GUIDELINES
ON THE
ESTABLISHMENT OF COUNTY INVESTMENT CORPORATIONS/AUTHORITIES

2025

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UK International Development
Partnership | Progress | Prosperity

Act change transform

ABBREVIATIONS AND ACRONYMS

CA	County Assembly
CAA	County Assembly Act
CADP	County Annual Development Plan
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CG	County Government
CGA	County Government Act, 2012
CIA	County Investment Authorities
CIC	County Investment Corporation
CIDP	County Integrated Development Plan
CIMES	County Integrated Monitoring and Evaluation System
CO	Chief Officer
COB	Controller of Budget
COG	Council of Governance
COK	Constitution of Kenya
FDI	Foreign Direct Investment
GCP	Gross County Product
GDP	Gross Domestic Product
GVC	Global Value Chain
GoK	Government of Kenya
HDI	Human Development Index
IPF	Investment Policy Framework
IPAs	Investment Promotion Agencies
KRA	Kenya Revenue Authority
KDP	Kenya Devolution Programme
KPC	Kenya Pipeline Company
KPA	Kenya Ports Authority
KRC	Kenya Railways Corporation
KenInvest	Kenya Investment Authority
MIGA	Multilateral Investment Guarantee Agency
MTP	Medium Term Plan
PFM	Public Finance Management Act, 2012
SRC	Salaries and Remuneration Commission
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization

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EXECUTIVE SUMMARY

Investment, defined as the act by a public or private entity of putting resources (money) into an opportunity with the expectation of earning a return in the future, is and will be central to economic growth and sustainable development in counties. A well-planned investment plan that is divided into public and private investment in practice drives job creation and income growth and contributes to increasing and diversifying exports, technology and innovation transfer, and skills development. Thus, an optimally created investment plan and its implementation will play this fundamental role and deliver the above-stated outcomes in counties. For this reason, the national and county governments seek to promote domestic investing while at the same time attracting foreign direct investment (FDI) to foster growth and prosperity, solve unemployment challenges by creating quality employment opportunities, reduce poverty levels by creating alternative livelihoods, reduce regional disparities, and support sustainable development outcomes.

While public investment is and will be necessary in creating the right and conducive investment climate and business operating environment to support and influence private sector investing, private sector investment will drive economic growth and development in counties by creating and spreading the entrepreneurial culture and enterprise development and by creating and developing stronger linkages to global value chains (GVCs). Consequently, with this knowledge and awareness, counties in Kenya have gone flat-out to attract both domestic and foreign direct investments, however with minimal or no success. The failures in this could be attributed to a lack of knowledge and understanding of the investment promotion cycle. Indeed, investment promotion in all its facets is a complex task that requires specialized agencies to undertake on behalf of the governments.

With this advice on board, the county governments have moved with speed to establish the county investment corporations (CICs) or county investment authorities (CIA) with no guidelines directing and assisting the county governments in their formation. Even the thirteen (13) that are so far established are struggling in their operations due to weak institutional foundations on which they are based. Noticing these challenges and digging into the key challenge of lack of guidelines, the Act! recommended that a set of guidelines be developed to guide the county governments in establishing strong and credible CIC/Authority organizations capable of delivering on their respective mandates. This booklet is, therefore, a culmination of the desire to create strong and credible CIC/Authority organizations that are succinctly backed in county investment policy frameworks, backed by law, and grounded under the principles of good governance, management, and professionalism. This booklet's content is structured as follows:

1. An understanding of the concept Investment and its potential role in economic growth and development in counties

   This first section of the booklet defines and explains what investment and investment promotion are all about. The highlights are presented hereunder:

   a) What is investment?

      Investment in this guideline booklet is the act by a public or private entity of putting resources (money) into an opportunity with the expectation of earning a return in the future. It is and will be central to economic growth and sustainable development in counties. It follows that:

(i) A well-planned investment plan, divided into public and private investment in practice, drives job creation and income growth and contributes to increasing and diversifying exports, technology and innovation transfer, and skills development.
(ii) A well-planned investment will grow and facilitate socio-economic growth and development in counties.

b) Investment promotion,

This is used to describe a group of actions that include marketing a certain region, county, or country as the ideal place to invest, both domestically and abroad. It aims to draw potential investors' attention to investment possibilities so they can put their money into them.

2. Understanding the concept of Public Corporations and Authorities

a) What are County Investment Corporations?

This refers to a legal entity established by the County Assembly Acts to promote and coordinate investment and development in a county.

b) What are County Investment Authorities?

This refers to an organization established and fully funded by the County Assembly Acts to perform specific service delivery tasks and responsibilities. In this case, the task is investment promotion.

3. The Investment Policy Framework Guidelines

An "investment policy framework" is a collection of guidelines that outline how a company or government will handle its investments. The types of assets to buy, risk tolerance levels, investing objectives, and methods for making decisions and keeping track of them are all examples of these guidelines. It describes the objectives, inclinations, and constraints of various investment portfolios, as well as the rules for distributing and allocating public funds. It also outlines the role of the private sector in the overall economic growth and development goals of the national or local government, as well as how the planned investment programme will be monitored and maintained.

a) Rationale for Investment Policy Framework in Counties

(i) County governments seek to attract both domestic and foreign direct investment (FDI) to foster growth and prosperity, generate quality jobs, reduce regional disparities, and support sustainable development outcomes.
(ii) Fostering county economies' growth by facilitating productivity growth, skills development, transfer of knowledge and technologies, and technology diffusion.

b) Importance of Investment Policy Framework to the Counties

(i) IPF will provide the roadmap to help define the goals of investment attraction in a way that leaves investors with clarity on where to focus their investments.

(ii) The IPF defines the overarching objectives for investment, especially priority sectors, geographical areas, and desired investment types as specified in the CIDPs.
(iii) IPF sets the foundation and platform for a favorable investment climate and business-operating environment by supporting private sector investors. In the process, the policy framework sets the very foundation through which better and minimal regulations would suffice, thus creating a conducive investment climate and a vibrant business-operating environment for all investors.

4. Guidelines on Establishing the County Investment Corporations/Authorities
This section in the booklet describes how county CICs/Authorities can be established. It defines what CICs/Authorities are. The section proceeds to bring forth the rationale for establishing the CICs/Authorities, their accountability framework, and financing. Finally, the section provides the guidelines that can be used by the county governments in establishing the corporations or authorities.

5. Guidelines on the Accountability and Transparency Practice in CICs/Authorities
The accountability and transparency principles are defined in this section of the booklet, along with their significance for the county's good governance practices.

a) Guidelines on Application of Transparency and Accountability Ideals in CIC/Authorities
The guidelines in this sub-section outline how the CIC/Authority, as the public face of the counties and their respective governments, should attain high standards of professionalism, integrity, and credibility. According to the readings, investor confidence will be bolstered by the levels of accountability and openness in the administration of the CIC/Authority issues.

b) Guidelines on Monitoring Financial Performance of CICs/Authorities
Guidelines for tracking the financial performance of CICs and Authorities are provided in this subsection. This is regarded as significant because it improves CICs' and Authorities' accountability, transparency, and credibility—particularly when it comes to the utilization of limited financial resources.

6. Guidelines on the Establishment of a County Investment Corporation/Authority Board and Management
This is an important step in the establishment of a state or a county corporation/authority. Once the County Assembly Act establishes the CIC/Authority, the next stage is to appoint the Board of Directors. This section of the booklet discusses the following key action guideline points in these sub-sections.
a) Guidelines on the Establishment of the CIC/Authority Boards
b) Guidelines on Developing the Operating Manual and other Instruments for Good Governance
c) Guidelines on the establishing the Board's Charter
The Board's Charter as suggested contains:
(i) Strategy and planning,

(ii) Financial management and reporting,
(iii) Risk and compliance management,
(iv) Management and performance,
(v) Fiduciary duty,
(vi) Duty of loyalty and good faith,
(vii) Duty of care,
(viii) Duty of disclosure, and
(ix) Duty of obedience

7. Guidelines on Establishing Best Practice Internal Organization Structures for a CIC/Authority

The rules that a CIC or Authority's Board of Directors may adhere to when determining and creating internal corporation/authority structures are presented in this section of the booklet. The ensuing sub-section presents the following guidelines for aiding the selection criterion.

a) Guideline on Establishing Organizational or Internal Structure based on Industry

The guidelines in this subsection guide on selecting and implementing a CIC/Authority's internal corporate structure based on well-known or prevalent industries in the county that the county government is strategically concentrating on and may wish to promote. Therefore, the CIC/Authority's internal corporate structure would entail picking a sector or group of industries and suggesting a structure based on them. Here are some examples of this:

(i) Basic manufacturing (e.g. textile, clothing, automotive, etc.),
(ii) Agri-based industries (e.g. food processing, fisheries, etc.),
(iii) Advanced manufacturing (e.g. high technology, electronics, biotechnology, optoelectronics, aerospace, etc.), and
(iv) Agro-processing.

b) Establishing a CIC/Authority organizational or internal structure based on county main economic sector

This consideration may include sector classifications such as:

(i) Primary sector: Agriculture, fishing, forestry, mining, and energy production, or
(ii) Secondary sector: Agro processing.

c) Establishing a CIC/Authority organizational structure established based on investor source market (territory)

In this, the CIC/Authority would be structured based on:

(i) Domestic Investor Promotion and Facilitation Activities, or
(ii) Foreign Investor Source Markets

d) Establishing a CIC/Authority organizational structure based on investment and trade promotion, facilitation, aftercare, and policy advocacy functions.

