

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KITUI

THE COUNTY ASSEMBLY

.....

FIRST ASSEMBLY- FOURTH SESSION

.....

SECTORAL COMMITTEE ON FINANCE AND PLANNING

.....

**REPORT ON THE CONSIDERATION OF THE KITUI VISION FOR ECONOMIC
AND SOCIAL TRANSFORMATION (KIVEST) DOCUMENT 2015 - 2025**

**Clerk's Chambers,
Assembly Buildings,
P.O Box 694-90200**

KITUI.

SEPTEMBER, 2016

TABLE OF CONTENTS

CHAPTER ONE	3
Introduction	3
Mandate of the committee.....	4
Approach to the mandate	5
Acknowledgement	5
Conclusion.....	5
Chapter Two.....	6
Committee findings and observations.....	6
County Strengths.....	6
Opportunities.....	7
Key Development Projects likely to Impact on Kitui County	7
Challenges in realization of the investment plan.....	9
Committee Recommendations on the implementation of the investment plan.	11
ANNEX 1.....	14
ANNEX 2.....	15

CHAPTER ONE

Introduction

Honourable Speaker,

On behalf of the Members of the Finance and Planning Committee and as required under Standing Order No 190 (5), I take this opportunity to present to the House, the Committee's Report on the consideration of Kitui Vision for Economic and Social Transformation (KIVEST) 2015-2025 for consideration and subsequent adoption.

Honourable Speaker,

Kitui Vision for Economic and Social Transformation (KIVEST) 2015-2025 was laid in the table of the house on 2nd March 2016 pursuant to the provisions of section 104 of the County Government Act, 2012 and further committed to the sectoral committee on Finance and Planning.

The economic transformation agenda of the County is premised on the County's long term development blue print, "The Kitui Vision for Economic and Social Transformation – KIVEST". The Vision as explained in the County Integrated Development Plan (CIDP) and is based on the six economic and investment zones (EIZs) with various economic potentials that have been mapped out and specific programmes designed for each zone. The six economic zones include:

- i. Mui Basin, whose main potential is the coal mining and associated coal power generation. Its other potentials include livestock farming and limestone mining.
- ii. Ikutha – Mutomo – Kanziko, whose main potential is mining of limestone, iron ore and other precious stones.
- iii. Kitui Town and its environs, whose main potential is commercial and financial hub for the surrounding zones.
- iv. Kanyangi - Kwa Vonza – Kanyoonyoo, whose potential is also commerce and education hub and a research and development zone. Already two universities are hosted in this zone.
- v. Mwingi Town and its surrounding, whose potential is main commercial and financial centre, being the largest town next to the LAPSSET corridor. It has potential for tourism development since it is at the upper circuit of the County.
- vi. Muumoni – Kyuso – Tseikuru which has potential in irrigated farming, mining of limestone and other precious stones.

These Economic and Investment zones are designed to help the County to realize the following key objectives and to position Kitui County as:

- a) An economic unit where a high quantum of GDP is generated;

- b) An attractive place for industrial investors and business ventures anchored on the natural and other resources within the County;
- c) A place where a wide range of skilled, semi-skilled and unskilled employment opportunities are created;
- d) A source of wealth creation for its people and the Country at large; and a place where people enjoy a high quality of life in a clean and safe environment in both rural and urban areas.

Composition of the committee

The Committee on Finance and Planning comprises of the following members:

- | | |
|---------------------------------|--------------------|
| 1) Hon. Jamhuri Mwango | Chairperson |
| 2) Hon. Dominic Kilonzo Kauthi | Vice - Chairperson |
| 3) Hon. Stephen Kiluu Wambua | Member |
| 4) Hon. Boniface Maundu Katumbi | ✓ |
| 5) Hon. Patrick Munyithya Mutua | ✓ |
| 6) Hon. Joyce Mwende Mutemi | ✓ |
| 7) Hon. Titus Ndemwa Mbiti | ✓ |
| 8) Hon. Jane Mueni Muli | ✓ |
| 9) Hon. Rhoda Wambua | ✓ |
| 10) Hon. Colleta Koli Kimanzi | ✓ |
| 11) Hon. Grogan Tito Mbivi | ✓ |

