

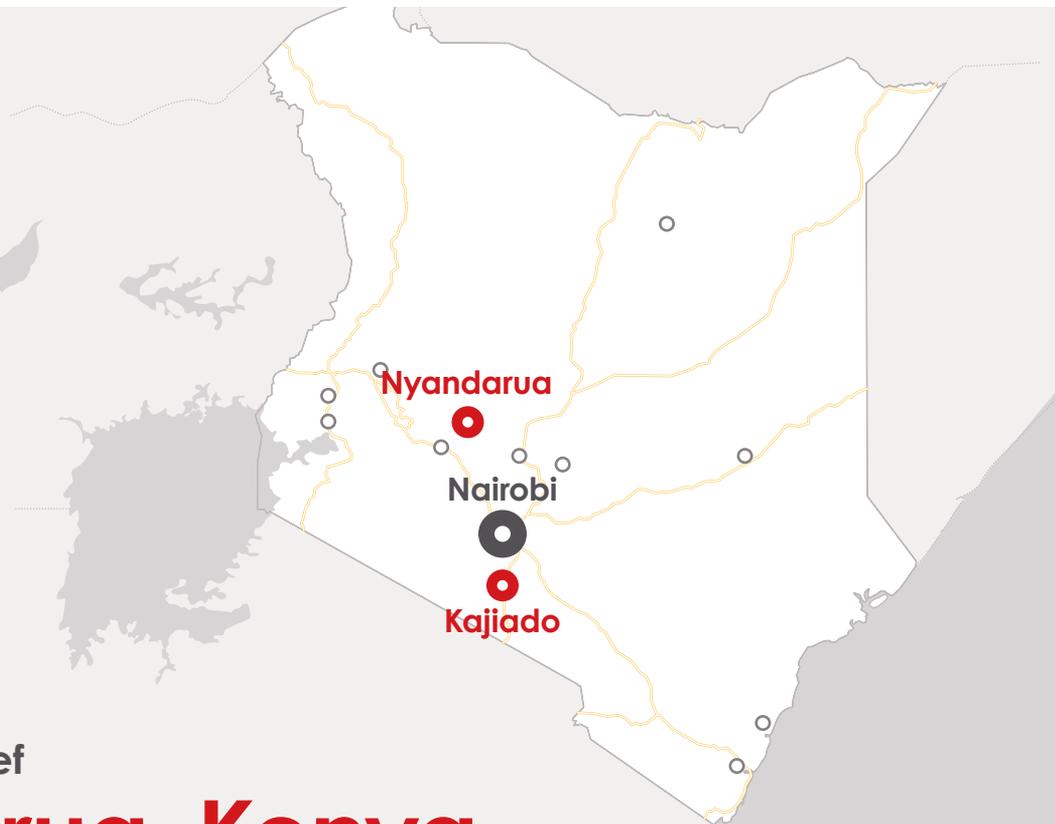
Joint Work Programme for Equitable Economic Growth in Cities

Cities Alliance
Cities Without Slums

Hosted by:  **UNOPS**



Figure 1:
Campaign Cities map



Campaign City Brief

Nyandarua, Kenya

Population¹

600,000

Number of cities with
over 100,000 inhabitants

4

People living below
poverty line

43%

% of residents engaged
in agriculture sector

50%

A recognition of the importance of equitable economic growth (EEG), and the need to understand how EEG can be effectively promoted in secondary cities, led to the establishment of Cities Alliance's Joint Work Programme (JWP) on EEG in cities.

A trademark component of the JWP-EEG programme has been the Campaign Cities Initiative (2016–2020). This initiative began by creating local partnerships in eight secondary cities in Bangladesh, Uganda, Ghana, and Kenya. For each city, a diagnostic assessment of constraints to EEG was produced, resulting in the selection of a particular public good or service in the city that should be prioritised.

In Nyandarua, Kenya, the Campaign Cities Initiative was implemented from December 2018 to April 2020 by the UN-Habitat. The initiative assisted the counties of Nyandarua and Kajiado (see Figure 1) prepare evidence-based policy recommendations concerning how municipal public goods and services could be delivered in a manner that directly contributes to EEG. In Nyandarua, the focus was land use control to managing urban development and the preparation of a strategy for the development of a wholesale market and a logistics centre.

