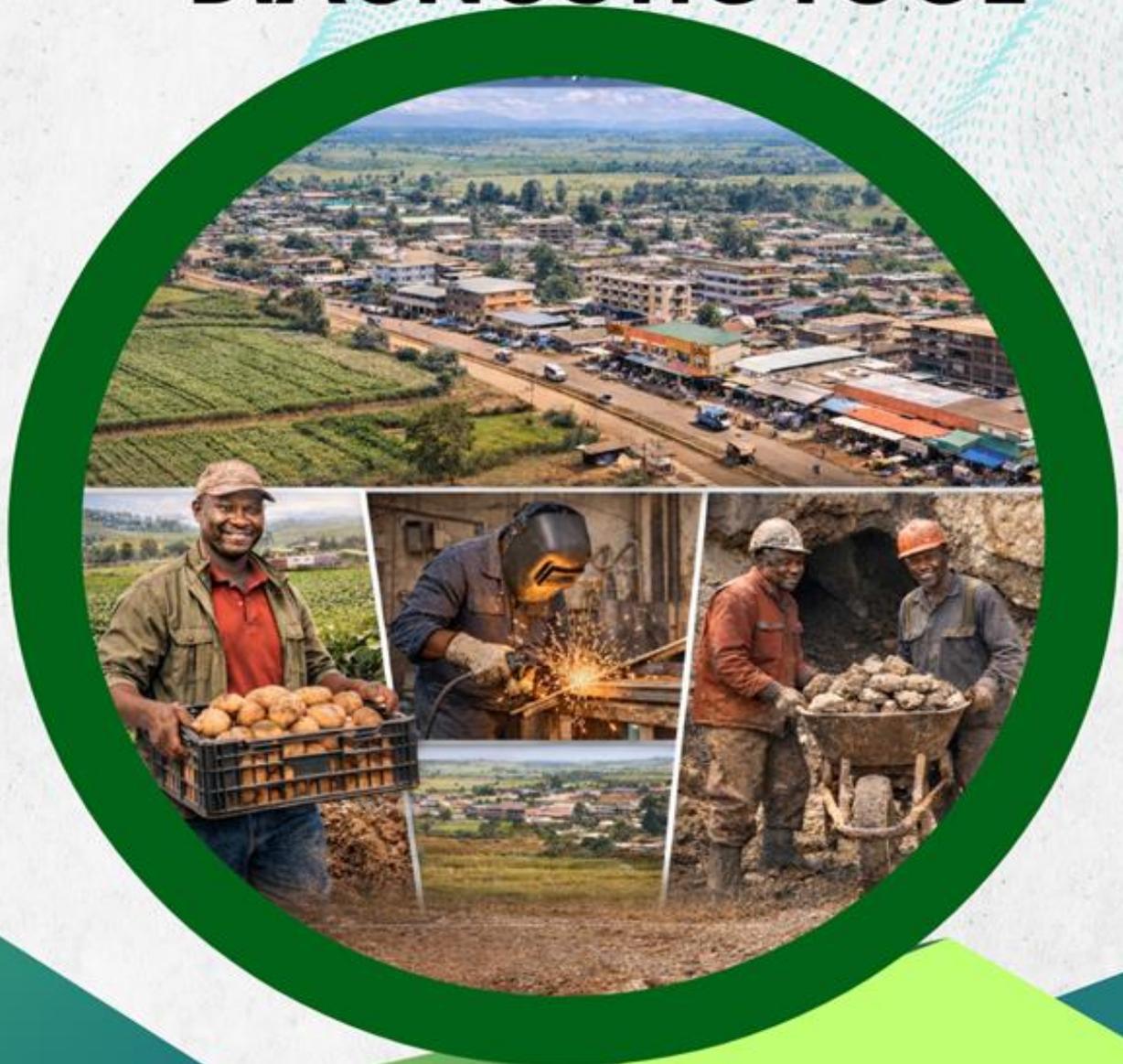




**REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF NYANDARUA  
MUNICIPALITY OF OL KALOU**

# **OLKALOU MUNICIPALITY PRIVATE SECTOR DIAGNOSTIC TOOL**



## Foreword

Nyandarua County is undergoing a period of remarkable transformation. With the rapid growth of Ol Kalou, Engineer, and Mairo Inya municipalities as emerging urban centers, the need for robust collaboration between the County Government and the private sector has never been more urgent. Strengthening these partnerships is key to achieving inclusive, sustainable, and resilient economic development for all our people.

