

# TRADE, INVESTMENT & BUSINESS ENVIRONMENT AT THE COUNTY LEVEL – REVITALIZING COUNTY ECONOMIES

Presentation by:

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Theme: Harnessing Government Expenditure for Sustainable  
Development

# Quote



In Africa today, we recognise that  
trade and investment, and not aid,  
are pillars of development.

— Paul Kagame —

AZ QUOTES

# Presentation Outline



- ❑ Introduction
- ❑ Legal framework
- ❑ COG – Trade, Industry & Investment Committee
- ❑ Regional Economic Blocks
- ❑ Challenges
- ❑ Recommendations

# Introduction



- ❑ Investments both domestically and foreign enhances economic growth and development
- ❑ Investments also play a significant role in the attainment of the vision 2030 and the big 4 agendas
- ❑ In 2018 the doing business report ranked Kenya position 61 in the world and improved to position 56 in the world in 2019
- ❑ The ease of doing business considers factors such as: starting businesses, construction permits, electricity, registration of property among others

# Introduction Cont'd



- ❑ The improvement is attributed to significant reforms made in the country to make trade favorable
- ❑ Some of the indicators are matters within the purview of county governments
- ❑ The 2010 constitution gives counties powers to tax and consequently affecting the level of investments
- ❑ In the past counties have imposed levies inhibiting trade and investments especially on land rates and licenses
- ❑ The national trade policy identifies counties as centers of trade and investment

# Ease of Doing Business



## Rankings on Doing Business topics - Kenya



# Legal Framework



- ❑ Counties are set up by Chapter 11 of the 2010 constitution
- ❑ Article 209 (3) gives powers to counties to tax property rates, entertainment taxes or any other tax authorized by an Act of parliament
- ❑ Other supportive legislations for counties include:
  - ✓ Public Finance Management Act (2012)
  - ✓ County Governments Act (2012)
  - ✓ County Finance Acts

- ❑ it is set up by the Council of Governors and has the following roles:
- ✓ Review & develop memorandums on Trade Bills
- ✓ Review and Coordinate Counties position in National trade & investment policies relating to trade and investment;
- ✓ Help County Governments to attain the Global competitiveness;
- ✓ Promotion of ICT for development;



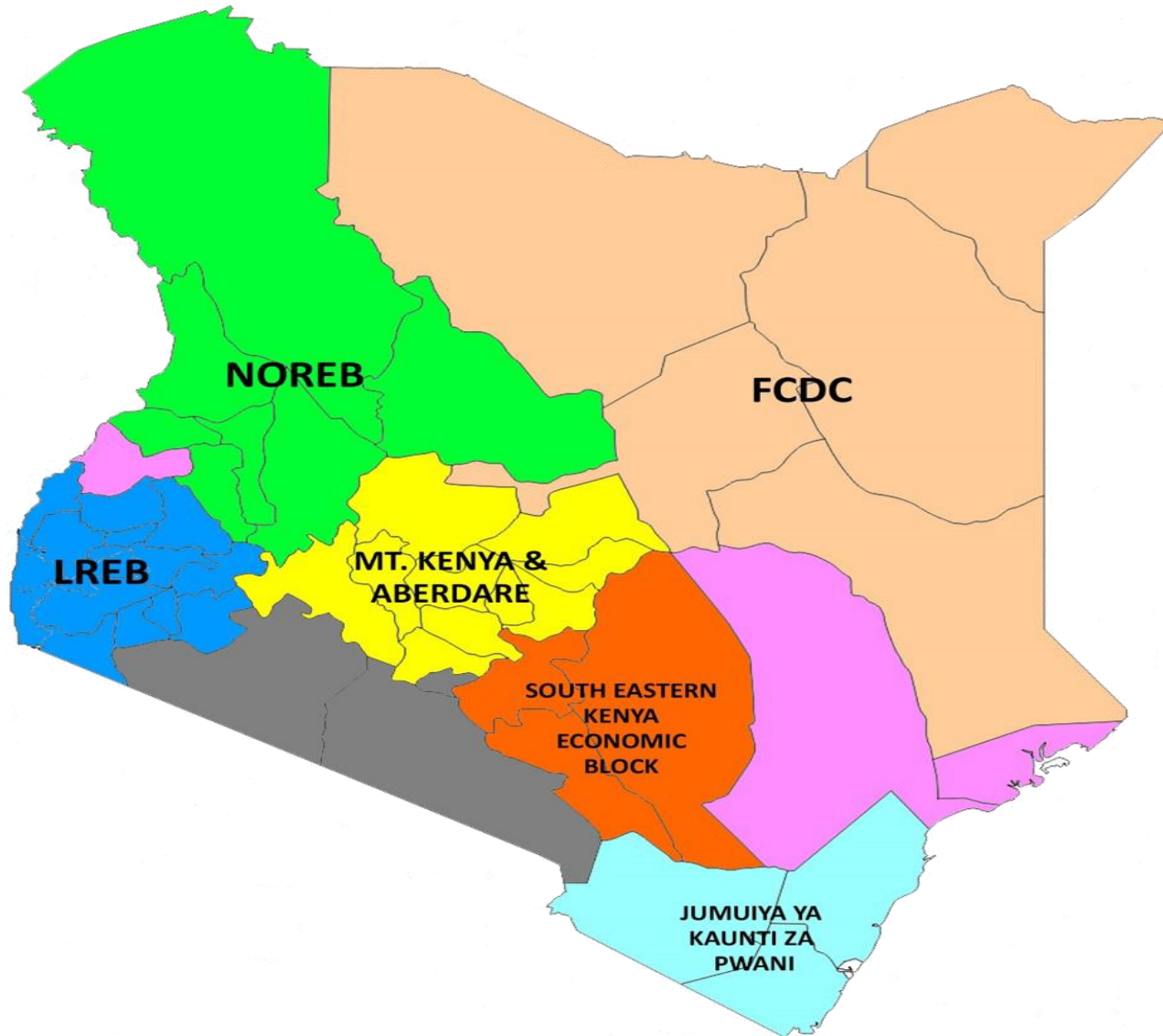
- ✓ Promotion of stable environments for investment at Counties;
- ✓ To coordinate and harmonize the Council's position on matters of Trade and Investment relations between the two levels of government;
- ✓ To provide a forum for consultation on matters of Taxation for County Governments to facilitate enabling environment for investment.
- ✓ Coordinate the Intergovernmental Issues related to the trade sector.

