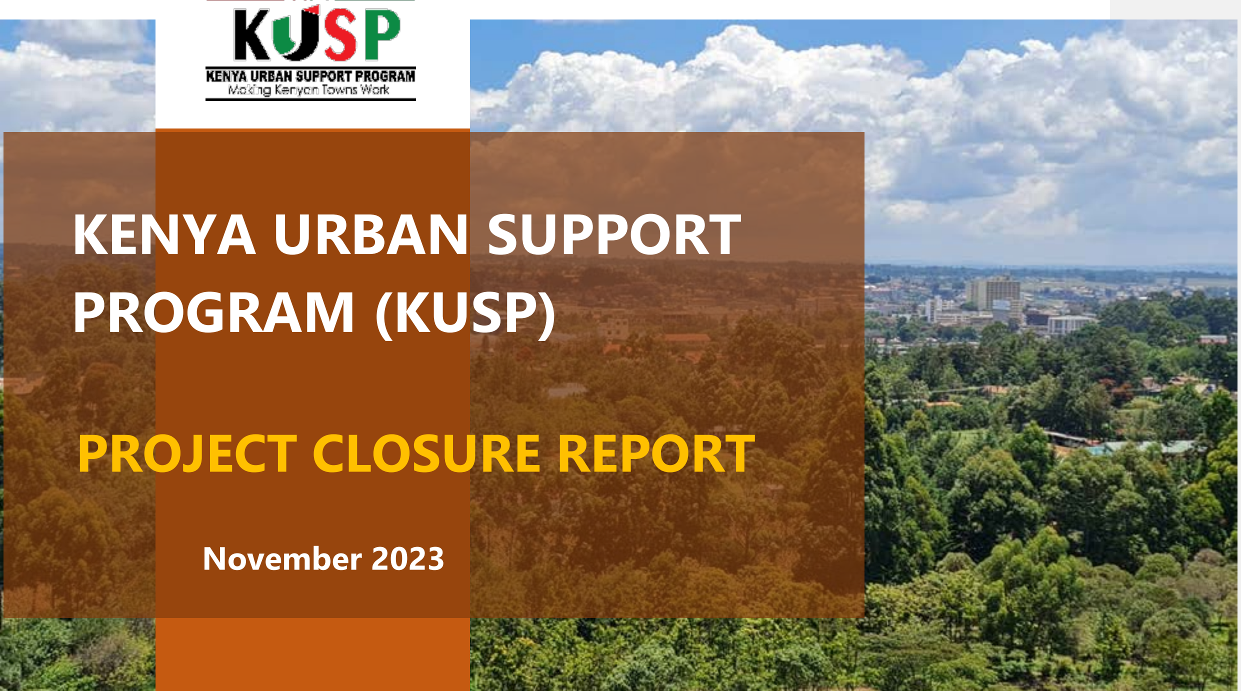
Ministry of Lands, Public Works, Housing and Urban Development
State Department for Housing and Urban Development
Urban Development Department



KENYA URBAN SUPPORT PROGRAM (KUSP)

PROJECT CLOSURE REPORT

November 2023

Urban Development Department
Prism Tower, 3rd Ngong Avenue
Nairobi, Kenya.

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List of Acronyms

APA	Annual Performance Assessment
ARAP	Abbreviated Resettlement Action Plans
BCRUP	Buillding Climate Resilience for the Urban Poor
CARA	County Allocation of Revenue Act
CEP	Capacity Enhancement Program
CGA	County Government Act
CGAAA	County Governments Additional Allocations Act
CRF	County Revenue Fund
DORA	Division Of Revenue Act
DOSHS	Directorate of Occupational Safety & Health Services
EIA	Environmental Impact Assessment
EoPE	End of Program Evaluation
ESIA	Environmental and Social Impact Assessment
ESRM	Environmental and Social Risk Managemennt
ESS	Environmental and Social Safeguards
FA	Financing Agreement
FM	Financial Management
FY	Financial Year
GIS	Geographic Information Systems
GoK	Government of Kenya
GRM	Grievances Redress Mechanisms
IDeP	Integrated Development Plan
IFMIS	Integrated Financial Management System
IPF	Investment Project Financing
KenUP	Kenya Urban Program
KUF	Kenya Urban Forum
KUSP	Kenya Urban Support Program
MC	Minimum Condition
NEMA	National Environment Management Authority
NMT	Non-Motorized Transport
NPCT	National Program Coordination Team
NT	National Treasury
NUDP	National Urban Development Policy
O&M	Operatiions and Maintenance
OHS	Occupational Health and Safety
OSHA	Occupational Safety and Health Act
PAP	Project Affected Person
PDO	Program Development Objective
PforR	Program for Results
PLUPA	Physical and Land Use Planning Act
PS	Performance Standard
SDHUD	State Department for Housing and Urban Development

SoE	Statement of Expenditure
SPA	Special Purpose Account
SWm	Solid Waste Management
UACA	Urban Areas and Cities Act
UBNA	Urban Boards Non-State Agencies
UDD	Urban Development Department
UDG	Urban Development Grant
UIG	Urban Institutional Grant
UN	United Nations
USD	United States Dollar
VfM	Value for Money
WB	World Bank

1 Background

The government's overall response to Kenya's urban development challenges, is well articulated in the National Urban Development Policy (NUDP). The policy, approved by the Cabinet in 2016, intends to contribute towards the realization of the broader development goals articulated in Vision 2030 by addressing the key challenges of urban development. It envisages secure, well-governed, competitive, and sustainable urban areas and cities, and aims to facilitate sustainable urbanization through good governance and the delivery of accessible, quality and efficient infrastructure and services. The overall objective of the NUDP is to provide a framework for sustainable urban development in Kenya

The State Department for Housing and Urban Development (SDHUD) designed the Kenya Urban Program (KenUP), as a vehicle to implement the NUDP. The Program (KenUP) was formulated in the context of the existing legislation on urban development, including the County Government Act (2012) and the Urban Areas and Cities Act (UACA). Acknowledging that there are limited incentives for counties to address urban development challenges and no dedicated institutions for urban management, KenUP aims to establish effective and empowered urban planning and management systems that deliver infrastructure and supporting services, economically, efficiently and effectively based on locally determined urban integrated development plans (IDePs) and town plans.

The Kenya Urban Support Program (KUSP) is the World Bank's contribution of US$300m to GoK's Kenya Urban Program (KenUP), with its ambition to attract US$1bn in its first five-year phase. KUSP became "effective" on 11th January, 2018. It was a six-year initiative aimed at strengthening urban management through county governments. The Program was designed to be delivered through three windows: Window 1 at the National Government through the Urban Development Department (UDD) of the State Department for Housing and Urban Development ($30.3m), Window 2 at County Governments through capacity-building funding ($22.2m), and window 3 which formed the bulk of the funding through urban boards for urban infrastructure ($247.5m).

Specifically, Window 1 enabled UDD to support county governments through policy initiatives, offering technical support and capacity building to the devolved units. Window 2 channelled the Urban Institutional Grants (UIG) to eligible counties, subject to some minimum conditions. The funds were to be used at the county level to support capacity building and institutional development activities which would in turn help counties/municipalities comply with the minimum conditions and performance standards. Access to Window 3's Urban Development Grant (UDG), which was the mainstay of the program, was subject to 10 minimum conditions (MCs) and 10 performance standards (PSs). The idea was to build incentives through the availability of conditional grants so as to achieve a sound urban management capability at the county level through its urban boards.

The size of the indicative (maximum) UDG annual grant pool was US$114.65 million, based on an allocation of US$20 per urban resident and a minimum allocation of US$500,000 (per urban area) to ensure that all urban areas make significant investments.

1.1 Program Development Objective (PDO)

The Program's development Objective was to support the establishment and strengthening of urban governance and management institutions and systems in order to deliver improved infrastructure and services in municipalities and cities in the 45 participating counties in Kenya.

