



REPUBLIC OF KENYA

State Department for Housing and Urban Development

MINISTRY OF LANDS, PUBLIC WORKS, HOUSING & URBAN DEVELOPMENT

Second Kenya Urban Support Program (KUSP II)

Project: Second Kenya Urban Support Program (KUSP II)

Project No.: P177048

Credit No.: 7349-KE; 7350-KE; IDA Grant Number E208-KE

Terms of Reference

For

**Consulting Services for Operationalizing the Private Sector Engagement Framework
(PSEF) and Toolkit**

(FIRMS SELECTION)

Contract No.: KE-MOTI-517526-CS-QCBS

December, 2025

Client:

Principal Secretary
State Department for Housing and Urban Development
P.O. Box 30119-00100
6th Floor, Ardhi House
1st Ngong Avenue
Nairobi, Kenya
Tel: +254-02-2729200
E-mail: www.housingandurban.go.ke

1.0 Introduction

1.1 Background and Context

The Government of Kenya, through the Ministry of Lands, Public Works, Housing & Urban Development, is implementing the Second Kenya Urban Support Program (KUSP 2), building upon the achievements of KUSP 1 (2017–2023). KUSP II is designed to strengthen urban institutions, enhance infrastructure and service delivery, and promote private sector engagement across 45 counties and 79 municipalities, including two refugee-hosting municipalities in Turkana and Garissa. The program is scheduled to run until June 30, 2028.

Kenya's Constitution and legal frameworks recognize the private sector as vital in urban planning and development as it contributes significantly in driving economic growth, job creation, revenue generation, and delivery of services. Urban planning, development control, business and trade regulation, land surveying, enterprise development, and infrastructure services such as roads, drainage, water, and sanitation provide opportunities for private sector participation and contribution to economic development and growth of counties and municipalities. **Private-sector engagement is therefore fundamental** for attracting investment, stimulating economic growth, boosting local tax revenue, and leveraging private capital, technologies, and innovation to improve service delivery and infrastructure.

1.2 Program Result Areas (RAs)

The KUSIPII program objective will be attained through five Result Areas namely:

- **RA 1: Strengthened Institutions for Urban Service Delivery**
Enhancing management capacity, human resources, financing, citizen participation, and delegation of functions.
- **RA 2: Integrated Planning for Inclusive and Resilient Urban Areas**
Strengthening planning instruments and development control, incorporating climate and gender considerations.
- **RA 3: Inclusive and Resilient Urban Infrastructure and Services**
Improving access and sustainability of services through better planning, asset management, and O&M capacity.
- **RA 4: Enhanced Private Sector Engagement**
Supporting development and implementation of engagement frameworks and private sector-informed urban planning.
- **RA 5: Integrated Development for Refugees and Host Communities**
Facilitating unified urban institutions to lead planning and service delivery in refugee-hosting areas.

1.3 Current practice in private sector engagement

Prior to the enactment of the Kenya Constitution 2010, local authorities engaged the private sector primarily through trade licensing, fee collection, and bylaw enforcement. Private sector participation in decision-making was minimal, and the relationship between local authorities and businesses was often adversarial and transactional. Underinvestment in strategic areas and poor service delivery-built mistrust and alienated the local business community.

The post-2010 constitutional, policy and legal frameworks now recognize the critical role played by the private sector in urban development. County governments and urban boards are mandated to facilitate urban planning, development control, economic infrastructure, and local economic growth. Private sector representation in governance and decision-making has expanded, creating opportunities to leverage private sector contribution to county economic development and growth. However, engagement of private sector actors and especially at the urban board level remains minimal. While county-level engagement has improved over time, urban boards have yet to establish formal, regular and structured mechanisms for private sector engagement. The legacy of mistrust persists, with the private sector often being a passive participant rather than an active partner in urban planning, management of the development process and service delivery. This situation limits realization of the full potential benefits of public-private collaboration.

