



COUNTY GOVERNMENT OF KERICHO

PRIVATE SECTOR ENGAGEMENT FRAMEWORK

Foreword

The Private Sector is a critical sector in the growth and development of the County Government. Proper engagement would help foster collaboration, establish clear principals, strategies and procedures to guide collaboration. The Private Sector Engagement Framework is informed by the needs and aspirations of the County as well as the opportunities and threats that exist in the sector. The essence of this framework is to ensure that all the identified opportunities are fully utilized and threats neutralized. The framework shall serve as a reference for all partners, facilitating consistent, proactive, and sustainable interactions in alignment with municipal development priorities.

The legal framework specifically the Constitution of Kenya 2010 establishes the guidelines upon which engagement with all sectors is encouraged. Public Private Partnerships are emphasized as tools for economic growth and development. Protection of property rights, contract enforcement, and promoting economic freedom are principals upon which the private sector thrives in any given economy. Pursuant, therefore, to the County Government Act 2012, Public-Private Partnership Act 2021 and Kericho County Public Participation Act 2015, the County Government of Kericho is in conformity with the legal provisions to enhance, promote and facilitate public-private engagement in governance and development processes.

In order to achieve the desired development goals of the framework, I urge all the arms of my government to refer to this blue print while formulating their work plans for private sector engagement. The opportunities as provided for in this framework have been made available to all, including the development partners. These opportunities exist in all sectors; including agriculture, healthcare, manufacturing, housing among others. I encourage you to fully exploit them, and to support our programs as a government whenever you are able to. Let us all team up with one aim to make Kericho the county of choice where people enjoy a high quality of life in a sustainable environment.

I wish to commend all who took part in ensuring the framework is in place. I urge you to enforce this plan, and to cascade it to lower level such as the Municipalities without delay.



H.E. Dr. Erick K. Mutai
Governor

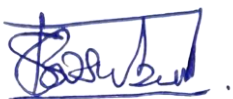
Acknowledgement

The preparation and completion of this Private Sector Engagement Framework was made possible through the support received from all stakeholders. We wish to express our sincere gratitude to the County Government of Kericho, the County Executive Committee Member (CECM) Hon. Julius K. Korir, the Chief Officer Ms. Jackline Lang'at, the Municipal Manager Mr. Philemon Kosgei (immediate former Municipal Manager) who begun the process and the entire staff of the Municipality of Kericho.

The CEC's unwavering support to team and for his constant presence encouraged the team to work towards the completion of the document. The exemplary support of the Chief Officer, Ms. Jackline Lang'at for her kind contribution in different ways made this exercise seamless. The Municipal Manager, in spite of the transition, ensured that the staff were provided for with a conducive environment to work and achieve results. Your professionalism has been acknowledged and is encouraged.

Further, the role of the Municipal technical staff who undertook thorough research and provided expertise in ensuring the document meets the required standards is hereby. Your efforts were noted and shall be rewarded as per the government structures.

It is my hope that the framework shall be implemented and shall provide for better engagement with the private sector and hence foster growth and development.



Dr. Isaac Bosuben
Ag. Municipal Manager

LIST OF ACRONYMS

PSEF	Private Sector Engagement Framework
KMB	Kericho Municipal Board
CGK	County Government of Kericho
SMEs	Small and Medium Enterprises
PSEC	Private Sector Engagement Committee
NEMA	National Environment Management Authority
WRA	Water Resources Authority
KEWASCO	Kericho Water and Sanitation Company
CIDP	County Integrated Development Plan
ADP	Annual Development Plan

KEY DEFINITIONS

Private sector - means the part of the economy that is owned and operated by enterprises and is not under the control of the State;

Engagement - Any interaction between Kericho Municipality and a private sector entity, which may vary across several dimensions such as engagement objective, modality, mechanism, roles of the private sector entity and Kericho Municipality frequency, duration and scope, and level of public exposure.

Framework - structured set of principles, guidelines, and processes designed to provide direction and consistency in planning, decision-making, and implementation of activities

Material Interest - Any financial, professional, personal, or organizational interest that could reasonably influence a partner's judgment, actions, or decision-making in relation to the partnership.