Through the provision of grants to counties, for both institutional strengthening and urban infrastructure and services, the programme aimed to incentivise county governments to put the provisions of the UACA 2011 (Amended in 2019) in place and establish appropriate institutional arrangements for urban development.

1.2 Program Scope

The Program provided direct support to all counties, except the city counties of Nairobi and Mombasa, and 59 eligible urban areas within those counties. The intended primary beneficiaries of the Program were the approximately 5.6 million residents, as at the start of the program, of the 59 urban areas.

1.3 Program Results Indicators

The proposed key Program results indicators are:

i. Number of urban areas with approved charters, established boards, appointed urban managers and a budget vote.
ii. Number of urban areas that utilized at least 50 percent of the budget intended for their urban investments in their budget vote.
iii. Score in the APA for achievement of urban planning, infrastructure, and service delivery targets by counties/urban areas, averaged across all urban areas.

1.4 Summary of Program Duration

Table 1: KUSP key timelines

Action	Dates
Program approval date	6-Jul-2017
Signing date	14-Sep-2017
Effectiveness date	11-Jan-2018
Mid-term review	30-Oct-2020 (virtual)
Closing date	31-Jul-2023
Program extension	31-Dec-2023

2 National level Activities – KUSP Window 1

The implementation agency for the national level activities was the Urban Development Department (UDD), through which Window 1 funds were channeled and their utilization followed the Investment Project Financing (IPF) guidelines. The total allocation for the Window was USD 30 Million. This Window was meant to support the national government to undertake activities aimed at: (a) establishing and strengthening the institutional and policy framework for urban management; (b) supporting the management and administration of urban finances (including the management of APAs and conditional grants); and (c) providing backstopping for urban planning, urban infrastructure delivery and for the provision of basic urban services.

2.1 Achievements and Milestones

All the activities planned at the national level (Window 1), which mainly included consultancies, capacity building/trainings for counties/municipalities and technical backstopping of the municipalities for activities being undertaken at the that level, were meant to support the achievement of the PDO. The overall rating for these activities at the national level is satisfactory as most of the set targets were met as discussed in the following sections.

2.1.1 Consultancies

There was a total of eleven (11no.) consultancies were procured under the program namely;

(i) Establishment of Urban Institutions and Citizen participation in Urban Governance (UBNA), whose status is complete.

(ii) Initial work on classification and establishment of urban areas in 45 counties, which was completed successfully.

(iii) Consultancy Services for Development of Urban Resilience Strategies for Five Selected Cities in Kenya namely, Nairobi, Mombasa, Kisumu, Nakuru, and Eldoret, which was completed.

(iv) Beneficiary and Social-Economic Impact Assessment for KUSP funded Infrastructure projects in 59 Municipalities, which was completed successfully.

(v) Annual Performance Assessment (APA) 1 and 2 which were undertaken and completed successfully to inform the program's disbursements.

(vi) Records and Archives Management for seven (7no.) pilot municipalities namely Nakuru City, Rumuruti, Bomet & Vihiga municipalities for Lot. 1 and Kilifi, Malindi and Wote municipalities for Lot. 2, which were completed successfully.

Currently (as at November 2023), there are several ongoing consultancies namely;

i) Consultancy Services for Carrying out Value for Money Assessment of the Kenya Urban Support Program.

ii) Consultancy Services for End of Program Evaluation of the Kenya Urban Support Program.

iii) Consultancy Services for Development of a Solid Waste Management (SWM) Policy, Guidelines and Resource Mobilization for implementation of SWM strategies within Urban Institutions in Kenya
iv) Consultancy Services to Carry Out an Environmental and Social Safeguards Audit of the Kenya Urban Support Program.
v) Phase II of the Establishment of Urban Institutions and Citizen participation in Urban Governance (UBNA) on dissemination of the outputs from Phase I.

Additionally, 2no. consultancies were cancelled as a result of complaints that emerged during the procurement process, namely; (i) Development of National Metropolitan Development Strategy for Five (5) designated Metropolitan Areas of Mombasa, Kisumu-Kakamega, Nakuru-Eldoret, Wajir-Garissa-Mandera, and Kitui-Mwingi-Meru and (ii) Consultancy for the Delineation of Urban Areas Classifications Through Spatial Definition as per the Requirements of UACA (amended 2019).

The program also procured seven (7no.) individual technical advisors as follows: urban planning specialist, urban planning and governance specialist, legal services specialist, social safeguards specialist, program strategy advisor, finance and infrastructure advisor and an executive liaison.

2.1.2 Capacity Building/Technical Backstopping of the Municipalities

The NPCT, as part of its efforts towards achieving the PDO and as envisaged during program preparation, enhanced the capacity of the counties/municipalities throughout the implementation of the program via various initiatives. Several trainings, planned or on request, were undertaken on different aspects including consultative forums on the program (for county leadership and technical officers), financial management & procurement procedures, occupational safety and health (OSH), environmental and social risk management (ESRM), urban planning, geo-enabled monitoring and supervision (GEMS) and induction of urban boards and their roles. A training on land value capture was also undertaken bringing together officers from different relevant governmental departments.

The NPCT undertook infrastructure visits, intended to be done biannually, to check on the progress of projects under the program, during which municipalities were advised on technical aspects towards implementation of the projects including project design, contract management, monitoring and evaluation and, environmental and social safeguards, as well as compliance with the Program's conditions.

These capacity building initiatives have had significant positive impacts on the overall performance and urban service delivery of the counties and municipalities, urban governance, urban spatial planning, project implementation and resource mobilization. There have also been some policy reforms in the area like of community engagement, public participation and environmental and social safeguards.

2.1.3 Formulation of Policies and Guidelince notes

The program supported activities towards the formulation of Urban Areas and Cities Act (UACA) regulations. This included technical working sessions, stakeholder engagements and dissemination. Further, guidance notes were to be developed, with support from the UN Habitat, to guide several processes within the counties/municipalities. These included (i) participatory slum upgrading, (ii) sustainable urban mobility, (iii) revenue optimization for county government, and (iv) urban planning and management. Additional guidance notes were to be drawn from the consultancy on urban resilience and urban boards non-state agencies (UBNA) consultancy. Only the guidance notes done under the consultancies were complete. The main challenge faced was the lack of clarity on the terms of engagement with the UN Habitat which resulted in the consultants not finalizing the documents.

2.1.4 Workshops and Forums

KUSP supported the formulation of a concept for the "Building Climate Resillience for the Urban Poor" (BCRUP) initiative, an assessment of the status of spatial planning in Kenya which provided greater insights into the strides made and challenges facing spatial planning since the advent of county governments.

The NPCT has also facilitated several counties and municipalities to attend different international forums including the 10th and 11th World Urban Forums in Abu Dhabi and Poland respectively, and the CPR Mission (Investors Forum) in Bangkok which was attended by several governors. These forums provided a platform for counties' and municipalities' staff to gain experience from other urban sector practitioners as well as borrow best practices globally. They also provided an opportunity for exchanging ideas and great understanding on sustainable urban development approaches.

The Kenya Urban Forum (KUF) was successfully organized and undertaken, bringing together all counties and players in the urban sector to deliberate on issues affecting the urban sector. Through

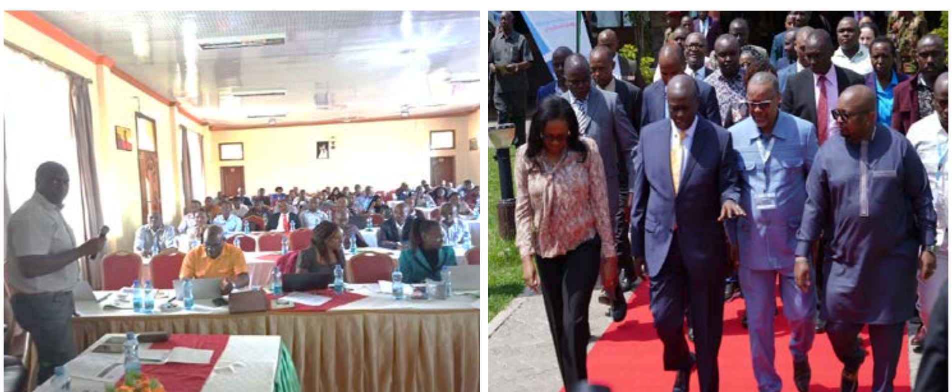

Photo 1: Left: Participants during one of the OHS training. Right: Deputy President gracing the KUF event

this forum, thirteen (13no.) resolutions were agreed upon in accordance with the Forum's theme of "The Future is Urban".

