



**Makueni County**  
**Private-Sector Engagement Framework:**  
**Turning Urban Development Plans into Investment**  
**Ready Opportunities**

**2026**

## Executive Summary

The Makueni County Private Sector Engagement Framework (PSEF) 2026 provides a structured and strategic approach to unlocking private sector-led investment and accelerating urban economic transformation. Anchored in the County Integrated Development Plan (CIDP) 2023–2027 and aligned with national frameworks such as Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA), the PSEF seeks to bridge the gap between public planning and private investment by converting urban development priorities into bankable opportunities.

Makueni County, with an estimated population of approximately 987,653 (2019) and a Gross County Product of about KSh 120.54 billion (2022), is a transitioning economy characterized by strong agricultural foundations, a rapidly growing MSME sector, and emerging urban growth nodes such as Wote, Emali, Makindu, and Kibwezi. The county has demonstrated notable fiscal improvements, achieving approximately 96% revenue performance in FY 2024/25, supported by growth in own-source revenue and digitization of revenue systems. However, structural constraints persist, including infrastructure deficits, limited industrialization, climate vulnerability, and constrained access to finance.

The private sector landscape is dominated by over 28,500 licensed enterprises, the majority of which are micro and small businesses operating in agriculture value chains, trade, and informal services. While this reflects a dynamic and growing entrepreneurial base, productivity remains low due to weak value addition, limited aggregation systems, and insufficient integration into formal markets. At the same time, the county's strategic location along the Nairobi–Mombasa corridor (A109 highway and SGR) presents significant opportunities in logistics, agro-processing, and trade.

The PSEF responds to these opportunities and constraints through four core pillars:

1. Private Sector Diagnostic and Investment Mapping The framework provides a comprehensive analysis of the macroeconomic environment, sectoral performance, infrastructure systems, and investment climate. It identifies key growth sectors—including agriculture, trade, logistics, and services—while highlighting structural gaps in industrialization, infrastructure, and SME productivity. The assessment concludes that Makueni is a “moderately competitive, high-potential economy” with a composite competitiveness score of 3.44/5.
2. Public–Private Dialogue and Institutional Coordination

The PSEF establishes a multi-tier Public-Private Dialogue Forum (PPDF) system at county, sector, and municipal levels to facilitate structured engagement between government and private actors. This institutional mechanism ensures alignment of investments with private sector needs, improves policy responsiveness, and accelerates project preparation through a stage-gate investment process.

3. **Investment Pipeline Development and PPP Promotion**  
Recognizing the county's estimated KSh 30–50 billion infrastructure financing gap, the framework prioritizes Public-Private Partnerships (PPPs) as a key financing mechanism. It identifies priority investment areas including agro-processing, industrial parks, logistics hubs, markets, water and irrigation systems, and urban infrastructure. The PSEF aims to develop a pipeline of bankable PPP projects capable of mobilizing private capital, improving service delivery, and creating employment.
4. **Capacity Building and Outreach**  
The framework emphasizes strengthening the capacity of MSMEs, cooperatives, and county institutions through targeted training, incubation, and digital transformation initiatives. It also outlines an investment promotion and outreach strategy aimed at attracting both domestic and international investors, enhancing market linkages, and improving enterprise competitiveness.

Across these pillars, the PSEF is guided by principles of transparency, inclusivity, risk-sharing, and results orientation, ensuring that private sector engagement delivers both economic and social value.

By 2027/28, the framework targets to:

- Increase formal enterprises beyond 35,000 businesses
- Mobilize KSh 15–25 billion in private investment
- Develop 10+ bankable PPP projects
- Improve SME survival rates from ~30% to 50%
- Enhance value addition in agriculture by  $\geq 40\%$

Ultimately, the PSEF positions Makueni County to transition from a fragmented, low-productivity local economy into a competitive, investment-ready, and private sector-driven growth hub, leveraging its strategic location, improving governance systems, and expanding urban markets.

# Table of Contents

## Contents

Executive Summary.....	2
Table of Contents.....	4
Acronyms and Abbreviations .....	7
1. CHAPTER 1: Introduction.....	10
1.1. Background .....	10
1.2 Rationale for a Public-Private Engagement Framework.....	11
1.3 Policy and Legal Framework .....	12
1.4 Objective of the Framework.....	12
1.5 Approach to the PSEF .....	12
1.6 Principles of the PSEF.....	12
1.7 Key Actors and Roles.....	13
1.8 Benefits .....	15
2 CHAPTER 2: Private Sector Database.....	17
2.1 Introduction .....	17
2.2 Macroeconomic and Sectoral Landscape .....	17
2.2.1 National Macroeconomic Context.....	17
2.2.2 Implications for Makueni.....	18
2.3 County Macroeconomic Profile .....	18
2.3.1 Economic Structure .....	18
2.3.2 Key Structural Features of Macroeconomic Profile.....	19
2.4 Sectoral Performance Analysis .....	19
2.4.1 Agriculture and Agribusiness .....	19
2.4.2 Trade, Commerce and MSME Sector.....	19
2.4.3 Industrial and Manufacturing Sector.....	20
2.4.4 Services Sector .....	20
2.5 Infrastructure and Enabling Environment .....	21
2.5.1 Introduction .....	21

2.5.2	Transport and Connectivity .....	21
2.5.3	Transport Modal Split and Accessibility .....	23
2.5.4	Urban Connectivity and Growth Nodes.....	23
2.5.5	Key Transport Constraints .....	24
2.5.6	Strategic Opportunities for Private Sector Engagement .....	24
2.6	Land and Urban Systems .....	24
2.6.1	Land Administration and Tenure Systems.....	25
2.6.2	Spatial Planning and Land Use Management .....	25
2.6.3	Urban Systems and Municipal Development .....	26
2.6.4	Land for Investment and Industrial Development .....	26
2.7	Fiscal and Investment Climate .....	28
2.7.1	Fiscal Performance and Revenue Trends .....	28
2.7.2	Expenditure and Budget Execution .....	29
2.8	Public Financial Management (PFM) Systems.....	30
2.8.1	Institutional Strengths .....	30
2.8.2	Transparency and Accountability .....	30
2.9	Investment Climate and Ease of Doing Business .....	30
2.9.1	Business Environment Indicators .....	30
2.9.2	Regulatory Environment.....	30
2.9.3	Cost of Doing Business.....	31
2.9.4	Investment Flows and Financing Landscape .....	31
2.10	Public-Private Partnerships (PPP) Potential .....	31
2.10.1	Rationale for PPPs.....	32
2.10.2	Priority PPP Areas .....	36
2.10.3	Investment Risks and Mitigation .....	36
2.11	Strengths and Constraints of fiscal and Investment climate.....	36
2.12	Economic Competitiveness Assessment.....	37
2.13	Key Insights for Private Sector Development .....	40
3	CHAPTER 3: Public-Private Dialogue Forums (PPDF) for Urban Planning and Development .....	43
3.1	Introduction .....	43
3.2	Forum Structure and Governance .....	43

3.2.1 Multi-Tier PPDF Architecture.....	43
3.3. Meeting Cadence and Decision-Gate Process .....	45
3.3.1. Meeting Cadence .....	45
3.2.1. Annual Engagement Cycle .....	45
3.2.2. Decision-Gate Process (Project Lifecycle).....	45
3.3. Best Practice Integration .....	46
3.3.1. International Best Practices.....	46
3.2.1. National Best Practices (Kenya Context) .....	46
3.2.2. Key Success Factors .....	46
3.2.3. Digital Integration .....	47
3.2.4. Monitoring and Evaluation Framework.....	47
3.2.5. Risk Mitigation Measures .....	47
3.3. Integration with County Systems .....	47
4. CHAPTER 4: Capacity Building and Outreach .....	50
4.1 Introduction .....	50
4.2 Private Sector Capacity .....	50
4.2.1 Overview of Private Sector Capacity in Makueni .....	50
4.2.2 Key Capacity Constraints .....	50
4.2.3 Institutional Support for Capacity Building .....	51
4.2.4 Strategic Capacity Gaps .....	51
4.3 SME Capacity Building Initiatives in Urban Municipalities .....	52
4.3.1 Role of Municipalities .....	52
4.3.2 Existing Capacity Building Initiatives .....	52
4.3.3 Municipal-Level Capacity Gaps.....	52
4.3.4 Priority Interventions for Municipalities .....	52
4.4 Outreach Strategy.....	53
4.4.1 Objectives of Outreach .....	53
4.5 Integration with National Frameworks .....	54
4.6 Key Strategic Insights .....	54
5 ANNEXES .....	57
5.1 Implementation Matrix.....	57

## Acronyms and Abbreviations

Acronym	Full Meaning
ADP	Annual Development Plan
BETA	Bottom-Up Economic Transformation Agenda
CBROP	County Budget Review and Outlook Paper
CIDP	County Integrated Development Plan
EDAMS	Electronic Development Applications Management System
GCP	Gross County Product
GIS	Geographic Information System
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IDeP	Integrated Development Plan
KNBS	Kenya National Bureau of Statistics
KUSP	Kenya Urban Support Programme
M-LIMS	Makueni Land Information Management System
MSEA	Micro and Small Enterprises Authority
MTEF	Medium-Term Expenditure Framework
MSME	Micro, Small and Medium Enterprises
PBB	Programme-Based Budgeting
PFM	Public Financial Management
PPDF	Public-Private Dialogue Forum
PPP	Public-Private Partnership
PSEF	Private Sector Engagement Framework
SACCO	Savings and Credit Cooperative Organization
SDIP	State Department for Investment Promotion
SEKEB	South Eastern Kenya Economic Bloc
SGR	Standard Gauge Railway
SME	Small and Medium Enterprise
SWG	Sector Working Group

UEP	Urban Economic Plan
-----	---------------------



# 1. CHAPTER 1: Introduction

## 1.1. Background

Makueni County is one of the 47 counties established under the Constitution of Kenya 2010 and was formally constituted in March 2013. Located in the former Eastern Province, the county covers approximately 8,008.9 km<sup>2</sup> and serves a population of 987,653 persons as per the 2019 Kenya Population and Housing Census, with projections indicating continued growth driven by natural increase and a youthful demographic structure. Recent county planning documents estimate that youth constitute about 31% of the population, presenting both a labour force opportunity and a demand for employment creation and private sector expansion.

The county operates within a predominantly semi-arid ecological zone, characterized by erratic rainfall (250mm–900mm annually depending on altitude) and temperatures ranging between 15°C and 26°C. These climatic conditions significantly influence the economic structure, with agriculture (largely rain-fed) remaining the backbone of livelihoods, supplemented by trade, small-scale manufacturing, and emerging service sectors.

From a macroeconomic perspective, Makueni is classified as a lower-middle income county economy within Kenya, contributing an estimated USD 1.23 billion (approx. KSh 190–200 billion) to Gross County Product (GCP), ranking around 31st nationally. The county economy is primarily driven by agriculture, wholesale and retail trade, transport, and growing service industries—reflecting broader national economic trends where agriculture, finance, ICT, and trade sectors have continued to post positive growth.

Fiscal performance and public financial management trends further contextualize the county's development trajectory. According to the FY 2024/25 County Budget Review and Outlook Paper, Makueni realized KSh 11.11 billion in total revenue against a target of KSh 11.58 billion, representing a 96% absorption rate—a strong indicator of improving fiscal discipline and revenue mobilization systems. Own-source revenue (OSR) has shown steady growth, supported by digitization and enhanced compliance measures, with projections indicating gradual increases to approximately KSh 11.84 billion by FY 2028/29.

Socio-economic indicators derived from the Kenya National Bureau of Statistics (KNBS) and County Statistical Abstracts highlight persistent development challenges. These include high poverty incidence typical of arid and semi-arid lands (ASALs), limited industrialization, and infrastructure deficits, particularly in water, roads, and energy access. Nonetheless, the county has

made progress in expanding social infrastructure, with over 150 health facilities, nearly 1,000 primary schools, and more than 300 secondary schools, forming a basis for human capital development.