1.4 Rationale for the Consulting Services

The Kenya Government has historically recognized the need for increased private sector engagement to help stimulate socio-economic development. The Urban Areas and Cities (Amendment) Act, 2019 (UACA) stipulates that Urban Boards are legally required to establish mechanisms for active public participation in urban management. Further, the Act mandates Boards to convene citizen forums, including representation from the private sector and informal business associations, to engage residents in city affairs. These forums provide a platform for aligning policies and investments with the needs of the private sector and local residents. However, despite all these provisions and the existence of the facilitative Public Private Partnership legislation (Public Private Partnerships Act 2021) and the multiple forms of private sector in service delivery in urban areas, the private sector agenda has not been widely embraced. Noteworthy too is that counties continue to experience high rates of urbanization requiring increased budgetary allocations to required services hence the emergence of serious budgetary funding gaps. It is therefore imperative that the private sector could help fill in this financing gap. The Result Area 1 on strengthened Institutions for Urban Service Delivery and Result Area 4 on enhanced Private Sector Engagement under KUSP II aims at improved Municipal Boards Governance and private sector engagement. Towards achieving the objectives of the two Result Areas, the State Department for Housing and Urban Development (SDHUD) has supported development of a Private Sector Engagement Framework (PSEF) and Toolkit (PSEF) which have been validated and adopted by counties and municipalities. In addition, the State Department has prepared Board Governance Instruments to facilitate structured private sector participation in urban planning and development. This PSEF provides a strategic roadmap for municipalities and private sector actors to collaborate in shaping urban development and governance. It is envisioned that through improved private sector engagement, identification and roll-out of priority projects will be undertaken through the private sector or jointly through **Public–Private Partnerships (PPPs)** arrangements.

Effective private sector engagement creates a cycle of mutual benefit, driving vibrant urban economies and prosperous societies. However, there has been minimal guidance on structuring these engagement processes. In addition, the Private Sector Engagement Framework will offer a standardized, systematic approach for Urban Boards to partner with the private sector, supporting participatory urban development and fostering competitive, inclusive business environments. Enhanced Private Sector Engagement approach is expected to promote inclusive urban development guided by public–private dialogue.

The Annual Program Appraisal process of KUSP II is well structured in timing and coverage of deliverables. The APA1, APA2 and APA3 are expected to measure deliverables as in Minimum Conditions and Performance Standards in a stepwise process that assumes that capacity is progressively built and utilized. Unfortunately, the capacity requirements for effective delivery are still remarkably low at both the County and at the Municipal Board level. Though not at the same scale, the capacity of NPCT and CPCTs in understanding expectations and requirements in Board Governance and development planning equally calls for attention for the effectiveness in delivery of KUSP II's Program Development Objective. The wide coverage of the program in the 45 implementing counties and 79 Municipalities also demand close attention and back up mechanism to allow for efficiency and effectiveness and hence the proposed consultancy.

Currently, implementation of the PSEF is still in its early stages of adoption and implementation. To accelerate uptake and operationalization, the State Department of Housing and Urban Development will engage a professional consulting firm to support its rollout across the 45 counties and 79 municipalities. It is expected that the consulting firm will have requisite professional staff with matching experience in a broad spectrum of technical skills that add value to KUSP II in terms of expertise, objectivity, experience that aligns with the broader strategic, programmatic and operational goals of the program considering the wide coverage of the consultancy in terms of the 45 implementing counties and 79 Municipalities. The State Department of Housing and Urban Development to build the requisite capacity in these counties and municipalities and thus creating a strong base for sustainability in terms of urban planning and private sector engagement.

2.0 Objective of the Assignment

The assignment aims at supporting counties and municipalities in institutionalizing and operationalizing the PSEF and toolkit and other associated governance instruments prepared under KUSP I, thereby contributing to improved urban service delivery, resilience, and inclusive economic growth. The assignment will emphasize measurable outcomes, sustainability and integration of PSEF into IDeP.

2.1. Specific Objectives:

The specific objectives of the assignment include the following:

- a) Enhance awareness and understanding of the PSEF and its relevance to urban planning and development;
- b) Facilitate contextualization and implementation of the PSEF and Board Governance Instruments;
- c) Provide technical assistance for the establishment and sustainability of Citizen Forums/Public private dialogues with targeted private sector engagement mechanisms (UACA Schedule 2);
- d) Develop tools for monitoring and evaluating private sector contributions to Integrated Development Plans (IDePs);
- e) Strengthen the capacity of County and municipal officials in order to integrate PSEF in their day-to-day activities and services,
- f) Promote peer learning and performance recognition among counties and municipalities; and
- g) Design and implement a sustainability strategy to ensure continuity of PSEF operationalization beyond the consultancy period; and

- h) Provide technical assistance and capacity building to counties and municipalities undertake comprehensive diagnostic of all forms of private sector within their jurisdictions.