2.1.5 Capacity Enhancement Program (CEP)

The capacity enhancement program saw interns posted both at National and County levels in the professions of environment, civil engineering, physical planning, architecture and quantity surveying from November 2020. At National level a total of 25no. interns were posted in the State Department for Housing and Urban Development while at the County level, 290 interns were posted to the different participating municipalities. The intership programme was active throughout the program implementation period and it offered invaluable hands-on experience and allowed the interns develop essential skills and gain industry insights in their different professions.

The CEP had immense positive impact, interms of efficiency and effectiveness, in undertaking the infrastructure projects at the municipality level. This was due to the fact that, municipalities were in their formative stages and did not have the prerequisite technical staff onboard. A number of interns have been absorbed by the counties and municipalities and are currently part of the workforce of the counties/municipalities.

2.2 Financial Management

SDHUD generally complied with the Bank's fiduciary policies albeit a number of challenges during implementation of the program. Previous reviews of the Program performance by the WB had always given a rating of moderately unsatisfactory, but through emphasis on compliance with the program conditions and operations procedures as well as FM trainings, the reviews were upgraded to moderately satisfactory.

The Program was in compliance with the financial reporting arrangements with the quarterly interim financial reports and annual audit reports being submitted to the Bank within the stipulated timelines, as guided by the FM Manual. This was attributable to the Ministry being adequately in charge of planning, budgeting, and disbursement of funds to the eligible county governments and municipal boards. It regularly consolidated accounts, financial reports, and progress reports.

There was adequate financial management capacity with qualified and dedicated full-time project accountants and finance officers with few cases of transfers, hence budgeting and accounting arrangements can be assessed as adequate over the program period. This can be qualified by the annual audit reports for fiscal years 2019/20, 2020/21 and 2021/22 where no substantial fiduciary risks were identified. To ensure that conditional grants flowed correctly and on a timely basis, UIGs and UDGs were captured as conditional grants in both the national and county budget and properly reflected in the DORA, CARA and later CGAAA. The Program had disbursed a hundred percent (100%) of PforR IDA funds as at the initial time of closing on 31st July, 2023.

As indicated above, some challenges were experienced as follows:

i) Delays in disbursement of funds, especially the UIG, which was occasioned by delays in DORA and CARA approval by parliament.
ii) A total of Kshs. 450 m intended for reallocation from Window 1 to PforR component remained undisbursed due to lack of clear modalities on how to actualize the reallocation (Window 1 to Window 2).
iii) As at the initial program closure date, a total of USD 8,575,694.80 of IPF component was unspent and refunded back to the Bank. This was occasioned by inter alia, the cancellation of key consultancies as mentioned above, cancellation of other program activities since they did not get the requisite approvals both internally and at the WB, proposed reallocation of Window 1 funds to Window 2 and the effects of Covid-19 Pandemic as no activities were being undertaken during this period.
iv) An additional approximately USD 3.4 million is earmarked for refunding back to the WB by the time of closing the Program as per the extended period. This was occassioined by several factors inter alia depreciation of the Kenyan shilling, some activities not getting the requisite approvals from the WB and scaling down of some activities for instance the FM training and backstopping which was scaled down in terms of both days and activities.
v) The challenge of separating the GoK expenditure since it does not have a dedicated account.
vi) Since the program operates within IFMIS, it is usually faced with several challenges like delays in payment due to the lengthy approvals and sometimes NT could lock out officers from accessing the system, for up to two (2no.) months, due to maintencance or updating, meaning no transactions could be done until the system is opened.
vii) Additionally, only two (2no.) internal audits review were carried out against the annual requirement which could have seen five (5no.) audits.

At the county level, each county opened a segregated special purpose bank account for the conditional grant. This was meant to ensure timely disbursement of the grants and avoid the grants from being used to finance other unrelated county expenditures. Some positives on FM included:

- Counties designating program-specific accountants and finance officers to handle accounting and budget aspects for the program,
- Establishment of a separate budget votes for each qualifying urban area.
- Submission of reports on municipal budget vote to Controller of Budget in compliance with financial reporting requirements.

There were areas of weaknesses which emerged when the financial management review exercise was conducted by NPCT in January 2021 for all the participating counties. These weaknesses noted included:

- Delays in transferring funds from CRF to SPA.
- Inadequacies of accountants and finance officers (some participating municipalities did not designate a budget/finance officer to follow up on budget related issues).

- Delayed reporting.
- Contract administration and management challenges and
- Few cases where the managers were not appointed as accounting officers like in Vihiga municipality.
- Cash books not well maintained and, in some instances, unavailable.
- Incorrectly done Statements of Expenditure (SOEs)/delay in submission or non-submission of SOEs.
- Failure to maintain imprests and voucher registers.
- Bank reconciliations not done or incorrectly done.
- Existence of unaudited financial statements/accounts.
- There were a few PfR ineligible expenditures

Through follow ups and emphasis on corrective measures, most of the mentioned issues have been resolved and it is anticipated that there will be no pending FM issue by program closure. Financial management, at the county level, for the Program can be summed up as having demonstrated prudent utilization of IDA funds.

2.2.1 Disbursements over the Program period

a. IPF Component

The amount allocated for the component was USD 30 million. With implementation of national level activities, the program had absorbed USD 17.6 million. A restructuring of the financing agreement of June 2021 proposed to reallocate USD 4.5 Million from Window 1(IPF) to Window 2 (PforR, UIG) which did not happen due the reasons mentioned above of modalities to disburse the funds.

b. PforR Component

A total of Kshs. 28,151,346,743 (UIG totaling Kshs. 2,250,000,000 and UDG of Kshs. 25,899,346,744) was disbursed to participating 45 counties and their 59 municipalities. An additional Kshs. 122m was disbursed in May 2023. The latter were foreign exchange proceeds from UIG and UDG designated accounts.

2.3 Procurement

Procurement at the national level (under Window 1) fell under the IPF modality and was implemented in accordance with the procedures set out in the Fincancint Agreement (FA). All procurement activities were done adhering to the WB Procurement Guidelines on IPF and this was also verified during the internal audit and Procurement Post Reviews (PPR).

Under the program, xx (xxno.) of contracts were procured ranging from consultancies, goods and services. There have been several procurement officers in charge of the program due to the normal staff rotations. This impacted the program as each of the new procurement officer has to orient themselves with the program which gave rise to delays in either in procurement or payments.

In general, several challenges can be cited arising from procurement, mainly in form of delays, as follows:

- Lengthy procurement periods for instance, procurement of project vans (2no.) took more than two years.
- Delays in issuance of extensions for ongoing consultancies which impacted negatively on the delivery of those consultancies.
- Delayed payments to consultancies and service providers

2.4 Challenges/Emerging Issues at National Level

It was noted that implementation of Window 1 (National Government) activities, in as much as it was satisfactory, faced several challenges which affected the overall performance. Some of the key challenges faced during implementation of the program include:

- Covid-19 pandemic disrupted National Government support for supervision and monitoring of County-level processes and activities, as well as slowing down policy-related activities and technical guidance. This resulted in low absorption of Window 1 funds, some ineligible expenditure in the municipalities due to the lack of technical guidance
- There was slow pace of implementation of some activities due to delays in procurement, delays in getting the necessary approvals internally and from the WB among others.
- There were also conflicts and overlaps in legal frameworks (i.e. UACA and PLUPA) as relates to urban development and institutions which necessitates revision and harmonization.