The **Private Sector Engagement Framework (PSEF)** establishes a structured platform for dialogue, investment, and collaboration. It provides clear mechanisms for joint planning, resource mobilization, service delivery, and innovation, all critical pillars in accelerating urban development and enhancing the competitiveness of our local economy.

Through this framework, the County Government affirms its commitment to positioning the private sector as a co-creator and key partner in the implementation of the **County Integrated Development Plan (CIDP III, 2023–2027)**. The PSEF is fully aligned with **Kenya’s Vision 2030**, the **Bottom-Up Economic Transformation Agenda (BETA)**, and the **Sustainable Development Goals (SDGs)** ensuring that our growth is both inclusive and future-ready.

As the Governor of Nyandarua County, I reaffirm our administration’s unwavering dedication to operationalizing this framework and cultivating a business-friendly environment that attracts investment, stimulates innovation, and improves livelihoods across all sectors. Together, with our private sector partners, we will unlock Nyandarua’s full potential and build a prosperous future for every resident.



**PRISCILLA MWIRIGI**  
**CHAIRPERSON – OLKALOU MUNICIPAL BOARD**

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- Civil society and community-based organizations for highlighting inclusivity and social impact considerations.
- The technical working group from the Department of Lands, Housing, Urban Development & Trade for coordinating the drafting process.

This framework is a collective product of dialogue, consultation, and shared vision.



**ERIC IGOGO**

**MANAGER –OLKALOU MUNICIPALITY**

# OLKALOU MUNICIPALITY PRIVATE SECTOR DIAGNOSTIC TOOL

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## **1 Introduction**

### **1.1 Background**

Olkalou municipality is located in Nyandarua County. Agriculture is the main economic activity in the County but the municipality has businesses and various private investment. The private sector is the engine of local economic development (LED), job creation, and poverty reduction. However, to unlock its full potential, a clear understanding of the operating environment, the challenges faced by businesses, and the available opportunities is required. The municipality has many opportunities for private sector engagement based on the big untapped potential for growth, strategic proximity to major markets in the region and Olkalou a fast-growing town and County headquarters.

This Private Sector Diagnostic Tool provides a comprehensive analysis of the business ecosystem in Olkalou municipality. It is designed to identify key binding constraints and actionable policy levers that the municipality and its partners can use to foster a more competitive, inclusive, and resilient private sector.

### **1.2 Objectives of the diagnostic tool**

The primary objective of this diagnostic is to provide evidence-based recommendations to enhance the private sector's contribution to economic growth of the municipality. Specific objectives are:

- ❖ To provide a comprehensive situational analysis of the private sector landscape.
- ❖ To identify the key challenges and constraints (regulatory, infrastructural, financial, and skills-based) hindering business growth and investment.
- ❖ To map the key stakeholders in the private sector ecosystem and analyze their roles and capacities.
- ❖ To conduct a Strengths Weakness Opportunities and Threats-SWOT analysis to identify strategic areas for interventions.
- ❖ To formulate actionable recommendations and priority interventions for policy-makers and development partners.

## **2 Situational Analysis**

### **2.1 Overview of the Local Business Environment**

The business environment in Nyandarua and specifically the municipality is dominated by Micro, Small, and Medium Enterprises (MSMEs), which form the backbone of the local economy. Majority of these enterprises are in the informal sector, primarily engaged in agriculture, retail trade, hospitality and financial services. These MSMEs include among others- Olkalou Dairy, Brookside milk cooling plans, supermarkets, flower farms, Savings and Credit -SACCO. Ol Kalou town is the County headquarter is in the municipality and has potential for attracting investments with improving infrastructure. The municipality has provisions for zoning and development control aimed at compliance with provisions in the legal frameworks. Despite this potential, the municipal administration has to address challenges relating to infrastructure, land ownership, inadequate basic services and supporting facilities.

## 2.2 Economic Context

The municipality is a key contributor to the County's and Country's agricultural output, particularly in services, financial facilities, and potatoes, dairy, and horticulture due to the favorable climatic conditions and fertile soils. The Municipality is majorly rural with agriculture and allied products being the dominant economic activity. These agricultural activities not only sustain household incomes but also supply raw materials for agro-based enterprises within and beyond the municipality. Poverty levels, high levels of unemployment especially among the youth are major concerns. The municipality is implementing strategies to stimulate economic growth and development within its jurisdiction. Strategies include among others; investing in infrastructure development roads, utilities, and public facilities to align its infrastructure priorities with economic trends and growth projections to support the needs of businesses and residents. The municipality stands as the administrative and economic center of Nyandarua County, serving as a focal point for governance, commerce, and social services.