The structure would form the following department functions:

(i) Department of Investment and Trade Promotion,
(ii) Department of Investor Facilitation and Aftercare,
(iii) Department of Domestic Business Development Services and Innovation,
(iv) Department of Private Sector Development, Public Private Dialogue, and Policy Advocacy

e) Establishing a CIC/Authority organizational structure based on scale of investment i.e., large or small

This would make considerations based on the size and the level of investment required, and the sector portends:

(i) Structured Infrastructure Development sectors-i.e., telecommunications, essential road networks, water infrastructures and irrigation, and energy production etc.
(ii) Services sectors.

8. Guidelines on Financing CICs/Authorities Established in Counties

As envisaged from the booklet, both the CICs/Authorities do get the initial funding from the government.

a) Guideline in financing County Investment Corporations

A CIC established, as corporations will bear less burden to the county government in terms of financing. Guidelines features are that:

(i) A corporation in practice has the latitude to engage in revenue-generating activities.
(ii) A corporation is established based on profit-making principle.
(iii) A corporation may receive the initial seed fund from the government thereafter, may raise its own resources from the market based on the approved activities with the potential to generate revenue to the corporation.
(iv) The Board of Directors should at least raise a minimum of 30% of the total promotional budget as part of their function. This should be a key performance indicator of the CIC Board.
(v) The CIC should develop a resource mobilization strategy for mapping and raising funds for the corporation's activities.

b) Guideline on financing County Investment Authorities

The primary purpose of the county-established organizations known as county investment authorities is to carry out or provide some vital public service functions that do not draw in private funding. Therefore, the following guidelines should be followed by the authorities:

(i) The county government should provide all of the funding for its establishment.
(ii) They ought to be set up as non-profit organizations that provide services.

1. INTRODUCTION

Investment, defined as putting resources (money) into an opportunity with the expectation of earning a return in the future, is central to economic growth and sustainable development. It drives job creation and income growth and contributes to increasing and diversifying exports, technology and innovation transfer, and skills development. For this reason, governments seek to promote domestic investing while at the same time attracting foreign direct investment (FDI) to foster growth and prosperity, solve unemployment challenges by creating quality employment opportunities, reduce poverty levels by creating alternative livelihoods, reduce regional disparities, and support sustainable development outcomes. Under the right policy and regulatory environment, investment can provide host counties with several spillover effects such as productivity growth, skills development, transfer of knowledge and technologies, which can ultimately lead to an increase in counties' standards of living and support the present socio-economic growth drivers, namely digital and green growth. To realize these gains, the county governments must identify, profile, and promote investment opportunities found within their respective counties.

1.1 Investment Promotion

Investment promotion is generally regarded as a duty and responsibility of the government. It is a set of activities that include promoting a specific geographical area (country, county, or region) as the best destination or location for both domestic and foreign direct investments. Investment promotion seeks to bring investment opportunities to the attention of potential investors who invest their capital in those opportunities. In addition, investment promotion leads to capital inflows and the creation of new capital assets, creates jobs, skills, and technology, generates exports, and increases productivity, innovation, and wages in the promoted destination (county). All this is typically done through government agencies and other strategic initiatives aimed at creating a favorable business environment for investors, thus making it a core and strategic responsibility of the government. But investment promotion is a complex task and has become increasingly sophisticated. Its tenets and operational philosophies are mostly outside the mainstream government functions. For this reason, governments across the globe have moved to establish investment promotion agencies to deal with the intricacies of investment promotion, facilitation, aftercare, and policy advocacy.

1.2 County Investment Corporations/Authorities

The growing attention paid by county governments to economic growth is reflected in the increased demand for both public and private sector investments and in the establishment of County Investment/Authorities (CICs/Authorities). CICs/Authorities are investment promotion agencies established to identify, profile, and promote investment opportunities in the county to potential investors. In order for counties to approach investment promotion in a structured manner, it is important that they develop a guideline for use in establishing either a corporation or an authority.

1.3 Background to Guidelines for Establishment of CIC/Authorities

From the advent of devolution in 2013, counties have been seeking economic growth and development initiatives to provide solutions to the perennial challenges they face. These challenges include increasing poverty and inequality levels, escalating unemployment among the youth, underperformance of growth-oriented sectors, and low productivity. There are also issues of weak private sector, and sustained social deterioration within the population. The importance of investment, especially by private sector in economic growth and development, has attracted the attention of all counties and their partners. Each county is increasingly focusing on attracting investors both domestic and foreign. This has culminated in proliferation of investment promotion units in the counties though inadequately facilitated. The Council of County Governors (COG) has recommended that all counties should establish investment corporations or authorities to spur county development. These specialized entities should undertake promotional role in investment attraction and trade facilitation.

The ever-increasing demand for investors and opportunities alike, promotional agencies do play a significant role in the development of investment space in economies in which they operate. An empowered CIC/Authority in the county has the potential to generate investment inflows and trade gains. This can further deepen the integration of their economies into global value chains (GVCs). Against this backdrop, the county governments will need to establish strong, empowered, and specialized CICs/Authorities capable of focusing on strategically impactful industries, and investor markets. In addition, CICs/Authorities on behalf of county governments could play the role of managing the business environment to attract private sector investments.

Despite the importance of these agencies, the slow pace in establishing the CICs/Authorities can be attributed to the lack of institutional guidelines to provide county governments with knowledge in establishing credible and worthwhile investment promotion agencies. It is against this background that these guidelines have been developed for use in establishing the CICs/Authorities.

2. CONCEPT OF PUBLIC CORPORATION AND AUTHORITY

A public authority or public corporation is a quasi-governmental agency created by the legislature and given corporate status to achieve a special purpose with powers and exemptions not enjoyed by regular government agencies[1]. Both authorities and corporations are created by law and given corporate powers to pursue a public purpose. Legally, however, they are considered *instruments* of government but not official agencies.

Public authorities and corporations became popular during the Great Depression, when, most notably, the Tennessee Valley Authority was established by President Roosevelt signing the Tennessee Valley Authority Act in 1933 as a federal corporation to address issues that were affecting the valley. These included flooding, providing electricity to homes and businesses, and replanting forests, as well as developing the region's business and farming. The primary arguments for public authorities and corporations are that their special powers and exemptions allow them more flexibility to operate like a business and that they can concentrate their attention on a single function. The major criticisms of both state and local authorities, however, center on the growing proliferation of these special-purpose government vehicles and the fact that they are governed by appointive or ex-officio board members not directly accountable to the voters. As a result, authorities or corporations tend to operate with more independence than ordinary government agencies[2].

The global concept of public sector undertaking (Authority) has its main objectives of promoting rapid economic development by bridging critical gaps in the industrial structure, providing basic infrastructural facilities for the growth of the economy, and reducing disparities in income. These undertakings are also meant to enhance the employment opportunities by heavy investment in areas of industry and mining, energy, transport and communication. The other objective is to increase exports and earn foreign exchange to ease the pressure on the balance of payments.

The genesis of state corporations in Kenya stems from the Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya. The purpose was to accelerate economic and social development, redress regional imbalance, and increase citizens' participation in the economy. They were also to promote entrepreneurship and foreign investments through joint ventures. The government, through these outfits, ventured into investing, expecting efficiency, cost-effectiveness, and profit earnings. The earlier investment focus was on manufacturing, agriculture, among others. Kenya defines a corporation as a body corporate created by an act of Parliament, under Section 3 of the State Corporations Act, Cap 446, or under the Companies Act, No. 17 of 2015, in which the government owns the majority or all of the shares. State corporations established under this Act have perpetual succession with the capability of suing and being sued in its corporate name and are capable of holding and alienating movable and immovable property as subject to the Act.

On the other hand, an "Authority" is equally a government agency established by law, which operates under the national government to manage specific sectors or functions. An Authority

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[1]**Public Authorities and Public Corporations.** https://www.georgiaencyclopedia.org/articles/government-politics/public-authorities-and-public-corporations/

[2] Ibid.

focuses on public service delivery rather than profit-making, contrary to a corporation, which focuses on profits. A corporation is a company, while an authority is a government body with regulatory control with a focus on public service delivery. The difference between corporation and authority is, however, thin, with the temptation to be used interchangeably. However, it may be observed that corporations are commercially oriented with profit motives while authorities are largely regulatory. Authorities may also be in the form of commissions and agencies. Examples to provide clarity on the differences/similarities are made in Table 1:

Table 1: Differences/Similarities between Corporation and Authority

No.	Corporations	Authorities
1.	Established by an Act of Parliament	Established by an Act of Parliament
2.	Government may provide seed money from the Exchequer	Funded by government through the Exchequer
3.	Profit-oriented a) Financial e.g. (Kenya Commercial Bank, Consolidated Bank of Kenya, Housing Finance Ltd,) b) Manufacturing (Rivatex East Africa, Numerical Machining Complex, East African Portland Cement) c) Agriculture (Kenya Meat Commission, South Nyanza Sugar, Kenya Wines Agency Ltd.) d) Mining (e,g, National Mining Corporation) e) Tourism and Hospitality (e.g. Kenya Safari Lodges and Hotels)	Public service-oriented but may charge nominally for their services: a) Infrastructure development (e.g. KeNHA, Kenya Roads Board, Nairobi River Commission,) b) Regulatory Functions (e.g. Kenya Revenue Authority, National Environmental Management Authority, Kenya Bureau of Standards) c) Social functions (e.g. Kenyatta National Hospital, Kenya National Library Service, Kenya Medical Supplies Agency, National Social Security Fund) d) Promotional & Regulatory (e.g. Kenya Investment Authority, Special Economic Zones Authority, Kenya Export Promotion and Branding Agency, Kirinyaga Industrial and Development Authority) e) Academic and Research (Commission on University Education, Kenya Marine and Fisheries Research Institute, Kenya medical Research Institute)
4.	Generate own	All operating resources provided by government
5.	Remit dividends to the Exchequer	No remittance to the Exchequer except in cases of surplus.
6.	Enjoy more autonomy	More governmental rigidity