Conflict of Interest- Any situation where a partner's private interests may, or may appear to, improperly influence their participation, performance, or decisions under the partnership.

Breach of Principles- Any action, omission, or circumstance where a partner fails to adhere to the ethical, legal, or operational principles established under the Kericho Municipality Private Sector Engagement Framework.

Partner- Any private sector entity, organization, cooperative, business, or individual engaged in a formal or informal partnership with Kericho Municipality

CHAPTER ONE

1.0 INTRODUCTION & FRAMEWORK PURPOSE

1.1 Introduction

The Private Sector is recognized as a vital tool for urban planning and development. In spite of the above assertion, engagement with the private sector has not been guided and regular. This private Sector Engagement Framework (PSEF) is developed to provide a strategic direction on the County's engagement with the private sector. This will align to county plans such as the County Integrated Development Plan (CIDP) and Annual Development Plan (ADP). The PSEF describes the case of why we should engage the private sector, what should be involved and who to engage to ensure its success.

The Urban Areas and Cities Act, 2011 (as amended 2019) and the Kenya Urban Development Policy provide legislation for engagement of citizens, the Private Sector included. Equally, the private sector, which is a growing contributor of financial resources in terms of taxes and revenues has representation in the Municipal Boards. It is also an effective partner in providing non-financial (in kind) support to programs of public interest around the urban areas towns. Engagement with private sector partners is a vital part of increasing impact, increasing resources and developing innovative solutions to scale up service delivery of County Services.

At the point of establishing the PSEF, it is prudent to ensure the available mechanisms support inclusive engagement of citizen led initiatives. Further, the devolved system of governance encourages both centralized and decentralized mechanisms to ensure a blend of both systems. This provides a conducive environment for engagement as a specific initiative and criteria for integration of responsible business conduct.

This framework proposes the engagement of cooperation's, individual foundations and partners in third party fundraising. The County, being an anti-corruption champion, shall focus on maintaining the integrity of its brand and will ensure that contributions are derived from legitimate sources and reputable

private sector partners that subscribe to the applicable fiscal regime in Kenya. Further, partners will not be allowed to have undue influence on the County activities as this will affect service delivery. This would call for strong internal audit processes and integrity to avoid any conflicts.

The County Government of Kericho recognizes the need for a strong and well-implemented risk management approach and associated procedures that will help to ensure the benefits of partnerships are recognized in the context of appropriate risk assessment. This approach improves fairness and transparency in decision-making processes, improves trust and confidence among key stakeholders and the general public, and protects the reputation and integrity of the County and associated organizations.

1.2 Framework Purpose

This Framework gives guidance on the County's approach to engaging with the private sector and outlines accountabilities governing private sector engagement. It will also outline legislation, policies and regulations that uphold private sector responsibilities and accountability to protect, respect and enforce while working in partnership with the private sector.

It recognizes the need to identify the risks of engaging the private sector and balance these against the expected benefits. It will:

- a) Support the full achievement of the objectives of the county government towards engaging the private sector by enabling and ensuring equal access to services, participation, agency and safety across all policies and practices in the workplace, marketplace and community.
- b) Support in establishing significant and impactful private sector partnerships that are relevant and consistent with the principles of the County Resource Mobilizations' approach;
- c) Enhance transparency and facilitate communications with prospective private sector partners;

1.3 Objective of the Framework

Four strategic objectives underpin the need for engagement with the private sector. This include:

- Changing how the private sector engages in its actions internally. This will create transparency and facilitate communication with prospective private sector partners;
- Engaging with the private sector through collaboration to create services, products and solutions, and to provide resources to address county challenges such as inadequate financing and in some instances technical expertise.
- Widen the consultation network with interested stakeholders within and outside the County. Appropriate consultation would result in working formulae beneficial to both entities.
- Enable county authorities apply risk controls and monitoring at a level proportionate to each private sector partnership.