The private sector in Makueni is largely dominated by micro, small, and medium enterprises (MSMEs) operating in agriculture value chains, retail trade, transport, and informal services. Urban centres such as Wote, Emali, Makindu, and Kibwezi serve as key commercial nodes, benefiting from their strategic location along the Northern Corridor (Mombasa–Nairobi highway and SGR), which enhances market access and regional trade integration. However, private sector growth has historically been constrained by limited access to finance, inadequate infrastructure, climate risks, and weak formalization.

At the national level, Kenya's economy recorded a GDP growth rate of 4.7% in 2024/25, driven by agriculture (4.6%), financial services (7.6%), ICT (7.0%), and transport (4.4%) . These sectors present significant entry points for county-level private sector engagement, particularly in agro-processing, logistics, digital services, and tourism.

Within this context, the County Government of Makueni, guided by its County Integrated Development Plan (CIDP) 2023–2027, Annual Development Plans, and sectoral strategies, has prioritized inclusive economic growth, value chain development, and investment promotion. The establishment of a structured Private Sector Engagement Framework (PSEF) is therefore a strategic response to:

- Enhance collaboration between government and private actors;
- Unlock private investment in priority sectors;
- Improve the business enabling environment; and
- Align county development with national and global economic opportunities.

The PSEF is further anchored in national policy frameworks, including Kenya's Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the legal provisions of the Public Finance Management Act (2012), which emphasize accountability, stakeholder participation, and efficient resource utilization.

## **1.2 Rationale for a Public-Private Engagement Framework**

Ad-hoc engagements with the private sector have historically yielded suboptimal results. The Makueni County Trade and Investment Policy 2021 notes that despite the potential for trade and investment, inadequate trading policies and regulatory frameworks have impeded trade facilitation. A

structured PSEF is required to systematically identify opportunities, mitigate risks, and align private sector profit motives with public service delivery goals.

### 1.3 Policy and Legal Framework

The PSEF is anchored in a robust legal and policy matrix:

- **Public Private Partnerships Act, 2021:** Streamlines the regulatory framework for PPPs, providing clear procurement procedures and expanded contractual models to promote private sector investment.
- **Makueni County Trade and Investment Policy 2021:** Mandates the promotion of PPPs in the development and maintenance of markets and general trade infrastructure.
- **Makueni CIDP 2023-2027:** Explicitly calls for the establishment of PPP frameworks aligned with national guidelines to bridge infrastructure financing gaps.

### 1.4 Objective of the Framework

The primary objective of the PSEF is to catalyze private sector investment in Makueni's urban development by creating a predictable, transparent, and mutually beneficial engagement ecosystem. Specific goals include increasing the volume of PPPs in municipal infrastructure and enhancing MSME integration into urban value chains.

### 1.5 Approach to the PSEF

The framework adopts a phased approach: Diagnostic assessment of the current private sector landscape, mapping of potential partners, institutionalization of dialogue mechanisms, and targeted capacity building for both public officials and private entities.

### 1.6 Principles of the PSEF

- **Transparency:** Clear, open processes for project selection and procurement.
- **Inclusivity:** Engaging all tiers of the private sector, from large corporations to local MSMEs.
- **Risk-Sharing:** Equitable distribution of project risks between the county and private partners.
- **Results-Orientation:** Focus on measurable economic and social outcomes.

## 1.7 Key Actors and Roles

Effective implementation of the Makueni County Private Sector Engagement Framework (PSEF) depends on a multi-actor system in which county institutions, municipal entities, private enterprises, producer organizations, national government agencies, financiers, and oversight bodies perform complementary roles. This is especially important in a county whose economic base is broad but still dominated by small-scale enterprise activity. According to the Makueni County Statistical Abstract 2024, the county had 28,581 licensed business establishments in 2023, up from 25,511 in 2022 and 20,023 in 2021. The same source shows that by 2023 Makueni had 53 market sheds, 270 registered cooperative societies, of which 161 were active, and a county economy valued at KSh 120.54 billion Gross County Product (GCP) in 2022. These figures underscore that private sector engagement in Makueni is not limited to a few large investors; it must organize and support a wide ecosystem of MSMEs, traders, cooperatives, processors, service providers, and urban businesses

Table 1: Key Actors, Mandates and PSEF responsibilities

NO	Actor Category	Key Actor(s)	Core Mandate	PSEF Responsibilities
1.	<b>County Executive Leadership</b>	Governor, County Executive Committee (CEC), County Secretary	Overall county leadership, policy direction, intergovernmental coordination, resource allocation	Provide strategic direction for PSEF; approve policies and reforms; champion investor confidence; coordinate cross-departmental implementation
2.	<b>Trade &amp; Investment Lead Department</b>	Department of Trade, Marketing, Industry, Culture & Tourism	Trade development, enterprise promotion, industrialization, market management, tourism development	Serve as PSEF Secretariat; coordinate public-private dialogue (PPD); develop investment pipeline; support MSMEs; track implementation of PSEF
3.	<b>County Treasury &amp; Economic Planning</b>	County Treasury, Department of Finance & Socio-Economic Planning	Budgeting, revenue mobilization, fiscal policy, economic planning, resource allocation	Design fiscal incentives; mobilize and allocate resources; structure PPPs; ensure timely payments; align PSEF with CIDP, ADPs, and MTEF

4.	<b>Lands, Urban Planning &amp; Environment</b>	Department of Lands, Urban Planning, Development, Environment & Climate Change	Land administration, spatial planning, development approvals, environmental management	Provide serviced land; streamline approvals (EDAMS); support investment zoning; ensure environmental compliance; reduce land-related investment risks
5.	<b>Municipal Governments</b>	<b>Wote Municipality; Emali-Sultan Hamud Municipality</b>	Urban service delivery, infrastructure management, local economic development	Anchor local PSEF implementation; manage markets and urban infrastructure; facilitate business licensing; host municipal-level PPD platforms
6.	<b>County Assembly</b>	County Assembly of Makueni	Legislation, budget approval, oversight of executive	Enact business-friendly laws; approve budgets supporting private sector; provide oversight on PSEF implementation; ensure policy predictability
7.	<b>Private Sector Enterprises</b>	MSMEs, traders, manufacturers, service providers, investors	Production, trade, service delivery, job creation, investment	Invest in priority sectors; participate in PPD forums; comply with regulations; drive innovation and value addition; create employment
8.	<b>Cooperatives &amp; Producer Organizations</b>	Agricultural cooperatives, SACCOs, producer groups	Member mobilization, aggregation, savings and credit, market access	Aggregate production; facilitate value chains; mobilize local capital; support formalization; partner in PPP/value chain investments
9.	<b>Business Membership Organizations (BMOs)</b>	Chambers of commerce, trader associations, Jua Kali groups, transport SACCOs	Representation of business interests, advocacy, coordination	Provide structured private sector voice; support dialogue; disseminate information; co-develop reforms; support self-regulation

10.	<b>National Government – Investment &amp; Trade</b>	State Department for Investment Promotion (SDIP), Ministry of Investments, Trade & Industry	Investment promotion, policy development, trade facilitation	Link county to national/international investors; support investment promotion; align county opportunities with national strategies
11.	<b>National Government – MSME Development</b>	State Department for MSMEs Development	MSME policy, financing, capacity building, enterprise development	Support MSME financing, incubation, and scaling; provide technical assistance; promote enterprise formalization and competitiveness
12.	<b>Standards &amp; Regulatory Agencies</b>	Kenya Bureau of Standards and related agencies	Standards development, certification, quality assurance, consumer protection	Support product certification; enhance quality compliance; enable access to domestic/export markets; build MSME standards capacity
13.	<b>Financial Institutions &amp; Funds</b>	Commercial banks, MFIs, SACCOs, Uwezo Fund, Youth/Women Enterprise Funds	Provision of credit, financial services, enterprise financing	Provide affordable finance; support blended finance/PPP projects; expand financial inclusion; finance value chains and SMEs
14.	<b>Development Partners &amp; PPP Advisors</b>	World Bank, AfDB, NGOs, technical partners	Technical assistance, project financing, capacity building, advisory services	Support project preparation; provide catalytic financing; strengthen institutional capacity; de-risk investments
15.	<b>Citizens &amp; Civil Society</b>	Community groups, NGOs, consumer associations	Public participation, social accountability, community development	Participate in consultations; ensure inclusivity; monitor social/environmental impacts; enhance accountability and transparency

## 1.8 Benefits

Implementing the PSEF will lead to accelerated infrastructure development, job creation through industrial parks and incubation centers, improved market governance, and enhanced fiscal sustainability for the county.



## 2 CHAPTER 2: Private Sector Database

### 2.1 Introduction

This chapter provides a comprehensive diagnostic of the private sector landscape in Makueni County, situating it within the broader national macroeconomic context, examining the structure and health of the SME ecosystem, identifying potential private sector partners, and outlining mechanisms for systematic identification, engagement, and mapping. The analysis draws on the Makueni County Statistical Abstract (2024), County Budget and Planning documents, and national datasets from Kenya National Bureau of Statistics and related policy frameworks.

### 2.2 Macroeconomic and Sectoral Landscape

This section provides an analysis of the macroeconomic environment within which Makueni County's private sector operates, linking national economic trends to county-level sector performance, structure, and investment opportunities. The analysis integrates national statistics (KNBS, National Treasury, Planning) with county-level data (CIDP 2023–2027, Statistical Abstract 2024, Budget Reports).

#### 2.2.1 National Macroeconomic Context

Kenya's macroeconomic environment provides the overarching framework influencing private sector performance at the county level. In recent years, the economy has demonstrated **moderate but resilient growth**, despite global shocks, fiscal pressures, and climate-related disruptions.

Table 2: Key Macro economic Indicators

Indicator	
GDP growth	5.7% (2023) → <b>4.7% (2024)</b> → projected <b>~5.2% (2025)</b>
Inflation	Moderated to ~3.8%–5% range in 2024/2025
Employment	Approximately 782,300 jobs created annually, predominantly in the informal sector
Fiscal Position	<ul style="list-style-type: none"> <li>Fiscal deficit estimated at <b>~5–6% of GDP</b></li> <li>Public debt at <b>~67% of GDP</b>, constraining public capital expenditure.</li> </ul>

Table 3: Sectoral Drivers of growth (National)

Sector	Growth Rate	Relevance to Makueni
Agriculture	~4.6%	Primary livelihood base
ICT	~7–8%	Digital market access
Financial Services	~6–7%	SME financing

Transport & Logistics	~4–7%	Corridor advantage
Wholesale & Retail Trade	~5%	Core MSME activity

### 2.2.2 Implications for Makueni

- **Shift toward private sector-led growth:**  
Limited fiscal space at national level necessitates PPP and private investment models.
- **Informal sector dominance:**  
Majority of jobs are created in MSMEs → aligns with Makueni's economic structure.
- **Opportunities in value chains:**  
National growth sectors (agriculture, ICT, logistics) directly map to county opportunities.

## 2.3 County Macroeconomic Profile

Makueni County represents a lower-middle income, predominantly rural economy transitioning toward market integration and urbanization.

This section provides a snapshot of Makueni's overall economic structure, scale, and performance within both the regional and national context. As a predominantly arid and semi-arid (ASAL) county, Makueni's economy is characterized by a strong reliance on agriculture, a rapidly expanding but largely informal trade sector, and an emerging services and urban economy. With an estimated Gross County Product (GCP) of approximately KSh 120.54 billion (2022) and a population approaching one million, the county reflects a transitioning local economy—shifting from subsistence-based production toward greater market integration and private sector participation. This subsection analyzes the key macroeconomic indicators, sectoral composition, and structural dynamics that shape investment opportunities, enterprise growth, and overall economic transformation in Makueni County.

