sector Engagement Framework (PSEF)

The development of the Isiolo County Private Sector Engagement Framework (PSEF) was undertaken through a participatory, consultative, and evidence-based process involving county departments, municipalities, private sector actors, development partners, civil society organizations, business associations, cooperatives, and community stakeholders. The process was guided by the Kenya Urban Support Programme II (KUSP II) Toolkit and informed by both quantitative and qualitative field assessments conducted across Isiolo County.

The framework development process began with a comprehensive private sector diagnostic aimed at assessing the business environment, enterprise structures, institutional systems, infrastructure conditions, stakeholder engagement mechanisms, and sustainability challenges affecting urban economic development within the county.

The diagnostic process adopted a mixed-methods approach incorporating:

- Enterprise surveys;
- Focus Group Discussions (FGDs);
- Key Informant Interviews (KIIs);
- Stakeholder consultations;
- Institutional assessments;
- Policy and legislative reviews.

The field assessment generated critical empirical findings that informed the design and priorities of the framework. The findings established that 91% of enterprises are sole proprietorships while 91% are not affiliated with business associations. These findings highlighted weak institutional coordination, limited enterprise formalization, and low levels of structured stakeholder representation.

The consultations further identified key constraints affecting enterprise growth including:

- High taxes and levies;
- Poor infrastructure;
- Weak market linkages;
- Climate-related vulnerabilities;
- Limited access to finance;
- Weak communication systems.

Stakeholders emphasized the importance of transparency, accountability, regular consultations, and structured Public-Private Dialogue Forums (PPDFs) capable of improving collaboration between county institutions and businesses.

The development process further incorporated review of existing county frameworks including:

- County Integrated Development Plans (CIDPs);
- Annual Development Plans (ADPs);
- Municipal strategic plans;
- Revenue and trade policies;
- Urban governance frameworks.

The framework was subsequently aligned with the KUSP II Toolkit requirements relating to institutional arrangements, performance standards, private sector databases, diagnostics, stakeholder engagement systems, and accountability frameworks.

The resulting framework therefore provides a comprehensive governance, institutional, and operational structure for strengthening sustainable private sector engagement within Isiolo County. It establishes mechanisms for continuous dialogue, evidence-based planning, institutional accountability, stakeholder participation, and sustainable urban economic development in alignment with KUSP II urban governance reforms.

2.0 THE PRIVATE SECTOR ENGAGEMENT FRAMEWORK

2.1 Development of the framework

The development of the Isiolo County Private Sector Engagement Framework (PSEF) was undertaken through a participatory, consultative, and evidence-based process guided by the Kenya Urban Support Programme II (KUSP II) Toolkit for Private Sector Engagement Frameworks. The process was designed to ensure that the framework reflects the socio-economic realities, institutional priorities, governance challenges, and investment opportunities existing within Isiolo County.

The framework development process involved extensive consultations with county departments, municipal boards, private sector actors, development partners, cooperatives, business associations, informal sector operators, women enterprises, youth groups, financial institutions, transport operators, hospitality enterprises, livestock traders, ICT enterprises, and civil society organizations. These consultations were conducted through Key Informant Interviews (KIIs), stakeholder forums, Focus Group Discussions (FGDs), enterprise surveys, and technical review meetings.

The quantitative field assessment provided important empirical findings that informed the framework. The survey established that 91% of enterprises within Isiolo County are sole proprietorships while companies, cooperatives, and partnerships each account for only 3%. This demonstrated high levels of informality and limited enterprise corporatization within the county economy.

Sectoral analysis further established that wholesale and retail trade dominate the county economy at 51%, followed by hospitality and tourism at 13%, while manufacturing, financial services, and transport sectors each account for 7%. Agriculture contributes 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1%.

The framework development process further identified weak institutional coordination and limited stakeholder organization. Approximately 91% of businesses are not affiliated with business associations, limiting opportunities for collective advocacy, information sharing, and structured participation in governance systems.

The consultations also identified major challenges affecting enterprise growth and urban competitiveness including:

- High taxes and levies;
- Weak infrastructure systems;
- Inadequate drainage and waste management;
- Limited access to finance;
- Weak market diversification;
- Inconsistent communication systems;
- Limited policy participation mechanisms.

The framework was subsequently aligned with the KUSP II Toolkit requirements which emphasize:

- Private sector databases;
- Private sector diagnostics;
- Public-Private Dialogue Forums (PPDFs);
- Capacity-building and outreach systems;

- Monitoring and accountability systems.

Review of county policies and development frameworks including the County Integrated Development Plan (CIDP), Annual Development Plans (ADPs), municipal strategies, and urban governance frameworks further informed the framework design.

The resulting PSEF therefore provides a structured governance and operational framework for institutionalizing sustainable collaboration between the County Government of Isiolo and private sector actors. It establishes mechanisms for dialogue, accountability, stakeholder participation, evidence-based planning, investment promotion, and sustainable urban economic development aligned with KUSP II urban governance reforms...

2.2 Legal basis and alignment to existing county frameworks and processes

The Isiolo County Private Sector Engagement Framework (PSEF) is anchored on a strong constitutional, legal, policy, and institutional foundation that supports participatory governance, accountability, public participation, sustainable urban development, and local economic transformation. The framework derives its primary legal basis from the Constitution of Kenya 2010, which establishes the principles of devolved governance, transparency, inclusivity, accountability, and citizen participation in public affairs.

The Constitution assigns county governments responsibility for functions relating to trade development, local economic development, urban planning, markets, licensing, infrastructure provision, public participation, and service delivery. These constitutional provisions provide the legal basis for institutionalized engagement between county governments and private sector actors in planning, budgeting, implementation, and urban governance processes.

The framework further aligns with several national laws and policy frameworks including the Urban Areas and Cities Act (UACA), the County Governments Act (CGA), the Public Finance Management Act (PFMA), the Public Procurement and Asset Disposal Act (PPADA), the Access to Information Act, the Physical and Land Use Planning Act, and the Micro and Small Enterprises Act. These legislative frameworks collectively emphasize participatory governance, integrated planning, stakeholder engagement, accountability, transparency, and sustainable urban management.

The Urban Areas and Cities Act specifically requires municipalities and urban boards to strengthen stakeholder participation and collaborative governance within urban management systems. Similarly, the County Governments Act promotes citizen participation, transparency, accountability, and integrated development planning within county governance structures.

The framework is also fully aligned with the Kenya Urban Support Programme II (KUSP II) Toolkit for Private Sector Engagement Frameworks, which identifies private sector participation as a critical pillar for strengthening urban governance, investment competitiveness, infrastructure planning, and sustainable urban development. Under Result Area Four (RA4), counties are required to establish institutionalized private sector engagement systems involving private sector databases, diagnostics, Public-Private Dialogue Forums (PPDFs), and capacity-building mechanisms.

At county level, the PSEF aligns with the Isiolo County Integrated Development Plan (CIDP), Annual Development Plans (ADPs), County Fiscal Strategy Paper (CFSP), municipal strategic plans, county trade policies, urban development priorities, and investment promotion strategies. The framework further supports county priorities relating to infrastructure improvement, enterprise development, climate resilience, urban competitiveness, revenue enhancement, and sustainable local economic development.

The field findings established that regulatory bottlenecks continue to affect enterprise growth, with taxes and levies accounting for 73% and 18% of business constraints respectively. The framework therefore supports policy reforms, digitization of services, improved transparency, harmonization of county regulatory systems, and strengthened institutional accountability.

Overall, the legal and policy alignment ensures that the Isiolo County PSEF is fully integrated into county governance systems while supporting implementation of KUSP II urban governance reforms and sustainable urban economic development priorities.

2.3 Objective of the framework

The overall objective of the Isiolo County Private Sector Engagement Framework (PSEF) is to establish a structured, inclusive, transparent, accountable, and sustainable mechanism for collaboration between the County Government of Isiolo, municipalities, urban boards, private sector actors, development partners, and other stakeholders in urban governance, economic development, infrastructure planning, investment promotion, and service delivery.

The framework seeks to strengthen institutionalized engagement systems capable of promoting participatory governance, evidence-based planning, policy coordination, and sustainable urban economic development in alignment with the Kenya Urban Support Programme II (KUSP II) Toolkit requirements.

The framework specifically aims to institutionalize Public-Private Dialogue Forums (PPDFs) capable of facilitating regular consultations, collaborative planning, policy dialogue, and stakeholder participation within county governance systems. The framework further seeks to strengthen coordination between county departments, municipalities, urban boards, business associations, enterprises, development partners, and civil society organizations.

The field findings established that engagement systems within Isiolo County remain fragmented and weakly institutionalized. Approximately 91% of enterprises are not affiliated with business associations while 58% of respondents indicated that participation in engagement forums is motivated primarily by the desire to influence policy decisions. These findings demonstrate the need for predictable and institutionalized dialogue systems capable of strengthening trust, participation, communication, and accountability.

The framework further seeks to improve the business and investment environment by supporting regulatory reforms, improving transparency, strengthening digital governance systems, and promoting evidence-based planning. The assessment identified taxes and levies as major regulatory constraints affecting enterprises, accounting for 73% and 18% respectively.

The framework also seeks to strengthen enterprise competitiveness, local economic development, urban resilience, infrastructure planning, climate adaptation, and stakeholder inclusivity. Special attention is given to women enterprises, youth enterprises, MSMEs, cooperatives, and informal sector operators in order to strengthen equitable participation and inclusive economic growth.

Ultimately, the framework provides a governance and operational mechanism for strengthening collaboration between public institutions and private sector actors while promoting sustainable urban development, improved service delivery, enhanced investment competitiveness, and implementation of KUSP II urban governance reforms within Isiolo County..

2.4 Approach to the PSE framework

The Isiolo County Private Sector Engagement Framework (PSEF) adopts a participatory, inclusive, evidence-based, and adaptive approach to strengthening collaboration between the County Government, municipalities, urban boards, private sector actors, development partners,

and community stakeholders. The framework recognizes that sustainable urban development and local economic transformation can only be achieved through continuous engagement, shared responsibility, collaborative planning, and coordinated implementation between public institutions and private sector actors.

The approach adopted under the framework is informed by the Kenya Urban Support Programme II (KUSP II) Toolkit, which emphasizes institutionalized engagement systems, participatory urban governance, stakeholder inclusivity, evidence-based planning, and sustainable urban management. The framework therefore integrates governance, institutional, economic, environmental, and social dimensions necessary for strengthening urban competitiveness and resilience within Isiolo County.

The framework adopts a multi-stakeholder approach that promotes active participation of county departments, municipal boards, private sector enterprises, cooperatives, SACCOs, women and youth enterprises, informal sector operators, investors, civil society organizations, research institutions, and development partners. The approach further recognizes the diversity of the private sector ecosystem within Isiolo County and the need for inclusive engagement mechanisms capable of addressing the unique needs of different categories of stakeholders.

The field findings established that the county economy is heavily dominated by wholesale and retail trade which accounts for 51% of enterprises, while hospitality and tourism account for 13%, manufacturing, transport and logistics, and financial services each account for 7%, and agriculture contributes 5%. These findings informed adoption of a sector-sensitive engagement approach capable of supporting economic diversification, value addition, enterprise competitiveness, and infrastructure development.

The framework further adopts the four policy pillars identified under the KUSP II Toolkit, namely:

- Institutions and regulations;
- Infrastructure and land;
- Skills and innovation;
- Enterprise support and finance.

Under institutions and regulations, the framework seeks to improve transparency, simplify licensing procedures, strengthen accountability, and improve policy coordination. The field findings established that taxes and levies account for 73% and 18% of regulatory bottlenecks respectively while 37% of businesses rated licensing procedures as very difficult.

Under infrastructure and land, the framework promotes climate-resilient infrastructure, improved market facilities, waste management systems, ICT infrastructure, transport systems, and urban planning reforms. Under skills and innovation, the framework supports entrepreneurship, digital literacy, enterprise incubation, innovation hubs, and technical capacity development. Under enterprise support and finance, the framework promotes Business Development Services (BDS), financial inclusion, market access, enterprise formalization, and investment promotion.

The framework also adopts an adaptive governance approach that supports continuous monitoring, stakeholder feedback, institutional learning, and policy responsiveness. Qualitative consultations established strong stakeholder demand for regular consultations, transparent communication systems, decentralized engagement forums, and implementation follow-up mechanisms.

The approach adopted under the PSEF seeks to strengthen collaboration, improve urban governance, enhance service delivery, strengthen investment competitiveness, and support inclusive and sustainable urban economic development within Isiolo County..

2.5 Principles of the PSEF

Implementation of the Isiolo County Private Sector Engagement Framework (PSEF) shall be guided by a set of governance, institutional, participation, accountability, and sustainability principles designed to ensure effective, inclusive, transparent, and sustainable collaboration between the County Government and private sector stakeholders. These principles are aligned with the Constitution of Kenya 2010, the Kenya Urban Support Programme II (KUSP II) Toolkit, and county urban governance priorities.

I. Inclusivity and Equity

The framework shall promote inclusive participation of all categories of stakeholders regardless of size, sector, gender, social status, location, or economic capacity. The framework recognizes that sustainable urban economic development requires participation of MSMEs, women enterprises, youth enterprises, cooperatives, SACCOs, informal sector operators, professional associations, investors, and vulnerable groups.

The field findings established that the private sector within Isiolo County is dominated by micro and small enterprises, most of which operate within trade, hospitality, transport, and informal economic activities. The framework therefore seeks to ensure that engagement mechanisms are accessible, representative, and responsive to the needs of all categories of enterprises rather than exclusively benefiting large formal businesses.

II. Transparency and Accountability

Transparency and accountability shall remain central pillars guiding implementation of the framework. County institutions shall ensure openness in decision-making, public disclosure of relevant information, transparent communication systems, and regular stakeholder feedback mechanisms.

The qualitative consultations established strong stakeholder concerns regarding weak communication systems, delayed implementation feedback, and inadequate accountability within county engagement systems. The framework therefore promotes institutionalized reporting systems, monitoring frameworks, grievance redress mechanisms, and public accountability structures.

III. Participation and Collaboration

The framework recognizes stakeholder participation and collaborative governance as critical pillars for strengthening urban management, investment competitiveness, and policy effectiveness. Public-Private Dialogue Forums (PPDFs), stakeholder consultations, technical working groups, and participatory planning systems shall therefore be institutionalized within county governance structures.

The field findings established that 58% of businesses participate in engagement forums primarily to influence policy and decision-making processes. This demonstrates strong demand for collaborative governance systems capable of strengthening policy ownership, trust, and implementation effectiveness.

IV. Sustainability and Resilience

The framework promotes institutional, economic, environmental, and financial sustainability. Climate resilience and sustainable urban development shall be integrated into urban planning, infrastructure development, investment prioritization, and stakeholder engagement processes.

The qualitative findings identified environmental degradation, poor waste management, weak drainage systems, flooding, and climate-related vulnerabilities as significant challenges affecting businesses and urban infrastructure. The framework therefore supports green infrastructure investments, climate-smart urban planning, environmental protection, and sustainable resource management systems.

V. Evidence-Based Decision-Making

Implementation of the framework shall be guided by empirical evidence, private sector diagnostics, stakeholder consultations, monitoring systems, and data-driven analysis. County institutions shall utilize research findings, performance data, enterprise assessments, and stakeholder feedback to guide planning, budgeting, implementation, and policy reforms.

The field assessment established important baseline data regarding enterprise ownership, market orientation, infrastructure conditions, investment constraints, and institutional coordination systems. This evidence base shall continue informing implementation and policy review processes.

VI. Responsiveness and Adaptive Governance

The framework recognizes that urban economic systems continuously evolve due to changes in markets, technology, climate conditions, demographics, and governance priorities. County institutions shall therefore maintain flexible and adaptive governance systems capable of responding to emerging challenges and opportunities.

Continuous stakeholder consultations, periodic reviews, performance monitoring, and learning mechanisms shall therefore support policy responsiveness and institutional adaptability.

VII. Institutional Coordination and Partnership

Effective implementation of the PSEF requires coordinated collaboration among county departments, municipalities, urban boards, private sector actors, development partners, and civil society organizations. The framework therefore promotes integrated planning systems, harmonized implementation mechanisms, and interdepartmental coordination structures capable of reducing duplication and improving efficiency.

VIII. Integrity and Ethical Governance

Implementation of the framework shall be guided by professionalism, integrity, fairness, honesty, and ethical conduct. County institutions and stakeholders shall uphold accountability, responsible leadership, and professionalism in all engagement processes.

IX. Innovation and Competitiveness

The framework promotes innovation, entrepreneurship, digital transformation, and enterprise competitiveness as critical pillars for sustainable local economic development. The field findings established limited ICT adoption and weak innovation systems affecting enterprises within Isiolo County. The framework therefore supports enterprise innovation, digital governance systems, technology adoption, and skills development programmes capable of strengthening urban competitiveness and economic transformation.