Mandate of the committee

Standing Order No. 190(5) establishes Sectoral Committees with specific mandate among others to study and review all county legislations and make reports and recommendations to the Assembly on the proposed legislations. Under this Standing Order, the Sectoral Committees (under which the Finance and Planning Committee falls) are tasked with the following; to;

1. (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
 - b) Study the programme and policy objectives of departments and the effectiveness of the implementation;
 - c) Study and review all county legislation referred to it;
 - d) Study, access and analyse the relative success of the departments as measured by the results obtained as compared with their stated objectives;
 - e) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
 - f) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation
2. (a) scrutinize the resolutions of the County Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –

(b) Whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and

(c) Whether or not legislation passed by the County Assembly has been operationalised and where operationalised, the extent to which such operationalisation has taken place within the minimum time necessary.

3. The Committees may propose to the County Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant select Committee on implementation status without justifiable reasons.

Approach to the mandate

Honourable Speaker,

The committee reviewed relevant literature to supplement the views information from the document. The committee also held a consultative meeting with the county Assistant Director for Planning Mr. F.M Mwaniki who gave the committee a clear understanding of the document. Such literature included the Vision 2030, the medium-term plan, county integrated development plan 2013 – 2017(CIDP).

The information gathered enabled members of the Committee to make informed decision on the report. Thereafter, the committee went on a working retreat at Pride Inn Hotel in Nairobi to consolidate issues and compile the final report for presentation to the County Assembly for consideration and adoption.

Acknowledgement

Honourable Speaker,

The committee is grateful to the Office of the Speaker for the support granted in executing its mandate. The committee also extends its gratitude to the office of the clerk for facilitating the members while carrying out its duties and County officials who dutifully honoured their obligations and submitted relevant data/information to the Committee. Further, I wish to express my appreciation to the Honourable members of the committee who traded off their time to participate in the activities of the committee and whose dedication and fortitude saw the completion of this report. Finally, Mr. Speaker, the committee extends its appreciation to the committee clerk who had to go beyond the normal call of duty to ensure justice is done to this involving assignment. The commitment and devotion to duty of all those involved in this noble task made the work of the Committee and production of this report a success. We thank each one of them.

Conclusion

Honourable Speaker,

For Kitui to achieve this grand ambition it has to fully embrace citizen awareness and a public private sector-driven approach. The county government has to consolidate its focus on key impacting infrastructure development projects and a broad based strategy that will let the people handle the projects by themselves. In simple terms, free enterprise.

However, Mr. Speaker there are no hard metrics and goals to achieve this, other than to improve the overall lives of Kitui citizens.

The vision/investment plan in its entity is neither an exhaustive list of challenges and issues nor is it meant to undermine the development efforts made thus far by Kenya and the devolved units. However, in aiming for middle income status by 2025, the county must take a realistic look at issues and thereby derive plans that address those weaknesses effectively.

Chapter Two

Committee findings and observations

Honourable Speaker

Since the inception of devolution citizenry all over the nation have an outpouring of enthusiasm for devolved units to solve the myriads challenges faced since independence. In this view all Governments cannot reasonably tackle poverty without specifically addressing the need for investing in its people. The Vision entails "building a just and cohesive society with social equity."

The county investment plan is a guide on the abundant opportunities offered by the vast natural resources that cover the breadth of our county. The resources that must be exploited sustainably so as to fast track social and economic development for our people.

The policy seeks to enhance the welfare of the people of Kitui County and get them on track in the long, yet worthwhile, journey towards self-reliance by the turn of the decade. Mapping the county's natural resources is clearly drawn in the investment plan.

This Investment Plan captures the abundant opportunities available in the infrastructure, manufacturing, pastoralism economy, fisheries, agriculture, education, health, tourism, energy and mining.

County Strengths

1) Being a mineral rich the county starts from a position of relative strength due to the potential in it.

2) The county has a diversified economy with multiple viable sectors including banking and financial services, ICT, agriculture, tourism and consumer services this can easily attract nascent manufacturing industries which will help in delivering the aspired economic growth.

3) Literacy level stands at approximately 74% although the large number of the percentage are unemployed and underemployed youth, many are educated and subject to opportunities being made available they can be employed to generate the growth required.