Table 4: County Core Economic Indicators

Indicator	
<b>Gross County Product (GCP):</b>	KSh 120.54 billion (2022)
<b>Population:</b>	~987,653 (2019 Census; projected >1 million)
<b>Economic Growth:</b>	Estimated 4–5% annually, aligned with national trends

### 2.3.1 Economic Structure

The county economy is dominated by **primary production and informal trade**, with limited industrialization.

Sector	Estimated Share of GCP	Characteristics
Agriculture	35–40%	Rain-fed, low productivity
Trade & Commerce	20–25%	Informal, MSME-driven

Services	~20%	Transport, hospitality
Industry	<10%	Limited processing

### 2.3.2 Key Structural Features of Macroeconomic Profile

- **High dependence on agriculture** → climate vulnerability
- **Low industrial base** → limited value addition
- **Expanding urban nodes** → emerging economic hubs
- **MSME dominance** → fragmented but dynamic private sector

## 2.4 Sectoral Performance Analysis

### 2.4.1 Agriculture and Agribusiness

Agriculture remains the **primary economic engine**, employing the majority of the population and feeding into trade and processing activities. Total food production increased by ~6.6% between 2022-23, valued at approximately KSh 1.93 billion increase

Table 5: Production Trends (2022–2023)

Commodity	2022 (MT)	2023 (MT)	Growth
Mangoes	245,367	247,291	+0.8%
Tomatoes	26,336	28,569	+8.5%
Green grams	42,732	45,348	+6.1%
Maize	97,233	118,167	+21.5%

Table 6: Constraints and Opportunities

Structural Constraints	Investment Opportunities
<ul style="list-style-type: none"> <li>• Rain-fed agriculture dependence</li> <li>• High post-harvest losses (20–40%)</li> <li>• Weak aggregation systems</li> <li>• Limited agro-processing capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Fruit processing (mango pulp, drying, juice)</li> <li>• Grain storage and milling</li> <li>• Irrigation and water infrastructure</li> <li>• Cold chain logistics</li> </ul>

### 2.4.2 Trade, Commerce and MSME Sector

Trade is the **second-largest contributor** and the most visible private sector activity.

Table 7: MSME Distribution

Enterprise Structure	Breakdown	Spatial Distribution	Key Characteristics

<ul style="list-style-type: none"> <li>• 28,581 licensed businesses (2023)</li> <li>• Growth of ~43% since 2021</li> </ul>	<ul style="list-style-type: none"> <li>• 18,649 small traders (~65%)</li> <li>• 2,197 medium enterprises</li> <li>• 501 large enterprises</li> </ul>	Concentrated in: <ul style="list-style-type: none"> <li>• Wote (administrative capital)</li> <li>• Emali (transport hub)</li> </ul>	<ul style="list-style-type: none"> <li>• Informal and fragmented</li> <li>• Low productivity</li> <li>• High turnover but low capital intensity</li> </ul>
	<ul style="list-style-type: none"> <li>• 403 manufacturing/workshop units</li> </ul>	<ul style="list-style-type: none"> <li>• Makindu &amp; Kibwezi (corridor towns)</li> </ul>	

### 2.4.3 Industrial and Manufacturing Sector

The industrial sector remains underdeveloped but high potential.

Table 8: Industrial and Manufacturing sector

Current Status	Constraints	Opportunity Areas
<ul style="list-style-type: none"> <li>• Less than <b>10% contribution to GCP</b></li> <li>• Only <b>403 registered manufacturing/workshop enterprises</b></li> </ul>	<ul style="list-style-type: none"> <li>• Lack of industrial parks</li> <li>• Limited energy and water infrastructure</li> <li>• Low technology adoption</li> </ul>	<ul style="list-style-type: none"> <li>• Agro-processing clusters</li> <li>• SME manufacturing hubs</li> <li>• Construction materials production</li> </ul>

### 2.4.4 Services Sector

Includes: Transport and logistics , Hospitality and tourism , Financial services , Informal services

Table 9: Services Sector

Growth Drivers	Tourism Potential
<ul style="list-style-type: none"> <li>• Corridor economy (A109 highway, SGR)</li> <li>• Urbanization</li> <li>• Expanding MSME activity</li> </ul>	<ul style="list-style-type: none"> <li>• Eco-tourism</li> <li>• Cultural tourism</li> <li>• Proximity to Tsavo ecosystem</li> </ul>

## 2.5 Infrastructure and Enabling Environment

### 2.5.1 Introduction

The performance, competitiveness, and investment attractiveness of Makueni County's private sector are fundamentally shaped by the quality and adequacy of its infrastructure and the broader enabling environment within which businesses operate. Infrastructure—comprising transport networks, energy systems, water and irrigation facilities, market infrastructure, and digital connectivity—serves as the backbone of economic activity by reducing transaction costs, improving productivity, and facilitating access to markets.

Complementing this is the enabling environment, which includes land administration systems, regulatory frameworks, institutional efficiency, and digital governance platforms that collectively determine the ease of doing business and investor confidence.

In Makueni, significant progress has been made in strengthening the enabling environment through investments in digitized land management systems (e.g., M-LIMS), electronic development approval systems (EDAMS), and improved revenue administration. The county has also expanded critical infrastructure such as market sheds, urban roads, and public utilities, particularly within designated urban areas like **Wote and Emali-Sultan Hamud** municipalities. However, persistent constraints remain, particularly in water availability, irrigation coverage, industrial infrastructure, and reliable energy access, which continue to limit the scale and sophistication of private sector activity.

### 2.5.2 Transport and Connectivity

Transport and connectivity constitute a critical backbone of Makueni County's economic system, directly influencing market access, cost of doing business, spatial integration, and the overall competitiveness of the private sector. The county benefits from a strategic geographic position along Kenya's primary economic corridor but continues to face structural challenges related to road quality, modal imbalance, and last-mile connectivity.

#### 2.5.2.1 Road Transport Network (Dominant Mode)

Road transport is the primary mode of connectivity in Makueni County, accounting for approximately 98% of all transport usage. Over 85% of county roads remain earth or gravel, making them non-all-weather roads and highly vulnerable to climate disruptions

#### **Extent and Classification of Road Network**

- Total road network (historical baseline) is approximately **7,876 km** (*Kenya Roads Board classification*)

- Expanded network (recent county data): **15,573 km (2022)**, up from **3,203 km in 2013**.

#### Road Surface Composition

- Bitumen (paved) approximately **454–934 km**
- Gravel approximately **1,493 km**
- Earth road approximately **5,900+ km**

#### Key Road Corridors

- A109 Nairobi–Mombasa Highway
  - Approximately 482 km long nationally
  - Forms part of the Northern Corridor, linking Makueni to:
    - Nairobi (capital market)
    - Mombasa (main port)
- B7 Kibwezi–Kitui Road
  - Links Makueni to Kitui and northern hinterlands
  - Critical for agricultural trade flows and regional integration
- Other key county roads:
  - Katumani–Wote–Makindu Road
  - Salama–Mukaa–Nunguni Road
  - Itangini–Tawa–Kikima Road

#### Implications for Private Sector

- Strong trunk connectivity advantage
- Weak last-mile rural connectivity
- High logistics costs due to poor road conditions

#### 2.5.2.2 Rail Transport (Strategic but Underutilized)

Makueni County is traversed by both the meter-gauge railway and the Standard Gauge Railway (SGR). The SGR (Mombasa–Nairobi line) is part of Kenya's modern rail system linking the port of Mombasa to inland markets. Rail transport usage is ~1% of total transport activity.

Rail Infrastructure coverage within the county is approximately 140km with major stations at Emali and Mito Andei. Passenger stops are at Sultan Hamud and Kibwezi

#### Opportunities

- Bulk cargo transport (agriculture, minerals)
- Development of logistics hubs near stations (Emali, Kibwezi)
- Integration with road-based supply chains.

### 2.5.2.3 Air Transport (Limited but Strategic Niche)

Usage of air transport within the county is Less than 1% of total transport usage. The Main airstrip is Makindu Airstrip with additional airstrips: Kilaguni (near Tsavo West National Park) and Private/seasonal airstrips in conservation areas.

The strategic role of air transport within the county is spurring tourism (Tsavo ecosystem) and for emergency and specialized logistics

### 2.5.2.4 Pipeline Infrastructure (Latent Opportunity)

The Presence of petroleum pipeline infrastructure passing through the county is approx. 250 km from Mombasa to Nairobi. There are Pump stations located near Emali and Mtito Andei.

#### Opportunity

- Petroleum storage and distribution depots
- Regional fuel logistics hub (including Northern Tanzania markets)

## 2.5.3 Transport Modal Split and Accessibility

Table 10: Transport Modal split and Accessibility

Mode of Transport	Share (%)
Walking	60%
Motorcycles (Boda boda)	29%
Public Service Vehicles (PSVs)	8%
Personal cars	1.2%
Rail	1%
Air	<1%

#### Interpretation

- High reliance on non-motorized and informal transport •  
Indicates:
  - Low-income levels
  - Poor rural accessibility
  - Limited formal transport systems

## 2.5.4 Urban Connectivity and Growth Nodes

Urban centres along major transport corridors are emerging as **economic growth poles**:

- Wote (county headquarters)

- Emali (logistics and transport hub)
- Makindu & Kibwezi (corridor towns)
- Sultan Hamud (SGR node)

Urbanization rate is approximately **11.8%**, with growth driven by: Highway trade, SGR connectivity and Market expansion.

### 2.5.5 Key Transport Constraints

Despite progress, several structural challenges persist:

- **Road Quality and Maintenance:** Majority of roads are **earth and not allweather**. There is also the issue of high maintenance costs due to climate (flooding, erosion)
- **Last-Mile Connectivity:** Rural producers face high transport costs and Limited market access.
- **Modal Imbalance:** Over-reliance on roads (98%) **and** Underutilization of rail and pipeline systems.
- **Urban Transport Systems: There is** Limited structured urban mobility systems further compounded by Congestion emerging in key towns.

### 2.5.6 Strategic Opportunities for Private Sector Engagement

<b>Logistics and Distribution Hubs</b>	<ul style="list-style-type: none"> <li>• Emali, Kibwezi, Makindu</li> <li>• Integration of road + rail + pipeline</li> </ul>
<b>Rural Access Infrastructure (PPP Model)</b>	<ul style="list-style-type: none"> <li>• Feeder roads</li> <li>• Aggregation transport systems</li> </ul>
<b>Transit-Oriented Development</b>	<ul style="list-style-type: none"> <li>• Around SGR stations</li> </ul>
<b>Transport Services Expansion</b>	<ul style="list-style-type: none"> <li>• Freight logistics</li> <li>• Cold-chain transport</li> </ul>

## 2.6 Land and Urban Systems

Land and urban systems are central to the functioning of Makueni County's economy, underpinning investment decisions, spatial development, infrastructure planning, and private sector growth. Efficient land administration, secure tenure systems, and well-planned urban centres are critical enablers of a competitive business environment, particularly in a county transitioning from a predominantly rural economy to a more urbanized and market-oriented system. In Makueni, ongoing reforms in land digitization, spatial planning, and municipal governance have significantly improved the investment climate. However, persistent challenges related to land tenure insecurity, inadequate servicing of urban land, and slow development approvals continue to

constrain large-scale private sector investments. This section examines the structure, performance, and emerging opportunities within land management and urban development systems in the county

## 2.6.1 Land Administration and Tenure Systems

### 2.6.1.1 Land Tenure Structure

Makueni County exhibits a mix of land tenure systems:

- Customary and communal land (dominant in rural areas)
- Private freehold and leasehold land (in urban and peri-urban zones)
- Public land for infrastructure and institutional use

Land fragmentation remains a key issue, with smallholder holdings dominating agricultural areas, limiting economies of scale and investment potential.