3.0 Scope of Consulting Services and Specific Tasks

3.1 Scope of Consulting Services

The consulting firm will undertake to support the rollout of the PSEF across the 45 counties and 79 municipalities that are implementing KUSP II.

3.2 Specific tasks

The specific tasks include:

3.2.1 Dissemination and Contextualization

The consultant will support the implementation of a comprehensive dissemination strategy to ensure counties and municipalities are well-equipped to institutionalize and operationalize the PSEF and its governance tools. This strategy will include organizing regional awareness forums that bring together stakeholders from the County, the private sector, and civil society. These forums will serve to introduce the objectives and benefits of the PSEF, foster dialogue, and gather insights to inform adaptive planning.

Feedback from these engagement forums will be systematically integrated into planning documents. Tailored communication and training materials will be developed to simplify governance concepts for diverse audiences. Regional workshops will be organized to facilitate ongoing dialogue, peer learning, and the exchange of best practices, thereby strengthening intergovernmental relationships and empowering stakeholders with practical tools for implementation.

3.2.2 Operationalization and Institutionalization

To embed the PSEF into county and municipal planning and budgeting cycles, the consultant will provide targeted support focused on practical integration and measurable outcomes. This includes supporting counties and municipalities to develop and maintain a comprehensive local private sector database to inform strategic decision-making.

The consultant will also provide support services to municipalities to undertake diagnostic assessments to identify high-impact opportunities for private sector engagement. In addition, the firm will facilitate the establishment of structured platforms for public-private dialogue to promote collaboration, transparency, and accountability. Deliverables will include operational PSEF-aligned planning processes, a dynamic stakeholder database, documented diagnostics, and sustained dialogue mechanisms.

3.2.3 Governance and Citizen Forums

The consultant will support municipalities to establish Citizen Forums in accordance with the Urban Areas and Cities Act (UACA), ensuring inclusive representation in urban decision-making. These forums will facilitate regular engagement between local authorities, citizens, and private sector partners.

Key deliverables include operational guidelines for forum activities, digital engagement tools, and transparent reporting mechanisms. The consultant will provide logistical support and capacity building in digital engagement to ensure inclusivity. The forums will adopt the regional forums strategy to leverage on the expertise from diverse local authorities' experiences. Board members from each forum will receive targeted training to enhance governance capabilities and integrate Urban Investment Plans into strategic frameworks. This training will be organized into five clusters, where each cluster will receive one training session during the consultancy period. Accountability tools such as performance scorecards and progress dashboards will be developed to enable continuous performance tracking and feedback, fostering transparency and public trust.

3.2.4 Capacity Building

The consultancy firm will design and implement Training-of-Trainers (ToT) programs to build capacities of municipal board and involved staff to ensure sustainable knowledge transfer. It is expected that the firm will also deliver targeted training sessions, including digital literacy modules tailored to county and municipal stakeholders. In addition, the firm will provide ongoing mentorship and technical support to reinforce best practices as well as establishing a monitoring system to document and evaluate private sector participation in planning and budgeting processes.

3.2.5 Digital Tools and Innovation

The firm will use digital tools and innovations by deploying user-friendly digital platforms to support stakeholder engagement and efficient data collection. It will also target to enhance digital literacy among officials and forum members in order to facilitate effective participation. Similarly, innovative approaches to private sector engagement will be promoted.

3.2.6 Risk Mitigation

The consultancy will analyze risk areas and develop risk management strategies by developing comprehensive stakeholder engagement strategies. The firm will also identify and address capacity gaps to strengthen project outcomes. In addition, the consultant will aim at integrating sustainability measures across all activities to ensure long-term impact.

4.0 Duration and Location of the Assignment

The duration of the assignment will be twelve (12) calendar months from the contract commencement date. The location of the assignment will be in the 45 counties and 79 municipalities as highlighted in the scope.