2.6 Key actors and roles

Successful implementation of the Isiolo County Private Sector Engagement Framework (PSEF) will depend significantly on coordinated collaboration among institutions and stakeholders operating at national, county, municipal, private sector, and community levels. The framework recognizes that sustainable urban governance and effective private sector participation cannot be achieved through isolated institutional efforts, but rather through

integrated governance systems characterized by coordination, accountability, inclusivity, transparency, and continuous stakeholder engagement.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes the importance of establishing clear institutional arrangements and stakeholder coordination systems capable of supporting implementation, monitoring, accountability, and sustainability of private sector engagement frameworks. The Isiolo County PSEF therefore adopts a multi-level governance approach that defines the responsibilities and contributions of each stakeholder category in order to strengthen ownership, implementation efficiency, and institutional sustainability.

Table 1 Key Actors and Roles in Implementation of the Isiolo County PSEF

Level	Actor/Institution	Roles and Responsibilities
National Level	State Department for Housing and Urban Development (SDHUD)	Provide overall policy guidance, technical oversight, implementation support, and coordination of KUSP II reforms and urban governance requirements.
	Kenya Urban Support Programme II (KUSP II) Coordination Unit	Provide technical support, implementation guidelines, capacity building, monitoring frameworks, and performance assessment systems.
	National Treasury and Economic Planning	Support financing frameworks, intergovernmental fiscal coordination, and integration of urban development priorities into national economic planning systems.
	National Government Regulatory Agencies	Provide sector-specific regulation, standards, policy guidance, and compliance oversight in areas such as environment, infrastructure, ICT, and enterprise development.
County Level	County Executive Committee (CEC)	Provide political leadership, policy direction, institutional oversight, and resource mobilization for implementation of the PSEF.
	County Executive Committee Member (CECM) – Trade/Urban Development	Serve as policy champion for the framework and oversee implementation of stakeholder engagement systems, investment promotion, and institutional coordination.
	Chief Officers	Coordinate implementation activities within departments and ensure integration of PSEF priorities into departmental plans and budgets.
	County Assembly	Provide legislative oversight, approve policy frameworks, review implementation reports, and support enactment of policy reforms.
	County Project Coordination Team (CPCT)	Coordinate technical implementation, stakeholder engagement, monitoring and evaluation, reporting, and interdepartmental collaboration.
	Directorate of Trade and Enterprise Development	Coordinate enterprise development programmes, investment promotion initiatives, and Business Development Services (BDS).
	Directorate of Finance and Economic Planning	Support budgeting, financial planning, resource mobilization, and integration of PSEF priorities into county fiscal frameworks.

	Directorate of ICT and Digital Economy	Support digital governance systems, online stakeholder engagement platforms, and digital communication systems.
	Directorate of Environment and Climate Change	Mainstream climate resilience, environmental sustainability, and green urban development into implementation processes.
Municipal Level	Municipal Boards	Provide oversight for implementation of the framework within municipalities and urban areas. Facilitate Public-Private Dialogue Forums (PPDFs) and stakeholder consultations.
	Urban Managers	Coordinate day-to-day implementation of PSEF activities including consultations, communication systems, reporting, and database management.
	Ward Administrators and Community Leaders	Mobilize local stakeholders, facilitate grassroots consultations, and support dissemination of information.
Private Sector	Business Associations and Chambers of Commerce	Mobilize private sector participation, coordinate advocacy initiatives, and facilitate policy dialogue and stakeholder representation.
	MSMEs and Informal Sector Enterprises	Participate in consultations, dialogue forums, enterprise development programmes, and investment activities.
	Cooperatives and SACCOs	Mobilize members, facilitate financial inclusion, support enterprise financing, and strengthen collective investment systems.
	Women and Youth Enterprises	Participate in dialogue forums, entrepreneurship programmes, innovation initiatives, and economic development activities.
	Investors and Large Enterprises	Provide investment capital, technical expertise, market linkages, innovation, and infrastructure partnerships.
Other Stakeholders	Development Partners	Provide technical assistance, financing support, institutional strengthening, and capacity-building programmes.
	Civil Society Organizations (CSOs)	Support stakeholder mobilization, advocacy, social accountability, awareness creation, and community participation.
	Academic and Research Institutions	Conduct research, policy analysis, innovation support, enterprise training, and monitoring and evaluation activities.
	Media Institutions	Support dissemination of information, public awareness, transparency, and stakeholder communication.

National Level Actors

At the national level, institutions including the State Department for Housing and Urban Development (SDHUD), the KUSP II Coordination Unit, the National Treasury, and other

national regulatory agencies shall provide overall policy direction, technical guidance, institutional oversight, and implementation support for the framework.

The State Department for Housing and Urban Development shall play a central role in guiding implementation of urban governance reforms, strengthening compliance with KUSP II requirements, and supporting municipalities and county governments in operationalizing structured private sector engagement systems. The KUSP II Coordination Unit shall further support implementation through technical assistance, development of operational guidelines, monitoring systems, performance assessments, and institutional strengthening initiatives.

National regulatory agencies shall also provide technical standards, policy guidance, and compliance oversight in sectors such as infrastructure, environmental management, ICT, urban planning, and enterprise development. Their involvement will strengthen harmonization of policies, legal compliance, and institutional accountability while supporting alignment of county initiatives with national urban development priorities.

County Level Actors

At the county level, the County Executive Committee (CEC), County Assembly, Chief Officers, County Project Coordination Team (CPCT), and county technical departments shall provide political leadership, policy direction, operational coordination, resource mobilization, and implementation oversight for the framework.

The County Executive Committee shall provide strategic leadership and ensure that private sector engagement priorities are mainstreamed into county planning, budgeting, and governance systems. The County Executive Committee Member (CECM) responsible for Trade or Urban Development shall serve as the lead policy champion responsible for coordinating implementation of the framework across county departments and municipalities.

The County Assembly shall support implementation through legislative oversight, approval of policy frameworks, enactment of relevant legislation, and review of implementation progress reports. This role is important in strengthening accountability, transparency, and institutionalization of stakeholder engagement systems within county governance structures.

The County Project Coordination Team (CPCT) shall serve as the principal technical coordination mechanism responsible for operational planning, stakeholder engagement, monitoring and evaluation, reporting, and coordination across departments. Technical departments including Trade, Finance, Urban Development, ICT, Environment, and Economic Planning shall support implementation of sector-specific activities and ensure integration of PSEF priorities into county programmes.

The field findings established that stakeholders strongly support integrated governance systems and institutional coordination mechanisms capable of improving communication, accountability, and implementation efficiency.

Municipal Level Actors

Municipal Boards and Urban Managers shall play a central operational role in implementation of the framework at urban level. In line with the KUSP II Toolkit, municipalities are expected to coordinate Public-Private Dialogue Forums (PPDFs), stakeholder consultations, communication systems, and implementation monitoring activities.

Municipal Boards shall provide oversight for urban-level engagement activities, support resource allocation, facilitate stakeholder consultations, and strengthen urban governance systems. Urban Managers shall coordinate day-to-day implementation activities including stakeholder communication, database management, monitoring systems, and reporting processes.

Ward administrators and community leaders shall support grassroots mobilization, decentralized consultations, information dissemination, and local stakeholder participation. Their involvement is particularly important in ensuring inclusivity and strengthening ownership of county programmes at community level.

Private Sector Actors

Private sector actors constitute the core beneficiaries and strategic partners under the PSEF. These include business associations, MSMEs, cooperatives, SACCOs, informal sector enterprises, women enterprises, youth enterprises, investors, and large businesses.

Business associations and chambers of commerce shall mobilize enterprises, coordinate stakeholder representation, facilitate advocacy initiatives, and support policy dialogue processes. However, the field findings established that 91% of enterprises within Isiolo County are not affiliated with business associations, demonstrating weak institutional organization and limited collective representation. The framework therefore seeks to strengthen formation and operationalization of business networks and stakeholder platforms capable of improving collective participation.

MSMEs and informal enterprises shall participate actively in consultations, dialogue forums, enterprise development programmes, and investment initiatives. Cooperatives and SACCOs shall support financial inclusion, enterprise financing, and collective investment systems while investors and large enterprises shall support technology transfer, infrastructure investments, market linkages, and industrialization.

Women and youth enterprises shall further contribute toward innovation, entrepreneurship, social inclusion, and equitable economic participation.

Other Stakeholders

Other important stakeholders include development partners, civil society organizations (CSOs), academic institutions, research organizations, and media institutions. Development partners shall support technical assistance, institutional strengthening, financing, research, and capacity-building programmes necessary for implementation of the framework.

Civil society organizations shall strengthen social accountability, public awareness, stakeholder mobilization, and community participation in governance processes. Academic and research institutions shall support policy analysis, innovation systems, enterprise training, monitoring and evaluation, and evidence-based planning.

Media institutions shall support dissemination of information, awareness creation, transparency, and communication regarding county programmes and stakeholder engagement opportunities.

Overall, the multi-level stakeholder structure established under the PSEF provides a coordinated governance framework capable of strengthening collaboration, accountability, transparency, inclusivity, and sustainability in implementation of the Isiolo County Private Sector Engagement Framework.

2.7 Benefits of adopting the private sector engagement framework

The adoption of the Private Sector Engagement Framework (PSEF) in Meru County is expected to generate far-reaching and transformative impacts across governance, economic development, service delivery, and institutional performance. These benefits are not only aligned with the Kenya Urban Support Programme II (KUSP II) objectives but are also directly responsive to the constraints and opportunities identified in the field assessment and county stakeholder consultations.

I. Strengthening the Business Enabling Environment

One of the most immediate benefits of the PSEF is the systematic improvement of the business environment through structured identification and resolution of constraints. The field data highlights that 68% of businesses cite taxation as a major challenge, alongside issues of multiple levies, regulatory duplication, and compliance costs .

Through institutionalized dialogue platforms, the PSEF enables continuous engagement between regulators and businesses, facilitating reforms such as:

- Streamlining licensing procedures
- Reducing duplication across regulatory agencies
- Enhancing clarity and predictability of regulatory processes

County officials also confirmed that businesses face delays in approvals, overlapping mandates, and high compliance costs . By addressing these issues, the PSEF significantly reduces the cost of doing business and improves investor confidence.

II. Enhancing Public-Private Trust and Collaboration

A critical challenge identified in the assessment is the disconnect between the public and private sectors, with 72% of businesses unaware of engagement platforms despite 61% expressing willingness to participate .

The PSEF bridges this gap by institutionalizing regular, transparent, and predictable engagement mechanisms. This fosters:

- Mutual trust between government and businesses
- Joint ownership of development initiatives
- Improved communication and reduced conflict

County officials emphasized that effective engagement depends on “open communication, mutual trust, and shared commitment” , all of which are strengthened through the framework.

III. Increased Investment Attraction and Economic Growth

The PSEF enhances the county’s attractiveness to investors by creating a stable, predictable, and responsive business environment. The framework aligns public investments with private sector priorities, including:

- Infrastructure development (33% priority)
- Skills development (23%)
- Regulatory reforms (20%)

By addressing these priorities, the PSEF unlocks opportunities in key sectors identified by both businesses and county officials, such as:

- Agribusiness and agro-processing
- Real estate and urban development
- ICT and digital economy
- Renewable energy and green economy

This alignment ensures that investments are demand-driven, increasing their viability and impact.

IV. Improved Infrastructure Development and Service Delivery

Infrastructure gaps such as poor roads, drainage, waste management, and unreliable utilities were identified as major constraints by both businesses and municipal officials .

The PSEF facilitates:

- Prioritization of infrastructure investments based on business needs
- Promotion of Public-Private Partnerships (PPPs)
- Improved coordination between service providers and users

This results in more efficient and targeted infrastructure development, enhancing productivity and reducing operational costs for businesses.

V. Strengthening Institutional Capacity and Governance

The PSEF contributes to institutional strengthening by:

- Establishing clear roles and responsibilities across actors
- Enhancing coordination between county departments and municipalities
- Introducing structured governance mechanisms (e.g., steering committees, technical working groups)

This directly supports KUSP II requirements for improved urban governance and institutional performance. It also enhances accountability by ensuring that decisions are informed by stakeholder input and supported by transparent processes.

VI. Expanding Access to Finance and Enterprise Support

Access to finance remains a critical constraint, with only 5% of businesses accessing bank loans, while the majority rely on informal sources such as personal savings and SACCOs .

The PSEF promotes:

- Stronger linkages between businesses and financial institutions
- Development of tailored financial products for MSMEs
- Expansion of business development services (BDS)

By improving financial inclusion, the framework enables businesses to invest, expand, and innovate.

VII. Promoting Skills Development and Innovation

The framework addresses the 52% skills gap identified in the field data by facilitating collaboration between:

- Training institutions
- Industry players
- Government agencies

This leads to:

- Demand-driven skills development programs
- Increased adoption of technology and innovation
- Enhanced productivity and competitiveness

VIII. Enhancing Inclusivity and Formalization of the Economy

Given the high prevalence of informal and micro enterprises, the PSEF plays a critical role in promoting inclusivity. By providing accessible engagement platforms and targeted support, the framework:

- Encourages informal businesses to formalize
- Expands participation of women and youth
- Strengthens representation of marginalized groups

This contributes to a broader and more equitable economic base.

IX. Improving Planning, Budgeting, and Policy Effectiveness

The integration of private sector inputs into planning processes such as the CIDP and ADPs ensures that:

- Policies reflect real economic conditions
- Investments are aligned with market needs
- Resources are allocated more efficiently

County officials confirmed that private sector engagement already occurs in budgeting and policy consultations, but requires strengthening and structuring . The PSEF formalizes this integration, improving overall planning outcomes.

X. Supporting Public-Private Partnerships (PPPs) and Innovation in Service Delivery

The PSEF creates an enabling environment for PPPs by:

- Identifying investment opportunities
- Reducing regulatory barriers
- Enhancing project preparation and coordination

County officials noted that PPP initiatives have been implemented, particularly in areas such as waste management, but face challenges including lengthy processes, limited funding, and unclear frameworks .

The PSEF addresses these challenges by providing a structured approach to PPP development, thereby improving efficiency and investor confidence.

XI. Enhancing Communication and Information Flow

The framework improves communication between government and businesses by leveraging preferred channels identified in the field data, including:

- Public meetings (34%)
- SMS (26%)
- WhatsApp (17%)

This ensures that information is accessible, timely, and relevant, increasing participation and engagement.

XII. Strengthening Monitoring, Evaluation, and Learning

The PSEF introduces structured monitoring and evaluation mechanisms, enabling:

- Tracking of engagement outcomes
- Assessment of policy effectiveness
- Continuous learning and adaptation

County officials highlighted the importance of periodic surveys in monitoring progress , which the framework institutionalizes as part of its M&E system.

XIII. Enhancing Compliance with KUSP II and Access to Funding

The PSEF is a key requirement under KUSP II, particularly in relation to:

- Institutional strengthening
- Participatory governance
- Performance-based funding

By adopting the framework, Meru County improves its eligibility for Urban Institutional Grants and other funding mechanisms, thereby enhancing its financial capacity for development.

(xiv) Driving Job Creation and Sustainable Urban Development

Ultimately, the PSEF contributes to job creation and sustainable economic growth by:

- Supporting enterprise expansion
- Attracting new investments
- Enhancing productivity across sectors

By aligning public and private sector efforts, the framework ensures that urban development is not only economically viable but also socially inclusive and environmentally sustainable.

(xv) Building Resilience and Future-Ready Urban Economies

In an increasingly dynamic and uncertain economic environment, the PSEF enhances the resilience of Meru County's economy by:

- Diversifying economic activities
- Promoting innovation and technology adoption
- Strengthening collaboration across sectors

This positions the county to respond effectively to emerging challenges and opportunities, including climate change, digital transformation, and shifting market dynamics.

3.0 COMPONENTS OF THE PSEF

The Isiolo County Private Sector Engagement Framework (PSEF) is built around a set of interrelated institutional, governance, operational, communication, and sustainability components designed to strengthen structured collaboration between the County Government, municipalities, urban boards, private sector actors, development partners, and community stakeholders. These components are aligned with the Kenya Urban Support Programme II (KUSP II) Toolkit and urban governance reforms which emphasize participatory planning, accountability, evidence-based decision-making, investment competitiveness, and sustainable urban development.

The framework recognizes that effective private sector engagement cannot be achieved through isolated consultations or irregular stakeholder meetings. Instead, sustainable collaboration requires institutionalized systems, continuous communication, integrated governance mechanisms, stakeholder databases, accountability structures, and coordinated implementation arrangements capable of supporting long-term public-private partnerships in urban planning and economic development.