Opportunities

Key Development Projects likely to Impact on Kitui County

- I. A number of projects initiated mainly by the National Government are likely to impact positively on the growth prospects of Kitui County. Kitui County being home to the Mui Coal Basin is likely to benefit from the mining of coal within blocks C and D. The agreement for the concessioning of the blocks to Fenxi Mining Company, Chinese Company has been signed. The Government has also advertised for the concessioning of the remaining two blocks A and B and construction of a coal fired plant within the basin.
- II. 2)The coal mining at Mui basin agreement also envisages other infrastructural projects to the zone that will spur economic growth for the County including a T-junction of the Mombasa- Nairobi Standard Gauge Railway at Kibwezi, roads and a 12 inch water pipeline from Tana river to the basin
- III. The construction of the recently launched Standard Gauge Railway (SGR) from Mombasa to Nairobi, with a T-junction at Kibwezi to Mui coal basin is another development likely to have a transformative impact on Kitui County. This railway will connect Mui coal basin through the southern economic zone (Kanziko-Ikutha-Mutomo) of the County which is endowed with mineral deposits like limestone, iron ore and gemstones.
- IV. The National Government plans to start upgrading Kibwezi – Mutomo – Kitui – Mwingi road from the lower side, where it diverts from Mombasa road. This road has been prioritised and the process of bidding has been initiated by the Kenya National Highway Authority (KeNHA) to select contractor(s). This road is likely to have great impact on sectors like tourism, transport and other service sectors after diverting traffic from Mombasa road to central Kenya through the County. It will also play a key link role when the LAPSSET corridor is done.
- V. Limestone mining has also generated considerable interest in Kyuso-Tseikuru as well as Ikutha-Mutomo-Kanziko Economic and Investment zones. Athi River Mining Co. Ltd is already in Ngaie area, prospecting for limestone. Dangote

Group, has also expressed interest to invest in Kanziko-Mutomo-Ikutha Economic and Investment zone.

- VI. The Lamu Port Southern Sudan Ethiopia Transport (LAPSSET) corridor though taking shape slowly is also another mega project that will greatly impact on the economic growth of Kitui County. This corridor, once completed will position Kitui as logistics hub and unlock a major economic opportunity for the County such as the export of livestock and livestock products to the Middle East.
- VII. The national government will construct a major dam for power generation and water supply for both domestic consumption and agricultural production along Thwake River. This dam will serve three counties: Kitui, Machakos and Makueni, and as part of the project, it will include a bridge to connect Kitui and Makueni counties that will reduce travel time between Kitui and Wote town substantially.
- VIII. In recent past, Kitui County has attracted institutions of higher learning (Universities and other middle level colleges). Institutions of higher learning play two key roles in the development of an economy; i) capacity development and ii) research. Already, South Eastern Kenya University (SEKU) is working with the County on water resource mapping and looking into the possibility of partnering with Kitui hospital to start training of doctors.
- IX. The development of Kitui Town Sewerage system & Water supply funded by the African Development Bank (A.f.D.B) in conjunction with the National Government is like to increase the land value, attract more investors and result in increased revenue potential for the County.
- X. Kiambere - Mwingi phase II water supply, intended to expand the existing pipeline to accommodate the northern part of Mwingi which was not included in the first phase. The second phase targets Muumoni, Kyuso and Tseikuru.
- XI. The Athi – Kanyangi – Mutomo water project, which is funded by the World Vision in collaboration with the County Government, is likely to change the lives of Kitui residents. Its main intention is to supply water for domestic supply in Mutomo and other markets in Kitui south.
- XII. Construction of Mutha – Walden Road to interconnect Kitui and Tana River Counties. This has led to reduced cost for doing business between the two counties as well as boosting security. Other security roads have also been opened especially in the northern part of the county.
- XIII. Laying of Fiber Optic Cable to connect Kitui to the rest of the world through a robust internet backbone for high internet speed connections. This is becoming increasingly vital in this era of online data processing, file and application

hosting. Installation of 21 BTS by Safaricom within Kitui County that will boost mobile network connectivity from about 35 per cent to 55 per cent.

- XIV. The County in collaboration with Kenya Medical Training College has opened a campus next to Mwingi Level (IV) Hospital. This partnership will result in mutual benefits as trainees have a chance to get hands training while the hospital staff workload goes down. In order to prepare the facility for teaching and referral functions, a number of infrastructural developments have been implemented.
- XV. The Medical Equipment Leasing Program being implemented by the national government in collaboration with the counties is expected to reduce the cost of referral services, time required to access the referred facilities and eventually save more lives. In Kitui County, Kitui and Mwingi level IV hospitals will benefit from this program.