2.2 County Investment Corporation

A county investment corporation is a legal entity established by the County Assembly Acts with the objective of promoting and coordinating investment and development in a county. Investment corporations:

a) helps companies with registration, establishment, and start-up operations
b) helps companies avoid project cancellations
c) provides capital, jobs, skills, technology, and exports
d) promotes productivity, innovation, and wages in the county
e) are capable of suing and being sued,
f) are capable of purchasing or acquiring, holding, charging or disposing of movable and immovable property,
g) are capable of borrowing money for development, and
h) are capable of performing all other things or acts for the furtherance of the provisions of the Acts establishing them.

2.3 County Investment Authorities

A County Investment Authority is an organization established and fully funded by the County Assembly Acts to perform specific service delivery tasks and responsibilities of investment promotion only. The County Investment Authority is governed by the laws establishing it. These authorities are non-profit corporate bodies with perpetual succession and a common seal, making them:

a) Capable of suing and being sued,
b) Capable of purchasing or acquiring, holding, charging or disposing of movable and immovable property,
c) Capable of borrowing money for development,
d) Capable of performing all other things or acts for the furtherance of the provisions of the Acts establishing them, and
e) Perform specific functions they are established for.

3. INVESTMENT POLICY FRAMEWORK DEVELOPMENT GUIDELINES

This section discusses the investment policy framework (IPF) concept as a first step toward the establishment of county investment corporations/authorities. This comes from the understanding that counties need investment policy frameworks to define their investment objectives and goals. While the investment policy framework guidelines are meant to establish a generally applicable setting for investment-related policymaking in counties, they cannot provide a "one-size-fits-all" solution for all counties. Counties have different growth and development strategies that may be considered in the application of the guidelines.

3.1 Concept and Context

An "investment policy framework" is a set of rules and principles that specify how a government or business will manage its investments. These rules and principles include the kinds of assets to acquire, risk tolerance levels, investment goals, decision-making, and monitoring procedures. All of these are intended to help achieve specific investment goals while considering pertinent factors such as the regulatory environment and market conditions.

An investment policy conceptually outlines the guidelines for allocating and investing public funds, the goals, preferences, and limitations of different investment portfolios. It also specifies how the planned investment programme will be overseen and maintained. Investment policy acts as a communication tool for the public, rating agencies, bondholders, employees, management, the Board of Directors, and any other stakeholder that might be impacted, either favorably or unfavorably. An investment policy thus enhances the quality of decision-making and demonstrates a commitment to the fiduciary care of public funds, making it the most important element in both private and public funds in investment programmes.

3.1.1 Rationale for Investment Policy Framework in Counties

County governments seek to attract both domestic and foreign direct investment (FDI) to foster growth and prosperity, generate quality jobs, reduce regional disparities, and support sustainable development outcomes. Within the right investment policy conditions, domestic and foreign investment can provide host counties with several spillover effects. These may be in the form of general and specific productivity growth, skills development, and transfer of knowledge and technologies. In counties for example, foreign direct investments can also provide benefits beyond their direct contribution by opening up domestic firms to access international markets and global value chains.

For counties to achieve their planned socio-economic development activities from the respective CIDPs, they should have a robust investment policy that defines their priorities and the kind and levels of public and private investments needed. The policy would provide for the establishment of specialized agencies to handle the full aspect of the investment promotion cycle. This may include a broad range of investment policy actions to shape the investment climate in counties. The policy would generally cover areas of investment liberalization, incentives, the legal framework for investment, and investment promotion and facilitation. A broad range of policy actions can contribute to shaping the investment climate, including in the areas of investment liberalisation, the legal framework for investment, and investment promotion and facilitation.

3.1.2 Importance of an Investment Policy Framework

An investment policy framework would play the following strategic roles for the county governments:

i. IPF provides the roadmap to help define the goals of investment attraction in a way that leaves investors with clarity on where to focus their investments. The IPF defines the overarching objectives for investment especially priority sectors, geographical areas, and desired investment types as specified in the CIDPs.

ii. IPF sets the foundation and platform for favorable investment climate and business operating environment by supporting private sector investors. In the process, the policy framework sets the very foundation through which better and minimal regulations would suffice, thus creating a conducive investment climate and a vibrant business-operating environment for all investors.

iii. IPF facilitates investment promotion strategies by enabling the established county government agencies (CICs/Authorities) to market the profiled investment opportunities to investors with ease.

iv. IPF ensures consistency and transparency by establishing a uniform set of rules and regulations governing both foreign and domestic investors. This lowers ambiguity and encourages equitable treatment for all investment project prospects.

v. IPF balances investor interests with county priorities by creating and striking a balance between providing investor protection and safeguarding the county's socio-economic interests. Hence, IPF is a measured and noble policy framework.

vi. IPF integrates sustainability considerations by mitigating climate change. The framework obligates all investment programmes and projects take into account the dynamics of environmental, social, and governance (ESG) factors. In practice, IPF does play an important role in integrating ESG concerns into investment decisions as well as by encouraging responsible investment practices.

vii. IPF enables policy evaluation and sets up key performance indicators to track and assess how well investment policies are working, enabling any necessary modifications based on the outcomes.

4. GUIDELINES ON INVESTMENT POLICY FRAMEWORK DEVELOPMENT

Every county should have an IPF that is aligned to its CIDP. As such, the IPF should be mainstreamed into the county development agenda hence, an implementation guide to the CIDPs. County IPF should be the foundation of all county investment activities, whether public or private. The IPF should act as a guiding set of principles and guidelines that outline a county's intention and approach to attracting and managing investment. It should aim to maximize economic benefits while balancing the rights and obligations of both investors and the county governments. A good county IPF would typically focus on promoting sustainable growth and development and aligning investment strategies with broader county long-term goals.

4.1 Guidelines on County Investment Policy Framework Development

Presently, mobilizing private investment and ensuring that it contributes to economic growth and development is a priority for all counties and the country. This can be achieved through a deliberate policy framework that would guide and direct investments in areas where they are needed. A wide range of macroeconomic factors and commercial policies influencing the business environment must, however, be considered in the process of developing such guidelines.

Most investors give high priority to political and economic stability while deciding on investment location, necessitating policymakers to pay attention to providing specific investment incentives that can strategically attract FDI. Investor-interest variables include those directly affecting investment entry requirements, incentives, trade policies, financial and foreign exchange policies, and repatriation and expropriation conditions. Investors are also concerned about labour laws and access to visas for expatriate workers and access to land. The other significant variables are security, availability of physical infrastructure, and access to raw materials, utilities, and other backward linkages.

Lately, new-generation investment policy frameworks have emerged, pursuing a broader and more intricate development agenda focusing on inclusive growth sustainability in a generally favorable investment climate. The policies as envisaged demand high-standard investment promotion and facilitation agencies.

To that extent, it follows that a well-developed county investment policy framework would propose to integrate investment policy with sustainable development strategies. It would also maximize the contribution of investment to productive capacity and international competitiveness of counties. Table 2 provides the guidelines for developing the IPF.

Table 2: Guidelines on Investment Policy Framework (IPF) Development in Counties

Sub-Component	Investment Policy Framework Development in Counties
County Investment Policy Framework This relates to establishing county investment priorities within the scope of the county investment policy.	4.1.1 Guidelines on Investment Policy Framework Development The CIDPs, the county's economic development blueprint: a) The CIDPs ought to be the cornerstone and starting point for developing frameworks for county investment policies. b) The CIDP should serve as the foundation for all planning pertaining to both public and private investment. The anticipated accomplishments of the national economic development plan and the sustainable development goals that permeate the counties—which may be linked to the announced Sustainable Development Goals (SDGs)—should be included in the creation of the county-IPF.
	4.1.2 Guidelines on Defining the Role of County-IPF with respect to domestic and FDIs Through the county IPF: a) The county governments should be able to determine and connect the need for private investment in driving growth in the county. b) The county governments based on the CIDPs should determine where investments should be concentrated. This should be made clear in the county investment policy framework that the CICs/Authorities will be implementing.
Investment policy Coherence for Productive Capacity Building in Counties A county needs skilled human resources who can absorb and use technology if it is to meet its growth and development goals. The county ought to have a strong socioeconomic infrastructure and an organized regulatory framework that encourages investment.	4.1.3 Guideline on Human Resource Development for Growth in County Economies Based on the economic growth requirements of investment and the CIDP's goals, the county government should: a) Through the county-IPF, seek high-impact investments with the potential to create jobs, impart skills, and engage in technology transfer as a priority. b) Inform the county's human resource development policy regime to prioritize skill building in areas critical for enterprise development priorities as enshrined in the CIDPs.
	4.1.4 Guidelines on County-IPF Promoting Technology Diffusion in Counties In order to increase county capacity, the county-IPF, which serves also as the county economic growth and development support policy guide, should: • Encourage the diffusion, transfer, dissemination, and adaption of contemporary technology.
Investing in infrastructure development in counties	4.1.5 Guidelines on County-IPF for Infrastructure Development in the County The county-IPF should:

