

2025



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**OLKALOU MUNICIPALITY
ANNUAL INVESTMENT PLAN**

ANNUAL INVESTMENT PLAN 2025/26
OLKALOU MUNICIPAL PROJECT IMPLEMENTATION TEAM

Executive Summary

This Annual Urban Investment Plan (AIP) for Ol'Kalou Municipality (FY 2025/2026) presents a comprehensive prioritised program of municipal investments designed to accelerate socio-economic development, enhance urban resilience, and improve the quality of life for residents. The AIP is aligned to the Nyandarua County Integrated Development Plan (CIDP 2023–2027), the Municipal Strategic Plan 2023–2027, the Integrated Strategic Urban Development Plan 2022-2032 (ISUDP), the Integrated Development Plan 2026-2030 (IDeP) and the Kenya Urban Support Program (KUSP II), minimum conditions for climate resilience.

Key development constraints identified in the municipality include inadequate waste management, incomplete drainage systems that increase flood risk, unregulated extractive activities that damage the environment, limited pedestrian and vehicular access infrastructure, and gaps in urban services, particularly in peri-urban neighborhoods. Addressing these constraints will safeguard investments, protect livelihoods, and reduce vulnerability to climate shocks.

The proposed investments for FY 2025/26 total approximately KSh 125 million and are a blend of county funding, national government (KUSP II), and contributions from development partners and private sector engagements. Core priorities include: procurement of a garbage truck and skip bins to strengthen collection services; establishment of a Material Recovery Facility (MRF) to enable segregation, recycling and value recovery from waste; cabro paving of priority streets and pedestrian corridors to improve access; maintenance and completion of KUSP-supported infrastructure (markets, drainage, walkways); operationalization of the cabro paving plant; preparation and adoption of a Waste Management Plan; and municipal beautification measures (street lighting, tree planting and street furniture).

By focusing on cabro pavement and drainage works, the municipality can create a more livable, sustainable, and economically vibrant environment for its residents. This Phase One investment is a partially funded, technically sound, and socially inclusive infrastructure upgrade for Ol'Kalou Municipality. It reflects strategic prioritization, donor compliance, and community engagement, laying the groundwork for future urban transformation within the CBD.

Implementation will be coordinated by the Ol'Kalou Municipality Board under the leadership of the Municipal Manager, with technical support from the Municipal Project Team (MPT) and the County Program Coordinating Team (CPCT). A dedicated project coordination unit will be established for the cabro pavement and drainage works to manage technical design, procurements, and partnership arrangements.

A monitoring and evaluation framework with clear indicators, quarterly reporting, public participation checkpoints and an annual performance review has been embedded into the plan to track outputs, outcomes and fiscal accountability. Risk mitigation measures cover environmental safeguards, community engagement plans, operation and maintenance financing, and contingency allocation for construction delays. Project Affected Person(s)

(PAPs) and a comprehensive Abbreviated Resettlement Action Plan (ARAP) has been established.

This full-length AIP presents detailed project profiles, cost estimates, implementation modalities, procurement approaches and a financing matrix. It is intended for use by municipal and county leadership, development partners, private sector actors and civil society in finalising the municipal budget, mobilising resources, and overseeing timely project delivery.

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1. Introduction

Background: Ol'Kalou Municipality is the County headquarters of Nyandarua County. The town traces its origins to the arrival of the railway on the Gilgil–Nyahururu line in 1905. Over time, the town has developed into a regional trade and administrative centre. According to the 2019 Kenya Population and Housing Census, the municipality comprises the wards of Karau, Rurii, Kaimbaga and part of Wanjohi and Kanjuri Ridge with a population estimated at 78,502. The status of the town was elevated in line with the Constitution of Kenya 2010 and the Urban Areas and Cities Act, 2011.

Purpose of the AIP: The Annual Urban Investment Plan (AIP) provides a prioritised program of capital and recurrent investments for FY 2025/26, linked to the Municipality's strategic direction and national programmes. The AIP underpins budget preparation, resource mobilisation, and project planning. It also serves as the reference document for monitoring implementation and performance assessment.

Process: Preparation of this AIP followed a consultative process including technical input from municipal departments, the Municipal Board, county technical teams, and consultations with citizen fora. Evidence from field surveys, project performance reviews and stakeholder feedback informed the prioritisation of projects.

