Kenya Devolution Programme

County Investment Corporation/Authorities Assessment Report

2025

Foreword

This assessment report provides a comprehensive assessment of performance and good practices of the county investment corporations/authorities (CICs/Authorities) in the areas of institutional establishment, governance and leadership, legal status, planning and operations, institutional capacity, resource mobilization and financial management, investment and trade promotion, facilitation, aftercare and advocacy, and finally the achievements and challenges faced by these CICs/Authorities. The report also identifies the major socioeconomic challenges faced by county governments amid efforts to arrest such perennial challenges. Some of the challenges highlighted in this report include, but not limited to, the escalating poverty levels across all counties, youth and gender unemployment, and a weakening private sector that is incapable of expanding investments and taking up new investment risks.

Upon recognizing that an optimally planned economic growth would contain some of these challenges, while at the same time alleviating them, county governments have implemented policies that could increase public sector investment as they continue pursue policies and strategies to attract private investment into the counties. Instructively, the business of attracting private investment through investment promotion, facilitation, aftercare, and advocacy function is complex and not a simply task. The task requires specialized agencies to implement it hence the need for county investment corporations/authorities. Considering the role and rationale from the assessment and analysis, CICs/Authorities as observed stems from the existence of information asymmetries and transaction costs in capital markets (Williamson, 1985; Wells and Wint, 2000, Loewendahl, 2001). This position is supported by the fact that domestic and foreign investors, who intend to invest in counties, would often lack specific information on the potential host counties. To that extent, the CICs/Authorities as so established are expected to influence the investment decisions of investors by solving these information challenges and well as closing the perception gaps about the host county.

According to the readings in this report, the CICs/Authorities are considered to be in the best position to handle the specialized tasks of facilitation, aftercare, advocacy, and trade and investment promotion while also fulfilling the economic growth goals set by their respective county governments, which are to be met through increased private sector investment. In light of this, county governments must strengthen the CICs/Authorities in every way to ensure that they fulfil the functions and duties outlined in their respective county assembly laws that established them.

When functioning at its best, a CIC or Authority could:

- Help in attracting the much-needed foreign investment by reducing the envisaged transaction costs of foreign firms seeking to invest in counties. Through targeted promotion and proactive facilitation, CICs/Authorities could help to reduce operational and search costs of new investors. This may happen by a CIC/Authority accelerating the acquisition of business licenses and identifying domestic investors and suppliers that such foreign firms can collaborate with.
- Help in improving and sustaining the counties' investment climate and business operating environment through proactive participation on evidence-based advocacy within the county government policy space. This could help to remove regulatory obstacles or encourage review and development of new policies to improve the host county's investment climate and business operating environment.

Going forward and as observed from the assessment, the county governments need and should strengthen CICs/Authorities in areas of governance and functions in order for these organizations to deliver expectations by providing relevant, high quality service to both domestic and foreign investors at different levels and stages of the investment life cycle.

Abbreviations and Acronyms

ADP	Annual Development Plan
APRM	African Peer Review Mechanism
BETA	Bottom-up Economic Transformation Agenda
CAA	County Assembly Act
CBROP	County Budget Review and Outlook Paper
CDF	Constituency Development Fund
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
EIA	Environmental Impact Assessment
ERS	Economic Recovery Strategy
EPZ	Export Processing Zone
FCDO	Foreign, Commonwealth and Development Office
FDI	Foreign Direct Investment
GCP	Gross County Product
GDP	Gross Domestic Product
GVA	Gross Value Added
GVC	Global Value Chain
GoK	Government of Kenya
HDI	Human Development Index
HCLDC	Homa Bay County Lakefront Development Corporation
IPAs	Investment Promotion Agencies
KCIA	Kajiado County Investment Authority
KDP	Kenya Devolution Programme
KenInvest	Kenya Investment Authority
KEPROBA	Kenya Export Promotion and Branding Agency
KNBS	Kenya National Bureau of Statistics
MCIDC	Meru County Investment Development Corporation
MIGA	Multilateral Investment Guarantee Agency
MTP	Medium Term Plan
OECD	Organization for Economic Co-operation and Development
PFM	Public Finance Management Act, 2012
PPPs	Public-Private Partnerships
PWC	PricewaterhouseCoopers
REBs	Regional Economic Blocs