Sub-Component	Investment Policy Framework Development in Counties
to improve the business environment	a) Target potential infrastructure development programmes that are attractive to private investment capital b) Promote infrastructural opportunities, taking advantage of the newly unveiled public-private partnerships (PPPs) programme roll-out in counties. This should be an integral part of investment policy framework design.
Creating and Maintaining Conducive Investment Climate and Business Operating Environment.	4.1.6 Guidelines on County-IPF development based on the County's Investment Climate and the Business Operating Environment Why does the regulatory environment matter? It will be necessary for county governments to create and preserve an environment that is favorable to investors and their respective investments. This objective should shape the design of the IPF as may be developed and the completed county-IPF should direct and govern the regulatory processes to achieve a better regulatory environment for investments. This should be done by observing the following guidelines: a) Making the business environment transparent in levies and taxes as well as licencing fees and other procedures, b) Designing and implementing regulations that aim to protect consumers, ensure fair completion, maintain market stability, and prevent unethical practices. c) Other guidelines to improving the business environment include: (i) streamlining business registration processes, (ii) simplifying tax regulations, (iii) simplifying access to finance, (iv) promoting transparency and rule of law, (v) fostering competition, improving infrastructure, (vi) developing skilled workforce, (vii) facilitating trade, and (viii) actively engaging with the private sector to address concerns and identify areas for improvement.
Policy design and implementation is a continuous process of reviews and adaptation to changing needs and circumstances.	4.1.7 Guidelines on Maintaining Quality County-IPF Depending on what the policy aims to accomplish within a given time frame, a policy review process is carried out every three to five years. Periodically, the county-IPF review should take place. It would entail reviewing performance against both its own goals and the CIDP investment objectives regularly to: a) Verify the coherence of investment policy with overall development strategy and SDGs; b) Assess the effectiveness of investment policy against objectives using a targeted set of indicators; c) Identify and address the root causes of underperformance; and d) Evaluate the "return on investment" of the investment policy measures (such as incentives), among other indicators.

4.2 Guidelines on Fundamental Basics of Investment Regulations and Investor Relations

This sub-section of the guideline presents the guidelines required under investment regulation and promotion. It contains what investors must expect in the destination, whether domestic or foreign. It brings out what the county governments must ensure is present in the county-IPF and well internalized by the CICs/Authorities in their promotional collaterals.

4.2.1 Guidelines on Investor Treatment and Protection of Investments

Investor restrictions (regulations) refer to the laws or rules of the host country that bar a foreign investor or any other investor from investing in particular places, using certain technologies, or accessing and using restricted materials. According to the United Nations Conference on Trade and Development (UNCTAD), investor restrictions are often based on national security, local competitiveness, and foreign ownership of land and natural resources. Investor restrictions can, therefore, refer to limits on investments, restricted investments, or other limitations on investors. **Tables 3, 4, 5, and 6** provide guidelines on investor treatment and protection, restrictions at destination, restrictions on foreign ownership in specific industries, and investment contracts enforcement, respectively.

Table 3: Guidelines on Investor Treatment and Protection

Sub-Component	**Investor Treatment and Protection in Counties**
Treatment and Protection of Investors The rule of law and international best practice ought to guide the treatment of both domestic and foreign investments and established investors.	4.2.1 Guideline on Investor Treatment and Protection at Destination County-IPF should propose rules and regulations to county assembly for enactment to ensure that: a) Established investors and investments, domestic or foreign, are granted equal treatment under the law, and b) The county government through the county-IPF may propose some of the laws, therefore, must monitor their operations, and report the impact of such laws on investing. This task should be ceded to the CICs/Authorities.
	4.2.2 Guidelines on the Core Treatment Standards on Investors All investors must be treated equally irrespective of scale of investment. a) Foreign investors and their investments should not be treated differently than domestic ones, particularly when it comes to the post-establishment stage and how their commercial activities are carried out. b) The county government should examine and see to it that policies that differentiate between local and foreign investment are be restricted, transparent, and routinely evaluated for effectiveness in relation to the development objectives. c) All investment practices should adhere to international best practice standards and agreements.
	4.2.3 Continuous Regulatory Impact Assessment on the Investment Climate The county governments should keenly monitor these dynamics through the CICs/Authorities. This responsibility fits in the CICs/Authorities' operations and lawful duties. While recognizing

Sub-Component	Investor Treatment and Protection in Counties
	that counties have not only the right but also the duty to regulate, the need for regulatory change should be weighed against the need to maintain a level of stability and predictability of the investment climate. The county-IPF should give directions accordingly.

4.2.2 Guidelines on Investors Restrictions on Investing Activities in Counties

Investor restrictions refer to the laws or rules that bar a foreign investor or any other investor from investing in particular places, using certain technologies, and accessing and using restricted materials according to the host country laws. According to the UNCTAD, investor restrictions are often based on national security, local competitiveness, and foreign ownership of land and natural resources. Investor restrictions can refer to limits on investments, restricted investments, or other limitations on investors.

Table 4: Guidelines on Investors Restrictions at Destination

Sub-Component	Investment Policy Framework on Investor Restriction Guidelines
Investor Entry and Operation of Foreign Direct Investments	4.2.3 Guidelines on FDI and Degree of Openness A clear policy defined in the county-IPF on FDI will be beneficial to the global business community. The established CICs/Authorities should • Promote the policy of openness and avoidance of investment protectionism to all investors unless specified. Also, the policy should be good at: • Attracting high levels of diverse and competitive FDI into the county. However, there should be some qualifications and selective restrictions to address development needs and policy concerns unique to each source investor market, such as the control of strategic industries and vital infrastructure or the provision of public goods.
	4.2.5 Guidelines on Screening and Entry Restrictions of Investors • The development of the county-IPF should be guided by safeguarding a county's and the country's interests in terms of public health, the environment, essential infrastructure, security, and control over natural resources.

Table 5: Guidelines on Investor Restrictions on Foreign Ownership in Specific Industries

Sub-Component	Investment Policy Framework on Investor Restriction Guidelines
Restrictions on Foreign Ownership in Specific Industries	4.2.6 Guidelines on Restrictions of Foreign Ownership in Specific Industries The national government's restrictions on foreign ownership in particular industries should be known to the county governments in advance. The guidelines here should be implemented as follows: a) The policy stance should be conveyed to the CICs/Authorities as documented in the county-IPF. b) The industry with restrictions should be listed by the CICs/Authorities in specific open promotional literature and marketing fulfilment. c) The framework for the county's investment policy should outline any limitations on foreign ownership of particular businesses or economic activities. d) A list of businesses where restrictions (such as prohibitions or limitations) apply in the policy and regulatory framework has the benefit of providing such clarity while maintaining a policy of general openness. Some of the restrictions that are common that investors are likely to encounter are: a) Restrictions on foreign ownership of critical infrastructure b) Restrictions on foreign ownership of other sensitive assets c) Restrictions on foreign ownership of core strategic technologies d) Restrictions on foreign ownership of land and natural resources.
Enforcement of Contracts and Dispute Settlement	4.2.7 Guidelines on Contract Enforcement and Dispute Settlement a) The county-IPF shall guarantee that all investors, whether they are international or local, receive the same treatment when contracts are enforced. b) The county-IPF should designate which agency is in charge of keeping an eye on this. To properly function under the rule of law, mechanisms and procedures for contract enforcement should be open, impartial, effective, efficient, and accessible to all investors. Using the policy framework, the county government can designate an arbiter to mediate conflicts.

Table 6: Guidelines on Investment Contracts Enforcement

Sub-Component	Investment Policy Framework Investment Contracts
Contract Enforcements Operations at Destination (Investment location)	4.2.8 Guideline on Investment Contracts Operations Guideline • Counties must fulfil their obligations derived from investment contracts with investors. They must, therefore, always honour the contracts unless they can demonstrate a substantial change in circumstances or other valid reasons under national and international laws. This is a standard practice the county governments must be made aware of and should include in the county-IPF. The CICs/Authorities, as directed by policy, should take up this responsibility through their strategic plan, and the policy department should handle the function.
Investor's Obligation at Destination	4.2.9 Guidelines on Investor Obligations Guideline • The responsibilities of investors should be specified in the county's investment policy framework. Both domestic and international investors must abide by the laws and regulations of the host county. They must be aware of their obligations and subsequent penalties for non-compliance. These laws and regulations must be applied fairly and enforced uniformly for both foreign and domestic investors.
Investment expropriation	4.2.10 Guideline on Investment Expropriation • Expropriation is the seizure of private property, including investments, by a government without compensation or due process. It can be direct or indirect. When expropriation or nationalization is invoked for justifiable public policy reasons, they should be carried out without discrimination, in accordance with the due process of law, and with equitable or commensurate compensation. Decisions on expropriation should be subjected to scrutiny and redress to circumvent arbitrariness. This should be clear in the county-IPF. The CICs/Authorities must be aware of all the due processes in dealing with matters of expropriation given its sensitivity.