2. Municipality profile

Geography and Settlement: Ol'Kalou is strategically located within Nyandarua County and functions as an administrative and service centre. The urban form includes a compact town core with peri-urban settlements, agricultural hinterlands and small-scale industrial activities including stone quarrying and agro-processing.

Demographics: As per the 2019 census the municipality has a population of about 78,502 which comprises a mix of youth and working-age residents. Population growth, rural-urban migration and expanding peri-urban settlements are exerting pressure on municipal services and infrastructure.

Economic Profile: The local economy is anchored on trade, agriculture (dairy, horticulture), construction material production (cabro, stone), small-scale retail and services. The municipal markets and transport nodes serve a wider rural catchment area and present opportunities for economic growth.

3. Legal and Policy Framework

The AIP is prepared in the context of national and county legislation and policy instruments. Key references include:

- Constitution of Kenya, 2010: devolution, equitable resource allocation and public participation.

- County Governments Act, 2012: roles and functions of county governments and service delivery norms.
- Urban Areas and Cities Act, 2011 (amended 2019): municipal governance, urban planning and regulation.
- Nyandarua County CIDP 2023–2027: county-level development priorities.
- Municipal Strategic Plan 2023–2027 and ISUDP: local strategic directions and spatial planning.KUSP II guidelines and minimum conditions on climate resilience: performance-based grant criteria for urban investments.

The AIP aligns municipal projects with these frameworks to ensure compliance, eligibility for national grants and integration with county development priorities.

4. Situational Analysis and Challenges

4.1. Environmental and Natural Resource Management

Ol'Kalou faces environmental stressors from unregulated extractive activities and agricultural encroachment on fragile ecosystems. Quarrying for building stones has resulted in open pits, dust pollution and landscape alteration. Weak enforcement of environmental safeguards has exacerbated land degradation and erosion challenges.

4.2. Waste Management

Solid and liquid waste management is a critical concern. Collection coverage is limited, there is no engineered landfill serving the municipality, and open dumping combined with seasonal rains leads to blocked drainage and localized flooding. Informal waste picking and lack of structured recycling reduce potential value recovery.

4.3. Urban Infrastructure

Roads and footpaths in central and peripheral zones are partially paved; however, many access roads remain unpaved, hampering market access and movement in rainy seasons. Drainage networks are incomplete, increasing flood risk in low-lying areas. Street lighting is inadequate and compounds security concerns during nighttime.

4.4. Water Resources

Lake Ol'Bolosat and adjoining wetlands are under pressure from encroachment and siltation, reducing water storage capacity and undermining ecosystem services. Water supply for domestic and commercial use requires careful integrated watershed management.

4.5. Social and Economic

Youth unemployment remains high despite entrepreneurship opportunities in construction and services. The cabro plant provides local employment but requires further operationalization and market linkages to be fully effective.

5. SWOT Analysis

Strengths:

- Strategic location as a county headquarters and administrative hub.
- Existing investments such as cabro plant and modern markets providing a foundation for growth.
- Active citizen fora contributing inputs to planning.

Weaknesses:

- Limited waste management infrastructure and no engineered landfill.
- Incomplete drainage systems and inadequate street lighting.
- Environmental degradation from quarrying and encroachment.

Opportunities:

- KUSP II funding window to support resilience projects like cabro paving and MRF establishment.
- Private sector engagement for PPPs in waste management and infrastructure.
- Value addition from recyclables and local construction material supply.

Threats:

- Climate variability increasing flood frequency and intensity.
- Unregulated development leading to loss of public land and green spaces.

6. Completed and Ongoing Projects

Completed Projects:

- Cabro Paving Blocks Plant: installed machinery and established production lines though operational scaling is ongoing.

- Modern Markets: construction of market stalls and trading zones that have improved revenue streams.
- Parking Lots and Walkways: improvements in traffic management and pedestrian safety.
- County Cemetery and Ol'Kalou Social Hall: social infrastructure for civic engagement and events.

Ongoing Projects:

- Drainage construction in selected town sections (Ol'Kalou town, Rurii, Tumaini).
- Floodlight installation in Karau and other wards to improve safety.
- Maintenance works to selected KUSP-supported infrastructure.
- ongoing KISIP II road works and market stalls at Huruma settlement

These projects form a solid base for scaling up municipal service delivery and for leveraging additional funding.

7. Planned Investments (FY 2025/26)

The following prioritised projects have been identified for FY 2025/26. The listing includes indicative costs, implementation timeframe and lead agency.