Complementing the agricultural economy is a vibrant informal sector, locally known as the *Jua Kali* industry, which plays a vital role in employment creation and local production. The sector includes artisans and small-scale manufacturers engaged in activities such as metalwork, carpentry, motor vehicle repair, tailoring, and furniture production. This informal economy is a key driver of innovation and adaptability, contributing to the resilience of Ol'Kalou's economic fabric.

Most enterprises within the municipality are micro and small businesses sector. These MSMEs are mainly in and around Ol'Kalou town and neighboring market centres such as Rurii, Kariamu, Captain, Ndemi and Tumaini. These enterprises are active in retail trade, services, and value addition, forming an important part of the local market system. Formal businesses, including agro-dealers, hardware shops, hotels, and financial institutions, provide essential services that complement agricultural and trading activities, reinforcing the municipality's role as the commercial hub of the county.

The municipality is planning to construct an Industrial Development Centre (IDC), which will be key in development of small-scale industries, enterprises, and skills development in light manufacturing and agro-processing competitiveness.

Overall, Ol'Kalou's economy is diverse yet interlinked, with agriculture providing the base upon which trade, services, and emerging industries operate. Its strategic location between major towns such as Nakuru, Naivasha, and Nyahururu enhances regional connectivity and market access, positioning the municipality as a natural growth pole within Nyandarua County. With continued investment in infrastructure, enterprise development, and institutional strengthening, Ol'Kalou has the potential to evolve into a dynamic regional hub for agro-industrial and commercial growth.

## 2.3 Key Sectors

### 2.3.1 Agriculture and Agri-processing

This is the municipality's primary economic driver. Key value chains include:

- ❖ **Potatoes:** potato farming is extensively practiced, but the value chain is plagued by post-harvest losses, poor storage, and exploitation by middlemen.

- ❖ **Dairy:** A well-established sector with numerous farmer cooperatives, though challenges exist such as cost and quality of feeds, animal breeds, and value adding equipment.
- ❖ **Horticulture:** Growing sector (cabbages, carrots, flowers) with potential for export, but constrained by water management and market access.

There is need identify and improve on the agriculture and agri-business through value addition and Agri-processing for job and wealth creation.

### **2.3.2 Trade and Services**

Trade and Commerce is a major player to the economic growth of an urban area through creation of formal and informal employment and generation of revenue to the government. There exist markets, wholesale and retail traders, financial institutions like banks, SACCOs and mobile money agents and other small-scale enterprises like hardware, agro-vets and pharmacies. These entities are mainly within Ol’Kalou central business district and along the main transport roads corridors such as the Gilgil-Nyahururu, Ol’Kalou-Njabini road, and Ol’Kalou-Dundori road. Hospitality sector is an early phase with immense potential with ...hotels and linking Lake Ol’bolossat with the central tourism circuit.

### **2.3.3 Jua kali industry**

Jua kali sector is key and a major employer in the municipality. Activities include fabrication (metal, wood, and apparel) and, boda-boda garages cottage industry (beads, artefacts, interior decorations). Almost in all commercial centres within the planning area exists a jua kali section that serves demand of its local population within a walkability distance. Improvement on this sector can enhance its role and potential in job creation and local economy.

### **2.3.4 Mining**

Mining activities in the municipality include extraction of building stones, ballast extraction and sand harvesting. These activities are located in Olkalou town and Ndemi centres Mining is a key economic driver providing employment to miners; loaders and drivers who transport materials from the quarry sites. Mining contributes to the revenue of the County. There is need to improve on the status and performance of the mining sectors through annual audits and sensitization of proprietors and works on safety, on compliance and decommissioning after use.

### **2.3.5 Industrial Activities**

Industries play a major role in economic development of an area as they provide employment opportunities, provide value addition for agricultural products and generate revenues to the government through license fees and cess. The main industrial activities in Ol’Kalou municipality include dairy processing, timber milling, water bottling and packaging in Rurii, cold storage for Irish potatoes and jua kali industries.

The table below shows categories of industrial activities and their location within the municipality.

<b>Industrial activity</b>	<b>Place</b>
Potatoes cold storage	Ol'Kalou
Slaughter house	Ol'Kalou, Kariamu
Horticultural farms	Kieni, Kariamu, Tumaini
Milk Collection Centres/Cooling plants	Ol'Kalou, Manyatta, Passenga, Tumaini
Mines and quarries	Ndemi, Kariamu, Ol'Kalou, Kandeto,
Petrol stations	Ol'Kalou, Tumaini,
Factories	Highland plants Limited -Rurii Road material -Ol'Kalou Sewerage Company -Rurii Cabro paving plant -Kaimbaga Duo Duo Wood Industries- Karau

## 2.4 Stakeholder Map

A preliminary map of key stakeholders is presented below.