The field findings reveal that although the private sector remains central to economic activity within Isiolo County, existing engagement systems remain fragmented, weakly institutionalized, and inadequately coordinated. Approximately 91% of enterprises are not members of business associations, limiting opportunities for structured advocacy, coordinated participation, collective bargaining, and policy engagement. These findings demonstrate the need for structured institutional systems capable of strengthening collaboration, communication, stakeholder representation, and participatory governance.

The assessment further established that the county economy is heavily dominated by wholesale and retail trade which account for 51% of enterprises, while hospitality and tourism contribute 13%, and manufacturing, transport and logistics, and financial services each account for 7%. The framework components are therefore designed to support diversification, enterprise competitiveness, investment promotion, infrastructure planning, and sustainable local economic development.

The PSEF consists of six major components that collectively provide the operational and institutional foundation for effective private sector engagement within Isiolo County.

The first component is the establishment of a Private Sector Database for Urban Boards. This component provides a centralized and continuously updated information management system for profiling enterprises, mapping investments, monitoring sector performance, supporting stakeholder communication, and strengthening evidence-based urban planning. The database shall improve coordination among county departments, municipalities, and urban boards while strengthening enterprise formalization, investment promotion, and monitoring systems.

The second component is the Private Sector Diagnostic which provides the analytical and empirical foundation for understanding the structure, opportunities, constraints, and investment dynamics affecting the county economy. The diagnostic process supports evidence-based policy formulation, investment prioritization, infrastructure planning, and monitoring of economic trends. The field findings identified key challenges affecting enterprises including high taxes and levies, infrastructure deficits, weak market diversification, limited access to finance, and weak institutional coordination.

The third component involves establishment of Public-Private Dialogue Forums (PPDFs) for Urban Planning and Development. These forums provide institutionalized platforms for continuous dialogue, collaborative planning, stakeholder participation, infrastructure

prioritization, regulatory reform discussions, and accountability. The forums shall strengthen trust, transparency, and policy ownership between public institutions and private sector actors.

The fourth component focuses on Capacity Building and Outreach. The field findings revealed significant gaps relating to enterprise development, financial literacy, digital skills, institutional coordination, and stakeholder awareness. The framework therefore supports continuous training, technical assistance, entrepreneurship development, governance training, innovation support, and awareness creation programmes targeting county institutions, businesses, cooperatives, women enterprises, youth enterprises, and informal sector operators.

The fifth component involves establishment of Communication and Feedback Channels aimed at strengthening transparency, stakeholder participation, information sharing, and institutional responsiveness. Stakeholders identified weak communication systems and inconsistent feedback mechanisms as major barriers affecting participation and trust in county governance processes. The framework therefore supports digital communication systems, online stakeholder platforms, public reporting systems, grievance redress mechanisms, SMS platforms, social media engagement, and decentralized consultation systems.

The sixth component is the Institutional Arrangements and Resource Framework which provides the governance and operational structure necessary for implementation, coordination, financing, monitoring, and sustainability of the PSEF. The framework establishes the roles and responsibilities of county departments, municipalities, urban boards, private sector actors, development partners, and other stakeholders while strengthening coordination, accountability, and resource mobilization systems.

Collectively, these six components provide a comprehensive governance and operational framework for strengthening collaboration between the County Government and private sector stakeholders. The components further support implementation of KUSP II urban governance reforms while promoting inclusive urbanization, investment competitiveness, evidence-based planning, climate resilience, enterprise growth, and sustainable urban economic development within Isiolo County..

3.1 Private sector database for urban boards

The establishment of a comprehensive and continuously updated Private Sector Database is a key requirement under the Kenya Urban Support Programme II (KUSP II) Toolkit and forms a critical component of the Isiolo County Private Sector Engagement Framework (PSEF). The database will serve as an integrated information management system for profiling enterprises, mapping investments, monitoring sector performance, supporting stakeholder engagement, and strengthening evidence-based urban planning and governance systems.

The field findings reveal that the private sector ecosystem within Isiolo County remains highly fragmented and weakly organized. Approximately 91% of businesses are not affiliated with business associations, while the majority operate within informal and small-scale structures. These findings demonstrate the need for a centralized business information system capable of improving coordination, communication, stakeholder mapping, and enterprise support.

The database shall capture comprehensive information relating to:

- Business ownership structure;
- Sector classification;
- Geographic location;
- Registration status;
- Employment levels;

- Investment size;
- Revenue category;
- Infrastructure needs;
- Participation in county forums;
- Market orientation;
- Climate-related vulnerabilities.

The field assessment established that wholesale and retail trade account for 51% of enterprises operating within Isiolo County, followed by hospitality and tourism at 13%, while manufacturing, financial services, and transport and logistics each account for 7%. Agriculture contributes 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1%. The database will therefore support sectoral analysis and targeted interventions aimed at improving investment competitiveness and local economic development.

The County Government shall establish and manage the database through collaboration between the departments of Trade, ICT, Revenue, Urban Development, Municipal Administration, and Economic Planning. Municipal Boards and Urban Managers shall support data collection, validation, updating, and stakeholder coordination at urban level.

The database shall further support:

- Investment promotion;
- Enterprise formalization;
- Public-Private Dialogue Forums (PPDFs);
- Monitoring and evaluation;
- Revenue forecasting;
- Infrastructure planning;
- Business communication systems.

Digitization of the database shall improve accessibility, transparency, efficiency, and coordination across county institutions and urban boards. The framework further encourages integration of GIS systems, digital registration systems, and online business platforms capable of strengthening evidence-based planning and urban management.

Overall, the Private Sector Database will provide Isiolo County with a strategic information management system necessary for strengthening stakeholder coordination, urban planning, investment promotion, and implementation of KUSP II urban governance reforms.

3.2 Private sector diagnostic

The Private Sector Diagnostic forms the analytical foundation of the Isiolo County Private Sector Engagement Framework (PSEF) and provides the empirical basis for understanding the structure, opportunities, challenges, investment dynamics, and governance conditions affecting private sector development within the county. In line with the Kenya Urban Support Programme II (KUSP II) Toolkit, the diagnostic process is intended to support evidence-based planning, policy formulation, investment prioritization, stakeholder engagement, and implementation of sustainable urban economic development strategies.

The diagnostic was undertaken through a mixed-methods approach involving quantitative surveys, Key Informant Interviews (KIIs), Focus Group Discussions (FGDs), stakeholder consultations, institutional reviews, and policy analysis. The process involved participation from county departments, municipalities, private sector actors, business associations,

SACCOs, cooperatives, transport operators, hospitality enterprises, women and youth enterprises, livestock traders, ICT firms, and civil society organizations.

The findings reveal a private sector ecosystem characterized by significant entrepreneurial activity but constrained by weak institutional organization, limited market diversification, infrastructure deficits, regulatory bottlenecks, climate-related vulnerabilities, weak innovation systems, and inadequate engagement structures.

I. Enterprise Ownership Structure

The diagnostic established that 91% of enterprises operating within Isiolo County are sole proprietorships while companies, cooperatives, and partnerships each account for only 3%. This ownership structure demonstrates high levels of informality, low capital aggregation, weak corporatization, and limited scalability of enterprises operating within the county economy.

The dominance of sole proprietorships limits the ability of enterprises to:

- Access large-scale financing;
- Participate in public procurement opportunities;
- Attract investment partnerships;
- Expand into regional markets;
- Invest in value addition and industrialization.

The findings therefore demonstrate the need for enterprise formalization programmes, cooperative development, investment mobilization, and institutional strengthening initiatives capable of supporting enterprise growth and competitiveness.

II. Sectoral Composition of the Economy

The diagnostic established that wholesale and retail trade dominate the county economy, accounting for 51% of enterprises. Hospitality and tourism account for 13%, while manufacturing, financial services, and transport and logistics each account for 7%. Agriculture and agribusiness contribute 5%, ICT and construction 4% each, health services 2%, and utilities and waste management 1%.

These findings demonstrate that Isiolo County's economy remains heavily dependent on trade-oriented activities while productive sectors such as manufacturing, agribusiness, ICT, and industrial services remain underdeveloped.

The overreliance on wholesale and retail trade exposes the county economy to:

- Market volatility;
- Low value addition;
- Limited industrial growth;
- Weak employment diversification;
- Reduced export competitiveness.

The diagnostic therefore highlights opportunities for:

- Agro-processing;
- Tourism diversification;
- Industrialization;

- ICT innovation;
- Logistics and transport investments;
- Green economy development.

III. Market Orientation and Competitiveness

The assessment established that 83% of enterprises operate primarily within county markets while only 15% access national markets and none participate in export markets. These findings demonstrate weak market diversification, low competitiveness, inadequate value chains, and limited enterprise readiness for regional and international trade opportunities.

The findings further reveal:

- Weak market information systems;
- Limited product standardization;
- Poor branding and packaging;
- Limited investment in value addition;
- Weak business networks.

The diagnostic therefore recommends strengthening:

- Enterprise incubation systems;
- Market linkage programmes;
- Trade facilitation initiatives;
- Investment promotion systems;
- Export readiness programmes.

IV. Business Environment and Regulatory Constraints

The field findings identified several regulatory and institutional bottlenecks affecting enterprise growth within Isiolo County. Taxes and levies emerged as the leading constraints affecting businesses, accounting for 73% and 18% respectively. Bureaucracy accounted for 3%, zoning regulations 2%, and permit delays 1%.

The assessment further established that:

- 42% of respondents consider licensing procedures easy;
- 37% rated the process very difficult;
- 19% rated the process moderate.

These findings demonstrate inconsistencies in service delivery, administrative efficiency, transparency, and accessibility of county regulatory systems.

Stakeholders identified the following challenges:

- Multiple taxation systems;
- Delays in permit approvals;
- Weak communication systems;
- Inconsistent enforcement procedures;
- Limited transparency in revenue administration.

The framework therefore supports:

- Digitization of county services;

- Harmonization of taxes and levies;
- One-stop investment centers;
- Online licensing systems;
- Improved communication and transparency.

V. Infrastructure and Urban Services

Infrastructure conditions remain a major determinant of enterprise competitiveness and urban economic growth within Isiolo County. The diagnostic established mixed performance across infrastructure sectors.

Road infrastructure was rated positively by 59% of respondents while power services were rated positively by 55%. However, drainage systems and waste management services were rated poor by 33% and 29% respectively.

ICT infrastructure also remains inconsistent:

- 34% rated ICT connectivity good;
- 28% rated it fair;
- 21% rated it poor.

Stakeholders further identified:

- Poor drainage systems;
- Flooding;
- Inadequate market infrastructure;
- Weak sanitation systems;
- Limited industrial infrastructure;
- High transport costs.

These findings highlight the need for climate-resilient infrastructure investments, improved urban planning systems, waste management improvements, and enhanced ICT infrastructure.

VI. Access to Finance and Enterprise Support

Limited access to finance remains a major challenge affecting businesses within Isiolo County. Stakeholders identified:

- High collateral requirements;
- High interest rates;
- Limited financial literacy;
- Inadequate enterprise financing systems;
- Weak access to credit.

The dominance of informal enterprises and sole proprietorships further weakens access to formal financial systems and investment opportunities.

The diagnostic therefore recommends strengthening:

- SACCO and cooperative systems;
- Enterprise financing programmes;
- Financial literacy training;
- Youth and women enterprise funds;

- Public-Private Partnerships (PPPs).

VII. Institutional Coordination and Stakeholder Engagement

The findings reveal weak institutional coordination and fragmented stakeholder engagement systems within the county. Approximately 91% of businesses are not members of business associations, limiting opportunities for structured advocacy and stakeholder coordination.

The qualitative consultations further established that stakeholders desire:

- Institutionalized dialogue forums;
- Regular consultations;
- Transparent communication systems;
- Improved feedback mechanisms;
- Decentralized engagement structures.

Approximately 58% of businesses participate in forums primarily to influence policy decisions. This demonstrates strong demand for collaborative governance systems and participatory planning processes.

VIII. Climate Change and Sustainability Risks

The diagnostic identified climate-related risks including:

- Flooding;
- Environmental degradation;
- Drought;
- Poor drainage systems;
- Inadequate waste management.

These risks continue to affect enterprises, infrastructure systems, and urban resilience within Isiolo County.

The framework therefore supports:

- Climate-smart urban planning;
- Green infrastructure;
- Sustainable waste management;
- Environmental protection initiatives;
- Climate adaptation systems.

The Private Sector Diagnostic demonstrates that Isiolo County possesses significant economic potential supported by trade, tourism, logistics, agribusiness, and emerging urban markets. However, realization of this potential requires institutional reforms, infrastructure investments, structured stakeholder engagement systems, enterprise support mechanisms, and sustainable urban governance systems.

The diagnostic therefore provides the empirical foundation for implementation of the Isiolo County PSEF and supports evidence-based planning, investment prioritization, policy reforms, and implementation of KUSP II urban governance reforms...

3.3 Public-private dialogue forums (ppdf) for urban planning and development

Public-Private Dialogue Forums (PPDFs) constitute one of the core institutional mechanisms under the Isiolo County Private Sector Engagement Framework (PSEF). In line with the Kenya Urban Support Programme II (KUSP II) Toolkit, the forums provide structured and

institutionalized platforms for collaboration between county governments, municipalities, urban boards, private sector actors, development partners, and community stakeholders in urban planning, economic development, policy formulation, infrastructure prioritization, and service delivery.

The field findings reveal that existing stakeholder engagement systems within Isiolo County remain fragmented, inconsistent, and inadequately institutionalized. Businesses identified weak communication systems, irregular consultations, and limited feedback mechanisms as major barriers affecting stakeholder participation and trust in county governance processes.

The assessment further established that 58% of respondents participate in engagement forums primarily to influence policy and decision-making processes. This demonstrates strong stakeholder demand for structured dialogue systems capable of facilitating collaborative governance and participatory urban management.

The PPDFs shall therefore support:

- Policy consultations;
- Urban planning discussions;
- Infrastructure prioritization;
- Budget participation;
- Investment promotion;
- Regulatory reform dialogue;
- Monitoring and accountability systems.

The forums shall operate at:

- County level;
- Municipal level;
- Sector-specific level;
- Ward and community level where necessary.

Participants shall include:

- County Executive Committee Members;
- Municipal Boards;
- Urban Managers;
- Business associations;
- MSMEs;
- Women and youth enterprises;
- Cooperatives and SACCOs;
- Civil society organizations;
- Development partners.

The forums shall be institutionalized through annual engagement calendars and linked directly to county planning, budgeting, implementation, and monitoring systems.

Digital communication platforms, online consultations, and stakeholder feedback systems shall further support accessibility and inclusivity within engagement processes.

The PPDFs shall strengthen transparency, accountability, communication, stakeholder ownership, and collaborative urban governance while improving implementation of urban development priorities and investment initiatives within Isiolo County.t..

3.4 Capacity building and outreach

Capacity building and outreach constitute a critical component of the Isiolo County Private Sector Engagement Framework (PSEF) because effective public-private collaboration depends significantly on the technical, institutional, managerial, and operational capacity of both county institutions and private sector actors. In alignment with the Kenya Urban Support Programme II (KUSP II) Toolkit, the framework recognizes that strengthening skills, awareness, technical knowledge, and institutional competencies is essential for improving participation, enterprise competitiveness, urban governance, and sustainability of engagement systems.

The field findings established that enterprises within Isiolo County continue to face significant capacity-related constraints affecting growth, innovation, investment readiness, and competitiveness. Stakeholders identified major gaps in financial literacy, digital skills, entrepreneurship, policy awareness, business planning, market access, enterprise formalization, and investment management.

The assessment further demonstrated that the county economy is dominated by small-scale enterprises, with 91% operating as sole proprietorships. This ownership structure limits institutional capacity, investment mobilization, scalability, and access to formal financing systems.

The framework therefore promotes continuous capacity-building programmes targeting:

- County officials;
- Municipal Boards;
- Urban Managers;
- MSMEs;
- Women and youth enterprises;
- Cooperatives and SACCOs;
- Informal sector operators;
- Business associations.

Capacity-building interventions shall focus on:

- Financial literacy and enterprise management;
- Digital transformation and ICT adoption;
- Investment readiness and proposal development;
- Climate resilience and environmental sustainability;
- Public participation and governance systems;
- Monitoring and evaluation;
- Business formalization and compliance;
- Innovation and entrepreneurship development.

The framework further promotes partnerships with universities, Technical and Vocational Education and Training (TVET) institutions, development partners, financial institutions, and research organizations in order to strengthen technical assistance and enterprise support systems.

Outreach programmes shall include awareness campaigns, stakeholder forums, digital communication platforms, policy sensitization sessions, and decentralized consultations at municipal and ward levels. These initiatives will strengthen awareness of county programmes, improve stakeholder participation, and promote inclusivity within urban governance systems.

The capacity-building and outreach component seeks to strengthen institutional effectiveness, enterprise competitiveness, innovation, and stakeholder participation while supporting implementation of sustainable urban governance reforms and local economic development initiatives within Isiolo County..