Challenges in realization of the investment plan

1) Land Tenure System

A majority of the County inhabitants do not have title deeds for their land since most of the land in the County has not been adjudicated. The process of land adjudication and registration has been particularly slow, covering less than a third of the County due to its vastness. Without titles, land owners are constrained with regards to securing investment loans from banks and Micro Finance Institutions (MFIs).

2) Inadequate legislation to guide the proposed economic activities

There is need for collaborative effort between the assembly and the executive to provide establishment of legal and institutional framework for promotion and coordination of investment and development.

3) Low Youth Empowerment

The main challenge in the County is lack of skills and access to economic opportunities for a large proportion of the youth. There is also the challenge of access to information and financial resources.

4) Low Productivity of Land

Over 80% of the households in the County depend on agricultural production. Agricultural productivity is decreasing and the supply of farm inputs is irregular, particularly far-flung areas from the National Cereals Produce Board that cannot access subsidized fertilizers. Prices of the inputs are high and the distribution chain is not well coordinated. Shortage of farm inputs leads to low productivity of staple food crops such as maize, beans, potatoes, green grams, millets, and cabbages. Inadequacy of these staple food crops in the County affects the livelihoods of the

community and this is made worse by the limited amount of rainfall received. Extension services to farmers are virtually non-existent.

Due to poor land management practices such as overgrazing, charcoal burning, cultivation on steep slopes and low adoption of appropriate farming techniques the productivity of the land has been declining over time. Much pressure has been exerted on the high potential agricultural zones due to the rising population.

5) Poor Marketing Infrastructure

Kitui County has an enormous potential in agriculture and livestock production. The County is suitable for both beef and dairy production. Despite the availability of this potential, farmers do not get good returns due to the challenges they experience in marketing their products due to exploitative marketing intermediaries. The farmers also lack avenues to access information on pricing and markets.

The County lacks a vibrant market for its produce and there are no organized marketing structures for agriculture and livestock products. Thus, most farmers dispose of their produce through agents/middlemen at very low prices. Although the County has markets in most shopping centers, most of them are not well equipped with facilities for bulky storage and cold storage rooms for perishables. There is also a need to upgrade infrastructure in the old markets and build new market structures where they do not exist.

6) Poor governance and corruption

At all levels of the political economic superstructure needs to be addressed to facilitate an ordered environment in which growth can flourish.

7) Unemployment is a significant problem for the economy.

Accurate numbers of the unemployed are difficult to determine, however, unemployed and underemployed resources are unquestionably an issue that exists and has consequences for the investment plan.

8) Raising revenue from sources within their departments.

The devolved functions still have challenge in raising revenue from sources within their departments. This drop in actual revenue collected against the projected collection led total budget being reviewed downwards to accommodate the projected deficit during supplementary budget review, leading to delay in planned projects implementation.

9) Public expenditure pressures.

Especially recurrent expenditures, mainly salaries and other emoluments may curtail the County's ability to continue investing in infrastructural expansion, human resource development and social sectors. That, wage bill is not declining as a percentage of expenditure over time should signal a serious problem.

10) Over reliance on rain fed agriculture.

Erratic weather pattern that is so characteristic in the County may derail our development agenda with substantial resources channelled to emergency relief services.

11) Other challenges highlighted are: low stakeholder involvement, civic education, no flagship projects started yet, no set timeframes for implementation of priority projects, risk of overlap in the implementation of the policy documents i.e. CIDP, KIVEST and Vision 2030, the vision has not main streamed SDGs and also the KIVEST has outlived its 2 years of implementation 2015-2025. Thus it is now behind schedule as it can only be implemented for a maximum of 13 years.

Committee Recommendations on the implementation of the investment plan.