### 2.6.1.2 Land Digitization and Administration Reforms

The county has made significant progress in modernizing land governance:

- Establishment of a Geographic Information System (GIS) Lab.
- Deployment of the Makueni Land Information Management System (M-LIMS).
- Digitization of approximately 27,000 land parcels
- Integration of land records for planning and development control

These reforms have improved transparency in land transactions, reduced disputes and fraud and enhanced investor confidence

### 2.6.1.3 Development Control Systems

The county has operationalized the Electronic Development Applications Management System (EDAMS) to streamline approvals.

#### **Key Achievements**

- Reduction in approval timelines
- Improved tracking of applications
- Enhanced compliance monitoring

However, challenges such as limited automation across all sub-counties and Capacity constraints in enforcement still remain.

## 2.6.2 Spatial Planning and Land Use Management

### 2.6.2.1 Spatial Planning Framework

Makueni County is guided by: County Spatial Plan (2019–2029), County Integrated Development Plan (CIDP 2023–2027) and Urban land use plans.

#### **Planning Outputs**

- 6 urban land use plans prepared in 2023
- Expansion of zoning for: ○

- Residential areas
- Commercial zones
- Industrial development

### 2.6.2.2 Land Use Patterns

Table 11: Land use patterns

Land Use Type	Characteristics
Agricultural	Dominant (>70% of land use)
Urban/Commercial	Concentrated in towns
Conservation	Scattered (linked to Tsavo ecosystem)
Institutional	Schools, hospitals, public facilities

#### Key Constraints

- Unplanned urban expansion
- Encroachment on public land
- Limited enforcement of zoning regulations
- Inadequate infrastructure servicing in planned areas

## 2.6.3 Urban Systems and Municipal Development

### 2.6.3.1 Urbanization Trends

The urbanization rate is ~11–12%. The Increase is due to; trade and corridor development, population growth and Rural-urban migration.

### 2.6.3.2 Designated Urban Centres

Key urban growth nodes include:

- **Wote Municipality** (County headquarters)
  - **Emali-Sultan Hamud Municipality** (transport/logistics hub)
- Secondary towns: ○ Makindu ○ Kibwezi ○ Mtito Andei

### 2.6.3.3 Urban Infrastructure Indicators

- **53 market sheds countywide**
- Expansion of urban road networks
- Improved waste management systems in municipalities

However, there are limited sewerage systems, inadequate stormwater drainage and insufficient serviced industrial land.

## 2.6.4 Land for Investment and Industrial Development

### 2.6.4.1 Availability of Investment Land

- Increasing availability of digitized land parcels
- Identified zones for: Industrial development, Commercial expansion and Agro processing

2.6.4.2 Constraints to Investment

The constraints to investment include Fragmented land ownership, Limited large contiguous parcels and inadequate trunk infrastructure (water, roads, power).

2.6.4.3 Opportunities

1. **Industrial Parks Development** ◦ Wote Industrial Park (proposed)
2. **Urban Expansion Zones** ◦ Planned growth around municipalities
3. **Agro-Industrial Clusters** ◦ Near production zones
4. **Transit-Oriented Development** ◦ Around SGR stations (Emali, Kibwezi)

2.6.4.4 Governance and Regulatory Environment

Table 12: Governance and Regulatory Environment

Institutional Strengths	Regulatory Challenges
<ul style="list-style-type: none"> <li>• Digitized systems (M-LIMS, EDAMS)</li> <li>• Improved spatial planning frameworks</li> <li>• Established municipal governance structures</li> </ul>	<ul style="list-style-type: none"> <li>• Delays in approvals (despite improvements)</li> <li>• Weak enforcement of planning regulations</li> <li>• Overlapping mandates between institutions.</li> </ul>

2.6.4.5 Key Challenges and Bottlenecks

Table 13: Key challenges and bottlenecks

Challenge	Impact on Private Sector
Land fragmentation	Limits large-scale investment
Insecure tenure (some areas)	Reduces investor confidence
Limited serviced land	Increases cost of entry
Weak urban planning enforcement	Leads to inefficiencies
Infrastructure gaps	Constrains industrialization

2.6.4.6 Strategic Opportunities for Private Sector Engagement

- Serviced Industrial Land Development (PPP Model)
- Real Estate and Urban Development Projects
- Land Banking and Aggregation Mechanisms
- Digital Land Services Expansion
- Municipal Infrastructure Investments

## 2.7 Fiscal and Investment Climate

The fiscal and investment climate of Makueni County is a critical determinant of private sector confidence, influencing the cost of doing business, predictability of public finances, and the county's ability to catalyze private investment. It encompasses revenue performance, expenditure efficiency, public financial management (PFM) systems, regulatory frameworks, and the broader investment environment shaped by national and county policies. In recent years, Makueni has demonstrated steady improvements in fiscal discipline, own-source revenue mobilization, and budget execution, positioning itself as one of the more fiscally stable counties within Kenya's ASAL regions. However, structural constraints—particularly limited fiscal space for capital investment—necessitate a deliberate shift toward private sector-led financing models, including Public-Private Partnerships (PPPs) and blended finance.

### 2.7.1 Fiscal Performance and Revenue Trends

#### 2.7.1.1 Total Revenue Performance

Makueni County's fiscal performance reflects a relatively stable and improving revenue base:

- FY 2023/24 Total Revenue: ~KSh 9.89 billion (~88% performance)
- FY 2024/25 Total Revenue: ~KSh 11.1 billion (~96% performance against target)

This demonstrates a strong budget credibility and improved revenue forecasting and collection systems.

#### 2.7.1.2 Own Source Revenue (OSR) Growth

Own-source revenue is a key indicator of local economic vibrancy and fiscal autonomy.

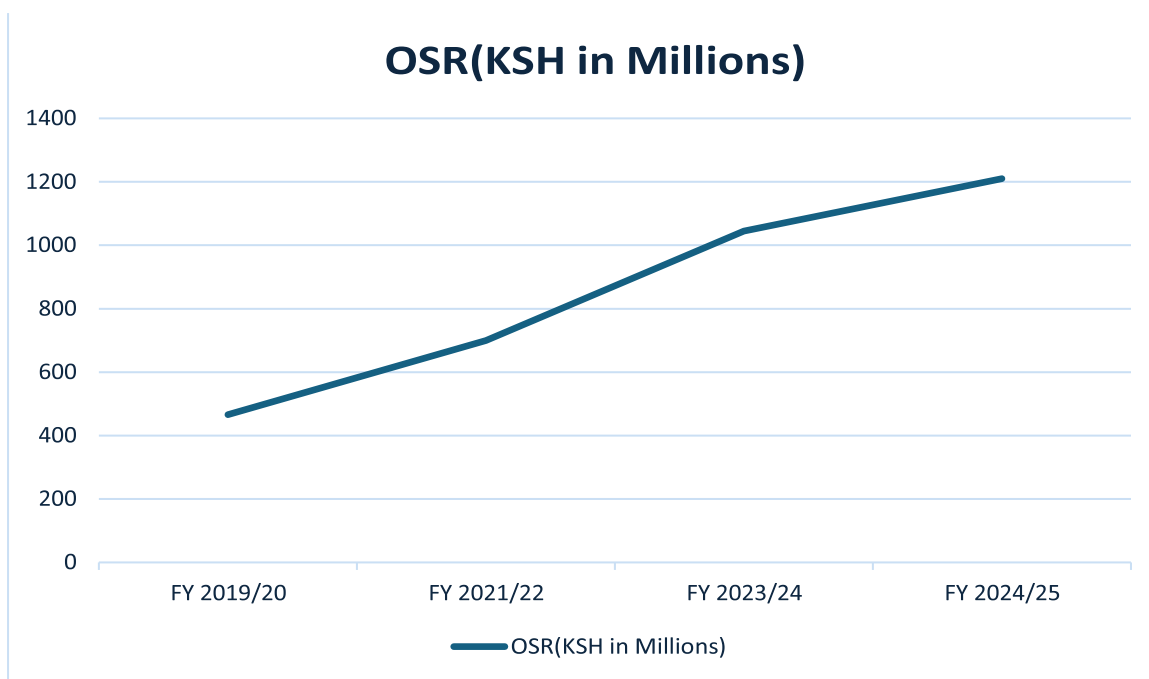


Figure 1: OSR growth trend

### Key Drivers of OSR Growth

- Digitization of revenue collection systems
- Expansion of business licensing base (28,581 enterprises)
- Improved compliance and enforcement.

### Implications

- Increasing fiscal independence
- Growing capacity to co-finance development projects
- Improved investor confidence due to predictable local revenue streams

## 2.7.2 Expenditure and Budget Execution

### 2.7.2.1 Budget Absorption

- Average absorption rate: **~80–85%**
- Development expenditure absorption improving but still constrained

**Implications;** Strong operational capacity and some inefficiencies in capital project execution

### 2.7.2.2 Expenditure Composition

Table 14: Expenditure composition

Category	Share
Recurrent Expenditure	~60–65%
Development Expenditure	~35–40%

**Key Observation:** High recurrent expenditure limits fiscal space for infrastructure investment.

## 2.8 Public Financial Management (PFM) Systems

### 2.8.1 Institutional Strengths

Makueni has established robust PFM systems aligned with the Public Finance Management Act:

- Medium-Term Expenditure Framework (MTEF)
- Programme-Based Budgeting (PBB)
- Integrated Financial Management Information System (IFMIS)
- Regular budget reporting (CBROP, ADP, APR)

### 2.8.2 Transparency and Accountability

- Strong public participation in budgeting
- Regular publication of financial reports
- Compliance with oversight by the Controller of Budget

**Implication:** Enhanced credibility and reduced fiduciary risk for investors.

## 2.9 Investment Climate and Ease of Doing Business

### 2.9.1 Business Environment Indicators

- 28,581 licensed businesses (2023) → expanding enterprise base
- Digitized systems:
  - Revenue collection
  - Development approvals (EDAMS)
  - Land management (M-LIMS)

#### Key Strengths

- Reduced administrative bottlenecks
- Improved transparency
- Faster licensing and approvals

### 2.9.2 Regulatory Environment

The county operates within national frameworks including:

- Kenya Vision 2030.
  - Bottom-Up Economic Transformation Agenda (BETA).
  - Investment promotion policies
- Key county-level regulatory functions:

- Business licensing
- Trade regulation
- Land use approvals

### 2.9.3 Cost of Doing Business

Positive Factors	Constraining Factors
<ul style="list-style-type: none"> <li>• Relatively lower land costs compared to major cities</li> <li>• Strategic location along economic corridor</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure gaps (water, roads, energy)</li> <li>• Limited industrial facilities</li> <li>• Logistics inefficiencies in rural areas</li> </ul>

### 2.9.4 Investment Flows and Financing Landscape

#### Public Investment:

- Primarily funded through:
  - Equitable share (national transfers)
  - Own-source revenue
  - Conditional grants (e.g., KUSP)

**Limitation;** Insufficient to finance large-scale infrastructure

#### Private Investment:

- Currently characterized by:
  - Dominance of MSME investments
  - Limited presence of large anchor investors
  - Growing interest in:
    - Agro processing
    - Logistics
    - Real estate

#### Financial Sector Participation:

Key financing actors include; Commercial banks, Microfinance institutions, SACCOs, and Government funds (e.g., Uwezo Fund).

Challenges include; High cost of credit, Collateral requirements and Limited SME-tailored financial products.

## 2.10 Public-Private Partnerships (PPP) Potential

Public-Private Partnerships (PPPs) present a strategic mechanism for bridging Makueni County's growing infrastructure and investment financing gap, while accelerating delivery of priority economic projects. Despite notable improvements in fiscal performance and own-source revenue, the county's resource envelope remains insufficient to meet the scale of capital investments required in sectors such as agro-processing, water and irrigation, urban infrastructure, and industrial development. In this context, PPPs offer an

opportunity to leverage private sector capital, technical expertise, and operational efficiency to complement public resources. Anchored within Kenya's national PPP framework and aligned to the county's CIDP 2023–2027 and sector priorities, the PPP approach enables risk-sharing, enhances project bankability, and supports sustainable service delivery.