3.5 Communication and feedback channels

Effective communication and stakeholder feedback systems are essential for strengthening transparency, accountability, trust, participation, and collaborative governance within urban management systems. The Isiolo County Private Sector Engagement Framework (PSEF) recognizes communication as a strategic governance tool necessary for facilitating continuous interaction between county institutions, municipalities, private sector actors, development partners, and community stakeholders.

In alignment with the Kenya Urban Support Programme II (KUSP II) Toolkit, the framework promotes establishment of structured communication and stakeholder feedback mechanisms capable of supporting participatory planning, policy dialogue, service delivery improvement, accountability, and evidence-based decision-making.

The field findings established that weak communication systems, irregular consultations, and limited feedback mechanisms remain major barriers affecting stakeholder participation and trust within Isiolo County. Businesses reported inadequate dissemination of information relating to county programmes, licensing systems, infrastructure projects, stakeholder forums, and policy reforms.

The findings further established that although stakeholders are willing to participate in county governance processes, communication systems remain inconsistent and poorly coordinated. Approximately 58% of respondents indicated that participation in forums is motivated by the desire to influence policy and decision-making processes. These findings demonstrate strong demand for transparent and structured communication systems capable of strengthening collaborative governance.

3.5.1 IMPORTANCE OF COMMUNICATION SYSTEMS WITHIN THE PSEF

Communication systems play a critical role in facilitating information sharing, stakeholder mobilization, policy consultations, public awareness creation, implementation reporting, and accountability within county governance systems. Effective communication improves stakeholder trust, strengthens transparency, reduces misinformation, and promotes collaborative problem-solving between the County Government and private sector actors.

The framework therefore seeks to institutionalize communication systems that are accessible, inclusive, responsive, timely, technology-driven, and sustainable. The communication systems established under the framework shall support continuous engagement between county institutions and stakeholders while improving implementation follow-up and monitoring.

3.5.2 KEY COMMUNICATION FUNCTIONS UNDER THE PSEF

Table 2 Key Communication Functions under the PSEF

Communication Function	Purpose within the PSEF
Information Dissemination	Support sharing of county programmes, policies, infrastructure projects, and investment opportunities.

Stakeholder Mobilization	Facilitate participation in Public-Private Dialogue Forums (PPDFs), consultations, and planning meetings.
Public Awareness	Improve understanding of county programmes, regulatory reforms, and urban governance processes.
Feedback Collection	Gather stakeholder concerns, complaints, and recommendations for policy improvement.
Transparency and Accountability	Promote openness, implementation reporting, and access to information.
Monitoring and Evaluation	Support evidence-based reporting, stakeholder satisfaction tracking, and adaptive governance.

3.5.3 DIGITAL COMMUNICATION SYSTEMS

The framework promotes adoption of digital governance systems capable of strengthening accessibility, efficiency, transparency, and responsiveness within stakeholder engagement processes. The field findings established mixed ICT infrastructure performance within Isiolo County, with only 34% of businesses rating ICT connectivity as good while 28% rated it fair and 21% poor.

Despite these challenges, stakeholders strongly supported increased use of SMS communication systems, WhatsApp groups, online engagement platforms, email communication, social media platforms, and digital reporting systems. The County Government shall therefore strengthen online stakeholder engagement portals, digital business registration systems, e-feedback systems, interactive county websites, online consultation platforms, and GIS-enabled business mapping systems.

3.5.4 PROPOSED DIGITAL COMMUNICATION PLATFORMS

Table 3 Proposed Digital Communication Platforms

Platform	Purpose	Expected Benefit
County Website	Public information dissemination	Improves transparency and public access to information
SMS Alerts	Notification of meetings and announcements	Enhances timely communication
WhatsApp Groups	Stakeholder coordination and updates	Strengthens rapid engagement and feedback
Online Portals	Submission of complaints and feedback	Improves responsiveness and accountability
Social Media Platforms	Public awareness and engagement	Enhances inclusivity and outreach
GIS Mapping Systems	Business and infrastructure mapping	Supports evidence-based planning

3.5.5 PUBLIC-PRIVATE DIALOGUE FORUMS AS COMMUNICATION PLATFORMS

Public-Private Dialogue Forums (PPDFs) shall serve as the primary institutional communication platforms under the framework. The forums shall facilitate regular consultations between county institutions and private sector actors regarding urban planning, infrastructure development, budgeting processes, policy reforms, investment opportunities, and enterprise support systems.

The forums shall further strengthen collaborative problem-solving and policy ownership while improving implementation follow-up and stakeholder trust. The County Government shall institutionalize quarterly forums involving Municipal Boards, business associations, MSMEs, cooperatives, women enterprises, youth enterprises, development partners, and civil society organizations.

3.5.6 STAKEHOLDER FEEDBACK MECHANISMS

The framework recognizes feedback systems as essential for improving responsiveness, accountability, adaptive governance, and evidence-based planning. Stakeholders consulted during the assessment emphasized the need for regular implementation updates, timely responses to complaints, transparent reporting systems, and accessible grievance mechanisms.

The framework therefore supports establishment of customer care desks, suggestion and complaint systems, grievance redress mechanisms, online feedback portals, stakeholder surveys, and service delivery assessments.

3.5.7 PROPOSED FEEDBACK AND ACCOUNTABILITY MECHANISMS

Table 4 Proposed Feedback and Accountability Mechanisms

Mechanism	Purpose	Expected Outcome
Customer Care Desks	Receive stakeholder concerns and inquiries	Improved service responsiveness
Grievance Redress Systems	Address complaints and disputes	Strengthened accountability and trust
Stakeholder Surveys	Assess satisfaction and service quality	Improved evidence-based decision-making
Public Reporting Forums	Share implementation progress	Enhanced transparency
Online Feedback Portals	Collect digital feedback from stakeholders	Increased accessibility and participation

3.5.8 INCLUSIVITY IN COMMUNICATION SYSTEMS

The framework recognizes that communication systems must remain inclusive and accessible to all categories of stakeholders including women enterprises, youth enterprises, MSMEs, informal traders, pastoralist communities, persons with disabilities, and rural populations.

Communication systems shall therefore incorporate local languages where necessary, simplified communication materials, decentralized consultations, community outreach forums, radio programmes, and local media engagement. These approaches shall improve participation and inclusivity while strengthening ownership of county development initiatives.

Overall, the communication and feedback component of the PSEF provides a strategic governance mechanism for strengthening transparency, accountability, inclusivity, and stakeholder participation within urban governance systems. Through institutionalized communication channels, digital platforms, stakeholder consultations, and feedback mechanisms, the framework seeks to improve trust, responsiveness, evidence-based planning, and collaborative governance within Isiolo County.

The communication systems established under the framework shall therefore strengthen implementation of KUSP II urban governance reforms while supporting sustainable urban development, enterprise growth, investment competitiveness, and participatory governance across Isiolo County.

3.6 Institutional arrangements and resource framework

The successful implementation of the Isiolo County Private Sector Engagement Framework (PSEF) will depend largely on the existence of effective institutional arrangements, coordinated governance systems, sustainable financing mechanisms, and integrated stakeholder collaboration structures capable of supporting long-term public-private engagement. The Institutional Arrangements and Resource Framework therefore provides the governance, coordination, financing, implementation, monitoring, and accountability architecture necessary for operationalization and sustainability of the framework across Isiolo County and its urban areas.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes that effective private sector engagement requires clearly defined institutional responsibilities, operational coordination systems, sustainable financing arrangements, and integrated stakeholder participation mechanisms capable of supporting participatory urban governance and local economic development. The Isiolo County PSEF therefore establishes a multi-level institutional structure involving national institutions, county departments, municipalities, urban boards, private sector actors, development partners, and community stakeholders.

The field findings demonstrate that despite the important contribution made by the private sector toward employment creation, investment, trade, and urban economic growth, stakeholder engagement systems within Isiolo County remain fragmented, irregular, weakly coordinated, and inadequately institutionalized. Approximately 91% of enterprises are not members of business associations, limiting opportunities for structured representation, coordinated advocacy, and policy engagement.

The qualitative consultations further established that weak institutional coordination, inconsistent communication systems, inadequate implementation follow-up, and limited stakeholder participation continue to undermine trust between county institutions and businesses. Stakeholders emphasized the need for institutionalized dialogue systems, improved transparency, responsive governance structures, and sustainable implementation mechanisms capable of supporting collaborative urban management.

The framework therefore seeks to transform private sector engagement from an ad hoc consultative process into a structured, predictable, transparent, accountable, and sustainable governance mechanism integrated into county planning, budgeting, policy implementation, urban management, and local economic development systems.

3.6.1 INSTITUTIONAL STRUCTURE FOR PSEF IMPLEMENTATION

Implementation of the PSEF shall be coordinated through a multi-level institutional structure involving:

- National Government institutions;
- County Executive Committee (CEC);
- County Assembly;
- County Project Coordination Team (CPCT);
- Municipal Boards and Urban Managers;
- Public-Private Dialogue Forums (PPDFs);
- Technical Working Groups (TWGs);
- Private sector associations and enterprises;
- Development partners;
- Civil society organizations and community stakeholders.

The institutional framework is designed to strengthen:

- Intergovernmental coordination;
- Stakeholder participation;
- Accountability and transparency;
- Operational efficiency;
- Evidence-based planning;
- Sustainability of engagement systems.

The institutional arrangements shall further ensure alignment between county development priorities, KUSP II urban governance reforms, and stakeholder expectations regarding participatory governance and local economic development.

3.6.2 NATIONAL GOVERNMENT INSTITUTIONS

National government institutions shall provide overall policy guidance, technical oversight, legal support, and coordination of urban governance reforms necessary for implementation of the framework.

The State Department for Housing and Urban Development (SDHUD) shall provide strategic leadership in implementation of KUSP II reforms and shall support county governments and municipalities in operationalizing institutionalized private sector engagement systems.

The department shall specifically support:

- Technical guidance on urban governance reforms;
- Capacity-building programmes;
- Institutional strengthening initiatives;
- Performance monitoring systems;
- Compliance with KUSP II requirements;
- Urban policy coordination.

The KUSP II Coordination Unit shall further support:

- Development of implementation guidelines;
- Technical assistance;
- Performance assessments;
- Monitoring and evaluation systems;
- Knowledge-sharing initiatives;
- Best practice dissemination.

National government regulatory agencies shall further provide:

- Technical standards;
- Sector regulations;
- Compliance oversight;
- Intergovernmental coordination;
- Policy harmonization.

These institutions shall strengthen alignment between county implementation systems and national urban development priorities while ensuring compliance with constitutional, legal, and policy requirements.

3.6.3 COUNTY EXECUTIVE COMMITTEE (CEC)

The County Executive Committee (CEC) shall provide overall political leadership, policy direction, strategic oversight, institutional coordination, and resource mobilization for implementation of the framework.

The County Executive Committee Member (CECM) responsible for Trade or Urban Development shall serve as the lead policy champion for the framework and shall coordinate implementation across county departments and municipalities.

The CEC shall specifically be responsible for:

- Mainstreaming PSEF priorities into county governance systems;
- Approving implementation strategies and annual work plans;
- Mobilizing financial and technical resources;
- Strengthening interdepartmental coordination;
- Supporting stakeholder engagement systems;
- Facilitating partnerships with development partners and investors;
- Overseeing implementation progress and accountability systems.

The field findings established strong stakeholder demand for responsive leadership, transparent governance systems, and regular engagement between county institutions and businesses. Political goodwill and institutional commitment are therefore critical for strengthening stakeholder trust, improving participation, and sustaining implementation of the framework.

The County Executive shall further ensure integration of the framework into:

- County Integrated Development Plans (CIDPs);
- Annual Development Plans (ADPs);
- County Fiscal Strategy Papers (CFSPs);
- Municipal strategic plans;
- County budgeting frameworks;
- Urban development priorities.

This integration will strengthen sustainability and ensure that private sector engagement becomes an institutionalized component of county governance and planning systems.

3.6.4 COUNTY ASSEMBLY

The County Assembly shall provide legislative oversight, institutional accountability, policy review, and legal support necessary for successful implementation of the framework.

Its responsibilities shall include:

- Approval of relevant policies and legislation;
- Oversight of implementation progress;
- Review of annual implementation reports;
- Approval of budgetary allocations;
- Strengthening accountability mechanisms;
- Supporting policy and legislative reforms.

The County Assembly shall further facilitate enactment of laws and policies aimed at improving:

- Business and investment environments;
- Revenue administration systems;
- Public participation mechanisms;
- Urban governance systems;
- Climate resilience and sustainability initiatives.

Through oversight and legislative functions, the Assembly shall strengthen transparency, accountability, and institutionalization of stakeholder engagement systems within county governance structures.

3.6.5 COUNTY PROJECT COORDINATION TEAM (CPCT)

The County Project Coordination Team (CPCT) shall serve as the principal technical coordination mechanism responsible for operational implementation and day-to-day coordination of the framework.

The CPCT shall comprise representatives from:

- Trade and Enterprise Development;
- Urban Development and Planning;
- Finance and Economic Planning;
- ICT and Digital Economy;
- Public Participation;
- Environment and Climate Change;
- Revenue Administration;
- Municipal Administration;
- Monitoring and Evaluation.

The CPCT shall coordinate:

- Annual implementation planning;
- Stakeholder engagement activities;
- Monitoring and evaluation systems;
- Interdepartmental coordination;
- Reporting mechanisms;
- Capacity-building programmes;
- Resource mobilization activities;
- Technical support to municipalities and urban boards.

The qualitative findings identified weak institutional coordination and fragmented communication systems as major barriers affecting implementation of county programmes and stakeholder participation. The CPCT therefore provides an integrated operational mechanism capable of improving implementation efficiency, accountability, policy coherence, and communication across departments.

The CPCT shall further support:

- Data management systems;
- Research and diagnostics;
- Stakeholder mapping;

- Monitoring of implementation indicators;
- Preparation of progress reports.

3.6.6 MUNICIPAL BOARDS AND URBAN MANAGERS

Municipal Boards and Urban Managers shall play a central role in operationalizing the framework at urban and municipal levels.

In line with the KUSP II Toolkit, municipalities shall coordinate:

- Public-Private Dialogue Forums (PPDFs);
- Stakeholder consultations;
- Urban-level communication systems;
- Monitoring and reporting activities;
- Urban planning consultations;
- Business environment reforms.

Municipal Boards shall provide oversight for implementation of stakeholder engagement systems and ensure alignment between urban development priorities and stakeholder needs.

Urban Managers shall coordinate:

- Day-to-day implementation activities;
- Stakeholder communication systems;
- Database management;
- Public consultations;
- Monitoring systems;
- Enterprise engagement initiatives.

The field findings established strong stakeholder preference for decentralized engagement systems capable of addressing urban infrastructure challenges, market management issues, licensing constraints, and service delivery concerns affecting businesses.

Municipal-level engagement structures shall therefore strengthen localized participation, ownership, responsiveness, and implementation effectiveness.

3.6.7 PUBLIC-PRIVATE DIALOGUE FORUMS (PPDFS)

The Public-Private Dialogue Forums (PPDFs) shall serve as the principal institutional engagement platforms under the framework.

The forums shall support:

- Collaborative urban planning;
- Policy consultations;
- Infrastructure prioritization;
- Investment promotion;
- Regulatory reform dialogue;
- Budget participation;
- Monitoring and accountability systems.

The field findings established that 58% of businesses participate in forums primarily to influence policy decisions and governance processes. This demonstrates strong demand for

structured and institutionalized dialogue systems capable of strengthening participatory governance and stakeholder ownership.

The forums shall operate at:

- County level;
- Municipal level;
- Sector-specific level;
- Ward and community levels where necessary.

Participants shall include:

- County officials;
- Municipal Boards;
- Business associations;
- MSMEs;
- Cooperatives and SACCOs;
- Women and youth enterprises;
- Development partners;
- Civil society organizations.

3.6.8 TECHNICAL WORKING GROUPS (TWGS)

Technical Working Groups (TWGs) shall provide thematic and sector-specific technical support necessary for implementation of the framework.

The TWGs may focus on:

- Trade and investment;
- Infrastructure and urban services;
- ICT and innovation;
- Climate resilience and sustainability;
- Enterprise development and finance;
- Governance and public participation.

The TWGs shall support:

- Technical analysis;
- Policy review;
- Stakeholder consultations;
- Sector coordination;
- Monitoring and reporting;
- Research and innovation initiatives.

These groups shall further strengthen evidence-based decision-making and technical quality within implementation processes.

3.6.9 RESOURCE FRAMEWORK FOR PSEF IMPLEMENTATION

Successful implementation of the framework will require adequate financial, technical, human, institutional, and technological resources capable of supporting coordination, communication, monitoring, stakeholder engagement, and sustainability of implementation systems.