CHAPTER TWO

2.0: PRIVATE SECTOR PARTNERS AND CONTRIBUTIONS

2.1 Private Sector Partners

The Private Sector partners are a resource that has not been fully tapped. Potentially, they bring in an array of technical knowledge, financial muscle and operational efficiency that may otherwise not be available in the public sector. It is therefore prudent to harness this potential for efficient service delivery and enhanced sustainability which eventually contributes to economic growth.

The County recognizes that the private sector should not be engaged in a silo but through transformative, multistakeholder partnerships that support the creation of an enabling environment for engagement. The emphasis shall be on public-private partnerships that complement the county goals and objectives. The principle types of partners considered under this framework encompasses:

2.1.1 Corporations

These are companies or a group of people authorized to act as a legal person and recognized as such in law. They could either be public or privately listed and its main objective is to make profits. They operate in a regulated legal compliance and financial environment. There are a number of corporations who can team up to ensure the private sector is fully engaged in the development process. They include the Kenya Cooperative Creameries, Kenya Industrial Estates, Kenya Farmers Association, Kenya Medical Research Institute, the Kenya Forest Service etc. Externally, the county can cooperate with the National Housing cooperation especially in achieving the national government agenda of affordable housing.

2.1.2 Private Foundations

These are non-profit entities whose assets are provided by donors and whose income is spent on socially useful purposes. They typically operate in a similar environment as companies when it comes to operating standards. The county has been working with foundations such as Safaricom foundation in the

development of health facilities. This framework proposes inclusion of other foundations such as equity foundation and MasterCard foundation. Further, the county shall explore working with the foundations within the tea estates.

2.1.3 Development Partners

Refers to partners who undertake fundraising activities with third parties, such as consumers or the public, to benefit the county and the municipality. The Sikh community for example has been instrumental in the development of community facilities. Key among their proposals include car wash facilities, garages for mechanics and Jua kali sheds for small scale traders. The County shall continue to harness this for further development. Other key examples include the Boda Boda Association and the Kericho County Youth Association.

2.2 Types of contributions

2.2.1 Financial Resources:

Financial resources are typically never enough. The government allocations are in most cases remitted late and in tranches that affects service delivery in the short term. To this extent the County and the Municipality shall mobilize financial resources to promote urban planning and development. The Public Private Partnership Act enacted 2021 proposes mechanisms to streamline, accelerate, and strengthen the legal framework for private sector participation in infrastructure projects.

Private sector partners are also allowed a limited number of authorized public mechanisms to make monitored financial contributions to urban projects. These contributions can be earmarked for specific activities especially as captured in the county plans such as the CIDP, the Spatial plan and the Municipal IDeP. The county has received international financial support from the World Bank especially in the development of infrastructural activities within the Municipality. The same shall be pursued for future development endeavors.

2.2.2 Non-financial or in-kind partnerships

Non-financial support can include, for example, provision of pro bono expertise and/or services to support capacity building initiatives and improve performance efficiency and effectiveness for municipal staff or grant recipients (either directly by the partner's employees or through funding third parties to provide such expertise); advocacy efforts, such as raising awareness and encouraging behavioral change on health issues among employees, customers, and business partners in line with the Municipality of Kericho vision and mission.

CHAPTER THREE

3.0: PRINCIPLES, BENEFITS AND RISKS OF ENGAGEMENT

This Framework provides a firm basis for enhancing private sector engagement through a set of principles, and serves as an instrument for identifying the risks and balancing them against the expected benefits, while protecting and preserving the County's integrity and reputation.

3.1 Principles

The County Government of Kericho strives to identify opportunities for shared value creation and enters into partnerships that are consistent with the following guiding principles:

1. Integrity, independence, impartiality and transparency. The collaboration must clearly advance the county's aims, activities and purposes, set clear delineations of roles and responsibilities, avoid any unfair advantages and include all relevant partners. All engagements must aim to achieve the county's objectives and demonstrate a clear potential benefit to the Municipality's Investment Development Plan. The partner has an alignment with the Municipality's mission and vision.
2. Risk-awareness to ensure the greatest impacts aligns with the County's Integrated Development Plan and commitments to enhance risk management through strengthened systems and processes.
3. Accountability ensures that any investment between the county and the private sector is documented in ways that are accessible to the public. This keeps the actors in check and avoids duplication.
4. The engagement will be effectively managed, including by mitigating potential conflicts of interest and other forms of risks to the Municipality.