Nyandarua context

Nyandarua County lies in the centre of Kenya close to Nairobi to which it is linked by major truck roads. The level of urbanisation in Nyandarua is low compared to other counties. The county has four main urban centres: Mairo-Inya, Engineer, Njambini, and Ol'Kalou.²

Agriculture is the backbone of Nyandarua's economy, with approximately half of the population engaged in the sector. The county is considered the breadbasket of Kenya, noted for the production of potatoes, cabbages, maize and beans. Livestock rearing is also a major economic activity. In the period from 2013 to 2017 Nyandarua County was among the top ten leading economies in the Kenya in terms of contribution to the national GDP.³ It is estimated, however, that 46.3% of Nyandarua's residents live below poverty line.⁴

Nyandarua County is still in the early stages of urbanisation, but market driven demand for urban land has pushed up land prices, and increased the pressure on agricultural lands required for urban expansion. The demand for warehousing space is also growing in the county, an outcome of an increase in the influx of imported goods requiring large centralised facilities prior to retail distribution. Given increasing pressures on scarce land resources, land use policy and plans need to be strengthened, as does the county-level legislative framework related to the management of urban development.

Approach and methodology

Each Campaign City initiative took around 24 months to complete, and consisted of the establishment of a City Level Partnership (CLP), followed by the preparation of three consecutive reports and associated workshops:

- 1. Establishment of a City-Level Partnership (CLP):** The Campaign City process began by establishing a CLP that used existing local multi-stakeholder fora. The CLP consisted of representatives from local government, chambers of commerce, the informal economy and the broader community, as well as the JWP facilitator. Members of the CLP debated issues and were responsible for the preparing the reports throughout the process.
- 2. Preparation of an Institutional Enabling Environment Report (IEER):** A description of the institutional parameters under which the Nyandarua County operates was presented in the IEER.
- 3. Preparation of a Local Assessment Report (LAR):** Based on the outcome of a workshop reviewing the IEER, the CLP identified two priority areas of intervention to be further explored within the LAR: (i) land use control to managing urban development and (ii) the preparation of a strategy for the development of a wholesale market and a logistics centre.
- 4. Policy Briefs and the Recommendations:** Two respective Policy Briefs and Recommendations were then prepared based on the recommendations of the stakeholders.



Findings

Land use policies and plans play a pivotal role in the effective management of urban development. They also perform a key place-shaping role ensuring that the built environment has a defined and attractive identity, and a minimal adverse environmental impact. As discussed in the IEER and LAR reports, urban development pressures in Nyandarua County are steadily increasing as its urban fringe agro-based economy expands in response to a surging national demand for food supplies. Managing the dynamic interaction and delicate balance between rural economic systems and urban development has become a major challenge requiring urgent attention.

Insufficient capacity to ensure the effective management of urban development

All projects implemented by County Governments in Kenya must result from the County Integrated Development Plan (CIDP), as stipulated by law. The spatial component of CIDP is the County Spatial Plan (CSP). Nyandarua County is now in the throes of implementing its second CIDP (2018- 2022), having completed the inaugural plan of 2013- 2017. Institutionally, towns and urban areas are currently managed by the County Government of Nyandarua, like all other areas within the county. Challenges, such as the county's limited budget, and especially

its overreliance on the national government, low own-source revenues, poor revenue collection enforcement, and the lack of institutional capacity combine to significantly impede the effective management of urban development.

Transport and Physical Infrastructure Backlog

The poor quality of key infrastructures such as water supply, stormwater drainage, solid waste management in the majority of urban areas in Nyandarua County is also a cause for concern due to the potential environmental and public health risks it poses.

Lack of markets

Oi Kalou, one of the Nyandarua County's main cities, has developed as a trading base due to its centrality in the county coupled with good communication links to Nakuru, Gilgil and Nyahururu. The availability of agricultural production mostly in its hinterland makes it even more attractive for traders who ply their trade in far-flung counties in the western side of the country and northeastern counties of Laikipia and Samburu. There is already a designated market in the town that is more or less full and requires expansion. More markets are needed in Engineer town and all other emerging urban areas in Nyandarua County.

Recommendations

Urban development

The Campaign Cities consultations and Nyandarua Policy Brief and Recommendations identified measures for improving of urban development in the County, including:

→ **Legal foundations for managing urban development and using development fees.**

Under the new National Physical and Land Use Planning Act (2019) county governments must prepare physical and land use plans, and can levy development fees. Each county is required to pass its own planning and building control regulations that are aligned with the National Act. Accordingly, the county needs to enact the appropriate legislation that is in keeping with the legal regulations set out in the new National Act. This has yet to be completed.