The field findings identified limited financing, inadequate enterprise support systems, infrastructure deficits, weak institutional capacity, and inconsistent communication systems as major challenges affecting enterprise growth and urban governance within Isiolo County.

The County Government shall therefore establish diversified and sustainable financing mechanisms capable of supporting long-term implementation of the framework.

3.6.10 SOURCES OF FINANCING

Funding for implementation of the PSEF shall be mobilized through:

- County Government budget allocations;
- KUSP II Urban Institutional Grants;
- Development partner support;
- Public-Private Partnerships (PPPs);
- Municipal own-source revenues;
- Climate financing initiatives;
- Technical assistance programmes;
- Corporate social responsibility programmes.

The County Government shall integrate PSEF priorities into annual budgeting and planning frameworks in order to strengthen sustainability and institutional ownership.

Development partners shall further support:

- Capacity-building programmes;
- Technical assistance;
- Research and diagnostics;
- Innovation and ICT systems;
- Climate resilience programmes.

3.6.11 RESOURCE ALLOCATION PRIORITIES

Resources mobilized under the framework shall support:

- Public-Private Dialogue Forums;
- Stakeholder consultations;
- Digital communication systems;
- Capacity-building programmes;
- Monitoring and evaluation systems;
- Database development and management;
- Research and diagnostics;
- Secretariat operations;
- Awareness creation initiatives;
- Climate resilience interventions.

Special attention shall be given to:

- Women and youth enterprise programmes;
- Informal sector inclusion;
- Innovation and entrepreneurship systems;

- Green infrastructure investments;
- ICT and digital governance systems.

3.6.12 HUMAN RESOURCE AND TECHNICAL CAPACITY

Successful implementation of the framework requires adequate technical and human resource capacity across county departments, municipalities, and stakeholder institutions.

The framework therefore supports:

- Continuous staff training;
- Technical assistance programmes;
- Institutional strengthening initiatives;
- Knowledge-sharing platforms;
- Performance management systems;
- Professional development programmes.

Partnerships with:

- Universities;
- TVET institutions;
- Research organizations;
- Development partners;
- Professional associations

shall further support technical capacity development and innovation systems within the county.

3.6.13 MONITORING, ACCOUNTABILITY AND SUSTAINABILITY

The institutional framework establishes monitoring and accountability systems necessary for tracking implementation progress, financial utilization, stakeholder participation, institutional performance, and achievement of framework objectives.

Monitoring systems shall support:

- Evidence-based reporting;
- Stakeholder feedback;
- Performance assessments;
- Continuous learning;
- Adaptive governance;
- Policy review processes.

The County Government shall institutionalize:

- Annual implementation reviews;
- Stakeholder satisfaction assessments;
- Public reporting systems;
- Monitoring and evaluation frameworks.

Stakeholder feedback shall further inform policy reforms, implementation improvements, and resource allocation priorities..

4.0 ENABLERS FOR EFFECTIVE AND SUSTAINED PRIVATE SECTOR ENGAGEMENT

Effective and sustained private sector engagement within Isiolo County will depend on the existence of strong institutional systems, enabling governance structures, responsive leadership, transparent communication mechanisms, sustainable financing arrangements, and collaborative partnerships capable of strengthening trust, accountability, participation, and investment confidence. The Isiolo County Private Sector Engagement Framework (PSEF) recognizes that successful implementation of public-private engagement systems cannot be achieved through isolated consultations or irregular stakeholder interactions. Instead, sustainable engagement requires institutionalized governance systems that support continuous dialogue, coordinated planning, evidence-based decision-making, and long-term collaboration between county institutions and private sector actors.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes the importance of structured engagement systems, institutionalized dialogue forums, accountability mechanisms, and sustainable urban governance arrangements in strengthening implementation of private sector engagement frameworks. The Isiolo County PSEF therefore identifies several strategic enablers necessary for strengthening effective and sustained stakeholder engagement within the county.

4.1 Political Goodwill and Leadership Commitment

Political goodwill and institutional leadership are critical for strengthening stakeholder trust, improving implementation coordination, facilitating resource allocation, and sustaining private sector engagement systems. Effective collaboration between the County Government and private sector stakeholders requires visible support from county leadership including the County Executive Committee (CEC), County Assembly, Municipal Boards, and Urban Managers.

The qualitative findings established that stakeholders strongly associate successful engagement systems with responsive leadership, transparent governance, regular consultations, and implementation follow-up mechanisms. Political support is therefore essential in institutionalizing Public-Private Dialogue Forums (PPDFs), strengthening participation systems, and ensuring that stakeholder engagement priorities are integrated into county planning, budgeting, and development processes.

Leadership commitment will further strengthen stakeholder confidence, improve policy implementation, and promote accountability within governance systems. Political leaders are therefore expected to champion implementation of the framework while facilitating partnerships, mobilizing resources, and supporting regulatory reforms aimed at improving the business environment.

4.2 Institutionalized Public-Private Dialogue Forums (PPDFs)

Institutionalized Public-Private Dialogue Forums provide structured and predictable platforms through which county institutions, municipalities, private sector actors, development partners, and community stakeholders can collaborate on urban planning, infrastructure prioritization, policy reforms, service delivery, and investment promotion.

The field findings established that approximately 58% of businesses participate in engagement forums primarily to influence policy and governance decisions. This demonstrates strong stakeholder demand for institutionalized consultation systems capable of strengthening collaborative governance and improving ownership of county programmes.

Regular dialogue forums improve communication, transparency, accountability, and trust between public institutions and businesses while also strengthening implementation follow-up and collective problem-solving. These forums further support evidence-based planning and provide stakeholders with opportunities to contribute toward urban governance and economic development processes.

4.3 Supportive Legal and Policy Environment

A supportive legal and policy environment is a major enabler for sustained private sector engagement and investment competitiveness. The field findings revealed that businesses continue to experience significant regulatory bottlenecks, with taxes and levies accounting for 73% and 18% of enterprise challenges respectively. Stakeholders also identified bureaucratic delays, inconsistent licensing procedures, and weak transparency within revenue administration systems as major constraints affecting enterprise growth and investment confidence.

The framework therefore supports regulatory reforms aimed at simplifying licensing systems, harmonizing county revenue structures, improving transparency, and digitizing county services. An enabling business environment strengthens investor confidence, reduces transaction costs, improves enterprise formalization, and promotes participation in county development initiatives.

The framework further supports legal and policy alignment with national urban governance reforms, county development priorities, and KUSP II implementation requirements.

4.4 Strong Institutional Coordination

Strong institutional coordination is important for sustaining private sector engagement systems and improving implementation efficiency. The qualitative findings identified weak interdepartmental coordination, fragmented communication systems, and inconsistent stakeholder engagement mechanisms as major barriers affecting implementation of county programmes.

The framework therefore promotes integrated governance systems involving County Project Coordination Teams (CPCTs), Technical Working Groups (TWGs), Municipal Boards, Urban Managers, and sector departments in order to strengthen policy coherence, implementation efficiency, and accountability.

Improved coordination between county departments and municipalities will reduce duplication of activities, strengthen communication systems, improve responsiveness to stakeholder concerns, and facilitate collaborative implementation of county programmes and urban development initiatives.

4.5 Digital Governance and Communication Systems

Digital governance and communication systems provide important enabling mechanisms for strengthening accessibility, transparency, accountability, and stakeholder participation. Although ICT infrastructure within Isiolo County remains inconsistent, stakeholders strongly supported adoption of digital communication systems including SMS platforms, online consultations, WhatsApp groups, social media platforms, and digital reporting systems.

The framework therefore promotes establishment of online stakeholder engagement portals, digital business databases, GIS-enabled planning systems, e-feedback platforms, and online consultation systems capable of strengthening accessibility, transparency, and evidence-based planning.

Digital systems will improve communication efficiency, strengthen stakeholder access to county information and services, improve data management systems, and support real-time engagement between county institutions and businesses.

4.6 Capacity Building and Technical Support

Capacity building and technical support are critical enablers for effective stakeholder participation and sustainable implementation of the framework. The field findings established that many enterprises within Isiolo County face technical, managerial, financial, and institutional capacity constraints affecting competitiveness and participation in governance processes.

The dominance of sole proprietorships, which account for 91% of enterprises, further limits investment readiness, scalability, and access to formal financing systems. The framework therefore promotes continuous training programmes, financial literacy initiatives, governance training, entrepreneurship development, innovation support, and technical assistance programmes targeting county institutions, municipalities, MSMEs, cooperatives, women enterprises, youth enterprises, and informal sector operators.

Partnerships with universities, TVET institutions, development partners, and research organizations shall further strengthen technical capacity and innovation systems within the county.

4.7 Inclusivity and Stakeholder Representation

Inclusivity and equitable stakeholder representation are important enablers for sustainable engagement systems. The framework recognizes the need to ensure active participation of women enterprises, youth enterprises, cooperatives, pastoralist communities, informal traders, persons with disabilities, and vulnerable groups within governance and economic development processes.

The field findings established that the county economy is dominated by MSMEs operating primarily within trade, transport, hospitality, and informal economic activities. Inclusive engagement systems will therefore improve ownership of county programmes while strengthening social equity, participation, and economic empowerment.

The framework further supports decentralized consultations and community-level participation systems aimed at strengthening grassroots ownership and inclusivity within urban governance processes.

4.8 Sustainable Financing Mechanisms

Sustainable financing mechanisms provide the financial foundation necessary for long-term implementation of stakeholder engagement systems. The framework recognizes that effective consultations, communication systems, monitoring activities, capacity-building programmes, and institutional coordination require predictable financing arrangements.

The County Government shall therefore support implementation through county budget allocations, KUSP II Urban Institutional Grants, development partner support, Public-Private Partnerships (PPPs), climate financing initiatives, and municipal own-source revenues.

Sustainable financing will strengthen continuity and institutionalization of stakeholder engagement systems while improving implementation effectiveness and accountability.

4.9 Transparency and Accountability Systems

Transparency and accountability remain central enablers for effective private sector engagement. Stakeholders consulted during the assessment emphasized the importance of transparent governance systems, public reporting mechanisms, anti-corruption measures, and

responsive communication systems in strengthening trust between county institutions and businesses.

The framework therefore promotes monitoring and evaluation systems, stakeholder feedback mechanisms, public accountability forums, grievance redress systems, and evidence-based reporting frameworks capable of improving responsiveness and accountability.

Transparent governance systems will improve stakeholder confidence, strengthen participation within county governance processes, and support sustainable implementation of the framework.

5.0 CHALLENGES, RISKS AND MITIGATION STRATEGIES

Implementation of the Isiolo County Private Sector Engagement Framework (PSEF) is expected to encounter a number of institutional, financial, governance, operational, environmental, and socio-economic challenges that may affect the effectiveness, sustainability, and inclusivity of stakeholder engagement systems. The framework therefore identifies key risks likely to affect implementation and proposes mitigation strategies aimed at strengthening resilience, accountability, stakeholder confidence, and sustainability of engagement mechanisms.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes the importance of risk management, adaptive governance, stakeholder participation, and institutional accountability in strengthening implementation of Private Sector Engagement Frameworks. The Isiolo County PSEF therefore adopts a proactive approach to identification and management of risks likely to affect urban governance, investment competitiveness, service delivery, and stakeholder participation.

5.1 Weak Institutional Coordination

One of the major institutional challenges affecting implementation of county programmes within Isiolo County is weak coordination among departments, municipalities, urban boards, and stakeholders. The qualitative findings established that fragmented communication systems, duplication of activities, inconsistent stakeholder consultations, and weak interdepartmental collaboration continue to undermine effective governance and implementation of development programmes.

Weak coordination may result in delayed implementation, inconsistent policy application, reduced accountability, poor communication with stakeholders, and duplication of interventions. These weaknesses may further undermine stakeholder trust and reduce participation in Public-Private Dialogue Forums (PPDFs) and county planning processes.

To mitigate this challenge, the framework proposes establishment of County Project Coordination Teams (CPCTs), Technical Working Groups (TWGs), harmonized communication systems, and integrated implementation frameworks capable of strengthening operational coordination and information sharing. Regular interdepartmental consultations, joint planning forums, and integrated reporting systems shall further improve policy coherence and implementation efficiency.

5.2 Weak Stakeholder Organization and Representation

The field findings established that approximately 91% of enterprises within Isiolo County are not affiliated with business associations. This weakens collective representation, stakeholder mobilization, coordinated advocacy, and structured participation within county governance systems.

The absence of strong stakeholder associations may result in fragmented participation, inconsistent engagement, weak policy representation, and reduced bargaining power for MSMEs and informal enterprises. This challenge is particularly significant given that the county economy is dominated by micro and small enterprises operating within trade, transport, hospitality, and informal economic activities.

The framework therefore supports strengthening of business associations, enterprise networking initiatives, cooperative development programmes, and institutionalized Public-Private Dialogue Forums capable of improving collective participation and coordinated stakeholder engagement. Capacity-building programmes targeting business associations and

cooperatives shall further strengthen leadership, governance, advocacy, and organizational sustainability.

5.3 Regulatory Bottlenecks and Bureaucratic Delays

The field findings identified taxes and levies as the leading regulatory constraints affecting enterprises within Isiolo County, accounting for 73% and 18% of business bottlenecks respectively. Stakeholders also identified bureaucratic delays, inconsistent licensing procedures, weak transparency in revenue administration, and multiple taxation systems as major barriers affecting enterprise growth and investment confidence.

Complex and inconsistent regulatory systems may discourage investment, increase transaction costs, reduce business formalization, and weaken stakeholder trust in county governance structures. Delays in permit approvals and weak coordination among regulatory agencies may further reduce competitiveness of the county economy.

To mitigate these challenges, the framework promotes digitization of county services, harmonization of licensing systems, establishment of one-stop investment centres, transparent revenue administration systems, and simplification of business registration procedures. Continuous stakeholder consultations and policy review processes shall further support identification and resolution of regulatory barriers affecting enterprises.

5.4 Inadequate Infrastructure and Urban Services

Infrastructure deficits continue to affect urban competitiveness, service delivery, and enterprise growth within Isiolo County. The field findings established that drainage systems and waste management services were rated poor by 33% and 29% of respondents respectively. ICT infrastructure also remains inconsistent, with only 34% of businesses rating ICT connectivity as good.

Poor infrastructure systems may increase operational costs, reduce productivity, weaken investment attractiveness, and expose urban areas to environmental and climate-related risks. Inadequate drainage systems, poor waste management, limited industrial infrastructure, and weak transport systems may further undermine sustainable urban development.

The framework therefore supports climate-resilient infrastructure investments, improved urban planning systems, sustainable waste management initiatives, ICT infrastructure expansion, and Public-Private Partnerships (PPPs) aimed at strengthening financing for infrastructure development. Integrated urban planning and infrastructure prioritization systems shall further improve investment efficiency and urban resilience.

5.5 Limited Access to Finance

Limited access to affordable financing remains a major challenge affecting enterprise growth, innovation, and investment within Isiolo County. Stakeholders identified high collateral requirements, weak financial literacy, limited enterprise financing programmes, and inadequate investment support systems as major barriers affecting businesses.

The dominance of sole proprietorships, which account for 91% of enterprises, further limits access to formal financial systems and large-scale investment opportunities. Limited financing may therefore reduce enterprise competitiveness, innovation, and market expansion.

To address this challenge, the framework promotes enterprise financing programmes, SACCO and cooperative strengthening initiatives, financial literacy training, investment promotion programmes, and partnerships with financial institutions. Youth and women enterprise financing programmes shall further strengthen inclusivity and economic empowerment.

5.6 Weak Communication and Feedback Systems

Stakeholders consulted during the assessment identified weak communication systems, inadequate implementation feedback, irregular consultations, and limited access to county information as major barriers affecting trust and participation.

Weak communication systems may result in misinformation, low participation in consultations, weak accountability, and reduced stakeholder confidence in county governance processes. Poor feedback mechanisms may further undermine responsiveness and evidence-based planning.

The framework therefore supports establishment of digital communication platforms, SMS notification systems, online consultation mechanisms, public reporting systems, stakeholder feedback platforms, and grievance redress systems capable of strengthening transparency and communication efficiency.

5.7 Climate Change and Environmental Risks

Climate-related risks including flooding, environmental degradation, drought, poor drainage systems, and waste management challenges continue to affect businesses and urban infrastructure within Isiolo County. These risks threaten infrastructure sustainability, enterprise productivity, public health, and urban resilience.

Rapid urbanization and environmental degradation may further increase pressure on urban infrastructure systems and expose vulnerable communities and enterprises to climate-related shocks.

The framework therefore promotes climate-smart urban planning, environmental conservation initiatives, green infrastructure investments, climate adaptation programmes, and sustainable waste management systems aimed at strengthening urban resilience and environmental sustainability.

5.8 Political Interference and Governance Risks

Political interference, changes in leadership, policy inconsistency, and governance instability may affect continuity and sustainability of implementation processes. Political transitions may result in shifting priorities, reduced stakeholder confidence, and delayed implementation of reforms.