2.5 Lessons Learnt

Some of the lessons learnt from implementation of KUSP include:

1. There was slow absorption of Window 1 funds as result of challenges highlighted above. There is need to adhere to the program work plan and provide the necessary approvals on time, both internally and at the WB.
2. Delays were experienced in payments especially for consultancies, service providers and; supplier of goods and services, mainly attributed to the IFMIS system and the lengthy approvals involved in it. There is need to have a SPA for the program at national level to avoid delays and other issues occasioned by the use of IFMIS. Further, the GoK counterpart funding requires a dedicated account to make it easy to report of the expenditure.
3. Infrastructure visits assisted most of the municipalities in complying with the program requirements as well as on technical aspects. Despite the efforts, there were some ineligible expenditure observed in some municipalities as some projects would be undertaken from procurement to closing without any knowledge by the NPCT of the same. These visits should therefore be held at least on a quarterly basis to ensure compliance for all projects being implemented at the municipalities.

4. CoG was instrumental in coordinating and communicating to counties and municipalities whenever there was need. This needs to be promoted in any such kind of program to ensure smooth implementation.
5. The APA process' final output, which was to inform the program on the different allocations for the counties and municipalities, was late as compared to the budget cycle. This resulted in the funds and projects intended for a particular FY being spent and in following FY respectively.
6. The program offered waivers following the results of the first cycle of the APA process. This meant that all the municipalities got their full allocations for the following FY disregarding the APA recommendations. This also led to the funds depleting in the third year of the program as opposed to the initially planned five (5) years. For all future program, "waivers" should be avoided and allocations should be done according to the APA reports.
7. There was quite a high rate of staff turnover which meant that there was need for continuous engagement and training of county and municipality staff to ensure smooth implementation and continuity of the program.
8. The approval process of procurement documents both internally and by the WB sometimes was a bit lengthy causing delays and to some extent affected the implementation of the assignments being procured. For instance, the environmental and social safeguards audit took more than five (5) months since it was negotiated after evaluation to when the contract was actually signed.
9. The accounting officer at the national level (Principal Secretary) would be required to answer audit queries or address concerns from the Parliament or the Senate on projects solely being undertaken by the counties or municipalities. There should be a mechanism to ensure that counties/municipalities are accountable for program expenditure at that level.

2.6 World Bank's Performance

WB was critical in the realization of KUSP through their support and timely release of funding to enable implementation of the Program's activities. Support was provided in procurement processes, financial management, technical inputs/consultations on ongoing consultancies and propositions for the smooth implementation of the Program.

Despite these positive efforts, there are areas that require some improvements for better implementation of such initiatives. Some of the emerging issues under KUSP include:

i) A few delays in approvals of reports shared for review which in turn cause delays in further activities. There is need to ensure imely responses to shared reports.
ii) Communication challenges where different resolutions are given to the same issues causing consfusion on what is to be followed during implementation. There is need to ensure that before any resolution is communicated all parties are in agreement, internally at the WB, so that the same is not changed later. Secondly, the channels for communication should be

adhered to so that all decisions affecting the Program are discussed and agreed by all the relevant stakeholders.

iii) There is need for clarity on exactly what items/activities require 'no objection' from the WB to avoid lengthy approval processes as well as quick implementation of some activities.

iv) Cancellation of planned activities in Program's agreed activities in the work plan or drastic changes to Program design had negative effects in the efficiency and effectiveness of activities at the National level.

2.7 Action Plans on Outstanding Activities after Program Closing

(To be inserted following the closing mission if there would be any pending issues)

3. County Level Activities

3.1 Urban Institutional Grants (UIG) – KUSP Window 2

The forty-five (45) participating county governments received Urban Institutional Grants (UIG) for capacity-building and strengthening of urban institutions, including preparation of county-wide development plans and strategies. Each participating county received Kshs 50 million based on the first Annual Performance Assessment (APA), and a further Kshs 1,145,355.56 accruing from foreign exchange gains in the course of disbursement process, thereby resulting in a total disbursement of Kshs 2,301,541,000.20. As at 30th June 2023, UIG balance as per the SoEs submitted was at Ksh. 59,480,162.67.

3.1.1 Achievements and Milestones

The aim of the UIG was to stimulate County Governments to pay explicit attention to urban development issues, and create, in response to the existing legal framework, the necessary urban institutions (urban boards) to manage these issues, as well as to provide and oversee the provision of municipal services. The UIG fund under KUSP had several achievements including but not limited to: establishment of urban institutions, capacity building of county and municipal staff, preparation of policies, plans and strategies and; creation and delineation of new municipalities.

3.1.1.1 Creation and Delineation of New Municipalities

Following the Prgoram's conditions for participation, all the 59 participating municipalities have municipal charters, urban boards and municipal managers in place. Counties have been further incentivized to create new municipalities following the lessons learnt from the Program. Since the inception of KUSP, there have been over fifty (50no.) additional municipalities that have been established (currently, over 100no. municipalities exist).

Further, counties have used UIG funds to facilitate the processes undertaken by Ad Hoc Committees in establishment of municipalities for instance in Homabay, Siaya and Murang'a Counties.

3.1.1.2 Development of Policies and Plans

Preparation of policies, strategies and plans has been one of the notable achievements of the UIG. These plans included municipal solid waste management policies/plans prepared in 54 municipalities, urban spatial plans in 51 municipalities and 57 integrated urban development plans (IDePs). All these figures surpassed the targets as initially captured in the results framework.

In addition to these, other initiatives included updating of valuation rolls, surveying, regularizatiin and titling of land within the urban areas.

3.1.1.3 Training/sensitization, Peer Learning and Benchmarking.

Considerting that all the participating municipalities, apart from Kakamega and Mumias, were created under the Program, there was a lot of sensitization and inductions required for both the technical staff and urban boards. Therefore, the Program recorded nineteen (19no.) counties undertook sensitization and induction of their municipal board members on their roles, municipal administration and KUSP.

These counties included Baringo, Busia, Kisumu, Kitui, Kwale, Kiambu, Machakos, Makueni, Mandera, Marsabit, Migori, Murang'a, Nandi, Narok, Tana River, Trans Nzoia, Uasin Gishu, Wajir and Nakuru. In addition, there were some benchmarking exercises where counties and municipalities visited each other. One of the counties that attracted a lot of benchmarking was Vihiga as many counties/municipalities sought to learn more on how to establish and utilize GIS.

Requests for peer learning and benchmarking were significant and will need more attention in the similar future programs. Officially, Mandera, Samburu, Mandera, Nandi, Kericho, Tharaka Nithi, Siaya, Nakuru and Murang'a counties made requests for more peer-to-peer learning/benchmarking visits. This is a complement to the requests made during technical backstopping visits to the counties and municipalities.

3.1.1.4 Establishment, Furnishing and Equipping of Municipal Offices

Most municipalities did not have physical office spaces at the initial stages of the Program. Several counties thus used the UIG funds to establish, furnish and equip municipal offices. At least more than 10 counties procured computers and furniture for their municipal offices. Tharaka Nithi was the only County that procured and operationalized GIS using UIG funds. The system helped in executing Electronic Development Applications Management (EDAMS) and Land Information Management System (LIMS).

3.1.1.5 Public participation and stakeholders' forums

Municipalities across the participating counties utilized UIG funding to conduct public participation forums especially during identification and implementation of infrastructure projects and during urban planning process. Other specific public participation exercises were done in Bomet and Isiolo Counties. In Bomet, public participation was on the challenges caused by Bomet dumping site, whereas in Isiolo County, public participation on the spatial plan development was done.

3.1.2 Challenges/ Emerging Issues

UIG has ensured a lot of positive impacts in institutional development and capacity building at the county level. Despite these positives, there were some challenges experienced in the utilization of UIG funds inter alia:

i) The uniform allocation of the UIG across the forty-five (45) participating counties resulted in limited capacity building scope for counties with numerous urban institutions,
ii) Since the fund was being managed at the county level, some municipalities were not adequately supported with the funds.