5. GUIDELINE ON THE ESTABLISHMENT OF COUNTY INVESTMENT CORPORATIONS/AUTHORITIES

This section describes how county CICs/Authorities can be established. It defines what county investment corporations or authorities are. The section provides the guidelines that can be used by the county governments in establishing the corporations or authorities. It proceeds to bring forth the rationale for establishing the CICs/Authorities, their accountability framework, and financing.

5.1 Establishment of a Public Corporation or authority in Kenya

State corporations are lawful entities established in Kenya to carry out certain strategic and developmental projects for the government. The State Corporation Act grants the President the power to create state corporations[3] at the national level.

5.2 Establishing County Investment Corporations or Authorities in Kenya

At the county level, a county government has the power to establish a county company[4]. The Public Finance Management Act and the County Government Act specify how a county government can create such entities by following the necessary and specified legislative procedures. County Corporations are legal entities established under section 5 of County Governments Act, 2012 and Public Finance Management Act, sections 182, 183, and 184-(a)(b), to undertake specific developmental and strategic programmes for the county government. These corporations are operationally autonomous and may be partially or fully funded by the county government. Ideally, corporations are supposed to be partially or fully independent financially based on their revenue generation capabilities from commercial activities, levies, fees, commissions, and other sources. On the other hand, in the case of authority, it may be fully funded by the county government due to its public service offered or regulatory nature.

According to Public Finance Management Act, sections 182, 183, and 184-(a)-(b), a county government can establish a "county corporation" within its jurisdiction. This essentially functions as a corporation operating under the county government, with the power to do so granted by the County Executive Committee member for finance, subject to approval by the county assembly and executive committee; this allows for the creation of entities to manage specific functions within the county. According to the Act, the county government is a shareholder with less than fifty percent (50%) of the share capital of the corporation.

5.2.1 Guidelines on Establishing CICs/Authorities

The CIC or Authority ought to be the first result of the county IPF implementation process. This indicates that the goal of creating the CIC/Authority should be to address a policy need. The CEC investment, trade, and industry, and CEC finance and planning should ideally identify and validate the CIC/Authority plans and programs once the county-IPF has been established. Table 7 provides the guidelines for establishing CIC/Authority.

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[3] Section 3, State Corporations Act, Cap.446 Revised 2012 (2010).
[4] Section 5, County Governments Act, 2012

Table 7: Guidelines on the Establishment of CIC/Authority

Sub-Component	Establishment of the County Investment Corporations
Development of the Strategic Background Paper for Establishing CIC/Authority	5.2.1 Preliminary CIC/Authority Establishment Guidelines The following preliminary steps may be considered when planning to establish a county investment corporation: a) A technical concept note (memorandum) on the need to establish a CIC/Authority should be generated from the responsible CECM for the sector proposing establishment of the CIC/Authority. It will be the business case with details justifying the establishment of the CIC/Authority. b) The memorandum should be tabled at the CECs Cabinet chaired by the Governor for discussion and approval. c) Once approved by the Cabinet, the proposal should be forwarded to the County Assembly for consideration, debate and enactment. d) The County Governor and the CECs investment, trade, and industry, and CECM Finance and Planning should in consultation with the County Assembly may discuss the expected CIC/Authority functions and thereafter follow the laid down legal processes in establishing such institutions at the county. e) The County Governor, the County Assembly, the CECMs, and their respective Chief Officers and Directors should understand that: (i) the CIC/Authority to be established is a county-IPF tool or instrument to mobilize private investment that brings growth and development into the county, and (ii) through CIC/Authority functions, the county will be able to attract investments for economic growth and development. f) The county-IPF should be the standard guideline in establishing a CIC/Authority.
	5.2.2 Guideline on Developing a Background Paper on CIC/Authority Establishment • The background paper on CIC/Authority establishment is a strategic paper that kick starts the processes of the CIC/Authority establishment. This should be generated by the responsible CECM.
CIC/Authority Business Case/Content in the Draft Bill	5.2.3 Guidelines on Developing a Business Case for Establishing CIC/Authority The business case content justifying the establishment of a CIC/Authority should ideally be informed by the feasibility of the proposed county corporation establishment. The content should contain and demonstrate: a) The economic and financial viability of establishing a CIC/Authority, b) That the activities and functions proposed for the CIC/Authority cannot be performed by another organization already established,

Sub-Component	Establishment of the County Investment Corporations
	c) How the activities of the proposed CIC/Authority will fit in the overall medium-term plan of county government, d) How the proposed CIC/Authority would influence the county fiscal position of the county government, e) What the county government equity or shares are in the CIC/Authority. f) How regular review of the activities of the CIC/Authority would be undertaken. g) That CIC/Authority is a body corporate. The CECM investment, trade and industry should show that the CIC/Authority is a legal body corporate with perpetual succession and a common seal meaning that the corporation is thus capable of: (i) Taking, purchasing, or otherwise acquiring, holding, charging, or disposing of movable and immovable property, (ii) Borrowing money or making investments, (iii) Entering into contracts; and (iv) Performing all other acts or things for the proper performance of its functions as expressed under this Act. Performing all other acts or things for the proper performance of its functions as expressed under this Act.
Proposed contents of CIC/Authority Draft Bill	5.2.4 Guidelines on the CIC/Authority Draft Bill Content The Draft Bill to the County Assembly should contain among other provisions: a) the proposed name of the Corporation/Authority clearly framed, b) The physical location of the corporation, c) Objects and purpose of the Bill, d) Investment certificates (Application, issue and benefits) e) Management structure either by an Advisory Committee or Board of Directors, f) Functions and powers of the corporation/authority. g) Funding provisions. This means a Country Corporation in which the county government is a h) Shareholding provisions under the PFM, Act 2012, and i) Any other provisions relevant to the CIC/Authority
Drafting of the CIC/Authority Establishment Bill	5.2.5 Guidelines on Drafting a Bill Establishing a CIC/Authority • The Bill establishes a legal framework and governance structures for CIC/Authority. The goal should be to: (i) Establish an investment promotion agency that creates value to the public. (ii) The Bill should be developed in accordance with the procedures laid out in the County Assembly.
Organizations of Public Participation for the	5.2.6 Guidelines on Undertaking Impactful Public Participation for CIC/Authority Establishment In Kenya, "public participation" refers to the principle where citizens actively engage in the decision-making process of government by

<table>
<tr><th>Sub-Component</th><th>Establishment of the County Investment Corporations</th></tr>
<tr><td>establishment of the CIC/Authority</td><td>expressing their opinions and concerns on policies, projects, and legislation.
• Article 10(2) (a) of the Constitution lists "public participation" as a national value, a principle of governance, and a constitutional threshold that must be met. Article 118 requires Parliament to facilitate public participation in its legislative business, and Article 196(b) requires County Assemblies to do the same.</td></tr>
<tr><td></td><td>5.2.7 Guidelines on Public Participation for Establishment of CIC/Authority

Public participation might take different forms depending on the potential for public influence on a decision like forming a CIC/Authority. The county should ensure that:
a) Public participation on the establishment of CIC/Authority is undertaken in accordance with the provisions of the constitution and the enabling policies and legislation in force.
b) Proper record of proceedings of public participation must be kept for future reference.</td></tr>
<tr><td>An Act of the County Assembly Establishing the CIC/Authority</td><td>5.2.8 Guideline on the Establishment of a CIC/Authority by an Act of the County Assembly

a) A CIC/Authority is deemed or considered established when an "Act of the County Assembly" is passed and assented to by the Governor. The Act establishing the CIC/Authority once passed should be published in the Kenya Gazette.
b) An Act is a way and procedure for the county assembly to create new laws or amend existing ones related to county functions and governance, and that includes the establishment of CIC/Authority</td></tr>
<tr><td>CIC/Authority Transition Process upon Approval</td><td>5.2.9 CIC/Authority Transition Processes into Corporations (Corporations with New Mandates)
As seen in the county space, there will be situations when county corporations or authorities are set up with the goals of promoting trade and investment, facilitating it, providing aftercare, and advocating for it. Unless the Act creating the corporation specifies otherwise, the following rules and processes should be followed when such organizations are formed:

a) Once established, the CECM shall take the responsibility of deploying the initial key staff, on a need basis, to the new CIC/Authority for a period not exceeding six (6) months.
b) The Board of Directors in the newly established CIC/Authority should with the assistance of the deployed staff, undertake to set up the organization. They should develop the necessary human resource instruments for approval from the county executive committee within three (3) months of establishment</td></tr>
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Sub-Component	Establishment of the County Investment Corporations
	c) The CIC/Authority when submitting the instruments for approval should provide the relevant documentation including, staff complements; personnel emolument budgets for the year; planned financial statement for the year; and payrolls for the year, d) Upon approval of the human resource instruments, the Board of the CIC/Authority shall within six months, advertise and fill prioritized vacancies, receiving new staff from the open labor market. e) Upon completion and approval of documents, all deployed staff should be released to report back to their respective departments from which they were seconded. This should happen within six (6) months after the approvals and engagement of the new staff. Once established, the CECM shall take the responsibility of deploying the initial key staff, on a need basis, to the new CIC/Authority for a period not exceeding six (6) months. f) The Board of Directors in the newly established CIC/Authority should with the assistance of the deployed staff, undertake to set up the organization. They should develop the necessary human resource instruments for approval from the county executive committee within three (3) months of establishment g) The CIC/Authority when submitting the instruments for approval should provide the relevant documentation including, staff complements; personnel emolument budgets for the year; planned financial statement for the year; and payrolls for the year, h) Upon approval of the Human Resource instruments, the Board of the CIC/Authority shall within six months, advertise and fill prioritized vacancies, receiving new staff from the open labor market. i) Upon completion and approval of documents, all deployed staff should be released to report back to their respective departments from which they were sourced. This should happen within six (6) months after the approvals and engagement of the new staff.