3.2 Benefits

Benefits arising from such engagements will have to include:

- i). The County will benefit from technical expertise derived from the private sector engagement. This expertise shall complement those that the county has for improved service delivery.

- ii). Multi stakeholder networking which shall allow collaboration in harnessing strengths, weaknesses, opportunities and threats.
- iii). Increased financial and non-financial contributions of the private sector to support the mandate of the County and the Municipality.
- iv). Access to a wider audience, networks and lessons from best practices that can be adopted and cascaded to the county systems and

3.3 Risks

The benefits outlined above will be weighed, analyzed and assessed for risks. The potential risk areas include;

3.3.1: Reputational risk

The credibility of an organization is key in ensuring that the public authoritatively engages with them. It is therefore prudent to ensure that any engagement with the private sector does not damage the reputation of the county departments and the Municipality. Where the partnership has the potential to impact negatively on the reputation, integrity or credibility of the Municipality or its grant implementers, then such partnerships should not be pursued. Partners who are deemed to have broken the law should not be engaged with the organization. Those who do not declare conflict of interest at the onset or with questionable past practices should also not be involved.

3.3.2: Financial risk

The aim of engaging with the private sector is to leverage on their financial muscle for the benefit of the public sector. Where the partnership has the potential to redirect the funds away from the County, then such partnerships would be deemed to pose a financial risk. Companies such as those not officially registered, whose financial reporting is not at par with the country's financial systems, whose accounts indicate losses e.tc should not be involved with the county and the Municipality.

3.3.3: Program Effectiveness risk

Before implementation of programs, it is important to identify, analyze and mitigate against threats that could hinder its success. This could cover areas such as its technical, financial, social impact, operational vulnerabilities e.tc. Key examples would be an instance where the public sector uses the public sector to dispose off its obsolete goods. Such goods would be expensive to maintain, let alone use because they have been overtaken by time and improved systems. In the long run, the project would have been deemed as to being effective. Further, in kind goods that are nearing expiry dates or are expired is another key example of risk that should be assessed.

In essence therefore, it is important to have a clearly outlined risk management process that sets out modalities for monitoring engagement with the private sector. The risk screening assessment areas shall include:

- i). Business policy and practice such as bribery allegations, noncompliance to statutory requirements such as payment of Single Business Permit, non-disclosure of financial records and dealing e.tc
- ii). Political exposure - Involvement with the political class may connote support of that particular ideology and therefore expose the organization to risk.
- iii). Environmental policy and practice – Whereby the organization practices environmental sustainability practices.
- iv). Human rights and gender policy and practice;
- v). Privacy and data security

Mandatory due diligence processes assess the fit with the principles described above, as well as risks associated with each prospective partnership

3.4 Excluded sectors

This framework is not a pathway to involve the county government with private sector actors that may otherwise bring the reputation of the organization into disrepute. Sectors such those known to engage in terrorism, drug abuse, child

labour, black market sale e.tc shall not form part of the private sector consortium that shall engage with the County and the Municipality

CHAPTER FOUR

4.0: STRATEGIES FOR ENGAGEMENT

4.1 Introduction

This framework outlines specific approaches to engagement with the private sector. Through these approaches, the framework identifies and engages with businesses to understand and address their core challenges and ensure solutions align with core business operations and contribute to the development of the County at large.

Engaging the private sector by a county government involves various strategies and approaches to foster collaboration, economic growth, and sustainable development. Here are several strategies for engaging the private sector:

4.1.1 Public-Private Partnerships (PPPs)

Public Private partnerships have been encouraged even by the national government hence the enactment of the Public Private Partnership Act in 2021. The act provided for partnerships between the county government and private entities in various sectors such as infrastructure development, service provision, and other joint projects. The objective of this partnerships is to ensure better service delivery.

4.1.2 Policy and Regulatory Reforms

An organization cannot be successful if it does not continuously develop and review policies that create an enabling environment for businesses. This can include simplifying procedures, ensuring transparency in operations, reducing bureaucracy, encouraging collaboration and creating incentives for private investment.