3.1.3 Outstanding Issues to be Addressed

The main outstanding issue to be addressed is a follow up to ensure that all the UIG grants balances are utilized in accordance to the eligible menu. For counties that had any eligible expenditure, the same should be reimbursed and used for eligible activities.

3.2 Urban Development Grants (UDG) – KUSP Window 3

The urban development grant was intended to incentivize the establishment of urban governance structures and the establishment of a dedicated budget for urban development and urban service provision. The grant provided support to eligible municipalities to finance investments in urban infrastructure.

3.2.1 Achievements and Milestones

UDG had a menu of eligible investments/expenditure areas that comprised of: (i) Waste management (liquid and solid), (ii) Storm water drainage (iii) Connectivity (roads, non-motorized transport facilities, and street and security lights), (iv) Urban socio-economic infrastructure, and (v) Fire and disaster management. These investments were seen to have great impacts and have really changed the face of our municipalities.

As at 30th June 2023, there was approximately 97% absorption rate of the grant by the municipalities with the bulk of the balance being the last disbursement for FY21/22 and the additional amounts from exchange gains. The intention was 100% absorption rate by close of the Program on 31st December 2023 and this is achievable given the planned activities and commitments made by the municipalities.

The achievements, in terms of the specific components is as follows: *make it a table and indicate beneficiaries.*

- 234km of storm drains,
- 209km of NMT,
- 212km of bitumen roads,
- 5040 street lights,
- 113 highmast lights,
- 9 bus parks,
- 21 recreational parks,
- 23 markets, and
- 8 fire stations.

In addition, several municipalities procured some goods which included fire engines, solid waste compactor, tractors, skips and skip bins and litter bins.

The achievements have all surpassed their initial targets as per the results framework in section 5. The UDG grant thus met its expectations as set out in the Program objective and hence the performance of the grant is satisfactory.

3.2.2 UDG Projets/Investments

As per 30th September 2023, there was a total of 370no. infrastructure investments across the 59 Municipalities under the UDG grant for all the 3 disbursement cycles, that is, FY18/19, FY19/20 and FY20/21. Also, an additional 32no. contract for purchase of goods and 57no. consultancies were implemented under this grant. Table 2 below shows a breakdown of the investments per FY. It was noted that in the first year, there were very many projects due to fragmentation by some municipalities. These ineligibilities received a waiver as only eight (8) municipalities would have qualified for the second cycle of funding. The number of projects drastically reduced in the second year as municipalities focused on adhering to the conditions of the program, that is a minimum contract sum of Ksh. 50 million. In the third year, there were even lesser projects since all the municipalities received lesser allocations than the first two allocations. This was due to the fact that, the waivers provided meant all the municipalities received their total allocations for the first 2 years contrary to what the Program envisioned.

Table 2: Summary of UDG investments under KUSP

Investment	No. of projects			Total
	FY2018/19	FY2019/20	FY2020/21	
Infrastructure	175	116	80	370
Goods/ Equipment	23	1	8	32
Consultancy	13	25	19	56
Total Contracts	**211**	**142**	**103**	**456**

3.2.3 Status of investments

The 370 projects are at different stages in terms of completion and utilization. Table 3 below illustrates the status of the different investments as per 30th September 2023. It was observed that a total of 322 projects were complete and in use. Eight (8) projects were not completed fully but were partially in use. This is attributed to municipalities packaging a contract with different component in different locations, for instance, Kabarnet municipality packaged its first project (FY2018/19) to include a market, drainage works along a road and NMT. The drainage works and NMT were complete and in use while the market had issues thus the project as a whole was partially in use. Four (4) project were complete but not in use and this included Garissa municipality Qorahey Market which had some additional works of the parking bays as requested by the traders to be supported through county funds, Maralal municipality market project which is being raised by an additional floor through county fundings, Naivasha municipality recreation park which is yet to be officially commissioned for public use and, fire station and recreation park in Kericho municipality. Two (2) projects have been terminated in Kisumu following huge deficits required to complete the projects.

Table 3: Investments completions and operational status

Investment Operational Status	No. of Projects			Total
	FY2018/19	FY2019/20	FY2020/21	
Complete & In use	168	102	52	322
Not Complete & In use	1	1	6	8
Complete & Not in use	3	1	-	4
Terminated & Not in use	1	1	-	2
Ongoing & Not in use	3	9	22	34
Total	**175**	**115**	**80**	**370**

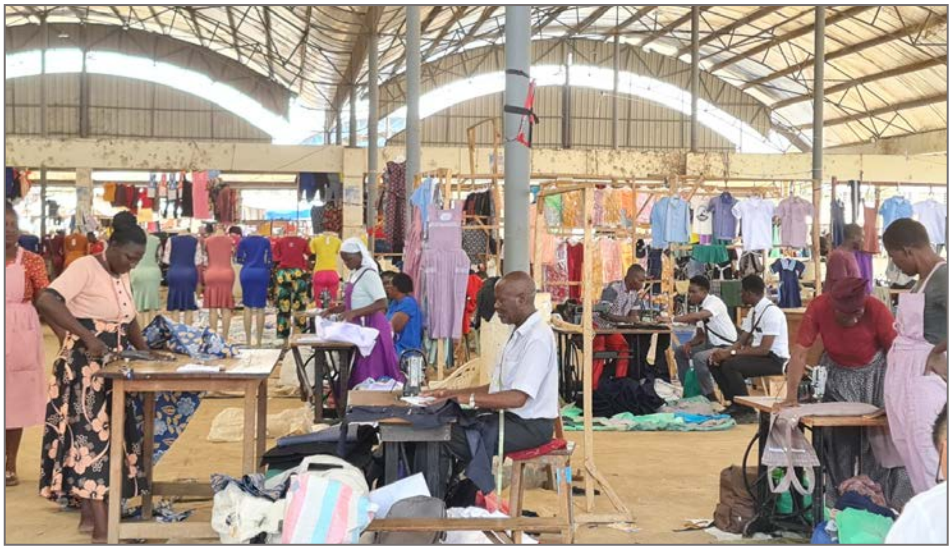

Photo 2: Traders in the refurbished Kibuye Market

There were some ineligible UDG expenditures noted in terms of the projects undertaken, cost variations and consultancies thresholds in Wajir, Kericho, Machakos and Kimilili municipalities. Wajir municipality undertook an ineligible project (purchased an incinerator which is considered high-risk projects) and fragmented projects for the final disbursement contrary to the guidelines of the program. Machakos, Kericho and Kimilili had works contracts variations going beyond the threshold of 5% while Kericho also had consultancies beyond the 5% threshold.

3.2.4 Categorization of UDG infrastructure investment

Table 4 indicates how the infrastructure investments were categorized as per the UDG eligible menu. The majority of investments undertaken in the municipalities were mainly in the connectivity area with 244 projects comprising of roads, NMT, parking, and road furniture/signs. This indicated the need for transportation infrastructure provision that existed in our municipalities before the advent of KUSP. Despite these efforts, more needs to be done to bridge the gap of transportation infrastructure requirements. Socio-economic project had 62 projects comprising of markets,recreational parks, stadiums, plants/industry & water supply.

Table 4: Breakdown of the types of infrastructure per investment category

Investment Area	Type of Infrastructure	No. of Projects			Total
		FY2018/19	FY2019/20	FY2020/21	
Connectivity FY18/19 -105No. FY19/20 – 83No.	Road	75	65	39	179
	Non-Motorised Transport (NMT)	10	5	4	19
	Parking	4	6	6	16

Investment Area	Type of Infrastructure	No. of Projects			Total
		FY2018/19	FY2019/20	FY2020/21	
FY20/21 – 54No. Total - 242No.	Bus Park	2	4	2	8
	Road signs	-	-	2	2
	High Mast	3	1	-	4
	Street Lighting	11	2	1	14
Socio Economic FY18/19 – 30No. FY19/20 – 20No. FY20/21 – 12No. Total – 62No.	Market	17	12	4	33
	Park/ Landscaping	10	3	5	18
	Social Centre	1	1	1	3
	Stadium	-	3	-	3
	Paving Block Plant/Industry	-	1	1	2
	Water Supply	2	-	1	3
Storm Water Drainage	Drainage	19	9	7	35
Fire & Disaster Management	Fire & Disaster	8	2	4	14
Waste Management	Solid Waste Management	8	1	-	9
	Liquid Waste Management	5	1	-	6
Total		**175**	**115**	**77**	**368**
Multi-component projects (as per the investment menu)		26	36	18	80
Single-component projects		149	79	59	288

3.2.5 UDG Financial management

It was noted that there were some UDG balances that were yet to be utilized although the expectation is that these funds will have been spent by program closure as municipalities are having ongoing contracts that would consume a larger part of the balances before program closure. As at the end of June 2023, the UDG bank balances from SoEs was Ksh. 1.7 billion.