6. GUIDELINES ON THE ACCOUNTABILITY AND TRANSPARENCY PRACTICES IN CIC/AUTHORITY PROCESSES

Transparency and accountability are essential and critical for good governance in the county. The two principles could support the CICs/Authorities' credibility and integrity if they are well established and practised. Observable transparency and accountability in the management of the CICs/Authorities' operations could help build trust, boost image and investor confidence.

6.1 Accountability and Transparency for CIC/Authority

Transparency promotes accountability. Accountability has become a critical principle for implementing good governance in institutions. As a concept that originally emerged as an element of public finance management, accountability goes beyond the domain of public finance and applies to a wide array of important decisions and authorities that would be undertaken by CIC/Authority.

6.1.1 Guidelines on Application of Transparency and Accountability Ideals in CIC/Authorities

Corporate transparency and accountability are important ideals for CIC/Authority's operations. Transparency and accountability are important for good governance and have become critical in the investor's decision-making to invest in a destination. Thus, these ideals must be right at the center of CIC/Authority's governance practice to attain credibility and integrity in the organization, hence creating investor trust as envisaged. Table 8 provides guidelines on the application of transparency and accountability systems in the CIC/Authorities.

Table 8: Guidelines on Application of Transparency and Accountability Systems in CIC/Authorities

Sub-Component	Transparency and Accountability
Transparency and Accountability Ideals in the CIC/Authority administration	6.1.1 Guideline on Applying Transparency and Accountability Systems The CICs/Authorities in this guideline should: a) Develop open working policy to strengthen free will and promote efficiency and effectiveness in CIC/Authority. b) Undertake this task in a way consistent with the law and policy to disclose information timely in the form that investors and the public can easily access and use. To ensure application of transparency and accountability practices in CICs/Authorities, the CECM Trade, Investment and Industry, the Board and Management should: a) Encourage the culture of financial propriety: CIC/Authority must encourage adherence to laws, rules, and regulations as well as the upholding of strict standards of caution, diligence, and prudence while incurring expenses and receiving institutional revenue. b) Uphold ethical leadership: This calls for making decisions based on what is right for the group as a whole, not what is advantageous to the leaders. It is the implementation of an inclusive, transparent, and collaborative workplace culture where everyone is treated

Sub-Component	Transparency and Accountability
	with respect and feels like they belong. Leadership that is morally sound is applicable in this space. c) Practice good human resource development: Engage in transparent human resource management by hiring and retaining outstanding personnel regardless of their experience. d) Create and put into place transparent communication systems: Provide funds to CIC/Authority and the appropriate county agencies to use new technology to post information about their decisions and activities online so that investors and the public may easily access it. e) Follow fair administrative practices: These practices impact people's rights or fundamental freedoms, including the right to adequate and prior notice of the nature and justifications of the proposed administrative action, the right to be heard and the right to make representations in that regard, and the right to be treated in a fair, effective, and legal manner. f) Apply inclusivity principles in decision-making: Involve a diverse range of perspectives, ensuring everyone feels heard and valued, and create a safe space for open communication, where all stakeholders can contribute to the decision-making process, regardless of their background or position, to achieve more well-rounded and equitable outcomes. g) Embrace public participation in decision-making processes: From a participatory policymaking point of view, the system could be a great tool that offers the county public increased opportunities to participate in policymaking and other advocacy issues that may arise. h) Protect institutional integrity: Institutional integrity is the fundamental rational basis for trust in public institutions and hence their legitimacy. It is the robust disposition of the institution to pursue its legitimate purpose to the best of its abilities, consistent with its commitments. i) Undertake regular performance monitoring and feedback: Invest in a system that solicits and brings immediate feedback or real-time reporting to identify information of greatest use to the CIC/Authority, to the relevant county departments led by the CECMs, to the governors' attention, and to the county assembly. All these should be targeted at improving CIC/Authority, county governments, and the county assemblies in decision-making. CIC/Authority should solicit public feedback to assess and improve

Sub-Component	Transparency and Accountability
	their level of collaboration and to identify new opportunities for cooperation.

Table 9: Guidelines on Monitoring Financial Performance of CIC/Authority

Sub-Component	Monitoring Financial Performance of County Corporations
Monitoring Financial Performance of County Corporations/Authorities under Section 184 of PFM, Act 2012	6.1.2 Guidelines on Monitoring Financial Performance of County Corporations under Section 184 of PFM, Act 2012 For the CIC/Authority to be credible, transparent, and accountable—especially when it comes to the utilization of limited financial resources—the act of financial performance monitoring is crucial. Therefore, when keeping an eye on county corporations' financial performance, the following should be noted: a) The County Executive Committee Member responsible for the CIC/Authority should: (i) Ensure that the Board sets up an internal audit unit that guarantees value for money in all institutional transactions; (ii) Ensure that the Board and Management of the CIC/Authority have a standard financial management system that can be monitored against the authorized activities. (iii) As a best practice, ensure that appropriate yearly audits of the organization's financial operations and reporting are conducted by the CIC/Authority. b) In accordance with PFM, Act 2012 s.184 (2), the CECM in charge of investment, trade, and industry should: (i) Examine financial and other reports prepared and submitted to it by a CIC/Authority's Board and Management under any Act or county legislation, (ii) Report to the County Executive Committee on the performance of the CIC/Authority; and (iii) Provide the Committee with well-informed recommendations regarding how the CIC/Authority or corporation linked to the county government could enhance its performance.
Annual Reporting by CIC/Authority	6.1.3 Guideline on Annual Reporting by the County Treasury on CIC/Authority • This guideline establishes a legal requirement that the County Treasury prepare and present to the County Assembly, within four months of the conclusion of each fiscal year, a consolidated report that summarizes the level of county government involvement, investment, or funding of all

Sub-Component	Monitoring Financial Performance of County Corporations
	corporations linked to the county government for the fiscal year.

7. GUIDELINES ON THE ESTABLISHMENT OF A CIC/AUTHORITY'S BOARDS AND MANAGEMENT

This section presents the important step and task of establishing the CICs/Authorities' boards. This ideally happens as soon as the county assembly Act creates the CIC/Authority and the Act receives the governor's assent.

7.1 Establishing County Corporation Board of Directors

Under the State Corporations Act, the relevant Cabinet Secretary must first nominate candidates for the board before establishing a board of directors for a parastatal firm in Kenya. Following an open selection procedure, the President selects the chairperson, the Cabinet Secretary, and the remaining members based on credentials, expertise, and honesty. For county governments, the Public Finance Management Act 2012 guides this process. The CECM in charge of investment, trade and industry establishes the Board, however, the chairperson of the board is appointed by the Governor after consultation with the CECM.

Typically, the board is composed of a chairperson, members representing a range of interests, and a government representative. As at the national level, the Board of Directors in CIC/Authority at the county level should primarily be responsible for providing strategic direction, exercising control, and ensuring accountability by overseeing the organization's operations. The board should ensure high compliance with laws and regulations, proper and astute ways of monitoring financial performance, and making key decisions regarding the county CIC/Authority strategic goals, all while upholding good governance principles and acting in the best interests of the public. The following guidelines should be followed in constituting boards for the CIC/Authorities. **Table 10** details the guidelines on establishing a board of directors for the CIC/Authority, their roles, responsibilities and obligations as may be defined in a board charter. **Table 11,** on the other hand, provides guidelines for the board of directors' governance activities.

Table 10: Guidelines on Establishing a CIC/Authority Board of Directors

Sub-Component	Establishing the Board of Directors
Establishing CIC/Authority Board of Directors	7.1.1 Guidelines on the Establishment of the CIC/Authority Boards The appropriate guidelines outlined in the statutes creating the CIC/Authority should be followed in the nomination and appointment of the Board of Directors. As such, the following dynamics need to be considered: a) Board members' abilities and knowledge: Determine the abilities and knowledge needed for the board members to carry out their mandate effectively. The candidates ought to be from the fields of economics, law, administration, finance, and commerce.

Sub-Component	Establishing the Board of Directors
	b) Community representation: this should also be considered to ensure inclusivity.is the second.