- I. The committee recommends that a Delivery Secretariat/ Delivery Board be put in place and directly report to the Office of the Governor, to provide the strategic direction needed for enhanced implementation of the Vision. This secretariat should be able to sustain the imperative growth of Kitui, thus it is essential that executive invests in technical/innovative persons to drive this agenda.
- II. Agencies responsible for the realisations of the vision need to develop proper investment policy frameworks / legislative bills so as to fast track the Vision with related bills. The management laws will set and enforce standards in quality, location and type of facilities/products in the County, as well as define relationship with local communities, including setting up new laws on land use, grazing and community sharing of profits from the reserves.
- III. The county executive needs to be innovative and create investment incentives constructively for investment attraction and establishing long-term strategic partnerships. This includes strategies for identifying and clearing barriers to investments, leveraging comparative advantages, and developing linkages to local businesses.
- IV. Develop a resource mobilization framework – implementation of the investment plan entails major commitment in financial and human resources. There is need to develop strategies, instruments, systems and institutional mechanism that will be used to mobilize financial and non-financial resources for sustainable financing of the proposed interventions.
- V. Communication strategy – it is vital that the implementing agency of the the investment plan develop a clear and detailed approach to consistently communicate the vision, mission and values underpinning the investment plan. Specifically key messages aligned with overall objectives and project activities to be implemented. A two way pronged communication between the government and the stakeholders will enable the latter to develop interest and contribute towards the successful implementation of the investment plan.

- VI. Implementation strategy – it is of paramount importance to ensure that target outcomes or impacts are achieved within a set timeframe most preferably in annual targets.
- VII. County officials in charge of implementation of the vision need to engage directly with relevant national agencies such as the Kenya National Chamber of Commerce and Industry (KNCCI) and Ken Invest, the national investment promotion agency. This will enable the persons to gain clarity on national, county, and inter-county opportunities as well as potential ways to streamline their policies to boost investment.
- VIII. Growth as envisaged by vision requires a significant and radical shift of the entire political economic model. Historical and current evidence given the political and economic need to be merged to ensure significant challenges are being addressed effectively or efficiently enough to achieve the goal in only another 7 years.
- IX. Achieving the vision requires the adoption of knowledge based, information and technology led postindustrial superstructures within which new businesses can thrive. The county needs research that develops indigenous technologies for local problems in agriculture and other economic sectors. The superstructure have to facilitate industrial opportunities for civil infrastructure projects. This requires a disciplined application of resources to delivering these projects.
- X. Achieving a sustained 10% growth rate should start with growing the domestic private sector economy and facilitate such growth, while ensuring that we don't trading foreign investments for unemployment.
- XI. The County should institute measures to diversify to other income generating activities, and promote the adoption of modern farming activities like using artificial fertilizer and modern farming equipment. Food security is a pre requisite for growth take off. To achieve this agrarian reforms are required to shift away from subsistence agriculture and cash cropping. Commercial food crop production methods must be adopted to provide a secure food base for the population.
- XII. Review of business permit licences required to start and operate business within the county. This will bring in fairness, transparency and accountability in the licensing process. The review of licencing bundles will also help bring fairness to small scale traders.
- XIII. The existing marketing cooperatives should be revived and new ones formed to improve marketing. The County should also encourage ICT uptake by traders to market their products online, compare prices and learn from other traders.
- XIV. Provision of incentives to establish and operate business such as land rates negotiation for new investors, power connection arrangement where investors will assisted through rural electrification program funded by the county government.

- XV. Security of individuals, property and land must be enforced effectively, giving people the confidence to invest and create growth via employment.
- XVI. The county government should also work closely with investors to ensure accessibility and utility services (water and electricity) to their business premises. This is intended to attract business enterprises anywhere investors feel opportunities exist.
- XVII. It is prudent that in order to improve the economic status in the county, the County government sets up a unit that shall render world class service delivery at its One-Stop-Centre where a cluster of requisite investment related services shall be offered. The investment plan is indeed a road map for investments for both the local and foreign investors. A well-developed investment roadmap will ensure that an investor coming to Kitui County will access necessary support through the one-stop-centre. The centre will facilitate the investor with the appropriate investment specific value adding services.
- XVIII. With all the above achieved this committee therefore encourages both local and foreign investors to partner with the Kitui county government in setting up sustainable mechanisms for a coordinated approach in structuring investments to benefit current and future generations.

ANNEX 1

ADOPTION OF THE REPORT ON CONSIDERATION OF THE KITUI COUNTY VISION FOR ECONOMIC AND SOCIAL TRANSFORMATION (KIVEST) DOCUMENT 2015 – 2025

ANNEX 2

THE KITUI COUNTY VISION FOR ECONOMIC AND SOCIAL TRANSFORMATION (KIVEST) DOCUMENT 2015 – 2025