To mitigate these risks, the framework promotes institutionalization of stakeholder engagement systems, legal and policy anchoring of the framework, continuous stakeholder participation, and establishment of transparent monitoring and accountability systems capable of sustaining implementation beyond political cycles.

5.9 Capacity Constraints

County institutions, municipalities, business associations, and enterprises continue to face technical and institutional capacity gaps affecting implementation effectiveness and stakeholder participation.

The framework therefore supports continuous training programmes, technical assistance initiatives, partnerships with universities and TVET institutions, and knowledge-sharing systems aimed at strengthening institutional effectiveness and technical capacity.

6.0 PERFORMANCE AND ACCOUNTABILITY FRAMEWORK

The Performance and Accountability Framework provides the governance, monitoring, reporting, learning, and accountability mechanisms necessary for effective implementation of the Isiolo County Private Sector Engagement Framework (PSEF). The framework recognizes that successful implementation of private sector engagement systems depends on continuous monitoring, transparent reporting, evidence-based decision-making, stakeholder feedback, institutional accountability, and adaptive governance systems.

In alignment with the Kenya Urban Support Programme II (KUSP II) Toolkit, the framework promotes establishment of integrated performance management systems capable of strengthening transparency, accountability, participation, responsiveness, and sustainability of urban governance reforms. The framework further seeks to ensure that implementation of private sector engagement initiatives contributes toward improved service delivery, investment competitiveness, urban resilience, local economic development, and participatory governance within Isiolo County.

The field findings established strong stakeholder demand for transparent governance systems, implementation follow-up mechanisms, responsive communication systems, and continuous consultations between county institutions and private sector actors.

6.1 Purpose of the Framework

The Performance and Accountability Framework is intended to establish structured systems for monitoring implementation progress, evaluating achievement of framework objectives, strengthening accountability, improving transparency, and supporting evidence-based planning and policy reforms.

The framework further supports adaptive governance by facilitating continuous learning, stakeholder participation, institutional responsiveness, and policy adjustments based on implementation experiences and stakeholder feedback.

6.2 Monitoring and Evaluation Mechanisms

Monitoring and evaluation shall be undertaken through integrated reporting systems involving county departments, municipalities, Municipal Boards, Urban Managers, Technical Working Groups (TWGs), and the County Project Coordination Team (CPCT).

The framework supports annual implementation reviews, stakeholder satisfaction assessments, public accountability forums, quarterly progress reports, mid-term reviews, infrastructure assessments, stakeholder feedback surveys, and periodic performance evaluations.

Monitoring systems shall support evidence-based reporting, continuous learning, adaptive governance, identification of implementation gaps, and improvement of service delivery systems.

6.3 Accountability and Transparency Mechanisms

The framework promotes transparency and accountability through public disclosure of information, stakeholder consultations, public reporting systems, grievance redress mechanisms, and independent reviews.

County institutions shall ensure timely dissemination of information relating to county budgets, infrastructure projects, stakeholder consultations, urban planning initiatives, policy reforms, and implementation progress.

The framework further supports establishment of stakeholder feedback systems, complaint resolution mechanisms, customer care systems, and digital communication platforms aimed at strengthening responsiveness, trust, and public confidence within governance systems.

6.4 Stakeholder Feedback and Learning Systems

Stakeholder feedback shall play a central role in adaptive governance and continuous improvement of implementation systems. Feedback shall be collected through public forums, online consultations, digital platforms, surveys, customer care systems, and stakeholder meetings.

The feedback collected shall inform policy reforms, resource allocation priorities, infrastructure investments, governance improvements, and service delivery reforms.

The framework therefore promotes continuous learning and adaptive governance capable of responding to emerging stakeholder needs, economic trends, environmental risks, and urban governance priorities.

6.5 Areas for Consideration

Overall, the Performance and Accountability Framework provides the governance and operational mechanisms necessary for strengthening transparency, accountability, stakeholder participation, evidence-based planning, and adaptive governance under the Isiolo County Private Sector Engagement Framework.

Through integrated monitoring systems, stakeholder feedback mechanisms, public reporting platforms, and accountability structures, the framework seeks to improve implementation effectiveness, strengthen public trust, support sustainable urban governance reforms, and enhance collaboration between county institutions and private sector actors.

6.5.1 KEY PERFORMANCE AREAS

Table 5 Key Performance Areas

Performance Area	Key Focus	Expected Outcome
Stakeholder Participation	Participation in consultations and PPDFs	Improved inclusivity and ownership
Institutional Coordination	Functionality of CPCTs and TWGs	Improved implementation efficiency
Communication Systems	Accessibility of communication channels	Enhanced transparency and trust
Business Environment Reforms	Reduction of licensing bottlenecks	Improved investment climate
Infrastructure Improvement	Improvement of urban services	Enhanced urban competitiveness
Capacity Building	Training programmes and technical support	Improved technical capacity
Financial Accountability	Resource utilization and reporting	Strengthened transparency

6.5.2 BASELINE INDICATORS FROM THE FIELD ASSESSMENT

Table 6 Baseline Indicators

Indicator	Baseline Findings
Enterprises operating as sole proprietorships	91%
Businesses affiliated to associations	9%
Businesses operating within county markets	83%

Businesses identifying taxes as major bottleneck	73%
Businesses rating drainage systems poor	33%
Businesses rating waste management poor	29%
Businesses participating to influence policy	58%
Businesses rating ICT infrastructure good	34%

6.5.3 ROLES AND RESPONSIBILITIES IN MONITORING AND ACCOUNTABILITY

Table 7 Roles and Responsibilities In Monitoring and Accountability

Institution	Responsibility	Expected Contribution
County Executive Committee	Policy oversight and resource allocation	Strengthened political leadership
County Assembly	Legislative oversight and review of reports	Improved transparency
CPCT	Monitoring coordination and reporting	Improved implementation tracking
Municipal Boards	Urban-level oversight	Enhanced localized accountability
Urban Managers	Data collection and reporting	Improved operational monitoring
Private Sector Associations	Stakeholder feedback and participation	Strengthened participatory governance
Development Partners	Technical support and reviews	Improved implementation quality

6.5.4 REPORTING FRAMEWORK

Table 8 Reporting framework

Reporting Tool	Frequency	Purpose
Progress Reports	Quarterly	Track implementation progress
Stakeholder Forums	Quarterly	Facilitate consultations and accountability
Monitoring Reports	Bi-annually	Assess implementation performance
Performance Reviews	Annually	Evaluate effectiveness of interventions
Public Accountability Forums	Annually	Promote transparency
Stakeholder Satisfaction Surveys	Annually	Assess stakeholder perceptions

7.0 PSEF CONSIDERATIONS FOR SUSTAINABILITY

Sustainability is a fundamental principle underpinning implementation of the Isiolo County Private Sector Engagement Framework (PSEF). The framework recognizes that effective and long-term private sector engagement requires institutional continuity, stakeholder ownership, sustainable financing systems, climate resilience, technical capacity, and integration of engagement systems into county governance and urban management structures.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes that private sector engagement systems must be institutionalized, inclusive, predictable, accountable, and financially sustainable in order to support long-term urban governance reforms and sustainable urban development.

7.1 Institutional Sustainability

Institutional sustainability is critical for ensuring continuity and long-term implementation of stakeholder engagement systems beyond political and administrative transitions. The framework therefore promotes integration of the PSEF into county governance systems, municipal structures, planning frameworks, and budgeting processes.

The County Government shall institutionalize Public-Private Dialogue Forums (PPDFs), County Project Coordination Teams (CPCTs), Technical Working Groups (TWGs), and municipal stakeholder engagement systems as permanent governance structures within county administration systems.

The framework shall further be mainstreamed into:

- County Integrated Development Plans (CIDPs);
- Annual Development Plans (ADPs);
- County Fiscal Strategy Papers (CFSPs);
- Municipal development plans;
- Urban governance systems.

Institutional anchoring will strengthen continuity, accountability, and implementation sustainability.

7.2 Financial Sustainability

Financial sustainability is essential for supporting consultations, communication systems, monitoring activities, capacity-building programmes, and implementation coordination under the framework.

The County Government shall therefore establish diversified financing mechanisms involving county budget allocations, KUSP II Urban Institutional Grants, Public-Private Partnerships (PPPs), development partner financing, climate financing initiatives, and municipal own-source revenues.

Sustainable financing mechanisms will strengthen long-term implementation capacity while reducing dependence on short-term donor funding.

The framework further encourages integration of PSEF priorities into county annual budgeting systems in order to strengthen institutional ownership and implementation continuity.

7.3 Stakeholder Ownership and Participation

Stakeholder ownership is important for strengthening sustainability and effectiveness of engagement systems. The field findings established that approximately 91% of businesses are

not affiliated with business associations, demonstrating weak stakeholder organization and limited collective representation.

The framework therefore promotes strengthening of business associations, cooperative systems, stakeholder networks, and decentralized engagement structures aimed at improving collective participation and ownership of county development programmes.

Continuous stakeholder consultations, Public-Private Dialogue Forums, and participatory planning systems will further strengthen trust and commitment toward implementation of county programmes and urban governance reforms.

7.4 Human Resource and Technical Capacity Sustainability

Long-term sustainability of the framework requires continuous strengthening of technical and institutional capacity across county departments, municipalities, urban boards, business associations, and enterprises.

The framework therefore supports continuous training programmes, technical assistance initiatives, knowledge-sharing systems, and partnerships with universities, TVET institutions, development partners, and research organizations.

Capacity-building programmes shall focus on:

- Governance and leadership;
- Urban planning and management;
- Enterprise development;
- ICT and digital governance;
- Monitoring and evaluation;
- Climate resilience and sustainability.

Strengthening technical capacity will improve implementation effectiveness, innovation, and institutional resilience.

7.5 Climate Resilience and Environmental Sustainability

Climate-related risks including flooding, environmental degradation, drought, poor drainage systems, and waste management challenges continue to threaten urban sustainability within Isiolo County.

The framework therefore promotes climate-smart urban planning, environmental conservation initiatives, green infrastructure investments, sustainable waste management systems, and climate adaptation programmes aimed at strengthening urban resilience and environmental sustainability.

Climate resilience considerations shall further be integrated into infrastructure planning, urban development initiatives, and investment prioritization systems.

7.6 Communication and Information Sustainability

Sustainable communication systems are essential for maintaining transparency, accountability, stakeholder trust, and institutional memory. Weak communication systems were identified as major barriers affecting stakeholder participation and governance effectiveness within the county.

The framework therefore supports establishment of digital governance systems, online stakeholder platforms, public reporting mechanisms, stakeholder databases, and integrated communication systems capable of strengthening information management and continuous engagement.

These systems shall improve accessibility of information, strengthen institutional memory, and support evidence-based decision-making processes.

7.7 Adaptive Governance and Continuous Learning

The framework recognizes the importance of adaptive governance and continuous learning in responding to changing economic conditions, stakeholder needs, climate risks, technological developments, and governance priorities.

Monitoring systems, stakeholder feedback platforms, periodic reviews, and performance assessments shall therefore support:

- Policy adjustments;
- Institutional learning;
- Innovation and continuous improvement;
- Responsive governance systems.

Adaptive governance will strengthen flexibility and resilience of implementation systems while supporting long-term sustainability.

7.8 Inclusivity and Social Sustainability

Social sustainability requires equitable participation of women enterprises, youth enterprises, cooperatives, informal traders, pastoralist communities, and vulnerable groups within governance and economic development processes.

The framework therefore promotes inclusive participation systems, decentralized consultations, stakeholder representation mechanisms, and targeted capacity-building programmes aimed at strengthening equity, empowerment, and ownership.

Inclusive governance systems will strengthen social cohesion and sustainability of implementation processes.

ANNEXES

ANNEX 1: Summary of the Relevant Legislation

The Isiolo County Private Sector Engagement Framework (PSEF) is anchored on a broad legal, policy, institutional, and governance framework established under the Constitution of Kenya 2010, national legislation, county legislation, urban governance policies, and the Kenya Urban Support Programme II (KUSP II) implementation guidelines. These legal and policy instruments collectively provide the foundation for participatory governance, public-private collaboration, stakeholder engagement, urban management, economic development, transparency, accountability, and sustainable urbanization.

The legal framework further establishes the institutional mandates, governance responsibilities, planning systems, accountability mechanisms, and stakeholder participation processes necessary for effective implementation of private sector engagement initiatives within Isiolo County. In alignment with the KUSP II Toolkit, the legal and policy framework strengthens institutionalization of Public-Private Dialogue Forums (PPDFs), integrated urban planning systems, sustainable financing arrangements, and participatory governance structures.

The field findings established that businesses within Isiolo County continue to experience regulatory bottlenecks, fragmented communication systems, inconsistent engagement mechanisms, and weak institutional coordination. Taxes and levies account for 73% and 18% of enterprise bottlenecks respectively, while approximately 91% of enterprises are not affiliated with business associations. These findings demonstrate the importance of strengthening implementation of legal and institutional frameworks capable of improving governance, transparency, accountability, stakeholder participation, and investment competitiveness.

IX. Constitutional and Legal Framework

The Constitution of Kenya 2010 provides the overarching legal basis for participatory governance, devolution, public participation, urban governance, accountability, and inclusive development. The Constitution recognizes the importance of citizen participation in governance and establishes devolved governance systems aimed at strengthening service delivery, democratic participation, and local economic development.

The Constitution further assigns county governments responsibilities relating to trade development, urban planning, markets, licensing, county transport systems, environmental management, and local economic development. These functions directly support implementation of the Isiolo County PSEF and provide the legal foundation for collaboration between county institutions and private sector actors.

The Constitution also promotes:

- Public participation in governance;
- Transparency and accountability;
- Equitable development;
- Sustainable environmental management;
- Inclusive economic growth;
- Access to information.

These constitutional principles are central to implementation of the PSEF.

I. Summary of Relevant Legislation

Table 9 Summary of relevant legislation

Legislation / Policy Framework	Relevance to the PSEF
Constitution of Kenya 2010	Provides the legal basis for devolution, public participation, urban governance, transparency, accountability, and local economic development.
County Governments Act, 2012	Establishes county governance structures, public participation systems, and planning frameworks supporting stakeholder engagement and participatory governance.
Urban Areas and Cities Act, 2011 (Revised 2019)	Provides the legal framework for management of municipalities and urban areas including stakeholder participation and urban governance systems.
Public Finance Management Act, 2012	Guides budgeting, financial accountability, public expenditure management, and transparency in implementation of county programmes.
Public Procurement and Asset Disposal Act, 2015	Regulates procurement processes and promotes transparency, competitiveness, and participation of local enterprises in public procurement.
Physical and Land Use Planning Act, 2019	Supports integrated urban planning, land use management, and stakeholder consultations in urban development processes.
Environmental Management and Coordination Act (EMCA), 1999	Provides the legal framework for environmental sustainability, climate resilience, and environmental impact management.
Micro and Small Enterprises Act, 2012	Promotes development, formalization, and support of MSMEs which dominate the Isiolo County economy.
Kenya Urban Support Programme II (KUSP II) Toolkit	Provides operational guidelines for urban governance reforms, stakeholder engagement, urban planning, and municipal management systems.
Access to Information Act, 2016	Strengthens transparency, access to information, and accountability within governance systems.
Public Participation Guidelines	Promote inclusivity, stakeholder consultations, transparency, and participatory governance.

II. County Governments Act, 2012

The County Governments Act, 2012 provides a key legal foundation for implementation of the Isiolo County PSEF by establishing county governance systems, public participation mechanisms, decentralized planning structures, and citizen engagement processes.

The Act requires county governments to facilitate public participation in planning, budgeting, policy development, and governance processes. This directly supports establishment of Public-Private Dialogue Forums (PPDFs), stakeholder consultations, and participatory urban governance systems under the framework.

The Act further supports:

- Citizen engagement;
- Transparency and accountability;
- Decentralized governance;
- Public communication systems;
- Inclusive decision-making.

The qualitative findings established strong stakeholder demand for continuous consultations, implementation feedback, and transparent governance systems. The County Governments Act therefore provides an important legal basis for strengthening stakeholder participation and institutional accountability within implementation of the framework.

III. Urban Areas and Cities Act, 2011 (Revised 2019)

The Urban Areas and Cities Act establishes the legal framework for governance and management of municipalities and urban areas in Kenya. The Act is particularly important for implementation of the PSEF because it provides legal guidance on urban governance structures, municipal management systems, integrated urban planning, stakeholder engagement, and service delivery systems.

The Act supports:

- Establishment of Municipal Boards;
- Public participation in urban governance;
- Integrated urban planning;
- Sustainable urban development;
- Stakeholder consultations.

Municipal Boards and Urban Managers established under the Act will therefore play a central role in operationalizing Public-Private Dialogue Forums, stakeholder engagement systems, urban planning consultations, and implementation monitoring under the framework.