SEZ	Special Economic Zone
SDG	Sustainable Development Goals
TRCIDC	Tana River County Investment Development Corporations
TTCIDC	Taita Taveta County Investment Development Corporation
UNCTA	United Nations Commission on Trade and Development
UNIDO	United Nations Industrial Development Organization
V2030	Vision 2030

LIST OF TABLES

Table of Contents

Executive Summary

Investments play a crucial role in stimulating the economic growth of a country, county, region, sector, etc. It is an important mechanism that attracts financial resources to the development of various economic sectors. After inception in 2013, the county governments moved with speed to adopt and implement policies that could trigger economic growth in their respective counties. The county governments, guided by the national economic development blueprint Vision 2030, considered economic growth as a tool that could bring lasting solutions to the socio-economic development perils inhibiting growth and development in counties, such as high levels of unemployment, the underperformance of various strategic sectors, escalating poverty levels, limited social and economic infrastructures, and low factor productivity. For these reasons, counties since then have been planning and spending to attain economic growth, as demonstrated in their respective county-integrated development plans (CIDPs) and county annual development plans (CADPs). However, amid all these, economic growth has remained elusive courtesy of limited public and private investments, among others, in the counties.

As envisaged in best practice economic growth planning and development literature, investment (both public and private investments) will help counties attain decent levels of economic growth. Investments will introduce new advanced technologies that would lead to enhanced productivity and the eventual competitiveness of enterprises. In addition, investment will create massive job opportunities and alternative livelihoods with new incomes, thus raising living standards and reducing poverty levels in counties. To achieve these results, county governments have focused their spending on public investments, especially on economic and social infrastructures, to trigger and attain the desired growth levels. However, not much in terms of economic growth has been forthcoming due to limited private investment in the counties. Private investment in this report refers to investments made by a private entity, company, firm, or individual, executed through the purchase of a capital asset that is expected to produce income, profits, and appreciate in value. A vibrant private sector investment would make counties achieve a private sector-led economic growth status, a situation that is the desire of every developing economy.

Recognizing the importance of private investments in generating and sustaining growth, counties started to shop for private sector investors using thematic conferencing to promote and attract private investors. While these conferencing efforts have created positive investor awareness and prospecting, limited results have been witnessed in terms of direct private sector investing. Investment promotion and facilitation is truly a complex task and thus requires specialized agencies outside the mainstream government to undertake. Recognizing this, the Council of County Governors (COG) recommended to the County Governments the need to fast establish investment promotion and facilitation agencies to be called County Investment Corporations/Authorities to undertake this specialized role of investment and trade promotion and facilitation.

Adopting the COG's recommendation and based on the understanding of the would-be benefits of the County Investment Corporations/Authorities, some county governments have moved to establish their CICs/Authorities, while other counties are yet to establish them. Evidence shows that out of the 47 counties, only thirteen (13) counties have established CICs/Authorities, while the remaining thirty-four (34) are still in the process of establishing the same.

The CICs/Authorities Assessment

This report is a culmination of the CICs/Authorities assessment study commissioned by the Kenya Devolution Programme (2021-2025). The Kenya Devolution Programme (KDP) is a 4-year national programme funded by the United Kingdom Government through the Foreign Commonwealth and Development Office (FCDO). KDP has been providing technical assistance to county investment corporations/authorities to strengthen their institutional capacity to deliver on their respective mandates. To that extent, and as part of the activities it supports, KDP commissioned PricewaterhouseCoopers (PwC) to assess a sample of CICs/Authorities based on their establishment status, CICs/Authorities operations, and institutional capacity to execute functions and mandate.