<b>Category</b>	<b>Stakeholders</b>	<b>Roles</b>
<b>Public Sector</b>	County Government of Nyandarua (All Departments)	<ul style="list-style-type: none"> <li>- Make and enforce county laws and policies that affect businesses.</li> <li>- Provide services such as roads, markets, water, and electricity to support business growth.</li> <li>- Offer business licenses, permits, and training programs.</li> <li>-Support youth and women entrepreneurs through county programs.</li> </ul>
	National Government Agencies (KEBS, KRA, NEMA)	<ul style="list-style-type: none"> <li>- KEBS: Ensure products meet quality and safety standards.</li> <li>- KRA: Collect taxes and offer tax guidance to businesses.</li> <li>- NEMA: Make sure businesses follow environmental rules and operate safely.</li> </ul>
	Judiciary, Parliament (County Assembly)	<ul style="list-style-type: none"> <li>- Judiciary: Solve business disputes fairly through courts.</li> <li>- County Assembly: Approve budgets and laws that support local businesses.</li> <li>- Represent public and private interests in county decision-making.</li> </ul>

<b>Private Sector</b>	Kenya National Chamber of Commerce & Industry (KNCCI)	<ul style="list-style-type: none"> <li>- Represent business interests and advocate for better policies.</li> <li>- Connect local businesses to markets and opportunities.</li> </ul>
	Kenya Association of Manufacturers (KAM)	<ul style="list-style-type: none"> <li>- Support manufacturing businesses and promote local production.</li> <li>- Provide training and link members to suppliers and buyers.</li> </ul>
	Farmer Cooperatives and SACCOs	<ul style="list-style-type: none"> <li>- Help farmers pool resources, access credit, and market their products.</li> <li>- Support savings and investment among members.</li> </ul>
	Individual MSMEs, Large Farms, SMEs, Business Associations (Dairy Cooperatives, SACCOs, Jua Kali Groups)	<ul style="list-style-type: none"> <li>- Create jobs and drive the local economy.</li> <li>- Provide goods and services to the community.</li> <li>- Innovate and grow local industries such as dairy, retail, and manufacturing.</li> </ul>
<b>Finance</b>	Commercial Banks, Microfinance Institutions (MFIs),	<ul style="list-style-type: none"> <li>- Provide loans, savings, and financial advice to businesses.</li> <li>- Support farmers and entrepreneurs with credit and investment products.</li> <li>- Promote financial inclusion for small businesses and farmers.</li> </ul>
<b>Civil Society</b>	Non-Governmental Organizations (NGOs), Community-Based Organizations (CBOs), Business Membership Organizations (BMOs), Youth, Women, and Community Groups	<ul style="list-style-type: none"> <li>- Support training, capacity building, and awareness creation for entrepreneurs.</li> <li>- Promote fair trade, gender equality, and environmental responsibility.</li> <li>- Help small businesses access markets, finance, and networks.</li> </ul>
<b>Development Partners</b>	World Bank, UN Agencies (FAO), UNHABITAT	<ul style="list-style-type: none"> <li>- Provide funding and technical support for business and infrastructure projects.</li> <li>- Support programs that create jobs, improve skills, and boost productivity.</li> <li>- Partner with the county to strengthen the private sector environment.</li> </ul>

### **3 Approach and Methodology**

#### **3.1 Approaches used to conduct the diagnostic**

To process of developing this diagnostic tool involved the use of multiple methods. This involved use of quantitative and qualitative to collect data with a wide range of stakeholders. This enable collection of primary and secondary data which is collated into this diagnostic tool. The diagnosis was guided by a” four-lever” framework, analyzing the key factors that determine municipal and regional competitiveness.

#### **3.2 Data Collection and Analysis**

##### **3.2.1 Secondary Data Review**

An extensive desk review was conducted, analyzing documents such as:

- ❖ Nyandarua County Integrated Development Plan (CIDP)
- ❖ County Fiscal Strategy Papers (CFSP)
- ❖ Ol’kalou Municipality Strategic Plan
- ❖ Ol’kalou Municipality Integrated and Strategic Urban Development Plan
- ❖ Online materials by partners
- ❖ National Bureau of Statistics (KNBS) data
- ❖ Previous reports from development partners and academic studies.