Table 11: Guidelines for Board of Directors' Governance Activities

Sub-Component	Activities
Board of Directors Operations	7.1.2 Guidelines on Developing the Operating Manual and other Instruments for Good Governance The first stage in creating a good corporate operation manual is to observe and record every procedure, use simple, straightforward language, and divide difficult jobs into manageable chunks. Include illustrations, solicit feedback from employees, and make sure the manual handbook is updated frequently to account for company developments. The guidelines under this function are provided hereunder: a) The board should engage in good planning and scope for the manual: This should involve defining the purpose by asking the following questions, (i) What is the manual intended to achieve? (ii) Is it for onboarding new employees, standardizing processes, or documenting best practices? b) The board should identify the target audience: This is about identifying who will be using the manual. The board should tailor the language and level of detail accordingly in a manner that is palatable to the targeted user. c) The board should determine scope: This they should do by asking what processes and procedures should be included. At this point, they should consider the organization's size, complexity, and industry. d) The board should have a good dissemination and training plan for the manual: The board and management should ensure that: (i) The manual is distributed to all employees. (ii) Training is provided on how to use the manual and the processes it describes. (iii) User feedback is highly valued and should be prepared for any necessary updates and adjustments. (iv) The manual is accessible to all employees, including those with disabilities. In helping the CIC/Authority to achieve the mandated tasks under the Act, the Board of Directors together with management should:

Sub-Component	Activities
	a) Develop the CIC/Authority's strategic plan to scope, guide the operations of the organization, b) Develop instruments including the board operations charter, human resource operating manual, and service charter, c) Empower and mainstream good governance practices; and d) Adopt the 'Mwongozo' guidelines. This is a code of conduct for governance for State Corporations. It provides guidelines on: (i) transparent appointment processes, (ii) diverse board composition, (iii) regular performance evaluations, (iv) committee structures, and ethical leadership, (v) accountability mechanisms, (vi) risk management practices, and (vii) ensuring compliance with legal and regulatory requirements. b) The Manuals should have a well-defined Governance Framework. • A corporate governance framework, sometimes referred to as a corporate governance structure, outlines the governance system that a CIC or Authority must implement and should include the policies and processes that govern it. These seek to uphold responsibility and transparency to stakeholders while encouraging efficient oversight and strategic direction of the company.
	7.1.3 Guidelines on the Development of Board Charter As a best practice, the CIC/Authority Board should develop a board charter with the purpose of promoting high standards of corporate governance. The objectives of such a charter are to: a) Clarify the roles, responsibilities and powers of the Board and those of various committees of the Board to assist in decision-making processes, b) Outline the policies and practices of the Board in respect to matters such as conflict of interest and convening of Board meetings, and c) Define the specific responsibilities of the Board of Directors, in order to enhance coordination and communication between the Chief Executive Officer and the Board and more specifically, to clarify both Board and Management accountability. The Charter should have a well-defined role of the board. The roles include:

Sub-Component	Activities
	a) Be custodian for all assets of the CIC/Authority, b) Develop CIC/Authority strategic plans and approve the organizational structure and establishment, c) Oversee human resources management function for the CIC/Authority senior management team (recruitment, placement and discipline), d) Develop and approve all requisite policies that shall guide the daily operations of the CIC/Authority, e) Oversee financial management of the CIC/Authority, f) Approve budgets and other management plans of the CIC/Authority, g) Enforce the implementation of the strategic plan, h) Ensure availability of resources for the attainment of the CIC/Authority intended objectives and daily operations, i) Approve tenders for provision of goods and services, j) Undertake quarterly performance reviews of the progress of the CIC/Authority, k) Undertake annual audits of the CIC/Authority, l) Consider and recommend the CIC/Authority investment proposals for approval by the county government The Board of Directors should have Clear Governance Policies, duties and responsibilities as outlined in the Board Charter: a) Strategy and planning b) Financial management and reporting c) Risk and compliance management d) Management and performance e) Fiduciary duty f) Duty of loyalty and good faith g) Duty of care h) Duty of disclosure i) Duty of obedience The Charter should define the role and issues of: a) Chairperson b) Individual director c) Board committees d) Board meetings e) Conflict of interest f) Performance evaluation g) Board Remuneration h) Board Induction and continuing education i) Access to information and advice

Sub-Component	Activities
	j) Delegation to management k) Cessation from Board membership

It is important to appreciate that the starting point for an effective board is to develop a strategic plan. A corporate strategic plan is a document used to outline and communicate the organization's goals, the actions needed to achieve those goals, and all of the other critical elements developed during the planning exercise. The corporate strategic plan includes a corporate vision, mission, values, objectives, and action plans. Developing a strategic plan is referred to as the strategic planning process. It is a process where the Board and management would be looking into the future and identifying trends and issues against which to align organizational priorities. It also means aligning a division, section, unit, or team to a higher-level strategy. It is also considered as a process of understanding the challenges, trends, and issues; understanding who the key beneficiaries and competitors are and what they need. It determines the most effective way possible to achieve the mandate and goal of the organization. It is also a crucial instrument for result-based management, offering guidance toward a clear and common corporate vision and goals. A good strategic plan will mean success to the Board and the organization. It drives focus, accountability, and results. The Board should use the services of experts to develop a robust strategic plan.

There are also several policies applicable to good governance. The CIC/Authority should prioritize the most important policies and make them clear to all stakeholders. **Table 12** gives some of the policies that the Board should to prioritize and develop as soon as it is inaugurated or review where applicable:

Table 12: Board of Directors Governance Policy Matrix

Board of Directors Policy	Description
Whistleblower Policy	Should protect whistleblowers from reiteration when reporting fraudulent and unethical conduct
Conflict of Interest Policy	Should oblige directors to disclose potential Conflicts of Interest to the Board.
Operation Policies	Should guide the execution of CIC/Authority operations in a socially responsible and efficient manner.
Enterprise Risk Management (ERM) Policy	Should cover risks and crises across all levels of the CIC/Authority
Technology Governance Policy	Should govern computing technology-related issues in the CIC/Authority operations

Board of Directors Policy	Description
Sustainability Policy	Should focus on positive socio-economic impact and other environmental sustainability concerns
Environmental, Social, and Governance (ESF) Policy	Should focus on integrating ESG into running the CIC/Authority activities and becoming a responsible entity
Corporate Social Responsibility (CSR) Policy	Should focus on initiatives that boost the living standards of the community
Anti-bribery and Anti-corruption Policy	Should discourage and punish bribery and corruption conducts within the organization.

In ideal scenario, it is expected that the CIC/Authority is established in law and that it is an organization once a board of directors is appointed. It is at this stage that inauguration of its operations should begin. This transition requires support of the department in the county under which the organization falls. **Table 13** presents the guidelines that need to be follow to kick off the operations of the new CIC/Authority.

Table 13: Guidelines on Transitioning CIC/Authority into operation

Sub-Component	Guidelines on Transitioning CIC/Authority CIC/Authority after County Governors Assent
Transitioning the CIC/Authority	7.1.4 Guidelines on Transition into operation Once established: a) The CECM investment, trade and industry shall take the responsibility of deploying the initial key staff, on a need basis, to the new CIC/Authority for a period not exceeding six (6) months. b) The Board of Directors should, with the assistance of the deployed staff, undertake to set up the organization. They should support the Board to develop the necessary human resource instruments within three (3) months of establishment or of the Board appointment. c) The CECM investment, trade, and industry, when submitting the instruments from the Board for approval by the CECM, should provide the relevant documentation, including staff complements; personnel emolument budgets for the year; planned financial statement for the year; and payrolls for the year. d) The CECM investment, trade and industry and the Board of Directors should have an approved human resource instrument. Using this, the CIC/Authority Board should, within six (6) months, advertise and fill prioritized vacancies, receiving new staff from the open labor market.

Sub-Component	Guidelines on Transitioning CIC/Authority CIC/Authority after County Governors Assent
	e) The Board should ensure that all the deployed staff are released to report to their respective departments from which they were sourced. This should happen within six (6) months after the approval and engagement of the new staff.

7.2. Dissolution of County Investment Corporations

The dissolution of a CIC/Authority shall be provided in the legal instrument establishing it and any other law relevant to the function especially the PFM Act, 2012. **Table 14** provides guidelines for the dissolution of the corporation or authority.

Table 14: Dissolution of County Investment Corporation in Counties

Sub-Component	Dissolution of County Investment Corporations in Counties
Guidelines and procedures on the dissolution of CIC/Authority	7.2.1 Guidelines on Dissolution of CIC/Authority in Counties As stipulated in the Public Finance Management Act, 2012 (Cap 412A) a corporation may be dissolved: a) Upon expiry of the lifespan of the state corporation/authority as may be defined in the instrument of establishment; where a state corporation was terminal or has carried out the mandate for which it was created; (completed its policy objectives), b) Upon reorganization of the corporation and associated county government functions, and c) Upon a merger of the corporation with another. In addition, the following procedures or guidelines can be used: a) The dissolution process for county corporations is primarily governed by the "Public Finance Management (County Governments) Regulations" which are part of the PFM Act 2012. These laws must be adhered to. b) The CECM investment, trade and industry in consultation with the CECM finance and planning shall notify the Governor on the proposed dissolution. Once the Governor approves the dissolution, the CECM in charge of the CIC/Authority should issue a note or a communique to the County Assembly indicating the intentions for dissolution. c) The County Assembly upon receiving the notification shall debate the motion on dissolution of a CIC/Authority. The County Assembly must pass a resolution approving the dissolution of the county corporation. d) The CECM following the dissolution approval by the county assembly and county executive committee should gazette notice declaring the dissolution with specific details outlined in the 'Public Finance Management (county governments) Regulations' within the PFM, Act 2012 (CAP. 412A), essentially requiring a formal administrative procedure with oversight from the county government bodies. All these should be undertaken recognizing the following obligations: a) Financial obligations: before dissolution, the CIC/Authority must settle all outstanding financial obligations.

Sub-Component	Dissolution of County Investment Corporations in Counties
	b) Asset disposal: any asset owned by the dissolved CIC/Authority should or must be disposed in accordance with the established policies and procedures. c) Legal advice: the CECM should ensure that legal consultation takes place. Consultation with legal experts familiar with the PFM, Act 2012 and county government regulations is highly advised throughout the dissolution process.