The CICs/Authorities Assessment Objectives

The overall objective of the assessment was to:

- Assess and establish an understanding of the establishment status, operations, and institutional capacities to execute functions and mandate, achievements, and challenges of select CICs/Authorities sampled from each of the six (6) Regional Economic Blocs in Kenya.

Specific Objectives:

1. Assess and determine the CICs/Authorities operational, legal, institutional capacities and establishment status in order to pinpoint their strengths, weaknesses/challenges, and the potential areas for improvement.
2. Assess and determine the CICs/Authorities' capacity to plan, develop, profile, prepare, and market investment projects to both domestic and foreign investors.
3. Assess and classify investments and demonstrate the importance of investment in providing solutions to the challenges faced in counties by generating and sustaining economic growth.
4. Make recommendations based on the evaluation results that county governments and partners can implement to promote trade and investment in order to achieve and maintain economic growth.

Methodology

In this assessment task, the desk review method was used to collect the required information (data). It involved reviewing, collecting, and analyzing existing information from credible secondary sources such as the CIDPs and CADPs, among others. To augment the desk review methodology, key informant interviews (KIIs) were used through direct telephone calls with the identified individuals with deep insights from the sampled CICs/Authorities and the respective county governments. The choice of key informant interviews (KIIs) as a support methodology was twofold:

- Verify and validate information or data collected from secondary sources and online literature during the desk review, and
- Collect more information or data on the subject matter that might have been missing in the reviewed secondary sources.

During the assessment, ten key informants (KIIs) were contacted directly and engaged through telephone interviews. The key informants interviewed included:

(i) The County Investment Corporations/Authorities' Chief Executive Officers,

(ii) The CICs Senior Managers and Directors, and
(iii) The County Executive Committee Members (CECMs) and Chief Officers (COs)

Assessment Findings

This section presents the findings obtained from the assessment exercise or task on the CICs/Authorities sampled from each of the regional economic blocs in Kenya. The findings have been divided into the following four categories:

(i) Findings based on the significance of investment in fostering economic growth in counties.
(ii) Findings based on the general assessment of the operating environment of CICs/Authorities,
(iii) Findings based on socio-economic dimensions and the need for County Investment Corporations/Authorities
(iv) Findings based on the assessment of seven (7) thematic areas that define a fully-fledged County Investment Corporation/Authority.

A. Findings based on the significance of investment in fostering economic growth in counties

- There exist significant disparities on public investments spending across counties with urban counties spending more on repair and maintenance of various infrastructure facilities unlike the rural-orientated counties who spend more in developing new infrastructures almost everywhere.
- Counties with major urban centers like Nairobi, Mombasa, and Kisumu tend to attract more private investment due to their established infrastructure and large consumer markets with high willingness to pay.
- In counties, physical social and economic infrastructure projects spending accounts for approximately 40%, with the remaining 60% being accounted for by recurrent expenditures and some current public expenditures on non-fixed assets.
- An increase in public investment by 1% of Gross Domestic Product (GDP) and private investment in counties could increase by up to 2.2% and total factor productivity by up to 0.8% over five years on average.
- Public investments increase the marginal productivity of private investment. This in turn would crowd-in more private sector investment into the counties as well as reduce the private sector entities cost of investing.
- Private investments, while driven by profit motive, will at the same time increase efficiency and innovation in the counties' business space, thus escalating entrepreneurship culture, hence leading to enhanced productivity and competitiveness.
- Private investments could play a significant role in the development of financial markets, improving access to finance and fostering more investments in counties.
- Private sector investment in new business ventures and other corporate-related expansion projects could create more jobs and increase incomes as well as drive economic growth in counties.

B. Findings based on the general assessment of the operating environment of CICs/Authorities

- County governments and partners support the need to establish county investment corporations/authorities as specialized agencies to undertake the complex task of investment and trade promotion and facilitation on their behalf.