##### **3.2.2 Primary Data Collection**

Primary data was gathered through:

- ❖ **Key Informant Interviews (KIIs):** interviews were conducted with stakeholders drawn from the County Government, private sector associations, financial institutions, and civil society.
- ❖ **Focus Group Discussions (FGDs):** Held with 10 groups of business owners (segmented by sector, gender, and location) to understand their specific roles, opportunities and interventions to challenges.
- ❖ **Business Climate Survey:** A structured survey administered to over 200 MSMEs across the county to quantify key constraints.

Data was analyzed and categorized and interpreted in thematic area.

## 4 SWOT Analysis

### 4.1 SWOT Analysis

Category	Summary
<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Good climate and fertile land for farming.</li> <li>• High production of potatoes and milk.</li> <li>• Close to major markets (Nairobi, Nakuru).</li> <li>• Peaceful and secure environment.</li> <li>• Municipal charter and legal frameworks in place.</li> <li>• Strong political support and devolved governance.</li> <li>• Reliable financial systems (e.g., IFMIS)</li> <li>• Fiber optic network available.</li> <li>• Basic solid waste management system and equipment in place.</li> <li>• Qualified and experienced staff.</li> <li>• Supportive environment for donor and development partners.</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Poor feeder roads and transport links.</li> <li>• High post-harvest losses due to limited storage.</li> <li>• Few agro-processing and value addition facilities.</li> <li>• Limited access to affordable loans for MSMEs.</li> <li>• Shortage of skilled and adequate staff.</li> <li>• Weak institutional frameworks and slow technology adoption.</li> <li>• Poor record keeping and overreliance on donor funds.</li> <li>• Low budget allocations and underutilized revenue sources.</li> <li>• Weak environmental awareness and poor waste management systems.</li> <li>• Lack of recycling and poor disposal site maintenance.</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Investment in cold storage, processing plants, and organized markets.</li> <li>• Tourism opportunities around Lake Ol'bolosat.</li> <li>• Renewable energy options (solar, wind).</li> <li>• Use of technology in agriculture and finance to boost efficiency.</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Climate change and unreliable rainfall.</li> <li>• Unstable market prices and middlemen exploitation.</li> <li>• Rising cost of inputs and electricity.</li> <li>• Inconsistent policies and heavy regulations.</li> </ul>

### 4.2 Summary of Key Challenges

The most significant challenges affecting the performance of private sector growth are among others:

- ❖ Poor infrastructure, which increases operational costs and reduces market access;
- ❖ Lack of affordable finance, hindering investment and expansion; and
- ❖ A weak value addition ecosystem, leading to
- ❖ High post-harvest losses
- ❖ Low farm-gate prices.
- ❖ Skills mismatches
- ❖ Low technology uptake.
- ❖ Overlapping roles between county and municipalities.
- ❖ Lack of by-laws
- ❖ Lack of serviced industrial land and
- ❖ Weak planning enforcement.

### 4.3 Institutional Analysis

The municipality operates within the devolved governance framework under Nyandarua County. The Municipal Board provides oversight of urban development and service delivery. It is the headquarters of CGN and also hosts several national government ministries and state agencies who have offices in the town. The County Government arms of executive and the assembly have offices within the municipality. The municipality has a functional board of 9 members appointed as per Section 14 of the Urban Areas and Cities Act, 2011 (amended in 2019).

Units in the municipality

- ❖ Finance, Economic planning and administration
- ❖ Land, Physical Planning and infrastructure
- ❖ Public health, environment, trade and tourism
- ❖ Community development and social services
- ❖ Legal, audit and research services

While the Municipality has shown willingness to support the private sector, its capacity is constrained. The departments responsible for trade and agriculture often lack sufficient budgets and technical staff. Business associations (like KNCCI) are present but require strengthening to effectively advocate for their members and provide meaningful business development services (BDS).

## 5 Findings of the Analysis

### 5.1 Policy Levers for Competitive Municipalities

#### 5.1.1 Lever One: Institutional and Regulations

**Business Regulations:** Ol'kalou Municipality uses the county regulations, standards and requirements. The municipality is in the process of finalizing its policy frameworks. Businesses obtain permits and licenses from the relevant agencies such as Health, National Environment Management Authority-NEMA, Liquor inspectorate committee. While the county has consolidated some permits, multiple national and county-level licenses are still required, creating a significant compliance burden.

**Governance and Corruption:** Perceptions of corruption, particularly in procurement and enforcement of regulations, remain a concern. Businesses report a lack of transparency and predictability in government processes, which discourages formalization and investment. The municipal administration in collaboration with County department of trade continuity sensitizes staff and stakeholders on issues of integrity and curbing corruption.