3.2.6 Municipalities with Funding Deficits

As mentioned above, some incomplete projects had stalled or contracts terminated due to budget deficits occasioned by a co-funding arrangement with the county government or the expectation by municipalities that the program running for five (5) years thus, receiving grants for all those years. Table 5 give the list of municipalities with budget deficits and the amounts required.

Table 5: List of municipalities with huge budget deficits to complete their projects

County	Municipality	Funding Deficit (Ksh.)
Kirinyaga	Kerugoya - Kutus	27,282,610.63
Trans Nzoia	Kitale	120,087,040.05
Kitui	Kitui	150,860,868.92
Kisumu	Kisumu	693,963,911.01
Uasin Gishu	Eldoret	779,964,246.15

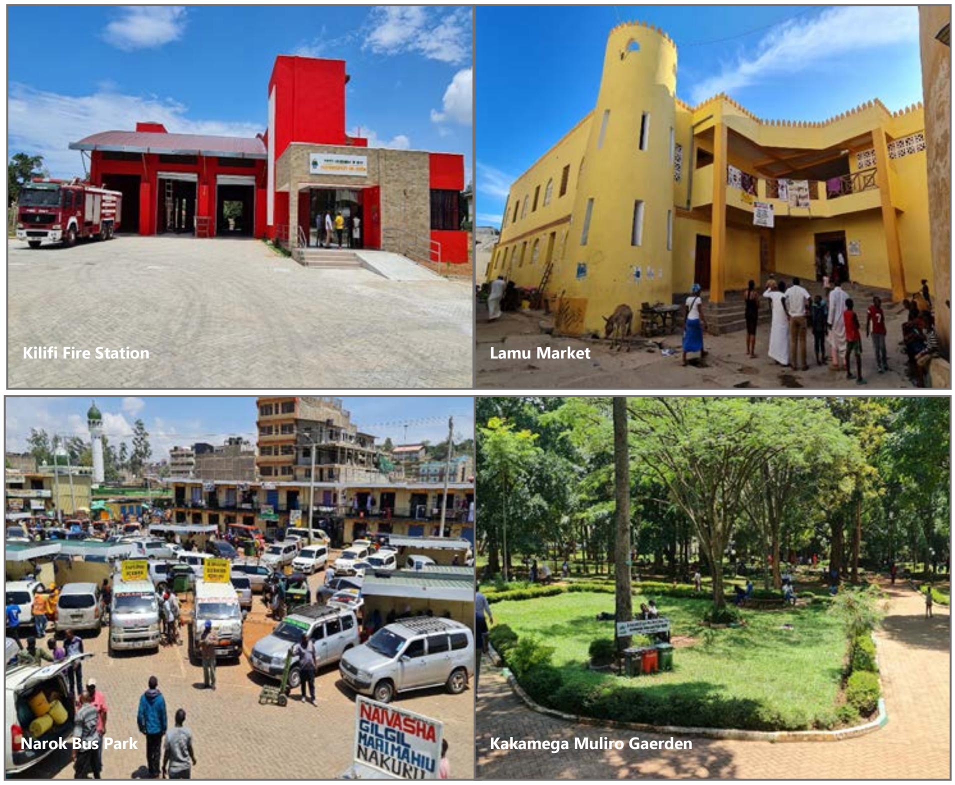

Photo 3: Example of projects undertaken under KUSP

3.2.7 Environmental and Social Safeguards

Of the total infrastructure investments funded under the UDG, 86% were subjected to environmental & social risk screening as required by the program. A majority of the 14% investments that were not screened for E&S risks fall under the first funding cycle (FY2018/19) during which municipalities had not developed sufficient staffing and technical capacity to adequately implement safeguards aspects of infrastructure investments.

Whereas most of the infrastructure sub-projects implemented under the program did not meet the legal requirement on acquiring a NEMA license prior to commencement of works, 86% underwent the Environmental Impact Assessment (EIA) process and were eventually granted NEMA licenses within the construction period.

However, there were gaps in implementation of associated EMPs due to budgetary and operational challenges at the municipalities including, but not limited to, non-inclusion of the EMPs in the works contracts and limited involvement of safeguards personnel in project supervision. Additionally, the Environmental and Social Impact Assessment (ESIA's) studies did not appear to have been informed

by the initial screening outcomes. This led to such studies not comprehensively addressing the pontential social risks through adoption of appropriate mitigation. This, in various cases, resulted to some sub-projects which should have developed social management frameworks for PAPs missing out and therefore running into challenges during implementation.
The summary of some key sub-projects whose NEMA licenses could not be ascertained for lack of documentary evidence include improvement of Ahindi Garden Park in Siaya Municipality, construction of NMT and market in Kabarnet Municipality, construction of Waterfront Public Park and storm water drainage construction in Malindi Municipality, roads construction in Kakamega municipality and several road projects in Ruiru Municipality among others. In many of the cases however, the absence of copies of the licenses does not necessarily indicate that the sub-projects did not undergo EIA process but points to amongst others (i) administrative and poor records management practices where the documents processed by other county departments on behalf of participating municipalities were held by the departments and copies not available at the municipalities (e.g. Siaya, Ruiru), (ii)individualization of information related to the program activities such that it became unavailable/inaccessible in the absence of the holder (e.g. Kitale, Hola), and (iii) unmotivated staff for necessary follow up on the key legal documents (e.g. Malindi).

3.2.7.1 Abbreviated Resettlement Action Plans (ARAPs)

On issues of economic displacement and resettlement, approximately 31no. sub-projects resulted in some form of negative social/economic impacts (e.g. economic displacement, loss or destruction of assets, disruption of access etc.) and would therefore have required preparation of ARAPs prior to their implementation. However, only 17no. were subjected to some form of RAP albeit not necessarily in the form and structure of the POM template. The rest of the cases were apparently handled outside of any documented system, hence no records of the same exist.

3.2.7.2 Environmental and Social Safeguards Issues

The Occupational Safety and Health Act (OSHA, 2007) and its regulations requires that all workplaces be registered by the Directorate of Occupational Safety & Health Services (DOSHS) and that records relating to workers' health and safety be maintained at all times. Over the years of KUSP implementation, it was observed that there were serious gaps in adherence to this legislation owing to capacity gaps within the regulatory agency (DOSHS), and project implementing agencies to enforce and oversight. For incidence records on site accidents and incidents were largely not kept and therefore such information is not available for a majority of the sub-projects. However, some 157no. site incidents were recorded on a few of the sub-projects implemented pointing to a dire need to strengthen enforcement of the OSH requirements. Construction of Naivasha wholesale market recorded the highest number of incidences at 21. This should nonetheless be viewed to indicate the presence of a functional OSH management system by the contractor as confirmed from the site records.

The program has endeavored to establish and strengthen grievance management systems within the participating municipalities. Through the established municipal level GRM structures, a total of 560no. grievances mainly relating to emerging issues during the construction phase of sub-projects were registered, out of which 539no. (96%) were recorded as having been resolved and closed.

The status of the remainder of the cases is largely unclear although most of them, being temporary in nature during construction phase, may have been over-taken following completion of the respective sub-projects. Whereas there has been notable improvement in the management of grievances at the municipalities over the program's duration, there's still need to further strengthen the GRM structures to build trust and foster efficiency.