The field findings established strong stakeholder demand for decentralized engagement systems capable of addressing urban infrastructure challenges, licensing issues, and service delivery concerns affecting businesses within urban areas.

IV. Public Finance Management Act, 2012

The Public Finance Management Act provides the legal framework for public budgeting, expenditure management, financial accountability, transparency, and resource allocation within county governments.

Implementation of the PSEF requires sustainable financing arrangements capable of supporting:

- Stakeholder consultations;
- Capacity-building programmes;
- Communication systems;
- Monitoring and evaluation activities;
- Institutional coordination.

The Act therefore supports:

- Transparent resource allocation;
- Financial accountability;
- Public expenditure oversight;
- Budget participation processes.

The framework further aligns with the Act by promoting integration of PSEF priorities into county planning and budgeting systems.

V. Public Procurement and Asset Disposal Act, 2015

The Public Procurement and Asset Disposal Act regulates procurement processes within public institutions and promotes fairness, transparency, competitiveness, and accountability in procurement systems.

The Act is relevant to the PSEF because it strengthens opportunities for local enterprises, MSMEs, women enterprises, and youth enterprises to participate in county procurement opportunities.

The field findings established that the county economy is dominated by MSMEs and sole proprietorships which account for approximately 91% of enterprises. Strengthening implementation of procurement regulations and enterprise support systems will therefore improve local economic participation and enterprise growth.

VI. Physical and Land Use Planning Act, 2019

The Physical and Land Use Planning Act supports integrated urban planning, land use management, infrastructure planning, and participatory urban development.

The Act promotes:

- Public participation in planning processes;
- Sustainable urban development;
- Integrated infrastructure planning;
- Environmental sustainability;
- Land use regulation.

Implementation of the PSEF requires continuous collaboration between county institutions, municipalities, private sector actors, and communities in urban planning and infrastructure prioritization processes.

The Act therefore strengthens institutionalization of collaborative urban governance and participatory planning systems within Isiolo County.

VII. Environmental Management and Coordination Act (EMCA), 1999

Environmental sustainability and climate resilience are important considerations under the Isiolo County PSEF. The Environmental Management and Coordination Act (EMCA) provides the legal framework for environmental protection, environmental impact assessment, climate resilience, and sustainable natural resource management.

The field findings established that flooding, poor drainage systems, environmental degradation, and waste management challenges continue to affect businesses and urban infrastructure within Isiolo County. Approximately 33% of respondents rated drainage systems poor while 29% rated waste management services poor.

The framework therefore aligns with EMCA by promoting:

- Climate-smart urban planning;
- Sustainable waste management;
- Green infrastructure investments;
- Environmental conservation initiatives;
- Climate adaptation systems.

VIII. Micro and Small Enterprises Act, 2012

The Micro and Small Enterprises Act promotes development, formalization, financing, and support of MSMEs which constitute the backbone of the Isiolo County economy.

The field findings established that wholesale and retail trade account for 51% of enterprises operating within the county while most enterprises operate within informal or small-scale structures.

The Act therefore supports:

- Enterprise development programmes;
- Access to finance;
- Capacity building;
- Business formalization;
- Market access initiatives.

Implementation of the PSEF will strengthen collaboration between county institutions and MSMEs while supporting enterprise competitiveness and local economic development.

IX. Kenya Urban Support Programme II (KUSP II) Toolkit

The KUSP II Toolkit provides operational guidance for implementation of urban governance reforms, stakeholder engagement systems, municipal management structures, participatory planning processes, and sustainable urban development initiatives.

The toolkit supports:

- Institutionalized Public-Private Dialogue Forums;
- Integrated urban governance;
- Monitoring and accountability systems;
- Urban planning reforms;
- Capacity building and stakeholder participation.

The Isiolo County PSEF is therefore fully aligned with the KUSP II implementation framework and urban governance objectives.

ANNEX 2: Alignment and Linkage to The Urban Governance Regulatory Framework

The Isiolo County Private Sector Engagement Framework (PSEF) is aligned to the broader urban governance regulatory framework established under the Constitution of Kenya 2010, national urban governance legislation, county governance systems, and the Kenya Urban Support Programme II (KUSP II) implementation framework. The alignment ensures that implementation of the PSEF supports constitutional principles, urban governance reforms, participatory planning, sustainable urbanization, institutional accountability, and inclusive local economic development.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes that Private Sector Engagement Frameworks must be integrated into existing urban governance structures, municipal management systems, public participation mechanisms, and county planning processes in order to strengthen sustainability, accountability, and implementation effectiveness. The Isiolo County PSEF therefore adopts a governance approach that integrates stakeholder engagement systems within urban planning, infrastructure development, municipal governance, public finance management, environmental sustainability, and local economic development systems.

The field findings established that businesses within Isiolo County continue to experience governance and institutional challenges including weak communication systems, fragmented stakeholder engagement mechanisms, inadequate infrastructure, regulatory bottlenecks, and weak institutional coordination. Approximately 73% of enterprises identified taxes as a major business bottleneck while 18% identified county levies as major operational constraints. The framework therefore aligns with urban governance reforms aimed at improving transparency, accountability, service delivery, urban competitiveness, and participatory governance.

The alignment further strengthens implementation of sustainable urban governance systems capable of supporting:

- Public-private collaboration;
- Participatory urban planning;
- Investment promotion;
- Climate resilience;
- Institutional accountability;
- Inclusive urban development.

I. Alignment with the Constitution of Kenya 2010

The Constitution of Kenya 2010 provides the overarching governance framework supporting implementation of the Isiolo County PSEF. The Constitution establishes the legal basis for devolution, public participation, transparency, accountability, equitable development, and sustainable governance systems.

The Constitution assigns county governments responsibilities relating to:

- Trade development;
- County planning and development;
- Urban management;
- Licensing and regulation;
- Markets and local economic development;
- Environmental management;
- Public participation.

These constitutional functions directly support implementation of the PSEF and provide the legal foundation for collaboration between county institutions, municipalities, private sector actors, and community stakeholders.

The Constitution further promotes:

- Citizen participation in governance;
- Transparency and accountability;
- Access to information;
- Equitable resource allocation;
- Sustainable environmental management.

The qualitative findings established strong stakeholder demand for transparent governance systems, implementation accountability, continuous consultations, and participatory decision-making processes. The Constitution therefore provides the foundational governance principles underpinning implementation of the framework.

II. Alignment with the County Governments Act, 2012

The County Governments Act, 2012 establishes the governance, planning, participation, and administrative systems necessary for implementation of devolved governance structures within Kenya.

The Act is directly aligned to the Isiolo County PSEF because it supports:

- Public participation;
- Citizen engagement;
- Decentralized governance;
- Participatory planning;
- Transparency and accountability;
- Integrated county planning systems.

Implementation of the PSEF requires institutionalized stakeholder consultations and Public-Private Dialogue Forums (PPDFs) capable of strengthening collaborative governance between county institutions and private sector actors. The County Governments Act therefore provides the legal basis for operationalization of stakeholder engagement systems under the framework.

The Act further supports integration of the framework into:

- County Integrated Development Plans (CIDPs);
- Annual Development Plans (ADPs);
- County budgeting systems;
- Public participation processes.

These planning systems are important for strengthening sustainability and institutionalization of the PSEF within county governance structures.

III. Alignment with the Urban Areas and Cities Act, 2011 (Revised 2019)

The Urban Areas and Cities Act establishes the legal and institutional framework for governance and management of municipalities and urban areas in Kenya. The Act provides guidance on municipal governance structures, urban planning systems, stakeholder participation mechanisms, and urban service delivery responsibilities.

The Isiolo County PSEF is strongly aligned with the Act because implementation of the framework depends significantly on:

- Municipal Boards;
- Urban Managers;
- Participatory urban governance systems;
- Integrated urban planning;
- Urban stakeholder consultations.

The Act supports institutionalization of Public-Private Dialogue Forums, stakeholder participation mechanisms, and collaborative urban governance systems within municipalities and urban areas.

The field findings established strong stakeholder demand for decentralized engagement systems capable of addressing urban infrastructure challenges, licensing constraints, market management issues, and service delivery concerns affecting businesses. The framework therefore strengthens municipal governance systems while promoting participatory urban management and accountability.

IV. Alignment with the Public Finance Management Act, 2012

The Public Finance Management Act (PFMA) provides the legal framework for budgeting, financial accountability, expenditure management, transparency, and public resource utilization within county governments.

Implementation of the Isiolo County PSEF requires sustainable financing mechanisms capable of supporting:

- Stakeholder consultations;
- Public participation forums;
- Communication systems;
- Monitoring and evaluation;
- Capacity-building programmes;
- Institutional coordination systems.

The PFMA therefore supports implementation of the framework by strengthening:

- Transparent budgeting processes;
- Public expenditure accountability;
- Resource mobilization systems;
- Financial reporting mechanisms;
- Public participation in budgeting.

The framework further aligns with the Act through integration of PSEF priorities into county annual budgeting systems and planning frameworks.

V. Alignment with the Physical and Land Use Planning Act, 2019

The Physical and Land Use Planning Act supports integrated urban planning, infrastructure development, land use management, environmental sustainability, and participatory planning systems.

The Isiolo County PSEF aligns with the Act through promotion of:

- Collaborative urban planning;
- Participatory infrastructure prioritization;

- Sustainable land use systems;
- Stakeholder engagement in planning processes;
- Climate-smart urban development.

The field findings identified inadequate drainage systems, poor waste management services, and infrastructure deficits as key urban development challenges affecting businesses within Isiolo County. Approximately 33% of respondents rated drainage systems poor while 29% rated waste management systems poor.

The framework therefore supports integrated urban planning systems capable of strengthening infrastructure development, climate resilience, environmental sustainability, and investment competitiveness.

VI. Alignment with the Public Procurement and Asset Disposal Act, 2015

The Public Procurement and Asset Disposal Act promotes transparency, fairness, competitiveness, and accountability within procurement systems.

The Act is particularly relevant to the PSEF because it strengthens opportunities for participation of:

- MSMEs;
- Women enterprises;
- Youth enterprises;
- Local contractors;
- Cooperatives and SACCOs.

The field findings established that approximately 91% of enterprises within Isiolo County operate as sole proprietorships while the county economy is dominated by small and informal enterprises. Strengthening implementation of procurement regulations and enterprise support systems will therefore improve participation of local enterprises in county procurement opportunities and local economic development programmes.

The framework further promotes transparency and accountability within procurement and investment systems.

VII. Alignment with Environmental and Climate Governance Frameworks

Environmental sustainability and climate resilience are important components of sustainable urban governance under the Isiolo County PSEF.

The framework aligns with:

- Environmental Management and Coordination Act (EMCA), 1999;
- National Climate Change Action Plan;
- Sustainable urban development policies.

The field findings established that flooding, environmental degradation, poor drainage systems, and waste management challenges continue to affect urban resilience and business operations within Isiolo County.

The framework therefore promotes:

- Climate-smart urban planning;
- Green infrastructure investments;
- Sustainable waste management;
- Environmental conservation initiatives;

- Climate adaptation programmes.

These interventions strengthen alignment between the PSEF and national climate governance frameworks.

VIII. Alignment with the Kenya Urban Support Programme II (KUSP II)

The Kenya Urban Support Programme II (KUSP II) provides the principal operational framework guiding implementation of the Isiolo County PSEF.

The KUSP II Toolkit emphasizes:

- Participatory urban governance;
- Institutionalized stakeholder engagement;
- Integrated urban planning;
- Municipal strengthening;
- Accountability systems;
- Sustainable urban development.

The Isiolo County PSEF directly supports implementation of KUSP II reforms through establishment of:

- Public-Private Dialogue Forums;
- Stakeholder communication systems;
- Institutional coordination mechanisms;
- Monitoring and accountability systems;
- Capacity-building programmes.

The framework further strengthens implementation of urban governance reforms aimed at improving:

- Service delivery;
- Investment competitiveness;
- Urban resilience;
- Stakeholder participation;
- Local economic development.

IX. Institutional Linkages within the Urban Governance Framework

Implementation of the PSEF will require coordinated collaboration among:

- County Government departments;
- Municipal Boards;
- Urban Managers;
- County Assembly;
- Private sector associations;
- Development partners;
- Civil society organizations;
- Community stakeholders.

The framework therefore strengthens institutional linkages aimed at improving:

- Policy coordination;

- Participatory governance;
- Monitoring and accountability;
- Resource mobilization;
- Service delivery;
- Urban competitiveness.

The qualitative findings established strong stakeholder demand for improved institutional coordination, implementation follow-up, communication systems, and collaborative governance structures.

ANNEX 3: List of Fields Already in The SBP Application Form and Additional Fields Suggested

The Single Business Permit (SBP) Application Form is an important administrative and regulatory tool used by county governments to support business registration, licensing, revenue administration, enterprise mapping, and regulation of commercial activities. Within the Isiolo County Private Sector Engagement Framework (PSEF), the SBP system provides a strategic opportunity for strengthening private sector databases, stakeholder engagement systems, evidence-based planning, urban governance, and local economic development.

The Kenya Urban Support Programme II (KUSP II) Toolkit emphasizes the importance of integrated business databases, digital governance systems, stakeholder mapping, and evidence-based planning in strengthening participatory urban governance and sustainable urban development.

The field findings established that the private sector within Isiolo County remains weakly organized and characterized by high levels of informality. Approximately 91% of enterprises operate as sole proprietorships while 91% are not affiliated with business associations. The county economy is largely dominated by wholesale and retail trade which accounts for 51% of enterprises, followed by hospitality and tourism at 13%, while manufacturing, transport and logistics, and financial services each account for 7%.

I. Existing Fields in the SBP Application Form

The current SBP application form already captures basic business information necessary for licensing and regulatory administration. The key fields currently available include business name, proprietor details, national identification details, physical and postal address, business category, nature of business, registration certificate number, KRA PIN number, permit fee category, and declaration information.

These fields support identification of businesses operating within the county and facilitate revenue collection, business registration, and compliance management systems.

II. Additional Fields Suggested under the PSEF

The Isiolo County PSEF proposes inclusion of additional enterprise data fields aimed at strengthening development of a comprehensive Private Sector Database aligned to KUSP II urban governance reforms and evidence-based planning systems.

The proposed additional fields include number of employees, gender of business owner, youth-owned enterprise status, membership to business associations, annual turnover category, ICT access status, participation in county forums, climate-related risks affecting business, access to finance status, business expansion plans, waste management methods, preferred communication channels, GIS coordinates, and participation in county procurement. These additional fields will support stakeholder engagement systems, urban planning, climate resilience planning, communication systems, investment promotion, monitoring and evaluation, and local economic development initiatives.

Table 10 Existing and Proposed Additional Fields

Existing Fields in SBP Form	Proposed Additional Fields
Business Name	Number of Employees
Name of Proprietor/Owner	Gender of Business Owner
National ID/Passport Number	Youth-Owned Enterprise Status
Physical Address	Membership to Business Associations
Postal Address	Sector Classification
Telephone Number	Annual Business Turnover

Nature of Business	ICT/Digital Access Status
Business Category	Main Business Challenges
Plot Number/Building Name	Participation in County Forums
Registration Certificate Number	Climate-Related Risks
KRA PIN Number	Access to Finance Status
Permit Fee Category	Business Expansion Plans
Signature and Declaration	Waste Management Method
	Preferred Communication Channel
	GIS Coordinates
	Participation in County Procurement

III. Alignment with KUSP II and Urban Governance Reforms

The proposed improvements to the SBP application system are fully aligned with the Kenya Urban Support Programme II (KUSP II) Toolkit which promotes integrated urban databases, stakeholder mapping systems, digital governance, participatory planning, and evidence-based urban management.

The enhanced SBP system will strengthen public-private engagement systems, urban governance and planning, investment promotion, stakeholder communication, monitoring systems, climate resilience planning, and local economic development.

The field findings established that approximately 83% of businesses operate primarily within county markets while none currently participate in export markets. Similarly, approximately 73% of businesses identified taxes as a major operational challenge. Improved enterprise data systems will therefore support evidence-based policy reforms and business environment improvements.

IV. Importance of the Enhanced SBP Database

The enhanced SBP database system will significantly improve enterprise profiling, stakeholder mapping, revenue forecasting, investment planning, communication systems, urban infrastructure planning, climate resilience assessments, monitoring systems, and stakeholder consultations.

The framework also supports digitization of the SBP application system in order to improve transparency, efficiency, accessibility, and real-time enterprise data management. Digital systems will strengthen evidence-based planning, integrated municipal management, and implementation of KUSP II urban governance reforms.