### 5.1.2 Lever Two: Infrastructure and Land

**Transport Infrastructure:** Infrastructure within Ol’Kalou Municipality is partly developed. The municipality has approximated 84 Kms of Bitumen roads and 131.2 Kms of murram roads that become impassable during rains. The state of rural access roads (feeder roads) is a major constrains to access rural areas and delivery of agricultural sector and inputs. Poor roads lead to significant delays, vehicle damage, and high post-harvest losses. There is need to access and improve public utilities – water, energy and sanitation.

**Utilities:** Water coverage stands at around 30% connection. Sewerage system is only in parts of Olkalou town while the rest of the residents rely on septic tanks and pit latrines. Access to reliable electricity is a major challenge for businesses seeking to engage in processing. Frequent power outages damage equipment and halt production. Internet connectivity is poor outside of the main towns, hindering the adoption of digital technologies.

**Land Availability and Use:** Agriculture is the dominant land use in the municipality at 72.9%. Olkalou town in the major urban center with market centers such as Rurii, Captain, Kariamumu, Tumaini, offering. Residential areas occupy about 3.3% with estates such as Huruma, Site & service scheme, Bahati which are susceptible to climate hazards. Mixed-use land use (1.9%) is presented across the municipality mainly presented by commercial–cum residential use within most of the commercial nodes. Public utility has the least share of land use (1.4%). The land under conservation is about 1.6% with Ol Kalou Arboretum and Presidential Planted Park being the key areas. The majority of the residents practice agroforestry with an estimated tree cover of 6.0%. These green open spaces are critical carbon sinks that regulate urban heat island within the Municipality.

Land use	Existing land use coverage
Residential	3.3%
Industrial	3.9%
Educational	4.7%
Conservation/Recreational	1.6%
Public purpose	2.2%
Commercial	3.5%
Public utility	1.4%
Transportation	4.6%
Agriculture	72.9%
Mixed-use	1.9%

### 5.1.3 Lever Three: Skills and Innovation

**Education and Training:** The municipality currently has 46 ECDEs, 49 Primary schools, 20 Secondary Schools, 3 Vocational Technical Centers, 1 TVETs and the Nyandarua University College main campus whose operationalization is in progress. TVET institutions are not adequately equipped or aligned with modern Agri-processing or service industry demands. Businesses report a shortage of technicians, machine operators, and quality control specialists. The private sector provides opportunities for skills development and training although the institutions are few and not adequately equipped.

The municipality has 9 members of staff at different cadres and competencies against the required number of 76. It was also noted during survey some of the workers are either seconded or interns. Achieving optimal staffing involves aligning staff positions, assessing existing skill sets, addressing skill gaps, and ensuring staff possess the necessary competencies.

The private sectors play a critical role in education at the primary and secondary levels however the municipality has few tertiary institutions. The municipality need to provide an enabling legal framework for the private sector to provide education and training relevant to the needs and demands in the municipality.

**Labor Market Dynamics:** The municipality has an expansive population structure with a high youthful population. The labor force (%) includes casual laborer's, private sector, self-employed and civil servants. Majority of the labor forces are in the agricultural and informal sectors. The municipality requires to provide enabling environment and engage private sector actors in providing enabling environment for productive labor to develop and attract investors to start enterprises and decent work opportunities. The youthful population is an asset however skills mismatches persist yet businesses struggle to find reliable and skilled labor. Interventions should target the skills and competencies to inform current and project future market demands.

**Research and Development:** A number of research institution are within and within reach of the municipality. Nyandarua University College, main campus is the only tertiary institution with the while the Kenya Agricultural and livestock Research Organization (KARLO), Agricultural Training Institutes are in neighboring sub counties, However, national and international organizations are active in development in sites within municipality such as Kenya Forest Research Institute-KEFRI, East African Wildlife Society-EAWLS, Global Alliance on Improved Nutrition-GAIN. There is need to strengthen linkages between research institutions and local enterprises, adoption of new technologies, improved seed varieties, and improve modern farming practices. The municipality need to engage with private sector actors invest in research and innovations initiatives. The municipality need to collaborate with universities, research organizations, industries, and innovation hubs to transfer and utilize research, transfer relevant technological and innovation outputs.

#### **5.1.4 Lever Four: Enterprise Support and Finance**

**Access to Finance:** Financial institutions among others-; Tower SACCO, Equity, Sidian bank, Diamond Trust Bank, Kenya Commercial Bank, Equity and Family banks, Muki SACCO operate in the municipality. Financial services target various sectors but majorly agricultural based. Financing is a major constrain to starting and sustaining business. High interest rates, lack of collateral and inadequate instruments targeting MSME further complicates performance. The municipality require to tap into innovative funding instruments and opportunities specially to underfinanced sectors such as agriculture.