Generally, through initiatives such as collaboration with NEMA and DOSHS in provision of training to municipal technical and safeguards personell, the program has registered notable improvement in E&S performance. Nonetheless a few sub-projects had outstanding issues that called for further follow-up to ensure full compliance and sustainability of the investments which was done successfully.

3.2.8 Key Lessons Learnt and best practices under UDG grant

Over the duration of the program, several challenges were experienced, key lessons were learnt including some best practices recorded. These could be summarized as follows:

Challenges faced during implementation of the Program include:

1. The disbursement of the UDG before full establishment of the urban institution capacities meant that the mother departments undertook preparation as well as implementation of investments without release of the requisite staff to the new institutions (the municipalities). This led to majority of the municipalities lacking requisite staff to date. Municipalities should have requisite staff to undertake functions to be transferred to them as per the Charters.
2. High turnover of staff leading to delays in investments implementation and lack of understanding of program requirements. This also resulted to some non-compliance since the new staff did not understand the expectations.
3. Procurement and implementation of investements without surety of funding to their completion to usable states (especially for multiyear investments). This should be discouraged for any investment and none should be procured without full funding surety. Municipalities should ensure that for each funding cycle they undertake projects that would be done to completion and to a functional level.
4. No budget provisions for O&M of implemented investments. The functions under which most of the investments undertaken fall, are yet to be transferred to municipalities hence, O&M is left to the county departments currently undertaking the function. Municipalities not having these functions transferred to them and the lack of maintenance budget poses a danger to sustanablity and functionality of these investments. In future programs, municipalities should only implement projects under their mandate.

5. Due to lack of technical staff, there were many contract management issues ranging from poor investments packaging, designs, quality assurances, time overruns as well as cost variations. Municipalities need to have registered professionals to undertake investments activities and to take responsibility/accountability for the same.
6. Disbursements not synchronized with FY budget cycles caused delays in identification, designs, procurement and implementation of some investments due to supplementary budgets approval. These resulted in disbursements for a specific year being implemented in the following year that is, for FY2018/19 disbursements, the projects were implemented in FY2019/20.
7. Delays in transferring funds from the counties' CRF to municipalities' SPAs leading to delayed project implementation or payment to contractors, suppliers and service providers.
8. Long periods between infrastructure technical backstopping visits to the municipalities made it difficult to address emerging investments related issues early. There is need for more frequent technical visit activities to address both investments identification, designs, procurement, implementation and contract management challenges in good time.
9. There is a huge discrepancy in design, implementation and costing of similar infrastructure projects across the municipalities. There is need for standardization of designs to ensure that infrastructure projects adhere to the set standards (existing design manuals) for all investments in all the municipalities.

Key lessons learnt are as follows:
1. For the municipalities that used supervision consultants, they still require the relevant municipal technical staff to oversee the implementation of those projects. This will ensure that there is no collusion between the contractors and supervision consultant as well as ensuring timely implementation of the projects.
2. There is need for continuous stakeholder engagement and community involvement in design and implementation of infrastructure projects to promote ownership amongst the public. Additionally, communities need to be sensitized on maintenance of infrastructure investments to ensure sustainability.
3. In designing infrastructure projects, there is need to integrate climate change mitigation measures and avoid destruction of property or disruption of services.
4. Grievances need to be responded to in a timely manner to avoid negative impacts that may lead to projects being stopped or delayed. Municipalities need to make public their GRM systems and ensure that the public have easy access to the same.
5. Implementation of ESMPs by contractors and; involvement of environmental and safeguards officers proved to be impactful in delivering projects that adhered to ESS with no complaints through the implementation.
6. There was lack of proper record management in most of the municipalities mainly because there are no dedicated registries/record management sections/departments/officers. Also, for

municipalities where projects were handled by technical officers from the county, it was very difficult to trace documents as their precise location at any given time was not definite.

7. Review of the procurement process revealed that all the projects adopted acceptable processes as per the law and regulations guiding procurement. In some instances, there were some anomaly observed where the procurement process either took a very short (a week) or long (up to 2 years) to be finalized.
8. Project management was found to be inadequate in approximately half of the implemented projects considering some aspects were not undertaken conclusively, like as-built drawings were not available in most projects, final accounts had not been done and there were issues of project delays and provision of project extensions.
9. KUSP catalyzed the formation of municipalities, but most counties are not allocating budgets to these urban institutions. For the municipalities receiving funds, the bulk of the allocation is recurrent an indication of the lack of emphasis on urban infrastructure investment for proper urban service delivery. The allocations are also not consistent as they are not based on any criteria, percentage or formula.
10. Market projects have faced many challenges from design, implementation and operationalization. These projects are usually plagued with many grievances as a result of relocations and reallocation of traders. Some of the complete projects are not operational either due to the location of the projects or allocation challenges. On the other hand, there were some positives where constructed markets are well utilized and well appreciated by the beneficiaries for example, Mwatate retail market, Kathwana market despite initial structural integrity concerns and Homabay market.

Some of the best practices include:

1. The incorporation of culture and heritage in the design of infrastructure projects to complement existing outlook of an area as well as bring out the cultural heritage of the specific communities. For instance, Lamu market incorporated the same design elements as the adjacent Museum building thus complementing it and Wote Green Park included some statues of historical heroes of the community.
2. The implementation fo the Kisumu City NMT, which adhered to the standards in terms of width, within the CBD transformed the face of the city which was initially congested and disorganized with informal traders. This led to conflict between pedestrians and vehicles a there were no designated areas for NMT.
3. Narok- fit for purpose
4. Cobblestones in rumuruti
5. Homabay compensation of traders.
6. Mwatate mkt- functionality

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Outstanding issues to be addressed

During the period, the outstanding issues under the UDG infrastructure investements included the following;

i) Completion of all ongoing and or planned investments,
ii) Immediate operationalization of all completed investments,
iii) Committement and utilization of all the uncommitted UDG balances before the closure of the program,
iv) Reimbursement to UDG SPA accounts of all ineligible expenditures before closure of the program,
v) Counties and municipalities to plan for closure of investments that were not fully funded and to plan to settle any outstanding payments, and
vi) Closure of outstanding grievances related to UDG investments.

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The respective counties and municipalities have already been advised on these issues. The NPCT is planning for follow ups to ensure these outstanding issues are addressed before closure of the program.

4. KUSP Results Framework

KUSP's Program Development Objective (PDO) was to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya. Progress shows that KUSP achieved the project development objective as evidenced by the achievements realized against program targets as shown in the table below:

Table 6: Results framework as at November 2023

PDO Indicators by Objectives / Outcomes			
Urban areas with approved charters, established boards, appointed urban managers, and a budget vote (measures establishment of urban institutions)- (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	77	35.00
Comments	The Program catalyzed the establishment of 59 municipalities across the 45 beneficiary counties, and a further 18 municipalities (Elwak, Mwingi, Diani, Kitengela, Bondo, Malaba, Kehancha, Oyugis, Emali, Juja, Ahero, Nanyuki, Maua, Kenol, Gilgil, Kilgoris, Engineer, and Chuka). The number is currently over 100 although some are not yet gazetted.		
Urban areas that utilize at least 50 percent of the budget intended for their urban investments (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	57	17.00
Comments	According to the APA 3, 57 municipalities had used 100% of the 2018/2019 UDG allocation and over 50% of the 2019/2020 allocation, in accordance to the eligible expenditure menu. Only two municipalities did not meet this minimum condition, Kitui and Hola.		
Urban areas that have an approved Annual Investment Plan and Urban Area plans (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	57	15.00
Comments	According to APA 3, 57 municipalities met UDG minimum performance standard 7, that measures the number of municipalities with annual urban investment plans (IDePs) in place, with commensurate budget allocation for funding UDG investments. {51 municipalities had integrated urban spatial plans}.		
Intermediate Results Indicators by Results Areas			
National Level Results			
Guidelines on planning, infrastructure, and basic service delivery prepared and made public on MTIHUD website (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	4.00	6.00
Date	6-Jul-2017	30-Nov-2023	31-Dec-2023
Comments	The **Urban Boards Induction and Training Guidebook**, and the **Citizen Forum Handbook** have been prepared to support establishment of urban institutions and citizens' participation in urban governance. The two guidance notes are awaiting stakeholder validation and roll out. In addition, the **Solid Waste Management** guidelines and **Urban Resilience guidelines** (Guidance Notes) have		