Project	Objective	Estimated Cost (KSh)	Timeframe	Lead Agency	Funding Source
Procurement of Garbage Truck	Strengthen waste collection and transfer	13,000,000	Q1 FY25/26	Municipality Board	County Government
Procurement of Skip Bins	Facilitate source segregation and reduce littering	2,000,000	Q1 FY25/26	Environment Dept	County Government
Establishment of Material Recovery Facility (MRF)	Recover recyclables, create jobs, reduce landfill	50,000,000	FY25/26-26/27	Municipal Engineer / PPP	KUSP II, County, Development Partners
Cabro Paving (priority roads)	Improve access and reduce dust/flooding	17,700,000	FY25/26	Municipal Engineer	KUSP II
Preparation of Waste Management Plan	Strategic framework and bylaws for	700,000	Q2 FY25/26	Municipal Environment Dept	County Government

	waste handling				
Infrastructure Maintenance	Maintenance of markets, drainage, walkways	3,000,000	Throughout FY25/26	Municipality Board	County Government
Procurement of Furniture	Operationalize social hall and facilities	1,000,000	Q2 FY25/26	Municipality Board	County Government
Street Lighting & Beautification	Enhance safety and town aesthetics	2,300,000	FY25/26	Municipal Engineer	County Government

8. Project Profiles

8.1. Establishment of Material Recovery Facility (MRF)

Project Rationale:

The absence of a formal engineered system for segregation, sorting and recovery of recyclables results in high volumes of mixed waste, limited diversion from disposal sites, low revenue recovery and environmental contamination. Establishing an MRF will increase the municipality's capacity to manage waste sustainably, create livelihoods, and support circular economy practices.

Scope and Components:

- Site preparation and civil works including perimeter fencing, access road and drainage.
- Reception bay for incoming waste, weighbridge for recording inflows, and tipping floor.
- Sorting lines (manual and semi-mechanised), baling equipment for plastics and paper, and storage bays for sorted materials.
- Small-scale composting area for organic fractions and demonstration composting for households.
- Office, workshop, and staff facilities including PPE procurement.
- Linkages to market for sorted materials and contracts with recycling firms.

Expected Outcomes:

- Divert at least 40% of municipal solid waste from disposal through recovery and recycling by year 2 of operation.
- Create 40–60 direct jobs in operations and an additional 100 indirect jobs in collection and trade.
- Generate operational revenue through sale of recyclables and compost, contributing to the facility's sustainable financing.

Financial Estimates:

Capital Expenditure (indicative): KSh 20,000,000 - this includes civil works, equipment, and site development. Operational expenditure (first year): KSh 2,000,000 covering staff, utilities, maintenance and initial marketing.

Implementation Modalities:

The MRF will be implemented through a Public-Private Partnership (PPP) model where the Municipality provides land and enabling infrastructure and a private operator is engaged through competitive procurement to manage operations. A modular phased approach is recommended: Phase 1 – Reception, sorting and storage (Year 1); Phase 2 – Baling, composting and marketing (Year 2).

Environmental and Social Considerations:

- Site Environmental and Social Impact Assessment (ESIA) to be completed prior to construction.
- Community consultation and grievance mechanism to be established.
- Occupational Health & Safety plans to protect workers.

Operations and Revenue Model:

- Revenues from sale of sorted recyclables (plastics, paper, metals), compost sales and tipping fees for commercial waste.
- Charging mechanism for large generators (markets, institutions) and fee-based collection routes for commercial entities.

Sustainability Measures:

- Capacity building for municipal staff and operators.

- Integration with waste segregation campaigns in communities and markets.
- Partnerships with recycling companies and local entrepreneurs for value chain development.

8.2. Procurement of Garbage Truck and Skip Bins

Description:

Procurement of a standard compactor or skip-loader garbage truck suitable for municipal roads and collection points, supported by the distribution of skip-bins to markets, estates and high generation points.

Justification:

A reliable collection vehicle will increase collection frequency, reduce illegal dumping and provide more efficient waste transfer to the MRF or transfer station. Skip-bins provide convenient collection points for households and traders, improving source segregation and reducing littering.

Cost Estimate:

- Garbage truck (compactor/skip-loader): KSh 13,000,000 (including local taxes, insurance and initial maintenance kit).
- Skip bins (standard 1 m³ - 5 m³): total KSh 2,000,000 for 30-50 bins depending on mix and sizes.