**Business Support Services:** The municipality require to provide requisite services to enable the populace to start, grow and enhance competitiveness. The Huduma center of the county is in Olkalou town. Financial and none government organization provide support and services to SMEs through advice, training and financial instruments but mainly in the urban areas. Few financial institutions have outreach to the rural areas. It is critical to provide set up business incubation hubs and provide quality training in financial management, marketing, and strategic planning.

## **6 Monitoring, Evaluation, Learning, and Reporting (MELR)**

### **6.1 Monitoring**

To promote competitiveness, track progress, results and implementation of corrective measures require an adaptive MELR framework. This entails developing achievable targets with clear and time bound objectives and Key Performance Indicators (KPIs) over time, reporting and implementing corrective measures.

### **6.2 Evaluation**

Internal and external evaluations are critical in gauging performance to inform interventions. Budgeting and implementation of mid-term and end-term evaluation of projects and programs assists in gauging impacts, instituting corrective measures and promoting sustainability.

### **6.3 Learning**

Regular learning events (e.g., quarterly stakeholder roundtables) should be institutionalized. This will allow for adaptive management, where strategies are adjusted based on real-time feedback and changing market conditions. Lessons learnt and experiences should inform improvement to address challenges in the business environment and with the private sector actors.

### **6.4 Reporting**

The municipality will ensure timely compilation and dissemination of reports on the implementation of PSEF. The Board ..... disseminating a quarterly and annual reports to the public and the County Assembly. Reporting assist in keeping the institutional track record and forms a basis for action.

## **7 Capacity Building and Training**

### **7.1 Strategic Initiatives**

The municipality as an institution has a clear governance structure headed by the Board which is the main the decision-making body. Operation is sub optimal in the municipality is sub optimal . it has some revenue sources and its financial management system in done in compliance with the public sector manage address the identified gaps, a focused capacity-building program is required. Key initiatives should include:

- ❖ **Initiatives targeting Municipal Staff:** Training on public-private dialogue (PPD), investment promotion, and regulatory impact assessment.
- ❖ **Initiatives for Board Members:** Training on governance, financial management, advocacy, and service delivery to members.
- ❖ **For MSMEs:** Targeted training and workshops and mentorship programs on financial instrument financial literacy, marketing, governance.

## 7.2 Partnership Opportunities

The County has few existing partnerships and should strive establish partnerships with development partners, financial institutions, and universities to co-design and fund these capacity-building initiatives.

## 8 Conclusion

### 8.1 Summary

The private sector in the municipality is at a fledgling phase but has high potential especially in agriculture the main sector of the economy. The sector faces a myriad of challenges such as inadequate infrastructure, constrained entrepreneurial spirit, but by a difficult operating environment.

#### 8.1.1 Lever-Specific Conclusions

**Policy, Institutional, Legal, and Regulations:** The municipality has existing frameworks but they are inadequate in supporting a robust business environment and private sector actors. The municipality is in the process of improving and developing relevant frameworks to provide an enabling environment for start, growing and thriving businesses.

**Infrastructure and Land:** The municipality has roads, energy and communications connectivity but is inadequate to support the businesses. Poor and inadequately maintain infrastructure are major constrains in the local economy and attracting and sustaining investment.

**Skills and Innovation:** Skills and competencies exist in the workforce but there are gaps that should be addressed to enable the private sector to perform effectively. Innovative capability is very low and there is need for strategic interventions to it to develop. Collaboration and partnerships between the municipality and private sector actor should be a priority to address the gaps

**Enterprise Support and Finance:** Financial institutions and support exist with high potential for availing favorable financial instruments for the market, the business environment and initiatives. However, these instruments are not affordable financial to a large section of populace hence stifles investment value addition and tapping into appropriate technology. This results into stagnation of businesses with ripple effects on the local economy. To unlock this, there is need for assess the financial landscape, provider and develop instruments to foster startups, growth and upscaling

### 8.2 Next Steps

This report will be validated by stakeholders to verify the context and make recommendation in a stakeholder workshop. Input from stakeholders will be collated and forwarded for necessary approvals and dissemination. Prioritized interventions will be incorporated into the next municipal integrated development plan and even the County Integrated Development Plan (CIDP).

## **9 Recommendations of Priority Interventions**

### **9.1 Policy, Institutional, Legal, and Regulations**

1. **Awareness and outreach:** Put in place deliberate sensitization and outreach are critical services in supporting business and
2. **Streamline Licensing:** Reduce the number of businesses licenses and permits through a single business permit and establish hubs
3. **Public Private Dialogues:** Institutionalize engagement with private sector through bi-annual roundtables to track progress and address issues.