- The demand for the establishment of CICs/Authorities in counties is growing visibly, however, at a slow pace. The assessment has established that out of 47 counties, only thirteen (13) counties have established CICs/Authorities in line with the Public Finance Management Act, 2012, the County Government Act, 2012, and other legal provisions.
- County Investment Corporations/Authorities assessed are legal entities validly established by the County Assembly laws and recognized in the County Government Act, 2012, and the Public Finance Management Act, 2012.
- The County Investment Corporations/Authorities do not receive adequate money from the respective county governments.
- The established County Investment Corporations/Authorities, including the assessed CICs/Authorities are struggling with governance and leadership challenges because of the county government's indecisiveness.
- Inadequate internal management structures, a lack of sensible management rules and methods, and strategies for the acquisition and development of human resources limit the activities of CICs and Authorities, as they currently exist.
- The County Investment Corporations/Authorities lack qualified human resources to undertake technical plans and implement the corporate functions of their respective organizations, as well as to design and develop investment and trade promotion strategies and allied activities.
- The CICs/Authorities strive to raise more financial resources from development partners for investment and trade promotion and facilitation activities.

C. Findings based on socio-economic dimensions and the need for County Investment Corporations/Authorities

This sub-section of the findings has been divided into three critical components or sub-functional headings as follows:

- Findings on Why County Investment Corporations are Important to Counties
    - Investment and trade promotion is a complex task. Counties need specialized institutions like the CICs/Authorities to undertake the task of preparing investment projects and marketing them on behalf of the county government.
    - The CICs/Authorities are best suited as organizations that will help the county government in promoting business activities thus leading to increased own-source revenues for the county.
- Findings based on the Potential Role of CICs/Authorities in leading Socio-Economic Development of Counties.
    - Counties are in desperate need of real private sector capital inflows and technology, which can be obtained through private sector investments.
- Findings on CICs/Authorities Transformative Economic Growth Capabilities in Counties

- Findings on CICs/Authority Legal Frameworks for Establishment
    - The County Government Act of 2012 and the Public Finance Act of 2012 provide for the legal foundation for the creation of County Investment Corporations.
    - The CIC can be dissolved when deemed appropriate. Section 182 of the Public Finance Management Act of 2012 empowers the County Executive Committee Member to establish or dissolve a County Corporation after considering the County Treasury's advice on the financial repercussions of such actions.

Conclusion and Recommendations

A. Conclusion

The following conclusions are drawn from our analysis of the evaluation's results and follow-up findings:

1) The current CICs/Authorities may not effectively execute their role, which includes:
    - Investment and trade promotion, facilitation, and aftercare.
    - Manage investment climate and business environment in counties.
    - Manage investment project cycles.
    - Offer business development services to MSMEs.

2) If strengthened, the CICs/Authorities could have a significant influence on investors' choices or decisions. However, the CICs/Authorities as presently established are unable to fulfil their mandates due to structural weaknesses in their governance and leadership, insufficiency of financial and human capital resources, and the established status.
3) The involvement of CICs/Authorities as investment promotion specialized agencies appears to be important in affecting important elements, including the type of incoming investments, the quality of the investment climate, and the expansion of the county market.
4) A county with a favorable business environment and investment climate, as well as a comparatively high degree of economic growth and development, will observe greater success from investment profiling, promotion, facilitation, aftercare, and advocacy activities; conversely, a county with a poor business environment and investment climate may experience the opposite effect.
5) The functions as enshrined in the various County Assembly Act to be performed by the CICs/Authorities can influence their effectiveness. Further reading reveal that policy advocacy is the most effective function for attracting a dollar of investment, followed by image-building, and investor servicing. However, from findings, CICs/Authorities are not yet prepared to undertake these functions due to their level of planning, budgets and staffing.
6) There is not enough funding for the CICs/Authorities. All CICs/Authorities that have been founded thus far are entirely funded by their respective county governments, even though the assessment indicated that the budgetary allocation was insufficient to allow CICs/Authorities to carry out their functional missions.