4.1.3 Consultative fora and Task Forces

The constitution of Kenya, the Urban areas and Cities Act and other related law strongly advocate for consultation in decision making. Platforms for collaboration and dialogue must be put in place for engagement with the private sector.

4.1.4 Capacity Building and Skill Development

The private sector has a myriad of technical expertise that can be transferred to the public sector through support programs that focus on skill development. This can be tailor made to the need of the County Government and the Municipality as the need arises. This includes training and education initiatives to meet the needs of the local job market.

4.1.5 Support for Entrepreneurships and SMEs

Upcoming small and medium-sized enterprises (SMEs) need support in order to grow. Funding, technical assistance, and mentorship to foster innovation and growth would provide the impetus for the growth of the sector.

4.1.6 Promotion of Investments

Actively promote the county as an attractive destination for investments. This includes marketing strategies, investment forums, and incentives for potential investors.

4.1.7 Sector-Specific Partnerships

Identify specific sectors that align with the county's strengths and development goals. Engage the private sector in these areas for targeted collaboration and growth.

4.1.8 Technology and Innovation Hubs

Develop hubs that promote innovation and technological advancements. Support tech start-ups and companies that can contribute to the county's development.

4.1.9 Resource Mobilize and Fund Allocation

The allocation of funds to the Municipalities especially is not commensurate to the needs. Setting up funds or coming up with mechanisms to attract financial resources from the private sector and channel them into local development projects would spur development of the public sector.

4.1.10 Community Engagement Programs

Guided community led decisions are likely to have bigger impact than the top down model of engagement. This engagement allows the community to outline their priority needs and would also be willing to take part in implementation as opposed to projects imposed on them.

4.1.11 Sustainability and Social Responsibility

Encourage private sector actors to adopt sustainable practices and corporate social responsibility initiatives that benefit both the community and the environment.

4.1.12 Performance Monitoring and Evaluation

To successfully collaborate, regular monitoring and evaluation must be undertaken regularly. This would help outline success stories and improve on areas that have demonstrated weaknesses.

4.1.13 Tactical Approaches to Private Sector Engagement

The Design and effective private sector engagement mechanism will involve a combination of approaches, policies, and strategies aimed at fostering collaboration between the private sector and the Municipality.

CHAPTER FIVE

5.0 CONFLICT OF INTEREST

5.1 Conflict of Interest

Conflict of interest occurs when a private sector partner uses their position to advance their personal interests, the interests of an institution with which they are affiliated, or those of a close associate, in a way that disadvantages others. The Conflict of Interest Act enacted in 2025 regulates public officers by banning the use of their official positions for personal gain.

The County takes a broader view of the ethics of its partnerships that extends beyond just the strict definition of conflict of interest. The contribution should be made in good faith and the private sector partner should not seek to utilize their position as a partner with the county, their knowledge and information received in connection with their relationship with the County to derive direct commercial advantage related to the Municipality activities and programs.

5.2 Material Interest

When the private sector has any material interests that may place the various roles of the partners in conflict, they will be required to declare the same to avoid any undue advantage to themselves. In this case, material interest may include:

- a) Being a staff member or member of an organization or institution that is a Principal Recipient, Sub-Recipient or other Implementing Partner funded by Municipality grants.
- b) Being a party to a contract, or directly involved in a transaction, for the provision of goods and services to an organization funded by the Municipality grants.
- c) Having a significant financial interest in an entity that is involved in a contract or transaction for the provision of goods and services to an organization funded by the County grants, through being an owner, shareholder or employee.

CHAPTER SIX

6.0: DISCLOSURE REQUIREMENT

6.1 Duty to Disclose

All private sector partners, prospective partners, and their representatives have a legal obligation to reveal all relevant information that may act as a potential breach of confidence. Any information that would influence decision making must be disclosed at any of the following times;

- Before the start of any engagement between the sectors;
- At the commencement of the partnership; and
- At any time during the duration of the partnership when new circumstances arise or existing circumstances change.