### **9.2 Infrastructure and Land**

1. **Affordable and reliable energy:** Develop alternative energy sources to supplement conventional sources
2. **Road networks and connectivity:** Allocate annual budget for developing, upgrading and maintaining roads.
3. **Land banking and access;** Establish a land bank and avail to investors and transformative projects in strategic places.

### **9.3 Skills and Innovation**

1. **Skill inventory and alignment;** budget and implement skill audits, skill enhancement programs aligned with market and future demands.
2. **Pubic private partnerships:** develop functional partnerships to set up innovation hubs targeting the youthful populace
3. **Research and development initiatives:** Partnership with academic and research institutions to establish an agricultural and digital innovation hub in OIKalou targeting population sectors especially the youth.

### **9.4 Enterprise Support and Finance**

1. **Municipal Enterprise Support Fund:** Develop and implement fund regulations, Establish, capitalize and source for funds to support development of MSMEs in various sectors. This fund should have clear, nonpolitical eligibility criteria.
2. **Establish a Business Development Services:** identify and engage qualified service providers to assess, training and mentor MSMEs in priority areas.

## A Implementation Matrix

Table 2: Priority Intervention Implementation Matrix

<b>Intervention</b>	<b>Key Actions</b>	<b>Responsible Actor(s)</b>	<b>Time</b>	<b>M&amp;E Indicator</b>
<b>Streamline Licensing</b>	<ul style="list-style-type: none"> <li>▪ Analyze existing county licenses.</li> <li>▪ Develop and implement supporting legal.</li> <li>▪ Digitalize issuance of permit licensing</li> </ul>	Municipal finance, Trade department County Assembly ICT Dept.	Y1	Time to obtain a permit (days)
<b>Public Private Dialogues</b>	<ul style="list-style-type: none"> <li>▪ Undertake biannual Roundtables.</li> <li>▪ Implement proposed actions</li> </ul>	Governor's Office Municipal Board, manager	Y1-Q1	No of roundtables.
<b>Affordable and reliable energy</b>	<ul style="list-style-type: none"> <li>▪ Conduct road inventory</li> <li>▪ Allocate budget.</li> <li>▪ Tender and commence works.</li> </ul>	Municipal Board, infrastructure & energy Dept.	Y1-Y3	No of energy facilities
<b>Road networks and connectivity</b>	Allocate adequate budget Construct tur the climate resilient infrastructure Maintain road and related connections	Board, County public works department, KURA	Y1-Y3	Km of constructed, upgraded and maintained
<b>Land banking and access</b>	<ul style="list-style-type: none"> <li>▪ Needs assessment</li> <li>▪ Identify land, undertake valuation initiate acquisition process</li> <li>▪ Digitalize land information and data</li> </ul>	County land, County Attorney's office, County Assembly	Y1-Y2	Acreage of land Digital records.
<b>Skill inventory and alignment</b>	<ul style="list-style-type: none"> <li>▪ Commission skills gap analysis</li> <li>▪ Budget and implement skill audits,</li> <li>▪ Implement skill enhancement programs</li> </ul>	Development partners, Academia, research institutions	Annual	Reports

<b>Pubic private partnerships</b>	<ul style="list-style-type: none"> <li>▪ Develop and implement PPP regulations.</li> <li>▪ Allocate funds</li> <li>▪ Establish PPP on economic sectors</li> </ul>	Board, County Assembly, Finance, Trade County Assembly	Y1-Y2	Regulation, Amount allocated and utilized. # of functional PPPs .
<b>Research and development initiatives</b>	<ul style="list-style-type: none"> <li>▪ Develop working memoranda</li> <li>▪ Develop and implement programs and initiatives' targeting MSME and population sectors</li> </ul>	Municipal boards, Dev. Partners, university, research institutions	Y1	Number of MSMEs established.
<b>Municipal Enterprise Support Fund</b>	<ul style="list-style-type: none"> <li>▪ Develop and implement fund regulations</li> <li>▪ Establish, capitalize Fund</li> <li>▪ Source for funds to support development of MSMEs</li> </ul>	Board, County Assembly, Finance, Trade County Assembly	Y2	<ul style="list-style-type: none"> <li>▪ Regulation</li> <li>▪ Funds</li> <li>▪ No. of MSME supported</li> </ul>
<b>Establish a Business Development Services</b>	<ul style="list-style-type: none"> <li>▪ Develop working memoranda</li> <li>▪ Develop and implement programs targeting MSME</li> </ul>	Board, County Assembly, Finance, Trade County Assembly	Y1-Y2	Reports