



COUNCIL OF GOVERNORS

**TALKING NOTES FOR H.E. HON. JOSPHAT NANOK
CHAIRMAN, COUNCIL OF GOVERNORS
DURING THE EXTRACTIVES FORUM HELD ON 5TH TO 6TH OF APRIL 2018
AT OCEAN BEACH HOTEL, MALINDI**

- ***Fellow Governors present,***
- ***Members of the County Executives present,***
- ***Waceke Wachira, Chief of Party AHADI,***
- ***Distinguished participants,***
- ***Invited guests,***
- ***Ladies and Gentlemen,***
- ***Good morning!***

1. First, let me take this opportunity to welcome all the Excellency Governors, Deputy Governors and all participants to this Inaugural Extractives Forum hosted by the Council of Governors in partnership with AHADI. As we are all aware, the extractive industry is emerging as an important sector in Kenya's economy and this is recognized in both the long-term development plan Vision 2030, subsequent Medium-Term Plans and individual CIPDs.
2. It is important to appreciate that Kenya is still in the formative stages in the exploration of its mineral potential. Historically, it has not been a significant mineral producer or exporter as compared to its peers like South Africa, Ghana, Botswana and Tanzania. However, it is widely believed that this is not due to lack of mineral endowment but rather

due to untapped mineral exploration. For example, the Greenstone Belt in Northern Tanzania has five large goldmines, this same geological formation continues into Kenya south of the Lake Victoria.

3. The Mining sector has been characterized by low production of varied minerals such as gold, titanium, copper, iron ore, coal, manganese and semi-precious stones amongst others. Despite low production, mining and quarrying was ranked as the 3rd highest growing sub-sector in the year 2016 – under the Economic Survey of 2017. It is without a doubt that the extractive sector will be one of the highest contributors to the Kenyan economy when its development and regulation is structured together with County Governments.
4. In the recent past, there have been oil and more mining discoveries in Kenya. For instance, oil has been discovered in other Counties like Turkana and Migori and there are still new mineral discoveries such as

titanium in Kilifi County and coal in Kitui County among others. In addition, Kenya is also actively undertaking off shore mineral explorations with the aim of making minerals discoveries active.

5. This growing extractive sector requires the government to pay attention to the intricacies in the socio-economic dynamics of the sector. For instance, when Kenya discovered oil in Turkana County in March 2012, the Government was faced with emergent issues such as environmental implications, community obligations and rights, a suitable governance framework, and effective utilization of resources generated from the sector. As County Governments, we need to ensure that we assist in striking the delicate balance between sustainable growth for the country and equitable distribution of these resources to the host communities.

6. Another challenge we face in the extractive sector is the disharmony in strategies for marketing, promotion and value-addition of minerals. This results from the lack of adequate geological data coupled with low investment in the sector. Resultantly, most of the minerals mined are exported in their raw form, with minimal returns to the country in form of foreign exchange. This forum is therefore critical in assisting us determine a roadmap particularly for small scale miners in ensuring we harness maximum returns from our mineral wealth.

Ladies and Gentlemen,

7. Counties also play a critical role in mobilizing communities for community sensitization on the social and environmental impact of the

extraction activities and on revenue sharing e.g. movement of trucks from Lokichar to Mombasa which have been experiencing intermittent delays due to community concerns and challenges with renewable energy projects in Kinangop. Therefore Counties have a critical role in spearheading robust advocacy initiatives conducted by state and non-state actors to create awareness on upcoming projects and in educating the public on the legislative and policy frameworks applicable. When communities at the local level, including women, comprehend the protection procedures and gaps that exist in the law, they can identify, define and claim their rights by demanding inclusion, consultation and participation to ensure that free, prior, and informed consent is an entrenched practice in the extractive sector.

8. Moreover, with the National Government prioritizing the establishment of robust legal and institutional framework, Counties need to engage and cascade the same to ensure we develop sustainable legal structures that will enable the Country successfully reach a global scale of oil and mineral production. Additionally, we have a greater responsibility to ensure that both the present and future generations of Kenya enjoy the benefits that accrue from this discovery. This can be achieved through reinforcing the revenue amassed from this resource for sustainable development in the local communities. This is the reason why the Council proposed amendments to the Petroleum and Energy Bills an increase in the local community share from 5% to 10% to ensure these resource accrue to the local communities.

Ladies and Gentlemen,

9. From the aforementioned, we hope that this meeting will help create a concrete road map for the Council of Governors in ensuring the upscaling of the extractives sector to significant contributor to our micro-economies and Kenya's economy at large.

10. Therefore, I would like to urge all the members present to engage constructively during this two-day forum, to ensure we safeguard devolution and uphold the Constitution of Kenya for the betterment of our Country.

11. Thank you!

H.E. Josphat Nanok
Chairman, Council of Governors