ANNEX 4: Suggested Calendar for Two Annual Forums Aligned to The Urban Board Planning and Budgeting Calendar

The Isiolo County Private Sector Engagement Framework (PSEF) recognizes the importance of institutionalized and predictable stakeholder engagement systems in strengthening participatory urban governance, collaborative planning, accountability, and sustainable local economic development. In alignment with the Kenya Urban Support Programme II (KUSP II) Toolkit, the framework proposes establishment of structured Public-Private Dialogue Forums (PPDFs) aligned to the County and Urban Board planning and budgeting calendar.

The annual forums are intended to provide structured platforms for collaboration between county institutions, Municipal Boards, Urban Managers, private sector actors, development partners, civil society organizations, and community stakeholders in urban planning, budgeting, infrastructure prioritization, policy dialogue, investment promotion, and monitoring of development programmes.

The field findings established strong stakeholder demand for institutionalized consultation systems, implementation feedback mechanisms, transparent governance structures, and participatory planning systems. Approximately 58% of businesses indicated that they participate in engagement forums primarily to influence policy decisions and governance processes. The qualitative consultations further established that stakeholders desire predictable consultation schedules aligned to planning and budgeting processes in order to improve participation, ownership, and accountability.

I. Objectives of the Annual Forums

The proposed annual forums are intended to strengthen participatory urban governance, facilitate stakeholder consultations, improve transparency and accountability, support collaborative planning and budgeting, promote evidence-based urban development, strengthen investment coordination, improve implementation monitoring systems, and enhance stakeholder ownership of urban development initiatives.

The forums shall further provide opportunities for identifying emerging urban development challenges, investment opportunities, infrastructure priorities, climate resilience concerns, and policy reforms affecting private sector growth and urban competitiveness within Isiolo County.

II. Alignment with the Urban Board Planning and Budgeting Calendar

The proposed calendar aligns closely with the County Government and Urban Board annual planning and budgeting cycle in order to ensure that stakeholder input is incorporated into County Integrated Development Plans (CIDPs), Annual Development Plans (ADPs), County Fiscal Strategy Papers (CFSPs), urban investment plans, infrastructure development priorities, and budget allocation processes.

Alignment with the county planning calendar will strengthen institutionalization of stakeholder engagement systems while improving integration of private sector priorities into county governance and development processes.

III. Urban Development and Planning Forum

The Urban Development and Planning Forum shall be held annually during the first quarter of the financial planning cycle, preferably between October and November. The forum shall focus on urban planning priorities, infrastructure needs, investment opportunities, climate resilience, enterprise challenges, and stakeholder consultations relating to urban development.

The forum shall support review of urban development priorities, infrastructure gap assessments, climate resilience planning, enterprise consultations, stakeholder feedback collection, and urban service delivery assessments.

The field findings established that infrastructure deficits continue to affect businesses within Isiolo County. Approximately 33% of respondents rated drainage systems poor while 29% rated waste management services poor. The forum shall therefore provide an important platform for collaborative prioritization of infrastructure investments and urban service improvements.

The forum shall further strengthen consultations relating to markets and trading spaces, urban mobility and transport systems, ICT infrastructure, environmental sustainability, informal sector integration, and business environment reforms.

IV. Budget and Investment Prioritization Forum

The Budget and Investment Prioritization Forum shall be held annually during the budget preparation phase, preferably between February and March, in alignment with preparation of the County Fiscal Strategy Paper (CFSP) and annual budgeting processes.

The forum shall provide stakeholders with opportunities to contribute toward budget priorities, investment planning, resource allocation, revenue administration reforms, Public-Private Partnership (PPP) opportunities, and enterprise development programmes.

The field findings established that taxes and levies account for 73% and 18% of enterprise challenges respectively. The forum shall therefore facilitate dialogue relating to revenue harmonization, regulatory reforms, licensing systems, enterprise support initiatives, and investment competitiveness.

The forum shall further strengthen transparency and accountability in resource allocation and implementation of urban development programmes.

V. Stakeholder Participation and Inclusivity

The annual forums shall promote inclusive participation involving MSMEs, women enterprises, youth enterprises, cooperatives and SACCOs, informal traders, development partners, civil society organizations, persons with disabilities, and community representatives.

The field findings established that the county economy is dominated by MSMEs operating primarily within trade, hospitality, transport, and informal economic activities. Inclusive stakeholder engagement will therefore strengthen equitable participation and ownership of county development initiatives.

Special attention shall further be given to participation of marginalized groups, pastoralist communities, and vulnerable populations within urban governance processes.

VI. Communication and Feedback Mechanisms

The framework recognizes that effective communication systems are necessary for successful implementation of the annual forums. Stakeholders consulted during the assessment identified weak communication systems and inadequate implementation feedback as major governance challenges.

The County Government shall therefore support early dissemination of forum schedules, SMS and digital notifications, online stakeholder consultations, public feedback systems, and publication of forum reports and resolutions.

These systems will improve transparency, participation, responsiveness, and accountability within county governance processes.

VII. Monitoring and Follow-Up Mechanisms

Implementation of resolutions and recommendations emerging from the annual forums shall be monitored through County Project Coordination Teams (CPCTs), Municipal Boards, Technical Working Groups (TWGs), public accountability forums, and monitoring and evaluation systems.

Progress reports shall further be shared with stakeholders during subsequent forums in order to strengthen accountability, implementation follow-up, institutional learning, and continuous improvement of stakeholder engagement systems.

VIII. The proposed Calendar forums

The proposed calendar for two annual forums aligned to the Urban Board planning and budgeting cycle provides a structured and institutionalized stakeholder engagement mechanism for strengthening participatory urban governance, collaborative planning, transparency, accountability, and sustainable local economic development within Isiolo County.

Through alignment with county planning and budgeting systems, the annual forums shall strengthen integration of private sector priorities into urban governance processes while supporting implementation of KUSP II urban governance reforms, infrastructure development initiatives, climate resilience programmes, and investment promotion strategies.

The forums further provide an important platform for strengthening collaboration between county institutions, municipalities, private sector actors, development partners, and community stakeholders while promoting inclusive urban development and sustainable economic transformation within Isiolo County.

Table 11 Suggested Annual Calendar for the Two Forums

Forum	Proposed Timing	Main Purpose	Key Participants	Expected Outputs
Urban Development and Planning Forum	October – November	Review urban development priorities and infrastructure needs	County Departments, Municipal Boards, Urban Managers, Private Sector, Development Partners, Civil Society	Urban development priorities, infrastructure investment priorities, stakeholder recommendations
Budget and Investment Prioritization Forum	February – March	Support participatory budgeting and investment planning	County Treasury, Municipal Boards, Business Associations, MSMEs, Investors, Development Partners	Budget recommendations, investment priorities, enterprise support proposals

Table 12 Alignment with County Planning and Budgeting Processes

County Planning Instrument	Linkage to the Annual Forums	Expected Contribution
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County Integrated Development Plan (CIDP)	Stakeholder consultations on long-term urban priorities	Improved integration of private sector priorities
Annual Development Plan (ADP)	Review of annual infrastructure and investment priorities	Improved participatory planning
County Fiscal Strategy Paper (CFSP)	Budget consultations and resource allocation discussions	Enhanced transparency and accountability
Municipal Development Plans	Urban-level consultations and infrastructure prioritization	Strengthened municipal governance
KUSP II Urban Governance Reforms	Institutionalized stakeholder engagement forums	Improved implementation of urban governance reforms

ANNEX 5: Sample Results Framework

The Results Framework for the Isiolo County Private Sector Engagement Framework (PSEF) provides a structured mechanism for monitoring implementation progress, assessing performance outcomes, strengthening accountability, and supporting evidence-based decision-making in line with the Kenya Urban Support Programme II (KUSP II) Toolkit and urban governance reforms.

The framework establishes measurable indicators, targets, institutional responsibilities, reporting systems, and monitoring mechanisms aimed at strengthening sustainable public-private engagement, urban governance, investment competitiveness, and local economic development within Isiolo County.

The Results Framework is informed by both quantitative and qualitative findings generated through the private sector diagnostic, stakeholder consultations, Key Informant Interviews (KIIs), and Focus Group Discussions (FGDs) conducted across Isiolo County. The field findings established that the county economy remains heavily dominated by sole proprietorships accounting for 91% of enterprises, while companies, partnerships, and cooperatives each account for only 3%.

The framework further responds to major challenges identified during the assessment including weak stakeholder organization, limited institutional coordination, poor communication systems, regulatory bottlenecks, limited access to finance, weak market diversification, infrastructure deficits, and low levels of enterprise participation in governance processes.

I. Purpose of the Results Framework

The primary purpose of the Results Framework is to monitor implementation progress of the PSEF, strengthen accountability and transparency, facilitate evidence-based decision-making, support institutional learning and adaptation, improve coordination among implementing institutions, track performance outcomes and impacts, and support reporting under KUSP II urban governance reforms.

The framework further provides a basis for assessing whether implementation of the PSEF contributes toward improved business environment, increased stakeholder participation, better infrastructure prioritization, strengthened urban governance, enhanced investment competitiveness, and sustainable local economic development.

II. Key Results Areas under the PSEF

The Results Framework is structured around several key performance areas aligned with the core components of the PSEF and the KUSP II Toolkit.

The key result areas include institutional coordination and governance, public-private dialogue and stakeholder engagement, business environment and regulatory reforms, enterprise development and investment promotion, communication and feedback systems, capacity building and inclusivity, infrastructure and urban services, sustainability and climate resilience, and monitoring, accountability, and learning.

These result areas are informed by the major findings of the field assessment and stakeholder consultations.

III. Baseline Findings Informing the Results Framework

The field assessment generated important baseline indicators that inform development of the Results Framework.

Key baseline findings include:

- 91% of enterprises are sole proprietorships;
- 91% of enterprises are not affiliated with business associations;
- Wholesale and retail trade account for 51% of enterprises;
- Hospitality and tourism account for 13%;
- Manufacturing, financial services, and transport and logistics each account for 7%;
- Agriculture contributes 5%;
- ICT and construction each account for 4%;
- 83% of enterprises operate primarily within county markets;
- None currently participate in export markets;
- Taxes and levies account for 73% and 18% of enterprise challenges respectively;
- 37% of businesses rated licensing procedures very difficult;
- 33% rated drainage systems poor;
- 29% rated waste management systems poor;
- Only 34% rated ICT connectivity good;
- 58% participate in forums primarily to influence policy decisions.

These baseline indicators provide the foundation for performance monitoring and evaluation under the PSEF.

IV. Institutional Responsibilities for Results Monitoring

Implementation of the Results Framework shall involve coordinated participation of multiple institutions and stakeholders.

The County Project Coordination Team (CPCT) shall serve as the lead technical coordination institution responsible for monitoring implementation progress, coordinating reporting systems, consolidating performance reports, supporting stakeholder consultations, and facilitating monitoring and evaluation activities.

Municipal Boards and Urban Managers shall coordinate urban-level monitoring activities including stakeholder consultations, Public-Private Dialogue Forums (PPDFs), communication systems, enterprise data management, and urban infrastructure monitoring.

County departments including Trade, Finance, ICT, Urban Development, Environment, and Economic Planning shall support implementation of sector-specific indicators and reporting requirements.

V. Monitoring and Reporting Mechanisms

The Results Framework shall utilize multiple monitoring and reporting mechanisms aimed at strengthening transparency, accountability, institutional learning, and adaptive governance.

The proposed mechanisms include quarterly progress reports, annual performance reviews, stakeholder consultation forums, public accountability sessions, enterprise perception surveys, digital monitoring systems, infrastructure assessments, and municipal implementation reviews.

The framework further supports establishment of digital monitoring systems capable of improving real-time reporting, enterprise data management, stakeholder communication, and performance tracking.

VI. Alignment with KUSP II Requirements

The Results Framework aligns fully with the KUSP II Toolkit requirements relating to institutionalized stakeholder engagement, participatory governance, performance monitoring, accountability systems, urban governance reforms, and evidence-based planning.

The framework further supports Result Area Four (RA4) performance standards under KUSP II through establishment of private sector databases, Public-Private Dialogue Forums (PPDFs), monitoring systems, communication systems, and institutional coordination structures.

VII. Sustainability and Adaptive Learning

The Results Framework further supports adaptive governance and continuous learning through periodic stakeholder consultations, continuous performance reviews, policy feedback systems, monitoring and evaluation, and institutional learning mechanisms.

The framework recognizes that urban governance systems evolve continuously due to changing economic, environmental, technological, and institutional conditions. Continuous learning and adaptation will therefore remain important for strengthening sustainability and responsiveness of the PSEF.

VIII. The Sample Results Framework

The Sample Results Framework provides Isiolo County with a comprehensive monitoring, accountability, and performance management system for implementation of the Private Sector Engagement Framework (PSEF).

The framework establishes measurable indicators, institutional responsibilities, reporting systems, and accountability mechanisms capable of strengthening participatory governance, stakeholder coordination, investment competitiveness, transparency, and sustainable urban development.

Through alignment with the KUSP II Toolkit and urban governance reforms, the Results Framework will strengthen evidence-based planning, institutional learning, performance monitoring, and sustainable implementation of the Isiolo County PSEF while promoting inclusive local economic development and resilient urban governance systems.

Table 13 Sample Results Framework

Result Area	Indicator	Baseline Status	Proposed Target	Means of Verification	Responsible Institution
Institutional Coordination	Functional PPDFs established	Fragmented engagement systems	At least 2 annual forums institutionalized	Forum reports and attendance records	CPCT, Municipal Boards
Stakeholder Participation	Businesses participating in forums	58% policy participation	80% participation in annual forums	Attendance registers and surveys	Municipal Boards
Business Organization	Enterprises affiliated to associations	9% affiliated	Increase to 30%	Association records	Directorate of Trade
Enterprise Formalization	Formally registered enterprises	High informal ownership	Increase registration rates	SBP records	Trade and Revenue Departments

Regulatory Reforms	Businesses reporting licensing challenges	37% rated licensing difficult	Reduce complaints by 50%	Perception surveys	Trade Department
Infrastructure Improvement	Drainage systems rated poor	33%	Reduce negative ratings below 15%	Infrastructure assessments	Public Works Department
Waste Management	Waste systems rated poor	29%	Improve satisfaction by 50%	Municipal reports	Municipal Boards
ICT Connectivity	ICT services rated good	34%	Increase to 70%	ICT assessment reports	ICT Directorate
Communication Systems	Stakeholders receiving implementation feedback	Weak communication systems	Quarterly feedback reports	Communication reports	CPCT
Capacity Building	Stakeholders trained annually	Limited training systems	Annual training institutionalized	Training reports	Trade and ICT Departments
Climate Resilience	Climate-sensitive projects integrated	Weak climate integration	Climate mainstreaming in projects	CIDP and ADP reports	Environment Directorate
Monitoring and Accountability	Quarterly implementation reports produced	Weak monitoring systems	Quarterly and annual reports institutionalized	M&E reports	CPCT

Table 14 Proposed Reporting Framework

Reporting Activity	Frequency	Responsible Institution	Key Output
Quarterly Progress Reports	Quarterly	CPCT	Implementation progress updates
Public-Private Dialogue Forum Reports	Bi-Annual	Municipal Boards	Stakeholder recommendations
Infrastructure Monitoring Reports	Quarterly	Public Works and Municipal Boards	Infrastructure assessments
Stakeholder Satisfaction Surveys	Annual	Trade Directorate	Business environment assessment
Financial and Resource Utilization Reports	Quarterly	Finance Department	Accountability reports

Climate Resilience Monitoring Reports	Annual	Environment Directorate	Environmental sustainability assessments
Communication and Feedback Reports	Quarterly	ICT Directorate and CPCT	Stakeholder communication updates
Capacity Building Reports	Annual	Trade and ICT Departments	Skills development reports

drainage systems and waste management services were rated poor by 33% and 29% of respondents. ICT connectivity also remains inconsistent, with only 34% rating services good.

The Isiolo County PSEF therefore provides a structured framework for addressing these challenges while strengthening collaboration between the County Government and private sector stakeholders. The framework establishes mechanisms for:

- Institutionalized Public-Private Dialogue Forums (PPDFs);
- Private sector diagnostics and business databases;
- Capacity building and outreach programmes;
- Monitoring and accountability systems;
- Communication and stakeholder feedback mechanisms;
- Sustainable financing and institutional coordination structures.

The framework further aligns with the KUSP II performance standards and urban governance reforms which seek to strengthen urban institutions, promote inclusive urban planning, and support resilient and competitive urban development.

The County Government of Isiolo remains committed to operationalizing this framework in partnership with municipalities, urban boards, private sector actors, development partners, and community stakeholders. Through collaborative governance, evidence-based planning, and structured engagement, the framework will contribute toward strengthening investor confidence, improving service delivery, promoting enterprise growth, and supporting sustainable urban economic transformation across Isiolo County...



Hon Hussein Jirimo Katelo
CEC-Housing, Lands Physical Planning and Urban Development
COUNTY GOVERNMENT OF ISIOLO.