B. Recommendations

1. Recommendations on CICs Establishment, Governance and Leadership, Legal and Regulatory Frameworks
   1) The Council of County Governors (COG) should engage and support County Governments in fast-track the establishment of CICs/Authorities in Counties that have not formed the Corporations.
   2) Strengthen the existing CICs establishment structures, governance, and leadership in all aspects to make them more stable in operations and ready for investment promotion and facilitation activities for growth in counties.
   3) County Governments should transform County Investment Corporations/Authorities into autonomous or semi-autonomous establishments to increase their effectiveness and make them stronger organizations for promoting and facilitating investment in counties.
   4) The County Government should introduce best-practice work ethics and inculcate a culture of good governance and leadership for optimal delivery of the CICs/Authorities functions and mandates.

2. Recommendations on Institutional Capacity, Management Structures and Human Resource status of CICs
   1) Create effective and functional institutions for promoting and facilitating investment, the County Governments and CICs/Authorities should strategically work to develop robust corporate strategic plans that outlines these CICs/Authorities' goals, actions, and resources to achieve those goals.
   2) CICs/Authority should develop a Human Resource Practice Manual to assist the Organizations to obtain and employ the best for task employees from the market.
   3) CICs/Authorities should develop and generate an electronic database of qualified human resources in relevant specific areas related to investment promotion and facilitation, namely: economics; corporate finance; risk management; policy development; agribusiness and agriculture; industrial economics and processing; industrial engineering; green and blue economy; and marketing.

3. Recommendation on Creating a Conducive Investment Climate and Business-Operating Environment
   - CICs/Authorities should work together with the county and national government to create and maintain a conducive investment climate and the business-operating environment across counties.

4. Recommendations on Investment and Trade Promotion and Facilitation
   1) The CICs/Authority should develop an Investment and Trade Promotion and Facilitation Strategy with a clear implementation plan.
   2) The County Governments, Council of County Governors, CICs/Authorities in partnership should help develop credible Investment Policies in the counties to guide all investor operations and help in developing incentives for both local and foreign investors.

UK International Development
Partnership | Progress | Prosperity

Act! act change transform

1. Introduction

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 recognized the importance of investments for sustainable development. It has therefore recommended to all counties to 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 play an increasingly more significant role in the development of investment space in economies in which they operate. An empowered corporation or authority (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, investor markets, and companies. In addition, CICs/Authorities on behalf of county governments could play the role of managing the business environment for private sector investments. This will help build robust pathways towards sustainable economic growth in counties. This assessment report provides insight into the efforts being undertaken by counties in establishing the corporations or authorities to promote the counties as investment frontiers.

2. Background, Purpose and Objectives of the Assessment

This section gives the background to the assessment. It further discusses the purpose and objectives of the exercise.

2.1 Background to the assessment

Implementation of devolved governance system in Kenya as envisaged in Chapter 11 of the Constitution of Kenya, 2010 (COK) commenced in 2013 after the general election under the Constitution. Since then, counties as a level of governance have made significant political and economic progress that has contributed to some notable social-economic development, and political stability. Despite such gains, counties have not been able to deal with the ever-rising challenges like poverty and inequality, youth unemployment, and climate change dynamics. Counties also experience weak private sector investment, problems of good governance, and the vulnerability of their economies to internal and external shocks. Although economic growth is the engine of poverty reduction, it works more effectively in some situations than in others. Two key factors that appear to determine the impact of growth are its distributional patterns and the sectoral composition. In order to make a difference in the quality of their growth, counties must find the right mix of the two factors. This can only be achieved through a blend of carefully planned public and private sector investments in the counties.

This assessment report hereby identifies capital accumulation by the private sector as an important driver to economic growth. Therefore, a key objective of a county's socio-economic growth and development strategy should be to establish conditions that attract, facilitate and retain private sector investment in their respective counties.