7.2.3 Guidelines on CIC/Authorities Board of Directors, Chief Executive Officer, and Staff Remuneration

In Kenya, the Salaries and Remuneration Commission (SRC) determines the emoluments and allowances for the Board of Directors and staff in public corporations. **Table 15** provides the guidelines on board remunerations, honorarium and remuneration while **Table 16** provides the same concerning the Chief Executive Officer.

Table 15: Guidelines on the Board Emoluments, Honorarium, and Remuneration

Sub-Component	Board's Emoluments, Honorarium, and Remuneration
Emoluments, Remuneration and Honorarium Procedures and Guidelines	7.2.2 Guidelines on the Board's Emoluments, Honorarium and Remuneration a) The Board of Directors shall be paid the requisite remuneration and other benefits in accordance with the guidelines from the SRC. b) The Board of Directors, who by instruction of the full Board decision assigned to perform a special task or extraordinary services, should receive extra remuneration as determined in the manuals approved by the SRC. c) The CIC/Authority Board Chairman shall be paid honorarium as determined by the SRC Statutes. d) The CECM in charge of investment, trade and industry and the CECM finance and planning should put in place a performance-based compensation system based on agreed performance measures, targets, and actions that include: (i) The Board and management of CIC/Authority working together with the SRC and SCAC in determining the terms and conditions for service CIC/Authority, and (ii) The setting of salary allowances and other benefits for Board of Directors.

Table 16: Remuneration of Chief Executives of CIC/Authority

Sub-Component	Remuneration of Chief Executives of CIC/Authority
Payments and Remuneration of CIC/Authority Chief Executives	7.2.3 Guidelines on Remuneration for Chief Executives in CIC/Authority In remuneration of the Chief Executive Officer (CEO), the Board should be guided as follows: a) The Board should follow the remuneration plan that will be decided upon based on the SRC's advice when deciding on the CEO and staff salary structure. The Board shouldn't pay a CEO or create a pay scale for employees that deviates from the wage ranges suggested and approved by the SRC. Therefore, personal salary should not be applied for in CIC/Authority. b) When determining the CEO's initial compensation, the Board should make sure that it does not go beyond the remuneration structure's midpoint. c) Allowances for the CEO and all staff shall and should be payable as per the prevailing thresholds established by the SRC.

8. GUIDELINES ON ESTABLISHING BEST PRACTICE INTERNAL ORGANIZATION STRUCTURES FOR CIC/AUTHORITY

Experience has shown that investment and trade promotion agencies that have well-defined legal frameworks outlining their roles, responsibilities, and powers are very effective in achieving their mandate. Investment and trade promotion organizations that lack the necessary resources, influence, and have poor legal bases are rarely successful in these endeavors. It follows that to address the issues of attracting investment and preparing their particular jurisdictions as credible and reliable investment destinations, these organizations need to be established well. There are three (3) different kinds of investment and trade promotion frameworks that have been in existence:

1) Independent government agencies, or
2) Government parastatal corporations or entities, and
3) Private sector organizations.

8.1 Developments in Establishing Investment Promotional Agency Types

The government parastatal model of firms with independent management and operations is typically favored in terms of effectiveness. They typically garner the trust of investors and perform best in the majority of circumstances. Organizations in the private sector that promote and facilitate trade and investment conduct work. However, to pay for their expenses, they always require money from donors or organization members. The office of the Head of State (President) is associated with other promotional agencies. These entities are thought to have the most influence over investors' servicing skills since they have a significant impact on investors' funding and convening power. Increasingly, investments are being sought in all economic sectors. This reinforces the reasons for attaching the agency to the office of the Head of State for effective coordination. Substantial and even majority private sector membership of the board of an investment promotion agency is seen as having an important influence on its behavior, management, and performance. Considered in the organizational set-up of a promotional agency is the quality and skills of staff working in such agencies.

8.1.1 Guidelines on Proposed Internal Organizational Structures for CICs/Authorities

Organizational structures for promotional agencies, such as CIC/Authority, can take many different forms. The organization may represent the CIC/Authority performance-linked goals, national goals, county growth goals, or formation based on the established CIC/Authority functions. **Table 17** proposes the various types of CIC/Authority organization types.

Table 17: Guidelines on the Proposed CIC/Authority Organizational Type

Sub-Component	Proposed Organization Type
Potential Organizational models for CIC/Authority	8.1.1 Guidelines on Establishing CIC/Authority Organizational Type a) Establishing organizational or internal structure based on industry This may be based on common or known industries in the county where the county government is strategically

Sub-Component	Proposed Organization Type
	focusing on, hence, it may want to be promoted. Thus, the investor targeting strategy would involve selecting an industry or a group of industries and promoting them. Here are a few examples: (i) Basic manufacturing (e.g. textile, clothing, automotive, etc.), (ii) Agri-based industries (e.g. food processing, fisheries, etc.), (iii) Advanced manufacturing (e.g. high technology, electronics, biotechnology, optoelectronics, aerospace, etc.), and (iv) Agro-processing. b) Establishing a CIC/Authority organizational or internal structure based on county main economic sector This would include: (i) Primary sector: Agriculture, fishing, forestry, mining, and energy production, or (ii) Secondary sector: Agro processing. c) Establishing a CIC/Authority organizational structure established based on investor source market (territory) In this, the CIC/Authority would be structured based on: (i) Domestic Investor Promotion and Facilitation Activities, or (ii) Foreign Investor Source Markets. d) Establishing a CIC/Authority organizational structure based on investment and trade promotion, facilitation, aftercare, and policy advocacy functions The structure would form the following department functions: (i) Department of Investment and Trade Promotion, (ii) Department of Investor Facilitation and Aftercare, (iii) Department of Domestic Business Development Services and Innovation, (iv) Department of Private Sector Development, Public Private Dialogue, and Policy Advocacy e) Establishing a CIC/Authority organizational structure based on scale of investment i.e., large or small This would make considerations based on the size and the level of investment required, and the sector portends: (i) Structured Infrastructure Development sectors- i.e., telecommunications, essential road networks, water infrastructures and irrigation, and energy production etc.

Sub-Component	Proposed Organization Type
	(ii) Services sectors.

9. GUIDELINES ON FINANCING CIC/AUTHORITY ESTABLISHMENTS IN COUNTIES

Governments are responsible for the welfare and prosperity of their citizens. This is more so where public policies remain dynamic, especially in market-oriented economies with economic growth-based policies that are targeted as the best-fit solution to human socio-economic development challenges. In this regard, private investment is seen as that catalyst for growth and its promotion as a noble economic activity. Indeed, investment promotion is no exception in this game. It consists of government interventions to influence investor location decisions. Attracting both domestic and foreign investment supports both county and national government policy objectives (e.g., generation of job opportunities, growth, linkages with domestic companies, and transfers of skills and expertise).

9.1 Rationale for Financing County Investment Corporations/Authorities

Recognizing the positive effects of private investment in supporting economic growth and sustainable development, several county governments have established investment promotion corporations or authorities as agencies to create awareness of existing investment opportunities and regulations in counties. Their task in policy is to attract impactful investors that can foster job creation, generate productivity growth and facilitate economic growth and development in their respective county economies, in line with the respective CIDPs. In Kenya, fierce competition is anticipated between counties over investment destinations. However, the success of any CIC/Authority will depend on how resourced it will be and how innovative it will seek and attract resources to itself. **Table 18** presents some of the approaches towards funding.

Table 18: Guidelines on Financing CIC/Authority in Counties

Sub-Component	Financing County Investment Corporations
Financing of County Investment Corporations and Authorities	9.1.1 Financing CIC/Authority as a County Corporation Establishing investment promotion organizations as corporations will be less financially burdensome to a county government. Since a corporation in government is founded on the idea of profit-making, it has the freedom to engage in activities that generate income. An Authority, on the other hand, is founded on the non-profit service delivery tenets. The main purpose of authorities is to provide necessary public services that are unappealing to private investors. In this situation, the board and management of a CIC will have to submit a business plan detailing how they plan to generate income from their lawful operations. One of the main responsibilities of a CIC Board is fundraising. Working within the statutes, the Board will be expected to:

Sub-Component	Financing County Investment Corporations
	a) Raise a determined percentage of the total corporation's development budget from its operations and external sources. This remains as one of the key performance indicators of the Board. b) Develop a CIC/Authority Resource Mobilization Strategy to guide the corporation's mobilization of both technical and financial resources. 9.1.2 Guideline on Financing CIC/Authority through Public Resources • Investment promotion is the work of government. Thus, the county governments are expected to fund the county investment corporations from the start up to a point where the corporations would be self-sustaining in their books. The county government, through the CECM finance and planning and as approved by the county assembly, should provide the established CIC/Authority with seed funds, development funds, and initial recurrent expenditure funding. 9.1.3 Guideline on Financing County Investment Authorities • County authorities are established to undertake specific tasks for the government. It means a county investment authority will be an agency established to only promote and regulate investment and trade opportunities in the counties. As such, the county governments establishing investment and trade promotion authorities are and will be required to fund the operations from the county treasury. Parastatals, which are authorities, may not be empowered to engage in commercial activities for purposes of raising revenue. Any revenue raised will be treated as appropriations-in-aid.

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