### **2.10.1 Rationale for PPPs**

Public-Private Partnerships (PPPs) are a critical instrument for accelerating economic transformation in Makueni County, particularly in the context of constrained public finances, growing infrastructure deficits, and the need to unlock private sector-led growth. The rationale for adopting PPPs is anchored in both fiscal realities and development imperatives, as outlined below:

Development imperative	definition	PPP advantage
Bridging the Infrastructure Financing Gap	Makueni County faces a significant infrastructure deficit across key sectors including water and irrigation, agroprocessing, transport, and urban development. While total county revenues have improved (reaching approximately KSh 11 billion annually), these resources are insufficient to meet the estimated KSh 30–50 billion investment gap required to unlock full economic potential	<ul style="list-style-type: none"> <li>○ Mobilizes private capital to complement limited public funds .</li> <li>○ Enables implementation of largescale, capital-intensive projects that would otherwise be delayed or unfunded</li> </ul>
Enhancing Efficiency and Value for Money	Traditional public procurement models often face challenges related to delays, cost overruns, and inefficiencies in project implementation and operation.	<ul style="list-style-type: none"> <li>○ Introduces private sector efficiency, innovation, and technical expertise.</li> <li>○ Links payments to performance (output-based models).</li> <li>○ Ensures lifecycle cost optimization (design, construction, operation, maintenance)</li> </ul>
Accelerating Service Delivery and Infrastructure Development	Given rapid population growth and increasing urbanization in centres such as Wote and Emali, demand for infrastructure and services is rising faster than public sector delivery capacity	<ul style="list-style-type: none"> <li>○ Speeds up project delivery timelines.</li> <li>○ Enables simultaneous development of multiple projects.</li> <li>○ Improves access to essential services (markets, water, logistics infrastructure)</li> </ul>

Risk Sharing and Optimal Allocation	Large infrastructure and investment projects carry significant risks, including financial, operational, technical, and environmental risks	<ul style="list-style-type: none"> <li>○ Allocates risks to the party best able to manage them.</li> <li>○ Construction risk → Private sector.</li> <li>○ Regulatory/policy risk → Public sector.</li> </ul>
-------------------------------------	--	--

*Makueni County Private Sector Engagement Framework: 2026*

<b>Development imperative</b>	<b>definition</b>	<b>PPP advantage</b>
		<ul style="list-style-type: none"> <li>○ Reduces fiscal exposure for the county</li> </ul>
Catalyzing Private Sector Development	Makueni's economy is dominated by MSMEs with limited capital and productivity. PPPs provide a pathway to integrate local enterprises into larger value chains	<ul style="list-style-type: none"> <li>○ Attracts anchor investors in agroprocessing, logistics, and industry.</li> <li>○ Creates market linkages for SMEs and cooperatives.</li> <li>○ Stimulates job creation and enterprise growth</li> </ul>
Leveraging Technical Expertise and Innovation	The public sector may lack specialized technical capacity in areas such as industrial park development, irrigation systems, logistics management, and advanced agroprocessing	<ul style="list-style-type: none"> <li>○ Access to global and national expertise</li> <li>○ Adoption of modern technologies and business models</li> <li>○ Improved operational performance and sustainability</li> </ul>

Supporting Fiscal Sustainability	With a high proportion of county budgets allocated to recurrent expenditure (~60–65%), there is limited fiscal space for capital investments.	<ul style="list-style-type: none"> <li>○ Reduces immediate fiscal burden</li> <li>○ Allows off-balance-sheet financing structures (where appropriate)</li> <li>○ Spreads costs over time through user fees or availability payments</li> </ul>
Enhancing Investment Attractiveness	A well-structured PPP framework signals a pro-investment environment, increasing investor confidence.	<ul style="list-style-type: none"> <li>○ Attracts both domestic and international investors</li> <li>○ Aligns county projects with national and global investment pipeline</li> <li>○ Improves county's investment profile and credibility.</li> </ul>

### 2.10.2 Priority PPP Areas

Table 15: Priority PPP areas

Sector	PPP Opportunity
Agriculture	Processing plants, irrigation schemes, storage
Trade & Markets	Modern markets, logistics hubs
Urban Development	Housing, municipal infrastructure
Water	Bulk water supply, irrigation systems
Industry	Industrial parks, SME clusters
Agriculture	Processing plants, irrigation schemes

### 2.10.3 Investment Risks and Mitigation

Table 16: Investment risks and Mitigation

Risk	Impact	Mitigation
Climate variability	Agricultural volatility	Irrigation, diversification
Infrastructure gaps	High costs	PPP investment
Informality	Low tax base	SME formalization
Limited finance	Slow growth	Blended finance models

## 2.11 Strengths and Constraints of fiscal and Investment climate

Key Strengths of the Fiscal and Investment Climate	Key Constraints
<ul style="list-style-type: none"> <li>○ Strong fiscal discipline and revenue performance</li> <li>○ Rapid growth in own-source revenue</li> <li>○ Improved PFM systems and transparency</li> <li>○ Digitization of key services (land, licensing, approvals)</li> <li>○ Strategic location enhancing investment attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>○ Limited fiscal space for capital investment</li> <li>○ High recurrent expenditure burden                             <ul style="list-style-type: none"> <li>○ Weak private capital mobilization</li> <li>○ Infrastructure deficits</li> <li>○ Limited presence of large investors</li> </ul> </li> </ul>

## 2.12 Economic Competitiveness Assessment

The tables below present a multi-dimensional competitiveness assessment of Makueni County's economy, integrating quantitative indicators with qualitative scoring to support investment decisions and policy prioritization. a)

### Overall Competitiveness Summary

Table 17: Overall Competitiveness Summary

Dimension	Indicator (Latest Available Data)	Value / Status	Score (1–5)	Assessment
Economic Size	Gross County Product (GCP)	~KSh 120.54 Billion (2022)	3.0	Moderate economic scale
Growth	Estimated annual growth	~4–5%	3.2	Stable but not high growth
Population Base	Population (2019)	987,653 (projected >1M)	3.5	Growing labor & market
Urbanization	Urban population share	~11–12%	2.5	Low urban economic density

### b) Sector Competitiveness

Table 18: Sector competitiveness

Sector	Key Indicators	Facts & Figures	Score (1–5)	Competitiveness Level
Agriculture	Production volumes	Mango: 247,291 MT; Maize: 118,167 MT; Green grams: 45,348 MT	4.0	High (strong base, low value addition)
Agroprocessing	Industrial capacity	Only 403 manufacturing units	2.5	Low (major gap)
Trade & Commerce	Enterprise base	28,581 licensed businesses (2023)	4.2	High (broad base)
Logistics	Corridor access	A109 Highway + SGR	4.5	Very High (strategic advantage)
Tourism	Infrastructure & assets	Limited facilities; proximity to Tsavo	2.8	Moderate (underdeveloped)
Industry	Industrial share	<10% of GCP	2.2	Low competitiveness

c) Infrastructure Competitiveness

Table 19: Infrastructure competitiveness

Dimension	Indicator	Facts & Figures	Score (1–5)	Assessment
Road Network	Total road length	15,573 km (2022)	3.0	Extensive but low quality
Road Quality	Paved roads share	<15% paved	2.5	Poor allweather access
Rail Access	Railway coverage	~140 km (SGR + MGR)	3.5	Strategic but underutilized
Market Infrastructure	Market sheds	53 market sheds	3.2	Moderate coverage
Digital Systems	Land & approvals	M-LIMS, EDAMS operational	4.0	Strong enabling systems
Water Infrastructure	Irrigation coverage	Limited (<20% irrigated)	2.3	Major constraint

d) SME Ecosystem Competitiveness

Table 20: SME Ecosystem Competitiveness

Indicator	Facts & Figures	Score (1–5)	Assessment
Enterprise Growth	20,023 (2021) → 28,581 (2023)	4.2	Strong growth
MSME Dominance	~95% of enterprises	3.5	High participation
Business Survival	~30% baseline survival rate	2.5	High failure rate
Formalization	Compliance levels	~70% baseline	3.0
Manufacturing Base	Industrial enterprises	403 units	2.3

e) Financial and Fiscal Competitiveness

Table 21: Financial and Fiscal Competitiveness

Indicator	Facts & Figures	Score (1–5)	Assessment
Own Source Revenue	KSh 465M → KSh 1.21B (2024/25)	4.2	Strong growth
Revenue Performance	Collection efficiency	88–96%	4.0
Budget Absorption	Execution rate	~81%	3.5

Development Budget Share	Capital spending	~35–40%	3.0
Access to Finance	SME credit access	Low	2.5

**f) Institutional and Governance Competitiveness**

Table 22: Institutional and Governance Competitiveness

Indicator	Facts & Figures	Score (1–5)	Assessment
PFM Systems	IFMIS, PBB, MTEF	Fully operational	4.2
Transparency	Budget reporting	Regular CBROP, APR	4.0
Land Systems	Digitization	27,000 plots digitized	4.0
Ease of Doing Business	Licensing & approvals	Digitized systems	3.8
Policy Framework	CIDP alignment	Strong planning	4.0

**g) Cooperative and Aggregation Competitiveness**

Table 23: Cooperative and Aggregation Competitiveness

Indicator	Facts & Figures	Score (1–5)	Assessment
Cooperatives	Registered	270 (2023)	4.0
Active Cooperatives	Active share	161 active (~60%)	3.0
Membership	Agriculture	32,178 members	4.0
SACCO Membership	Financial inclusion	23,819 members	3.8

**h) Overall Competitiveness Index (Composite)**

Table 24: Overall Competitiveness Index (Composite)

Dimension	Score
Economic Structure	3.2
Sector Performance	3.4
Infrastructure	3.1
SME Ecosystem	3.1
Fiscal & Finance	3.6
Governance	4.0
Cooperative Systems	3.7

Conclusion: Composite Score is 3.44 / 5 → “Moderately Competitive, High Potential” i) Key Competitiveness Insights

Strongest Areas	Weakest Areas
<ul style="list-style-type: none"> <li>• Strategic location (logistics advantage)</li> <li>• Strong agricultural base</li> <li>• Growing MSME sector</li> <li>• Improving fiscal and governance systems</li> </ul>	<ul style="list-style-type: none"> <li>• Industrialization (very low)</li> <li>• Infrastructure gaps (water, roads)</li> <li>• SME productivity and survival</li> <li>• Access to finance</li> </ul>

#### Investment Readiness Classification

Sector	Readiness Level
Agro processing	Medium–High
Trade & Logistics	High
Industrial Development	Low–Medium
Tourism	Medium
Renewable Energy	Medium

### 2.13 Key Insights for Private Sector Development

1. **Agriculture is the backbone but not the future alone**  
→ Needs transition to **value-added agro-industrial economy**
2. **MSME sector is large but inefficient**  
→ Requires **formalization, financing, and productivity enhancement**
3. **Industrialization gap is the biggest structural weakness**  
→ Major opportunity for PPP-led investment
4. **Strategic location is under-leveraged**  
→ Opportunity for logistics and trade-driven growth
5. **Fiscal improvements create a foundation—but not sufficient capital** →  
Necessitates **private sector financing and partnerships**





## 3 CHAPTER 3: Public-Private Dialogue Forums (PPDF) for Urban Planning and Development

### 3.1 Introduction

Public–Private Dialogue Forums (PPDFs) are a central institutional mechanism for operationalizing the Private Sector Engagement Framework (PSEF) at both county and municipal levels. They provide a **structured, continuous, and results-oriented platform** through which government, private sector actors, financiers, and community stakeholders collaborate on urban planning, infrastructure development, and investment promotion.