→ **Spatial planning and permit approval as mechanisms for managing development:**

Effective spatial planning is required in order to guide and regulate urban development. Pursuant to the County Government Act (2012), county planning and development facilitation must be aligned with national policies and plans, and serve as a basis for engagement between county government and its citizenry. The County Spatial Plan (CSP) is the spatial

framework guiding the social and economic development programme of the county. The Plan should provide strategic guidance in respect of the location and nature of development within the county, be aligned with the county capital investment framework, and identify programmes and projects for the development of land within the county.

→ **Using development fees to fund urban infrastructure:** In order to meet the infrastructure requirements of the growing population and ensure that urban development conforms to required building and planning standards, Nyandarua County needs strong statutory and financial mechanisms related to infrastructure development. Innovative infrastructure financing should also be on the agenda. It was recommended that development levy or fee is paid to the county government by developers (commercial and individual) and used for the construction of sewage treatment, water purification, and drainage.

→ **Land rates as a mechanism for revenue generation and managing urban development:**

In order to capture the increased value of properties in the expanding urban areas and establish differential revenue sources for county governments, property taxes need to be restructured and be based

- 1 Agro-processing and industry (14.7 acres)
- 2 Livestock market (3.8 acres)
- 3 Matches dam
- 4 Shopping centre (1.9 acres)
- 5 Animal produce market (0.4 acres)
- 6 Fuel and service station
- 7 Clinic
- 8 Fire and emergency response centre
- 9 Treatment & recreational wetlands
- 10 Retail market plaza (2.6 acres)
- 11 Wholesale markets with sanitation block (2.7 acres)
- 12 Recreational parks and gardens
- 13 Office park and auxiliary services
- 14 Bus pick-up and drop-off
- 15 Parking zone
- 16 Weigh bridge
- 17 Sorting and packing
- 18 Warehousing and cold storage
- 19 Truck waiting bay
- 20 Waste treatment plant
- 21 Solid waste management centre
- 22 Interchange with an underpass



Figure 2: Magumu mixed-use market masterplan

upon the land values of undeveloped property and upon a property's "developed" functions (residential, commercial, public, industrial, non-agricultural and other). The undeveloped land tax would serve as the source of income to the county government and the developed land tax would be an income source for the municipal boards.

Market development

The Policy Brief and Recommendations also proposed the development of Magumu Market and Logistics Center as a key initiative of Nyandarua County, required in order to upgrade the county's agro-economy. Further it was recommended that the development should be financed through a combination of public and private investment.

The rationale for this initiative is two-fold:

- First and foremost is the county's responsibility to enhance the conditions necessary for economic development, especially ensuring quality-marketing facilities.
- The second is the need to establish clear ownership and title of the land planned for the site of the Market and Logistics Center. This is precondition for transforming the site into a sustainable economic venture.

Endnotes

- 1 According to 2011 Census 709,380; projected to over 1 million by 2021.
- 2 Cities Alliance. 2019. *Institutional Enabling Environment Report (IEER)*, Nyandarua County, Kenya. Prepared by UN-Habitat as part of the Cities Campaign of the Cities Alliance Joint Work Programme (JWP) for Equitable Economic Growth in Cities.
- 3 Kenya Bureau of Statistics, 2017
- 4 Nyandarua County fact sheet, 2011

The Magumu market project has been designed to benefit the farmers of Nyandarua and its environs. This development, if successful, will significantly expand the economic base of Nyandarua. Located at the convergence of two densely populated counties and major transit roads, the market will host sellers of variety of agricultural produce satisfying demand from the local population and beyond in Nakuru, Thika, Naivasha and Nairobi metropolitans. Strategically located along a busy highway (Nairobi-Nakuru road), and between two fast-growing junction markets, it will be a hub of new commercial, agricultural, cultural, and recreational mixed-use development serving the residents of Nyandarua, Kiambu farmers, and numerous traders and commuters (see Figure 2).

The cost of the Market and logistics center is approximately \$50 million as a capital investment. The market value of the unprocessed produce in Nyandarua County is 117 million dollars annually. The proposed development strategy being covers the physical build and management framework for the Market. Although the overall rationale for this initiative as advocated by Nyandarua County, is to improve the conditions for the development of the agro-based economy (and over time cover the public and private costs on investment) in the long term some of the components of the Magumu Market will become a significant source of revenues. The overall management of the market is to be subcontracted out to a private management company.