# Regional Economic Blocks



- ❑ In realization of the advantages of the economies of scale several counties have formed regional blocks
- ❑ Individually, the viability of counties is questionable but with pooling of resources they can be attractive
- ❑ Through the blocks, flagship projects can be implemented to serve a region
- ❑ However, to date there is no legal framework to support the formulation of the regional blocks
- ❑ They are expected to tap into the region's natural resource, markets and agriculture
- ❑ There are 6 regional blocks as can be see below

# Regional Economic Blocks Cont'd



# Role of Counties in Trade Devt



- ☐ Promotion of cooperatives' movement which is devolved
- ☐ Licensing of businesses – single business permits
- ☐ Regulation of businesses at the county level
- ☐ Infrastructure development (county roads, sanitation, water)
- ☐ Promotion of market access such as identification suitable locations
- ☐ Development of investment plans to guide and attract investors

# Role of Counties in Trade Devt. Cont'd



- ☐ Value addition services – milk, fruits processing
- ☐ Sourcing for markets for local produce –
- ☐ Giving incentives to promote trade in the counties – provision of land to investors
- ☐ Extension services for agriculture – A.I. services, maintenance of standards

# Value addition in Counties



# Challenges in Trade & Investments



- ☐ Multiplicity of fees and regulations hindering inter-county trade
- ☐ Corruption
- ☐ Duplication of roles between national and county governments – is trade devolved?
- ☐ Inconsistent trade policies in counties
- ☐ Poor analysis of local economies
- ☐ Pursuit of trade fees beyond trade promotion
- ☐ Lack of a national policy that captures the role of counties in the development of cooperatives
- ☐ No legal framework to support regional blocks



# Recommendations



- ❑ Developing a policy framework to guide the establishment and operations of the regional blocks
- ❑ Greater collaboration between the counties and the business community
- ❑ Review of fees and licenses by counties to avoid duplication of charges
- ❑ Greater collaboration between the counties and the national government on trade matters so as to attain the nation's development goals (**KENINVEST**)
- ❑ Establishment of county investment authorities (Makueni)



# Recommendations



- ❑ Interlinking of development plans i.e. Vision 2030, CIDPs, ADPs, Geo-spatial plans and investment plans
- ❑ Good governance so as to attract investors
- ❑ Enactment of the Draft Revenue Raising Process Regulation presented in the 2018-2019 budget
- ❑ Fast-tracking of legislation to guide the operations of the regional economic blocks

# Interactive Session



# Contacts



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# References



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- Constitution of Kenya (2010)
- County Investment Handbook