Operational Considerations:

- Driver and crew training on safe operations and waste handling.
- Schedule for regular maintenance and spare parts procurement.
- Allocation of routes and integration with MRF tipping schedule.

8.3. Cabro Paving and Public Realm Improvements

Scope:

- Targeted cabro paving of high-priority roads and pedestrian routes in the municipality core and market precincts. This will be complemented by kerbing, surface drainage and street furniture.

Benefits:

- Reduced dust emissions and improved mobility during rainy seasons.
- Improved aesthetics, support for local businesses and increased property values.

Cost and Implementation:

Estimated cost Kshs 17,700,000 for 15,000 m² of cabro works including materials, labour, compaction and minor drainage. Implementation to follow procurement guidelines under county procurement regulations and KUSP II requirements where applicable.

8.4. Waste Management Plan & Institutional Strengthening

The preparation of a comprehensive Waste Management Plan will:

- Provide a regulatory and operational framework for waste collection, transfer, treatment and disposal.
- Include by-laws on waste segregation, licensing of waste handlers, and enforcement mechanisms.
- Outline financial models for cost recovery, tariffs, and subsidies for vulnerable households.

Costs and Outputs:

Consultancy and stakeholder engagement costs estimated at KSh 700,000. Deliverables include the waste management plan document, draft by-laws and an implementation workplan.

9. Implementation Arrangements

Institutional Roles:

- Municipal Manager: overall coordination, resource mobilisation and reporting to the Municipal Board.
- Municipal Engineer: technical design, supervision of infrastructure works and contractor management.
- Environment Officer: oversight on waste management, environmental safeguards and community outreach.
- Supply Chain Management (SCM): procurement planning, tendering and contract administration.
- Finance Department: budget execution, disbursement control and financial reporting.

Project Coordination Unit (PCU):

A dedicated PCU will be established for the MRF and major KUSP-funded works. The PCU will include a Project Coordinator, Procurement Specialist (part-time), Environmental Safeguards Officer and a Monitoring & Evaluation Officer. The unit will ensure compliance with procurement rules, safeguard frameworks, and performance-based disbursement conditions under KUSP II.

Operational Procedures:

- All procurements above the county threshold will follow County and national procurement laws and KUSP II procurement guidelines where applicable.
- Community engagement and disclosure will be undertaken according to a stakeholder engagement plan.
- Regular coordination meetings between municipal, county and KUSP program teams will be convened monthly.

10. Financing Framework and Budget

Overview: The FY 2025/26 investment program will be financed through a blend of county allocations, KUSP II grants and development partner contributions. To enhance sustainability, the municipality will pursue revenue-generating streams including tipping fees at the MRF, market levies and user charges for specialized services.

Indicative Budget Summary (KSh):

- Establishment of MRF: 20,000,000
- Cabro Paving: 5,000,000
- Garbage Truck: 13,000,000
- Skip Bins: 2,000,000
- Infrastructure Maintenance: 3,000,000
- Street Lighting & Beautification: 2,300,000
- Procurement of Furniture: 1,000,000
- Waste Management Plan: 700,000

Total (indicative): 57,000,000

Financing Sources:

- County Government of Nyandarua: allocation for routine municipal services and maintenance.
- National Government (KUSP II): capital support for cabro paving, MRF feasibility/design and partial capex.
- Development Partners/PPP: co-financing and private operator investments in the MRF.

Remarks: The budget envelope will be refined during detailed design and procurement stages. The municipality will seek to stagger capital releases to match cashflow needs and minimize idle funds.

11. Procurement and Contracting Plan

Procurement Approach:

- Goods (garbage truck and skip bins): National competitive tendering or framework agreements as per SCM procedures.
- Works (MRF civil works, cabro paving): Open tendering with pre-qualification for contractors with relevant experience.
- Services (consultancies for waste management plan, ESIA, and M&E): competitive selection of consultants.

Contract Management:

- Standard contract templates will be used and the Municipal Engineer will oversee works supervision.
- Performance bonds, retention monies and defect liability periods will be enforced to ensure quality delivery.

Procurement Schedule:

- Q1 FY25/26: Tender for garbage truck and skip bins; start ESIA and detailed design for MRF.
- Q2 FY25/26: Tender for cabro paving and site works; finalize Waste Management Plan.
- Q3-Q4 FY25/26: Mobilization and commencement of civil works for MRF (phase 1).