In the context of Makueni County—where urban centres such as Wote and Emali-Sultan Hamud are rapidly evolving into economic hubs—PPDFs are essential for:

- Aligning **public investments with private sector needs**
- Accelerating **project preparation and implementation**
- Improving the **business enabling environment**
- Enhancing **accountability, transparency, and investor confidence**

### 3.2 Forum Structure and Governance

#### 3.2.1 Multi-Tier PPDF Architecture

To ensure effectiveness across different levels of planning and implementation, the PPDF system adopts a **three-tier structure**:

Table 25: PPDF System

Level	Forum	Purpose
County Level	County PPDF	Strategic policy dialogue, investment pipeline oversight
Sector Level	Sector Working Groups (SWGs)	Technical discussions (e.g., agroprocessing, infrastructure)
Municipal Level	Municipal PPDFs	Local project identification and implementation

##### 3.2.1.1. County-Level PPDF

**Composition:**

- County Executive Committee Members (Trade, Finance, Lands, Infrastructure)
- Chief Officers and technical staff
- Private sector representatives (investors, SMEs, cooperatives)
- Financial institutions
- Development partners.

**Functions:**

- Approve and oversee **county investment pipeline**
- Review policy and regulatory reforms
- Monitor PPP projects and investment performance
- Provide strategic direction for private sector engagement

**Leadership:**

- Chair: Governor or designated CEC Member (Trade/Finance)
- Secretariat: Department of Trade & Investment **3.2.1.2. Sector**

Working Groups (SWGs)

**Key Sectors:**

- Agriculture & Agro-processing
- Trade & MSMEs
- Infrastructure & Urban Development
- Water & Climate Resilience
- Tourism & Hospitality

**Functions:**

- Identify sector-specific constraints
- Develop project concepts and PPP proposals
- Provide technical inputs to County PPDF
- Track sector performance indicators **3.2.1.3. Municipal-Level**

PPDFs

**Applicable to:**

- Wote Municipality
- Emali-Sultan Hamud Municipality

**Composition:**

- Municipal Board members
- Local business associations
- Market committees
- Transport operators
- Community representatives

**Functions:**

- Identify local investment opportunities
- Address business environment issues
- Monitor service delivery (markets, roads, waste)
- Facilitate local-level public-private partnerships

### 3.2.1.4. Governance Principles

The PPDF governance framework is guided by:

1. **Inclusivity** – Representation of MSMEs, women, youth, and cooperatives
2. **Transparency** – Open sharing of information and decisions
3. **Accountability** – Clear roles, reporting, and follow-up mechanisms
4. **Efficiency** – Time-bound decision-making processes
5. **Evidence-Based Decision Making** – Use of data and analytics

## 3.3. Meeting Cadence and Decision-Gate Process

### 3.3.1. Meeting Cadence

A structured meeting schedule ensures continuity and effectiveness:

Forum Level	Frequency	Purpose
County PPDF	Quarterly	Strategic review, policy decisions
Sector Working Groups	Monthly/Quarterly	Technical discussions, project development
Municipal PPDFs	Monthly	Local issues, project identification

### 3.2.1. Annual Engagement Cycle

Quarter	Key Activities
Q1	Investment pipeline review, priority setting
Q2	Project preparation and feasibility studies
Q3	Investment promotion and PPP structuring
Q4	Monitoring, evaluation, and reporting

### 3.2.2. Decision-Gate Process (Project Lifecycle)

The PPDF adopts a **stage-gate model** to ensure only viable projects progress:



Figure 2: Stage-gate model

### 3.2.2.1. Decision Support Tools

- Investment appraisal frameworks (NPV, IRR)
- Cost-benefit analysis
- Risk matrices
- GIS-based project mapping

## 3.3. Best Practice Integration

### 3.3.1. International Best Practices

Successful PPDF models globally emphasize:

- Institutionalization within government structures
- Regular and predictable engagement
- Clear link between dialogue and policy/action
- Strong private sector representation

### 3.2.1. National Best Practices (Kenya Context)

Lessons from Kenyan counties and national frameworks include:

- Integration with CIDP and budgeting processes
- Use of digital platforms for engagement
- Alignment with PPP frameworks and investment promotion strategies

### 3.2.2. Key Success Factors

Table 26: Key Success Factors

Factor	Description
Strong Political Leadership	<ul style="list-style-type: none"> <li>• Commitment from county leadership.</li> <li>• Clear mandate and support</li> </ul>
Effective Secretariat	<ul style="list-style-type: none"> <li>• Dedicated technical team</li> <li>• Data-driven coordination</li> </ul>

Private Sector Ownership	<ul style="list-style-type: none"> <li>• Active participation of businesses</li> <li>• Representation through associations</li> </ul>
Action-Oriented Dialogue	<ul style="list-style-type: none"> <li>• Focus on solutions, not just discussions.</li> <li>• Clear follow-up mechanisms</li> </ul>

### 3.2.3. Digital Integration

To enhance efficiency and transparency:

- Establish a **PPDF digital platform**:
  - Meeting management system
  - Stakeholder database
  - Investment pipeline tracker
  - Feedback and grievance system

### 3.2.4. Monitoring and Evaluation Framework

Table 27: M&E Framework

Indicator	Target
Number of PPDF meetings held	≥12 annually (all levels)
Investment projects initiated	≥10 per year
PPP projects developed	≥3–5 annually
Private sector satisfaction	≥80%
Policy reforms implemented	≥5 annually

### 3.2.5. Risk Mitigation Measures

Table 28: Risk and Mitigation

Risk	Mitigation Strategy
Low participation	Incentivize engagement, strong communication
Political interference	Clear governance structures
Delayed decision-making	Time-bound processes
Weak follow-up	Secretariat accountability

## 3.3. Integration with County Systems

The PPDF should be fully integrated with:

- CIDP and Annual Development Plans (ADPs)
- Budgeting and MTEF processes
- Municipal planning frameworks
- PPP and investment promotion systems





## 4. CHAPTER 4: Capacity Building and Outreach

### 4.1 Introduction

Capacity building and outreach are critical pillars for unlocking the full potential of Makueni County's private sector, particularly given its MSME-dominated economic structure and evolving urban systems. At the national level, Micro, Small and Medium Enterprises (MSMEs) are the backbone of Kenya's economy, with over 7.4 million MSMEs employing more than 14.9 million people, and accounting for the majority of new jobs created annually. In Makueni County, this reality is mirrored through a rapidly expanding enterprise base, increasing cooperative membership, and growing urban markets. However, persistent gaps in skills, access to finance, technology adoption, and market linkages continue to constrain enterprise productivity and competitiveness.

This section outlines a structured approach to strengthening private sector capacity and enhancing outreach mechanisms, with a focus on urban municipalities (Wote and Emali-Sultan Hamud) as key economic nodes. It draws from county development frameworks (CIDP, Statistical Abstracts), national MSME policies, and institutional mandates such as those of the Micro and Small Enterprises Authority (MSEA).

### 4.2 Private Sector Capacity

#### 4.2.1 Overview of Private Sector Capacity in Makueni

Makueni's private sector is characterized by:

- A large MSME base (over 28,000 licensed enterprises)
- Dominance of informal and micro-scale businesses
- Strong presence of cooperatives and producer organizations
- Limited number of medium and large enterprises

At the national level, MSMEs contribute approximately **24–25% of GDP and employ up to 98% of the workforce in the sector**, underscoring their centrality to economic transformation.

#### 4.2.2 Key Capacity Constraints

Despite their importance, MSMEs in Makueni face several structural capacity gaps:

*Table 29: Key Capacity constraints*

Area	Capacity Gaps
------	---------------

Technical and Business Skills	<ul style="list-style-type: none"> <li>Limited managerial and financial literacy.</li> <li>Weak business planning and record-keeping.</li> <li>Low adoption of modern technologies</li> </ul>
<b>Area</b>	<b>Capacity Gaps</b>
Market Access and Competitiveness	<ul style="list-style-type: none"> <li>Poor linkage to structured markets.</li> <li>Limited compliance with standards and certification.</li> <li>Weak branding and value addition</li> </ul>
Access to Finance	<ul style="list-style-type: none"> <li>High collateral requirements.</li> <li>Limited financial literacy.</li> <li>Low uptake of formal financial products</li> </ul>
Productivity and Innovation	<ul style="list-style-type: none"> <li>Low mechanization in agriculture and processing.</li> <li>Limited use of digital platforms</li> </ul>

### 4.2.3 Institutional Support for Capacity Building

Key institutions supporting private sector capacity include:

- Micro and Small Enterprises Authority (MSEA) ◦ Provides training, incubation, and enterprise development support. ◦ Facilitates market access and access to finance
- County Government Departments (Trade, Agriculture, Cooperatives) ◦ Deliver extension services and business development support
- Cooperative societies ◦ Provide aggregation, financial services, and training.

### 4.2.4 Strategic Capacity Gaps

Table 30: Capacity gaps

Area	Gap	Implication
Skills	Low technical/business skills	Low productivity
Finance	Limited access to credit	Slow business growth
Markets	Weak linkages	Limited scalability
Technology	Low adoption	Inefficiency

## 4.3 SME Capacity Building Initiatives in Urban Municipalities

### 4.3.1 Role of Municipalities

Urban municipalities—particularly Wote and Emali-Sultan Hamud—serve as primary hubs for SME development, offering:

- Market infrastructure (e.g., 53 market sheds countywide)
- Business licensing and regulation
- Access to transport and logistics networks

### 4.3.2 Existing Capacity Building Initiatives

Table 31: Capacity building initiatives

Initiative	Description
Enterprise Development Programs	<ul style="list-style-type: none"> <li>• Training in entrepreneurship and financial literacy</li> <li>• Support for business registration and formalization</li> </ul>
Cooperative Strengthening	<ul style="list-style-type: none"> <li>• Capacity building for 270 registered cooperatives</li> <li>• Training on governance, financial management, and aggregation</li> </ul>
Youth and Women Enterprise Support	<ul style="list-style-type: none"> <li>• Access to funds (e.g., Uwezo Fund, Youth Enterprise Fund)</li> <li>• Skills development and mentorship</li> </ul>
Market Infrastructure Development	<ul style="list-style-type: none"> <li>• Construction and upgrading of market sheds.</li> <li>• Improved urban trading environments</li> </ul>

### 4.3.3 Municipal-Level Capacity Gaps

Table 32: Capacity gaps- Municipal Level

Challenge	Impact
Limited incubation facilities	Weak SME growth pipeline
Inadequate training programs	Low skills development
Weak business networks	Limited collaboration
Informality	Low compliance and tax base

### 4.3.4 Priority Interventions for Municipalities

Table 33: Priority interventions for Municipalities

Intervention	Description
Establishment of SME Incubation Centers	Business development services Innovation hubs

Cluster-Based Development	Agro-processing clusters Jua Kali (informal sector) clusters
Digital Skills Training	E-commerce platforms Digital financial services
Market Linkage Programs	Buyer-seller forums Value chain integration

## 4.4 Outreach Strategy

### 4.4.1 Objectives of Outreach

The outreach strategy aims to:

- Increase awareness of opportunities and programs
- Enhance private sector participation in PSEF and PPDFs
- Promote investment opportunities
- Improve inclusivity (youth, women, marginalized groups)

#### 4.4.1.1 Target Groups

Table 34: Target Group on outreach

Group	Focus Area
MSMEs	Capacity building, finance, markets
Cooperatives	Aggregation, value chains
Investors	Investment opportunities
Youth & Women	Entrepreneurship support
Informal sector	Formalization

#### 4.4.1.2 Outreach Channels

##### a) Physical Engagement Platforms

- Public-Private Dialogue Forums (PPDFs)
- Trade fairs and exhibitions • Community barazas

##### b) Digital Platforms

- County websites and portals
- Social media platforms
- SMS-based communication systems

##### c) Institutional Partnerships

- Collaboration with:
  - Business associations
  - Cooperatives
  - National agencies (MSEA, KNBS)