5.0 Reporting requirements and timelines for submission of deliverables

5.1 Reporting

The Consultant will report to the KUSP II Program Coordinator. The National Program Coordinating Committee (NPCT) will review the submitted reports and issue official comments and approvals.

5.2 Schedule of deliverables

The consulting firm is expected to submit the deliverables to the Client in accordance with the timelines and format as presented in Table 1.

Table 1: Reporting requirements and timelines for submission of deliverables

No.	Deliverable	Timelines for submission of deliverables after contract commencement (months)	Format of submission of Deliverables
1	Inception Report & Work Plan	0.5	5 Hard Copies & 1 Soft Copy
2	Dissemination Reports	3	5 Hard Copies & 1 Soft Copy
3	PSEF Implementation Support Plans	5	5 Hard Copies & 1 Soft Copy
4	Citizen Forum Toolkits & Pilots	7	5 Hard Copies & 1 Soft Copy
5	Capacity Building Reports & Training Materials	8	5 Hard Copies & 1 Soft Copy
6	Diagnostics Reports of the local economy	9	5 Hard Copies & 1 Soft Copy
7	Draft Progress Report	10	5 Hard Copies & 1 Soft Copy
8	Sustainability & Handover Strategy	11	5 Hard Copies & 1 Soft Copy
9	Final Technical Report on Operationalizing the Private Sector Engagement Framework (PSEF) and Toolkit	12	5 Hard Copies & 1 Soft Copy

All deliverables shall be submitted to the Client in the prescribed format at the address below:

Principal Secretary
 State Department for Housing and Urban Development
 P.O. Box 30119-00100
 6th Floor, Ardhi House
 1st Ngong Avenue
 Nairobi, Kenya
 Tel: +254-02-2729200
 E-mail: www.housingandurban.go.ke
 Attn. Program Coordinator, KUSIP II

6.0 Payment schedule

The proposed payment schedule is based on satisfactory performance of the contract which will be negotiated with the successful consultant as presented in Table 2. The consultant is expected to

make a presentation of the submitted report to the Client in a scheduled meeting. The acceptance of the report shall be recorded in the minutes of the meeting.

Table 2: Proposed Payment Schedule

S/No.	Deliverables/ Reports	Timelines for submission of deliverables after contract commencement (months)	Percentage of the contract amount
1	Submission and Acceptance of Inception Report & Work Plan	0.5	20%
2	Submission and Acceptance of Dissemination Reports	3	20%
3	Submission and Acceptance of PSEF Implementation Support Plans	5	10%
4	Submission and Acceptance of Citizen Forum Toolkits & Pilots	7	0%
5	Submission and Acceptance of Capacity Building Reports & Training Materials	8	10%
6	Submission and Acceptance of Diagnostics Reports of the local economy	9	20%
7	Submission and Acceptance of Draft Progress Report	10	0%
8	Submission and Acceptance of Sustainability & Handover Strategy	11	10%
9	Submission and Acceptance of Final Technical Report on Operationalizing the Private Sector Engagement Framework (PSEF) and Toolkit	12	10%

7.0 Minimum requirements for the consulting firm's qualifications and experience

The Consulting firm shall have the following minimum qualifications and experience:

7.1 Core Business and years in business: The firm shall be registered/incorporated as a consulting firm with core business in the field of urban governance/ urban planning/ business economics/finance or related fields for a period of a minimum of ten (10) years.

7.2 Relevant Experience: The firm shall demonstrate having successfully executed and completed at least two (2) assignments of similar nature, complexity and in a similar operating environment in the last ten (10) years. Details of similar assignments-Name and address of the client, scope, value, and period should be provided in the submitted Expression of Interest including enumeration of these similar past assignments.

7.3 Technical and managerial capacity of the firm: The firm shall demonstrate as having the requisite technical capacity and managerial capacity to undertake the assignment in the submitted company profile(s). Key experts will not be evaluated at the shortlisting stage.