A material conflict of interest may arise where a partner's financial, professional, personal, or organizational interests could improperly influence, or be reasonably perceived to influence, their engagement, decision-making, or performance under the partnership. Where a clear breach of the partnership principles or a conflict of interest is identified, the County shall assess the matter and take appropriate action to protect the integrity, credibility, and public interest of the County. Such action may include, but is not limited to:

- Declining or rejecting a proposed partnership or contribution;
- Requiring mitigation or corrective measures to manage the conflict;
- Suspending specific partnership activities; or
- Terminating the partnership arrangement.

The County reserves the right to apply such measures not only in cases of confirmed conflicts of interest, but also where perceived conflicts exist that may reasonably undermine public confidence in the partnership.

All partners are required to maintain ongoing transparency and shall promptly notify the County of any material interest, change in ownership or control, governance changes, or other circumstances that could give rise to a conflict of interest or breach of the partnership principles

6.2 Failure to Disclose

Where the County becomes aware that a private sector partner failed to disclose a material interest, conflict of interest, or relevant issue, as defined under the County's disclosure requirements, at the time the partnership was established or during its implementation, the County shall take the following steps:

6.2.1 Notification and response

The entity shall be notified of the perceived breach in writing and provide the entity with a reasonable opportunity to respond, clarify, or provide additional information within a specified timeframe.

6.2.2 Assessment and Determination

Upon receipt and review of the entity's response, the County shall assess the nature, severity, and implications of the non-disclosure, including any impact on public trust, service delivery, or municipal objectives.

6.2.3 Corrective and Effective Action Plan

Where a failure to disclose is confirmed, the County shall take the most appropriate course of action, which may include:

- Revising the terms of the partnership to address the issue;
- Imposing additional oversight or compliance requirements;
- Suspending or terminating the partnership; and/or
- Declining any current or future engagement with the entity.

6.2.4 Public Disclosure

Where deemed necessary in the public interest, the County may issue a public notice or statement outlining the action taken, in accordance with applicable laws and transparency obligations.

The disclosure requirements set out in this Part are intended to promote integrity, transparency, accountability, and public confidence in all private sector partnerships undertaken by the County Government.

CHAPTER SEVEN

6.0 ROLES AND RESPONSIBILITIES

The PSEF assigns roles as highlighted hereunder

6.1 Private Sector Engagement Committee (PSEC)

This committee is responsible for application and compliance of this engagement framework and due diligence procedures, and regular monitoring and tracking of partnership risks. The representative of association of Private sector in the Municipal Board shall chair the PSE Committee.

6.2 Municipal Board:

The Municipal Board being at the apex of management of the Municipality shall responsible for overseeing due diligence including those related to private sector partner disclosures, as well as monitoring and supporting risk management practices by the Resource Mobilization Committee.

6.3 The County Attorney

The County Attorney shall handle legal matters within the county and shall advise the board on the framework applicable to proposed private sector partnerships and risks (including non-compliance risk). Further it is expected that he shall be involved in negotiating and advising on contractual commitments, amendments, addendums.

6.4 Communications Department

The department shall be responsible for responsible for advising, developing and implementing communication Strategies relating to private sector partnerships.

6.5 Audit & Risk Management Department

The department shall be responsible for assessing and advising on institutional-level risks and relevant risk mitigation plans relating to private sector partnerships.

6.6 Finance Department

Responsible for advising on finance-related risks for private sector partnerships and advising where appropriate on related risk mitigation measures.

6.7 Resource Mobilization Committee of the Board

This committee will determine the value and relevance of the prospective partnership within Municipality context and priorities. It will be responsible for assessing country-specific risks for partnerships that involve country stakeholders, e.g. for partnerships that include restricted financial contributions, and/or service and in-kind support to grant recipients.

6.8 Municipality Community Development & Gender Department

Responsible for advising on risks for private sector partnerships relating to community impact and engagement, human rights and gender equality, and advising where appropriate on related risk mitigation plans.

6.9 Other Key Stakeholders: Following the initial screening and risk assessment, the Municipal Board, PSE Committee, resource mobilization committee and/or Office of the County Attorney may involve other stakeholders depending on the nature and risk profile of the partnership.