#### 4.4.1.3 Communication Strategy

Component	Approach
-----------	----------

Messaging	Clear, targeted, sector-specific
Frequency	Regular and consistent
Language	Inclusive (local languages where necessary)
Feedback	Two-way communication

#### 4.4.1.4 Investment Promotion Outreach

Key elements include:

- Development of investment promotion materials
- Hosting investment forums and roadshows
- Establishment of a county investment portal

#### 4.4.1.5 Monitoring and Evaluation of Outreach

Table 35: M&E of outreach

Indicator	Target
Number of SMEs reached	≥10,000 annually
Training programs conducted	≥50 annually
Investment forums held	≥2 annually
SME formalization rate	+20% increase
Participation in PPDFs	≥70% stakeholder representation

## 4.5 Integration with National Frameworks

Capacity building and outreach initiatives are aligned with:

- National MSME Policy (2025)
- Kenya Vision 2030
- Bottom-Up Economic Transformation Agenda (BETA)

These frameworks emphasize:

- Enterprise development
- Job creation
- Inclusive growth

## 4.6 Key Strategic Insights

1. Capacity building is central to private sector competitiveness
2. Municipalities are critical delivery platforms
3. Outreach must be structured, continuous, and inclusive
4. Digital tools can significantly enhance reach and efficiency
5. Strong partnerships are essential for scaling impact





## 5 ANNEXES

### 5.1 Implementation Matrix

Strategic Objective	Intervention / Activity	Key Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
<b>1. Strengthen Public-Private Dialogue (PPD)</b>	Establish County & Municipal PPDFs	Form committees, develop ToRs, operationalize forums	Dept. of Trade	Municipalities, Private Sector Associations	Short-term (Year 1)	Ad hoc engagement	Functional PPDF at county + 2 municipalities	30M	County Budget	# of PPDF meetings (≥12/year), stakeholder participation ≥70%
	Institutionalize Sector Working Groups	Create sector forums (agriculture, trade, infrastructure)	Dept. of Trade	Cooperatives, Investors	Short-term	Fragmented engagement	5 functional SWGs	20M	County + Donors	# of SWGs operational, sector action plans developed
	Develop Digital PPDF Platform	Create online engagement and tracking system	ICT Dept.	Private sector, Dev partners	Medium-term	No system	Fully operational platform	50M	PPP/Donor	Platform usage rate, stakeholder engagement metrics

Strategic Objective	Intervention / Activity	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
<b>Enhance SME Competitiveness and Growth</b>	<b>Establish SME Incubation &amp; Innovation Centres (Wote &amp; Emali)</b>	- Develop 2 incubation hubs (Wote & Emali) - Provide shared production facilities (agroprocessing, Jua Kali) - Offer mentorship, business advisory, and innovation support	Dept. of Trade	Micro and Small Enterprises Authority, Universities, NGOs	Medium-term (Years 1-3)	No incubation centres	2 fully operational centres	200M	County + PPP + Donors	- ≥500 SMEs incubated annually - SME survival rate ↑ from 30% → 50%
	<b>SME Skills Development &amp; Business Training Programs</b>	- Conduct entrepreneurship training - Financial literacy and bookkeeping training - Value chain-specific technical training	Dept. of Trade	Banks, SACCOs, NGOs	Continuous	Limited structured training	≥10,000 SMEs trained	100M	County + Donors	- # SMEs trained - Increase in revenue per SME by ≥30%
	<b>SME Formalization &amp; Business Environment Reforms</b>	- Simplify licensing processes - Digitize registration & compliance - Conduct formalization campaigns in municipalities	Trade Dept.	Municipalities	Short-term (Year 1-2)	28,581 licensed businesses	≥35,000 licensed businesses	30M	County	- +20% increase in formal enterprises - Compliance rate ↑ from 70% → 90%
	<b>Access to Finance Enhancement (SME Financing Facility)</b>	- Establish county SME financing scheme - Partner with financial institutions for blended finance - Credit guarantee mechanisms	Treasury	Banks, MFIs, SACCOs	Medium-term	Limited SME credit access	≥50% SMEs accessing formal finance	500M (leveraged)	PPP + Financial Institutions	- SME loan uptake ↑ by ≥40% - NPL ratio <10%
	<b>Digital Transformation &amp; ECommerce Adoption</b>	- Train SMEs on digital marketing & platforms - Promote mobile payments and fintech solutions - Develop county e-commerce marketplace	ICT Dept.	Private tech firms	Medium-term	Low digital adoption (<20%)	≥50% SMEs digitally active	50M	PPP	- % SMEs using digital platforms - Online sales growth

	<b>Cluster &amp; Value Chain Development (Agro &amp; Jua Kali)</b>	- Develop SME clusters (agroprocessing, fabrication) - Establish common user facilities - Promote value addition (mango, grains, etc.)	Trade & Agriculture Depts.	Cooperatives, Investors	Medium-term	Low value addition	≥5 functional clusters	300M	PPP + County	- Value addition ↑ by ≥40% - Jobs created ≥5,000
Strategic Objective	Intervention / Activity	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
	<b>Market Linkages &amp; Trade Facilitation</b>	- Organize buyer-seller forums - Support participation in trade fairs - Facilitate export readiness programs	Trade Dept.	BMOs, Kenya Bureau of Standards	Continuous	Weak structured market linkages	≥20 forums annually	40M	County + Donors	- Volume of trade ↑ by ≥30% - Exportready SMEs ≥100
	<b>Cooperative Strengthening &amp; Enterprise Aggregation</b>	- Train cooperatives on governance and finance - Strengthen aggregation systems - Link cooperatives to markets and finance	Cooperative Dept.	NGOs, Banks	Medium-term	270 coops (161 active)	≥220 active coops	100M	County + Donors	- Active cooperatives ↑ to ≥80% - Cooperative turnover growth
	<b>Youth &amp; Women Enterprise Development Programs</b>	- Expand access to enterprise funds - Provide mentorship and incubation - Promote inclusive enterprise participation	Trade Dept.	Youth/Women Funds	Continuous	Limited targeted programs	≥5,000 youth/women enterprises supported	150M	National + County	- % youth/women enterprises ↑ by ≥30%
	<b>SME Data &amp; Business Intelligence System</b>	- Develop SME registry database - Integrate GIS-based enterprise mapping - Track SME performance indicators	ICT Dept.	KNBS, Trade Dept.	Medium-term	No centralized database	Functional SME database	60M	County + Donors	- Real-time SME data availability - Improved policy targeting

Strategic Objective	Intervention / Project	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Value (KSh)	PPP Model / Financing Structure	KPIs / Results Indicators
<b>Develop Investment Pipeline and PPP Projects</b>	<b>Establish County Investment &amp; PPP Unit</b>	- Set up PPP/investment desk within Treasury/Trade - Develop PPP guidelines and project preparation framework - Train staff on PPP structuring and transaction advisory	County Treasury	State Department for Investment Promotion, PPP Directorate, Dev Partners	Short-term (Year 1)	No dedicated PPP unit	Fully operational PPP unit	80M	County + Donor TA	- PPP unit established - ≥10 staff trained - PPP pipeline developed
	<b>Develop County Investment Pipeline (10+ Bankable Projects)</b>	- Identify priority sectors (agroprocessing, logistics, urban infrastructure) - Prepare concept notes and feasibility studies - Develop investment prospectus	Dept. of Trade	PPP Unit, Consultants	Short-term	Limited pipeline	≥10 bankable projects	200M	County + Donors	- # of projects prepared - Investment readiness index
	<b>Mango Processing &amp; Value Addition Facility (Flagship PPP)</b>	- Conduct feasibility study - Secure land and utilities - Procure private investor - Operationalize processing plant	Dept. of Trade & Agriculture	Private Investors, Cooperatives	Medium-term (Years 2–4)	No large-scale processing plant	1 operational plant	1.5–2B	DBFO (Design-Build-FinanceOperate)	- Processing capacity (≥50,000 MT/year) - Jobs created ≥1,000

	<b>Grain Aggregation &amp; Storage Facilities (3 Regional Hubs)</b>	- Develop aggregation centres - Integrate with cooperatives - Link to markets and processors	Agriculture Dept.	Cooperatives, Investors	Medium-term	Limited aggregation infrastructure	3 functional hubs	600M	PPP / Cooperative PPP	- Storage capacity (≥30,000 MT) - Post-harvest losses ↓ by ≥30%
	<b>Wote Industrial Park Development</b>	- Land servicing (roads, water, power) - PPP structuring and investor procurement - Develop SME industrial clusters	Lands & Trade Depts.	Private Developers	Long-term (Years 3–5)	No industrial park	1 operational industrial park	3–5B	DBFO / Joint Venture	- ≥50 firms established - Jobs ≥5,000
<b>Strategic Objective</b>	<b>Intervention / Project</b>	<b>Detailed Actions</b>	<b>Lead Institution(s)</b>	<b>Supporting Actors</b>	<b>Timeline</b>	<b>Baseline (2023/24)</b>	<b>Target (2027/28)</b>	<b>Estimated Value (KSh)</b>	<b>PPP Model / Financing Structure</b>	<b>KPIs / Results Indicators</b>
	<b>Emali Logistics &amp; Trade Hub Development</b>	- Develop logistics hub near A109/SGR - Warehousing and distribution facilities - Integrate railroad logistics	Trade Dept.	Logistics firms, Investors	Medium-term	No structured logistics hub	1 operational hub	2–4B	PPP (Lease-DevelopOperate)	- Volume handled ≥1M tons/year - Reduced transport costs
	<b>Modern Market Redevelopment (5 Urban Centres)</b>	- Redevelop markets in Wote, Emali, Makindu, Kibwezi, Sultan Hamud - Introduce modern facilities (storage, sanitation, ICT)	Municipalities	Private Developers	Medium-term	53 basic market sheds	20 modern markets	1–2B	PPP (Build-Lease-Operate)	- Market occupancy ≥90% - Trader income ↑ by ≥30%
	<b>Climate-Smart Irrigation &amp; Water Projects</b>	- Develop irrigation schemes - Build water storage infrastructure - Promote climate resilience technologies	Agriculture & Water Depts.	Dev Partners, Investors	Long-term	<20% irrigated land	+30% irrigation coverage	4–6B	Blended Finance (PPP + Grants)	- Irrigated acreage ↑ - Agricultural output ↑ by ≥40%
	<b>Eco-Tourism &amp; Hospitality Development (Tsavo Corridor)</b>	- Develop eco-lodges and tourism circuits - Promote cultural tourism - Improve access infrastructure	Tourism Dept.	Private Investors	Medium-term	Underdeveloped tourism sector	≥5 major tourism investments	800M–1.5B	Private-led PPP	- Tourist arrivals ↑ by ≥50% - Tourism revenue growth
	<b>Renewable Energy Mini-Grids (Rural Industrial Zones)</b>	- Develop solar mini-grids for SME clusters - Support agro-processing zones	Energy Dept.	Private Energy Firms	Medium-term	Limited energy access in rural areas	≥5 mini-grids operational	500M–1B	PPP (IPP model)	- Energy access ↑ - SME productivity ↑
	<b>Digital Investment Promotion Platform</b>	- Develop online investment portal - Showcase pipeline projects - Integrate investor tracking system	ICT Dept.	Trade Dept.	Short-term	No centralized platform	Fully operational portal	60M	PPP / Donor	- # of investors engaged - Investment inquiries

Strategic Objective	Intervention / Activity	Key Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
---------------------	-------------------------	-------------	---------------------	-------------------	----------	--------------------	------------------	----------------------	----------------	---------------------------