	been prepared with support from consultancies contracted under the Program. Further, the Participatory slum upgrading and Urban mobility guidance notes are in draft form and are expected to be finalized in the second phase of the Program. The two draft notes were prepared in close collaboration with UN-HABITAT.		
APA results (UIG and UDG allocations) made on time (before end of FY and prior to start of next FY) (Yes/No)			
	Baseline	Actual (Current)	End Target
Value	No	Yes	Yes
Comments	The Third Annual Performance Assessment (APA) was successfully concluded by the Office of Auditor General (OAG). The APA results were used to inform the final disbursement of the P-for-R component (USD37,4million) in June 2021.		
County and Urban Area Results: Urban Management Systems in place			
Counties that qualify for the UIGs (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	45.00	45.00
Comments	Based on the APA 3, all 45 Counties met the three minimum conditions for access to UIG, that include, (1) signed participation agreement in place, (ii) County Urban Institutional Development Strategy (CUIDS) and commensurate budget annexed in the CIDP, and (iii) UIG of previous year spent in accordance to the eligible menu.		
Urban areas for which citizen fora (public consultations between urban board and residents, including plan and budget consultations) have been held at least once a year. (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	54.00	35.00
Comments	APA 3 recorded 54 municipalities (91%) having held at least two citizen forums (public consultations between urban boards and residents) on planning, budgeting and budget execution.		
County and Urban Area Results: Urban planning, infrastructure and services			
People provided with improved urban living conditions (million) (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	3.40	3.50
Comments	A total of 369 UDG investments have been implemented across the 59 beneficiary municipalities		
People provided with improved urban living conditions (of which female, [percentage]) (Percentage)			
	Baseline	Actual (Current)	End Target
Value	0.00	50.00	50.00
Comments	The Population census of 2019, indicated a male to female ratio of 49.9 to 50.1 percent respectively.		
UDGs for the previous FY spent in accordance with the eligible investment menu (Percentage)			
	Baseline	Actual (Current)	End Target
Value	0.00	96.00	90.00
Comments	APA 3 indicated that 57 out of 59 beneficiary municipalities had met UDG minimum condition 8 (with Kitui and Hola municipalities not meeting).		
Drainage systems built or rehabilitated under the program (Kilometers)			
	Baseline	Actual (Current)	End Target

Value	0.00	234.00	10.00
Comments	Of the 234 km, 122 km are part of the road works while 112 km are standalone storm water drainage channels (in Kericho, Mandera, Thika, etc.)		

Non-motorized transport facilities constructed or rehabilitated under the program (Kilometers)

	Baseline	Actual (Current)	End Target
Value	0.00	209.00	100.00
Comments	Of the 209 km, stand-alone NMT infrastructure constitutes 99km, while the rest is part of road works		

High-mast security lights installed under the program (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	113.00	30.00
Date	06-Jul-2017	30-Nov-2023	31-Dec-2023
Comments			

Markets constructed under the program (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	23.00	4.00
Comments	Markets and market stalls have been completed various municipalities (including Kapenguria, Maralal, Ol Kalou, Naivasha, Migori, Awendo, Meru, Wote, Lamu, Kisumu, Homa Bay,Kilifi, Kimilili, Lamu and Kerugoya Kutus, Mwatate, etc)		

Public green urban spaces constructed or rehabilitated under the program (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	21.00	10.00
Comments	21 public green urban spaces have been completed in various urban areas (such as Wote, Malindi, Vihiga, Thika, Ruiru, Awendo, Kikuyu, Kakamega, Kisumu, Kericho, Siaya, Iten, Eldoret and Kapenguria)		

Municipal solid waste policies and plans prepared under the program adopted (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	54.00	10.00
Comments	Additionally, over 30 municipalities have provided waste handling equipment and infrastructure, including over 500 skips and over 30 backhoes and skip loaders.		

Urban spatial plans completed under the program (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	51.00	8.00
Comments	The APA measured whether urban spatial plan is completed and available, and not necessarily completed under the program.		

Urban IDEPs completed under the program (Number)

	Baseline	Actual (Current)	End Target
Value	0.00	57.00	35.00
Comments			

Roads constructed or rehabilitated under the program (Kilometers)

	Baseline	Actual (Current)	End Target
Value	0.00	212.00	100.00

Comments			
Street lights installed under the program (Number)			
	Baseline	Actual (Current)	End Target
Value	0.00	5,040.00	1000.00
Comments			

5. Conclusion and Recommendations

Despite the issues and difficulties experienced both at National and subnational level of government, KUSP has demonstrated great successes in strengthening urban governments and institutions. Through the promotion of transparent and responsible governance, institutional development, infrastructure improvement, and improved service delivery, KUSP has effectively altered Kenya's urban areas. Its focus on capacity building, community involvement, and strategic investments has improved urban inhabitants' quality of life and produced more sustainable cities and towns. There is a need for future efforts to enhance the program's effectiveness in towns and market centers, ensuring that no community is left behind.

Counties need to embrace municipalities and formulate strategies of complementing each other to foster further development of the urban areas. Notable challenges facing the municipalities included limited human resource capacity, lack of a budget from the county government, limited transferred functions contrary to UACA 2011 (amended 2019) and the Charters, high staff turnover with some municipal managers on short-term contracts and municipal/city managers whose mandate is limited as decisions are made at the county level. To ensure sustainability of the established municipalities, county governments need to be encouraged to make the necessary provisions of staffing, budgetary provisions and transfer of functions to the municipalities. It is further recommended that for any future similar Programs, strict conditions must be put in place to ensure sustainability of urban institutional and that municipalities are functioning well as envisaged in the relevant Acts.

In addition, as per the UACA 2011 (amended 2019), counties need to establish other tiers of urban institutions, that is towns and market centres. The focus on municipalities creation as demonstrated after KUSP became active, might be driven by the grants offered by the program and their sustainability remains questionable. It is therefore recommended that bold steps need to be taken to properly delineate the urban areas as well as guide accordingly on what constitutes an urban area. This will discourage the mushrooming of municipalities whose majority of their areas are rural in nature.

NPCT efforts on assisting counties and municipalities through trainings and technical backstopping, greatly improved the standards of projects being undertaken as evidenced by the comparison of projects undertaken in FY2018/19 with FY2019/20 and FY2020/21. Despite these efforts, design challenges could still be observed in some projects, as some minimum standards were not being observed hence the infrastructure investments were not delivering the expected impacts. For instance, inter alia, NMTs with very small widths, narrow road carriage ways, poor quality drain works and pavement works.

The Grievance Reporting Mechanisms (GRM), instituted in the municipalities have created an awareness on projects implementation and governance issues among the residents. This has resulted in better accountability by the project implementors and ownership of the investments by the public. Counties and municipalities are therefore encouraged to maintain these GRM systems and also incorporate ESS aspect in all their future projects.

Project management challenges greatly affected the efficiency of KUSP as a Program due to delays in projects completion and failure to issue expected project documents upon completion of the projects. This demonstrated the need for further capacity building on project management aspects to ensure adherence to work programs, issuance of all certificates and proper closure of projects.

O&M for most infrastructure investments under the program has largely been lacking and this has led to some of the investments deterioriating at a very high rate. This was triggered by several reasons but mainly lack of budgetary provisions for O&M. It is recommended that for any infrastructure investment intended to be undertaken by counties/municipalities, there should be provisions in their budgets for O&M of the same investments in their lifetime to ensure sustainability as well as the public fully benefiting from such projects.