8.0 Team composition, qualifications and experience for key experts

The Consultant shall have well-qualified and experienced professionals as required and appropriate for completion of the exercise. They should possess necessary resources to undertake services of such nature including equipment and software required to execute the assignment. The key experts to be provided by the Consultants for this assignment will include:

a) Team Leader (Urban Governance Expert)

- i) A minimum of Master's degree in a degree in Urban Governance, Urban Planning, Public Policy, Development Studies, or related fields or its equivalent from a university recognized in Kenya
- ii) A minimum 7 years of general experience in urban governance, public policy or related studies especially in urban planning and development sector in east and sub-Saharan Africa
- iii) A minimum of Five (5) years of specific experience in urban governance in similar operating environment with at least one similar assignment.
- iv) Must be validly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.

b) Urban Planning Expert

- i) A minimum of a bachelor's degree in Urban and Regional Planning, Physical Planning, Urban Development, Spatial Planning, or a related field from a university recognized in Kenya .
- ii) A minimum of 7 years of experience in urban planning, spatial analysis, land-use planning, urban development management, or preparation of statutory and strategic urban plans.
- iii) A minimum of 4 years of specific experience in similar assignments involving preparation or review of urban plans, development control frameworks, urban policy formulation, or planning for devolved governance units.
- iv) Must be a registered and practicing member of the relevant professional body in Kenya and hold a valid annual practicing license.

c) Business Economist

- i) A minimum degree in Economics, Applied Economics, Finance, Public Policy or related fields or its equivalent from a university recognized in Kenya
- ii) A minimum 10 years of general experience in applied economics, in public policy or related studies especially in private sector in east and sub-Saharan Africa
- iii) A minimum of Five (5) years of specific experience in urban governance in similar operating environment with at least one similar assignment.
- iv) Must be validly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.

d) Public Private Partnerships (PPPs) expert

- i) A minimum of a bachelor's degree in Economics, Finance, Business Administration, Law, Public Policy, Public Administration, or a related field from a university recognized in Kenya .
- ii) A minimum of 7 years of experience in structuring, managing, or advising on Public-Private Partnerships, infrastructure financing, private sector engagement, or investment project development.
- iii) A minimum of 5 years of specific experience in similar assignments involving feasibility studies, PPP framework development, transaction advisory, risk allocation, or financial and legal analysis of PPP projects within the public sector.
- iv) Must be a valid member of a relevant professional body and hold a current practicing license recognized in Kenya.

e) Municipal Infrastructure expert

- i) A minimum degree in degree in Civil Engineering, Urban Planning, Environmental Engineering, Architecture, or Infrastructure Management or its equivalent from a university recognized in Kenya
- ii) A minimum 7 years of general experience in engineering or related studies especially in private sector in east and sub-Saharan Africa
- iii) A minimum of 5 years of specific experience in urban infrastructure development in similar operating environment with at least one similar assignment.
- iv) Must be validly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.

f) Service Delivery Expert

- i) A minimum of a bachelor's degree in Public Administration, Public Policy, Governance, Business Administration, Service Delivery Management, or a related field from a university recognized in Kenya .
- ii) A minimum of 7 years of experience in public service delivery improvement, performance management, citizen engagement, or service delivery systems strengthening within the public sector.
- iii) A minimum of 5 years of specific experience in similar assignments involving service delivery assessments, development of service charters and standards, process re-engineering, or monitoring and evaluation of service delivery in devolved governance systems.
- iv) Must be registered with a relevant professional body and hold a valid current practicing license recognized in Kenya.

g) Strategic/Business Management Expert

- i) A minimum degree in degree in Business Administration, Strategic Management, Economics, or Public Policy or its equivalent from a university recognized in Kenya

- ii) A minimum 7 years of general experience in public policy and strategy or related studies especially in private sector in east and sub-Saharan Africa
- iii) A minimum of 5 years of specific experience in urban infrastructure development in similar operating environment with at least one similar assignment.
- iv) Must be validly registered and holding current annual practicing license from a relevant professional body recognized in Kenya.

h) Finance Expert

- i) A minimum of a bachelor's degree in Finance, Economics, Accounting, Public Finance, Business Administration, or a related field from a university recognized in Kenya .
- ii) A minimum of 7 years of experience in public financial management, fiscal analysis, budgeting, revenue mobilization, or financial planning within the public sector.
- iii) A minimum of 5 years of specific experience in similar assignments involving financial and economic studies, development of own-source revenue frameworks, taxation systems, or fiscal decentralization in devolved governance structures.
- iv) Must be a valid member of a recognized professional body in and hold a current annual practicing license.