<b>Improve Infrastructure and Business Environment</b>	<b>Upgrade Feeder Roads and Enhance Rural Connectivity</b>	- Rehabilitate and upgrade feeder roads to all-weather standards - Prioritize high-value agricultural and market access corridors - Implement routine and periodic maintenance programs	Department of Roads, Transport & Infrastructure	Kenya Rural Roads Authority, Kenya Urban Roads Authority	Continuous (Years 1–5)	>85% of roads unpaved	Reduce unpaved roads to <70%	5 Billion	County + National Government	- Km of roads upgraded annually - Reduction in travel time and transport costs
	<b>Modernize and Expand Market Infrastructure</b>	- Upgrade existing 53 market sheds to modern standards - Construct new markets in key urban centres - Integrate storage, sanitation, and ICT facilities	Municipalities (Wote, Emali/Sultan Hamud)	Private Developers, Traders Associations	Medium-term (Years 2–4)	53 basic market sheds	≥20 modern markets operational	2 Billion	PPP + County	- Market occupancy rate ≥90% - Increase in trader incomes ≥30%
	<b>Expand Land Digitization and Management Systems (M-LIMS)</b>	- Digitize additional land parcels - Integrate GIS-based planning tools - Enhance land registry and transaction systems	Department of Lands, Urban Planning & Environment	ICT Department	Medium-term (Years 1–3)	27,000 parcels digitized	≥50,000 parcels digitized	150 Million	County	- Number of parcels digitized - Reduction in land transaction disputes
<b>Strategic Objective</b>	<b>Intervention / Activity</b>	<b>Key Actions</b>	<b>Lead Institution(s)</b>	<b>Supporting Actors</b>	<b>Timeline</b>	<b>Baseline (2023/24)</b>	<b>Target (2027/28)</b>	<b>Estimated Cost (KSh)</b>	<b>Funding Source</b>	<b>KPIs / Results Indicators</b>
	<b>Streamline Development Approval Processes (EDAMS)</b>	- Scale up EDAMS across all sub-counties - Automate development application processes - Reduce approval timelines and improve transparency	Department of Lands & Urban Planning	Municipalities	Short-term (Years 1–2)	Partial automation	Fully automated approval system	50 Million	County	- Approval time reduced by ≥50% - Increase in development applications processed
	<b>Improve Urban Infrastructure and Service Delivery</b>	- Upgrade urban roads, drainage, and waste management systems - Enhance street lighting and public utilities - Strengthen municipal service delivery capacity	Municipalities	County Departments, Private Sector	Medium-term (Years 2–4)	Limited urban infrastructure	Improved infrastructure in all municipalities	3 Billion	County + PPP	- Improved service delivery indicators - Increased urban business activity
	<b>Enhance Water Supply and Irrigation Infrastructure</b>	- Develop water storage and distribution systems - Expand irrigation schemes - Promote climate-resilient water solutions	Department of Water & Irrigation	Development Partners, Private Investors	Long-term (Years 3–5)	<20% irrigation coverage	≥30% irrigation coverage	4–6 Billion	Blended Finance (PPP + Grants)	- Increase in irrigated acreage - Agricultural productivity growth ≥40%
	<b>Strengthen Digital Infrastructure and E-Government Services</b>	- Expand ICT infrastructure in urban centres - Digitize business services and licensing - Promote e-government platforms	ICT Department	Private Tech Firms	Medium-term (Years 2–4)	Partial digitization	Fully digitized business services	200 Million	PPP + County	- % of services digitized ≥80% - Reduction in service delivery time
	<b>Improve Energy Access for SMEs and Industrial Development</b>	- Promote renewable energy solutions (solar mini-grids) - Expand grid connectivity to industrial zones - Support energy access for SMEs	Energy Department	Private Energy Firms	Medium-term (Years 2–4)	Limited rural energy access	≥70% coverage in key economic zones	500M–1B	PPP (IPP Model)	- Increase in energy access rates - SME productivity improvements

Strategic Objective	Intervention / Activity	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
<b>Strengthen Cooperative and Value Chain Systems</b>	<b>Cooperative Revitalization &amp; Governance Strengthening</b>	- Audit and categorize all cooperatives (active vs dormant) - Train cooperative leaders on governance, compliance, and financial management - Implement cooperative performance scorecards	Department of Cooperatives	NGOs, Development Partners	Short-term (Years 1–2)	270 coops (161 active ≈60%)	≥220 active coops (≥80%)	100M	County + Donors	- % active cooperatives ↑ to ≥80% - Improved audit compliance rates
	<b>Aggregation &amp; Bulking Systems Development</b>	- Establish aggregation centres for key value chains (mango, grains, pulses) - Strengthen cooperativeled bulking and storage systems - Integrate aggregation with logistics and markets	Agriculture & Cooperatives Depts.	Private Investors, Cooperatives	Medium-term (Years 2–4)	Weak aggregation systems	≥5 aggregation hubs operational	300M	PPP + County	- Reduction in postharvest losses ≥30% - Increased volumes aggregated
	<b>Value Addition &amp; Agro-Processing Development</b>	- Promote cooperative-owned processing facilities (mango pulp, grain milling) - Link cooperatives	Trade & Agriculture Depts.	Kenya Bureau of Standards, Investors	Medium-term	Low value addition (<20%)	≥40% value addition in key value chains	500M–1B	PPP + Donors	- Increase in processed output -
Strategic Objective	Intervention / Activity	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
		to industrial parks and processing plants - Facilitate access to standards certification								Revenue per cooperative ↑ ≥50%
	<b>Cooperative Financing &amp; Capital Mobilization</b>	- Strengthen SACCO-cooperative linkages - Establish cooperative investment funds - Facilitate access to credit and blended finance	County Treasury	Banks, SACCOs, MFIs	Medium-term	Limited cooperative financing	≥50% cooperatives accessing formal finance	300M (leveraged)	PPP + Financial Institutions	- Loan uptake ↑ ≥40% - Capital mobilized
	<b>Market Linkages and Contract Farming Models</b>	- Facilitate buyer-seller agreements - Promote contract farming arrangements - Link cooperatives to national and export markets	Trade Dept.	Private Buyers, Exporters	Continuous	Weak structured market linkages	≥10 formal market agreements	50M	County + Donors	- Volume of produce sold through contracts ↑ ≥40%
	<b>Digital Cooperative Management Systems</b>	- Develop cooperative MIS systems - Digitize member records and transactions - Integrate mobile payment platforms	ICT Dept.	Tech Firms, Cooperatives	Medium-term	Manual systems	≥70% cooperatives digitized	80M	PPP + County	- % digitized cooperatives - Transparency and efficiency improvements
	<b>Capacity Building for Members &amp; Producers</b>	- Train cooperative members on production, quality, and postharvest handling - Promote climate-smart agriculture practices	Agriculture Dept.	Extension Services, NGOs	Continuous	Limited training coverage	≥20,000 farmers trained	120M	County + Donors	- Productivity increase ≥30% - Quality compliance rates

	<b>Cluster Development &amp; Value Chain Integration</b>	- Develop cooperative-led clusters (mango, grains, dairy, poultry) - Link clusters to industrial parks and logistics hubs - Promote economies of scale	Trade & Agriculture Depts.	Investors, Dev Partners	Medium-term	Fragmented value chains	≥5 functional value chain clusters	400M	PPP + County	- Cluster productivity ↑ ≥40% - Jobs created ≥5,000
	<b>Export Readiness &amp; Standards Compliance</b>	- Train cooperatives on export standards - Facilitate certification and compliance - Support participation in export markets	Trade Dept.	Kenya Bureau of Standards, Export Agencies	Medium-term	Low export participation	≥100 export-ready cooperatives/SMEs	60M	County + Donors	- Export volumes ↑ ≥50% - Certified products ↑
	<b>Youth &amp; Women Inclusion in Cooperative Systems</b>	- Promote youth/women membership in cooperatives - Provide targeted capacity building and financing - Support inclusive governance structures	Cooperatives Dept.	Youth/Women Funds, NGOs	Continuous	Limited inclusion	≥40% youth/women participation	100M	County + National	- Inclusion rates ↑ ≥40% - New enterprises formed

Strategic Objective	Intervention / Activity	Detailed Actions	Lead Institution(s)	Supporting Actors	Timeline	Baseline (2023/24)	Target (2027/28)	Estimated Cost (KSh)	Funding Source	KPIs / Results Indicators
<b>Investment Promotion and Outreach</b>	<b>Develop County Investment Promotion Strategy &amp; Prospectus</b>	- Prepare sector-specific investment profiles (agro-processing, logistics, industrial parks) - Develop investment prospectus aligned to CIDP & PPP pipeline - Package ≥10 bankable projects (KSh 15–25B pipeline)	Dept. of Trade & Investment	State Department for Investment Promotion, PPP Unit, Consultants	Short-term (Year 1)	No comprehensive strategy	Strategy & prospectus published	50M	County + Donors	- # of projects packaged ≥10 - Investor inquiries ↑ ≥50%
	<b>Establish County Investment Promotion Unit (One-Stop Shop)</b>	- Set up investor facilitation desk - Provide end-to-end support (licensing, land, approvals) - Develop investor aftercare program	Dept. of Trade	County Treasury, Lands Dept.	Short-term	Fragmented investor support	Fully operational unit	80M	County	- Investment processing time ↓ ≥40% - Investor satisfaction ≥80%
	<b>Investment Forums, Roadshows &amp; Trade Missions</b>	- Organize annual county investment forums - Participate in national/international trade fairs - Conduct targeted roadshows (Nairobi, Mombasa, regional markets)	Trade Dept.	Private Sector, Dev Partners	Annual	Limited forums	≥2 major forums/year	40M annually	County + PPP	- # investors engaged ≥200/year - Deals initiated
	<b>Digital Investment Promotion Platform (Portal)</b>	- Develop interactive investment portal - Showcase opportunities, land availability, PPP projects - Integrate investor tracking system (CRM)	ICT Dept.	Trade Dept., Tech Firms	Medium-term (Years 1–2)	No centralized portal	Fully operational portal	60M	PPP + County	- Website traffic ≥50,000 users/year - Investment leads generated
	<b>Sector-Specific Investment Campaigns</b>	- Target high-potential sectors: agroprocessing, logistics, tourism - Develop tailored marketing campaigns - Engage anchor investors	Trade Dept.	Investors, BMOs	Medium-term	Generic promotion	≥3 sector campaigns annually	50M	County + Donors	- Investment commitments secured - Sectorspecific investments

	<b>Investor Facilitation &amp; Aftercare Services</b>	- Provide support throughout investment lifecycle - Resolve investor grievances - Monitor investor performance and retention	Investment Unit	Municipalities, County Depts.	Continuous	No structured aftercare	Fully operational system	30M	County	- Investor retention rate $\geq 80\%$ - # issues resolved
	<b>Branding and Positioning of Makueni as Investment Destination</b>	- Develop county brand identity - Produce marketing materials (brochures, videos) - Promote "Makueni Investment Brand"	Trade Dept.	Marketing Agencies	Short-term	Weak branding	Strong county brand	40M	County + PPP	- Brand visibility metrics - Increased investor awareness
	<b>Public-Private Dialogue Outreach Integration (PPDF Linkages)</b>	- Use PPDFs to identify investment opportunities - Integrate outreach with dialogue forums - Provide feedback loops between investors and government	Trade Dept.	PPDF Secretariat	Continuous	Fragmented engagement	Fully integrated system	20M	County	- Participation in PPDFs $\geq 70\%$ - Projects generated from PPDFs
	<b>Diaspora and Domestic Investor Engagement Strategy</b>	- Target Kenyan diaspora investors - Promote local investment opportunities - Facilitate diaspora investment channels	Trade Dept.	National Govt., Diaspora Networks	Medium-term	Limited diaspora engagement	$\geq 500$ diaspora investors engaged	30M	County + National	- Diaspora investments mobilized
	<b>Investment Data, Intelligence &amp; Analytics System</b>	- Develop investment database - Track FDI and domestic investment flows - Produce annual investment reports	ICT Dept.	KNBS, Trade Dept.	Medium-term	Limited data	Fully functional system	50M	County + Donors	- Annual investment reports - Datadriven decision making