12. Monitoring, Evaluation, Reporting & Learning

A strong M&E system will track inputs, outputs, outcomes, and impacts. Reporting lines will flow from the Project Coordination Unit to the Municipal Manager and the Municipal Board.

Key Monitoring Instruments:

- Quarterly progress reports
- Financial reports and statements of expenditures
- Community feedback sessions and participatory monitoring
- Annual performance review aligned to CIDP and KUSP II indicators

Project	Output Indicator	Outcome Indicator	Target (FY25/26)	Responsible
MRF established	MRF construction % complete	MRF operational plan adopted	40% complete	Project Coordinator
Garbage Truck procured	Truck in operation	Increased collection coverage	1 truck; +20% collection coverage	Municipal Manager
Cabro paving completed	Area paved (m2)	Reduced travel time & dust	15,000 m2	Municipal Engineer
Waste Management Plan	Plan adopted	Improved governance of waste	1 Plan adopted	Environment Officer
Street lighting	Lights functional	Improved night-time safety	200 lights operational	Municipal Engineer

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13. Risk Assessment and Mitigation

Key Risks:

- Funding shortfalls which may delay project implementation.
- Construction delays due to procurement challenges or contractor performance.
- Community resistance to siting of waste infrastructure if not adequately consulted.
- Environmental impacts if ESIA and safeguards are not implemented.

Mitigation Measures:

- Diversify funding sources through development partner engagement and PPP models.
- Strengthen procurement planning and pre-qualification to attract capable contractors.
- Implement robust stakeholder engagement and grievance redress mechanisms.
- Enforce ESIA recommendations and monitor environmental compliance during construction and operations.

14. Communication & Stakeholder Engagement

A communication plan will ensure transparency, public awareness and stakeholder buy-in. Activities include:

- Public consultations during site selection and ESIA processes.
- Regular updates to citizen fora and municipal social media channels.
- Information boards at project sites showing budgets, timelines and contact persons.
- Training and awareness campaigns on waste segregation and recycling to feed the MRF.

15. Gender, Social Inclusion & Climate Resilience

Gender and Social Inclusion:

- The projects will incorporate affirmative actions to employ women and youth, especially in the MRF operations, composting and value chain activities.
- Measures to support vulnerable groups (e.g. subsidised waste collection in low-income settlements) will be explored.

Climate Resilience:

- Drainage improvements and cabro paving reduce flood risks and improve surface runoff management.
- The MRF reduces greenhouse gas emissions from open dumping and supports circular economy approaches.
- Tree planting and green spaces will be integrated into beautification works to enhance urban micro-climate.

16. Conclusion

This AIP presents a pragmatic yet ambitious programme of investments that, if adequately financed and implemented, will significantly bolster Ol'Kalou's urban resilience, service delivery and economic opportunity. Prioritizing cabro pavement and drainage works as a key component of the municipality's infrastructure transformation agenda can indeed deliver several benefits, including:

1. **Enhanced accessibility:** Properly paved roads improve mobility for pedestrians, cyclists, and vehicles, making public spaces more inclusive.
2. **Increased safety:** Well-maintained pavements reduce accidents and injuries from potholes, uneven surfaces, and other hazards.
3. **Economic benefits:** Good infrastructure attracts businesses, investments, and residents, boosting local economies.
4. **Quality of life:** Aesthetic and functional public spaces contribute to community pride and overall well-being.

By focusing on concrete pavement and drainage works, the municipality can create a more livable, sustainable, and economically vibrant environment for its residents. This Phase One investment is a partially funded, technically sound, and socially inclusive infrastructure upgrade for Ol'Kalou Municipality. It reflects strategic prioritization, donor compliance, and community engagement, laying the groundwork for future urban transformation within the CBD.

Annexes

Annex 1: Detailed Budget Breakdown

Detailed cost tables to be prepared during detailed design and procurement.

Annex 2: Stakeholder Map and Contacts

List of municipal departments, county contacts, development partners and key community organizations.

Annex 3: MRF Technical Specifications (summary)

Suggested equipment list, space layout and operations checklist.

Annex 4: Sample Procurement Schedule

Timelines and procurement milestones for priority projects.

Annex 5: Project Affected Person (PAP) and Abbreviated Resettlement Action Plan (ARAP)

Identification of Affected persons, and a comprehensive Resettlement action Plan as per the world bank guidelines

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