i) Capacity Building Expert

- i) A minimum of a bachelor's degree in Capacity Development, Human Resource Development, Organizational Development, Education, Public Administration, or a related field from a university recognized in Kenya .
- ii) A minimum of 7 years of experience in capacity assessment, training programme design, institutional strengthening, or organizational development interventions.
- iii) A minimum of 5 years of specific experience in delivering similar assignments involving capacity-building frameworks, curriculum development, skills transfer, or training-of-trainers (ToT) programmes within devolved governance or public sector institutions.
- iv) Must be validly registered with a relevant professional body and hold a current annual practicing license recognized in Kenya.

j) ICT Expert

- i) A minimum of a bachelor's degree in IT-related field, Computer Science, Computer Networking, Programming, and Information Systems, or a related field from a university recognized in Kenya
- ii) A Minimum of three years' work experience in a position with similar responsibilities
- iii) Proven experience in Systems Design, implementation and maintenance of ICT Projects. specific experience in delivering similar assignments involving capacity-

- building frameworks, curriculum development, skills transfer, or training-of-trainers (ToT) programmes within devolved governance or public sector institutions.
- iv) Must be validly registered with a relevant professional body and hold a current annual practicing license recognized in Kenya.

9.0 Estimated Time Inputs for Key Experts

The number of key experts and the estimated time input for each key expert for the assignment are presented in Table 3.

Table 3: Estimated Time Inputs for Key Experts

S.No.	Key Expert	No.	Time-inputs (staff-months)
1	Team Leader/ Urban Governance Expert	1	12
2	Urban Planning Expert	1	8
3	Business Economist	1	8
4	Public Private Partnerships (PPPs) expert	1	7
5	Municipal Infrastructure expert	1	7
6	Service Delivery Expert	1	6
7	Strategic/Business Management Expert	1	6
8	Finance – Structuring expert	1	4
9	Capacity Building expert	1	6
10	ICT expert	1	6
	Total Staff Months		70

10.0 Management and Accountability for the Assignment

The Consultant firm will report to the KUSP Program Coordinator within the State Department of Housing and Urban Development in the Ministry of Lands, Public Works, Housing and Urban Development under the Leadership of the Result Area 4– Private Sector Engagement, and oversight from **KUSP II Private Sector Specialist** and the Council of Governors Secretariat. The Firm will develop a robust Monitoring, Evaluation and Learning (MEL) framework incorporating SMART indicators and baseline data. Early impact assessments will guide adaptive management and ensure accountability.

11.0 Obligation of the client

- (i) The client, State Department for Housing and Urban Development, through the National Program Coordination Team (NPCT) and the Council of Governors (CoG), will provide all the documents, i.e. the approved PSEF & Toolkits, Urban Governance Instruments, KUSP

PAD and POM and any other developed and available policies that can assist in this assignment.

- (ii) NPCT and CoG will assist in organizing meetings with relevant stakeholders as may be required by the consultant firm.

12.0 Obligation of the consulting firm

- (i) The consulting firm will be answerable to the NPCT Coordinator on day-to-day operations, through the Result Area 4 Lead and will work closely with the 45 Counties and 79 municipalities and the project staff in the execution and delivery of this consultancy;
- (ii) The consulting firm will be required to make their own travel and accommodation arrangements during consultations with different stakeholders to ensure the assignment is carried on smoothly and seamlessly within the timeframe provided;
- (iii) The consulting firm will consult and include inputs from the stakeholders and is responsible for organizing, achieving the evaluation and delivering the final report.

13.0 Propriety rights of client in reports and records.

All the reports, data, and information developed, collected, or obtained from the implementing agencies, client, and other institutions during this exercise shall belong to the client. No use shall be made of them without prior written authorization from the client.

At the end of the Services, the Consultant shall relinquish all data, manuals, reports and information (including the database, codes, and related documentation) to the client and shall make no use of them in any other assignment without prior written authority from the client.