According to the Council of County Governors (COG), the CICs/Authorities functional mandates as envisaged would be to:

(i) Harness and create awareness of existing investment opportunities in their respective counties.
(ii) Initiate, identify, profile, and present new investor-ready projects for uptake by potential investors.
(iii) Plan and put in place investment promotion, facilitation, and investor aftercare services to make the counties more attractive.
(iv) Attract new investors (both domestic and foreign) and retain existing ones
(v) Expand existing and profile new opportunities

The basis for the assessment task is therefore to establish whether or not the CICs/Authorities have been functional and successful in executing their mandate as duly established.

2.2 Purpose of the Assessment

The purpose of this assignment was to:

(i) Undertake an assessment and analysis of the select CICs/Authorities. The focus includes assessing the model of their establishments and operations with objective of updating the existing information on CICs/Authorities to finalize the assessment report.
(ii) Develop institutional guidelines for establishing CICs/Authorities in the counties.

2.3 Objectives of the Assessment

The overall objective of this assessment was to conduct an assessment and analysis of the chosen CICs/Authorities' establishment, governance, and leadership; legal status; institutional capacity; planning; resource mobilization; investment and trade promotion and facilitation; achievements; and challenges with the objective of updating the existing information on the select CICs/Authorities and promoting wider application of findings in other counties.

Specific Objectives

1. Assess and determine the CICs/Authorities' strengths in establishment, governance and leadership, legal status, planning and operations, institutional capacities, resource mobilization function, investment promotion and facilitation, and evaluate their achievements and challenges with a view to support and enhance their ability in delivering the mandates.

2. Assess and determine the CICs/Authorities' capacity to plan, develop, profile, prepare, and market investment projects to both domestic and foreign investors.

3. Assess and demonstrate the importance of investment in providing solutions to the challenges of economic growth.

4. Based on findings, make policy recommendations to the county governments and partners on matters of CIC/Authorities formation and on investment and trade promotion and facilitation with a view to triggering sustained economic growth.

3. Approach and Methodology

An assessment task involves systematic and objective determination of the relevance, efficiency, effectiveness, sustainability, and impact of activities in light of their objectives. The assessment can be undertaken on both processes (for example, setting up, managing, and implementing a programme to deliver an outcome) and outcomes themselves (the ultimate objectives that a programme is seeking to achieve). In the investment field, a variety of things can potentially be subject to assessment, namely:

a) programme (e.g., a new marketing initiative for a specific sector),
b) project (e.g., a specific inward investment),
c) organizational function (e.g., aftercare),
d) process (e.g., inquiry handling), and
e) economic impact of an organization.

This exercise was however, limited in terms of scope and time, assessing only strategic areas of:

a) establishment and governance (leadership and management) of the CICs/Authorities,
b) legal status,
c) planning and operations,
d) resource mobilization approaches and financial management,
e) investment and trade promotion and facilitation, and
f) achievements and challenges.

The task was undertaken using desk review and stakeholder involvement. Public participation was done through stakeholder interviews and a validation workshop where diverse views were presented, with the relevant ones being duly incorporated in the report.

3.1 Desk review

To accomplish the assessment task, the desk review methodology was used to collect the required information. It involved reviewing, and analyzing existing information from credible secondary sources such as:

a) County Assembly Acts establishing the CICs/Authorities,
b) CICs Strategic plans, Master plans, Operational plans, and Work plans,
c) County Integrated Development Plans (CIDPs),
d) County Annual Development Plans (CADPs),
e) Council of County Governors Reports on CICs establishments,
f) Publications of the Kenya National Bureau of Statistics,
g) Publications from the Office of Controller of Budget,
h) Development Partners' Reports and Publications,
i) On-line Literature on county development affairs, and
j) Bottom-up Economic Transformation Agenda (BETA).

3.2 Key Informant Interviews

Apart from the desk review, key informant interviews were held using telephone calls to individuals with deep insights on the sampled CICs/Authorities and the respective county governments. The choice of key informant interviews (KIIs) as a methodology was to:

a) Verify and validate information or data collected from secondary sources and online literature during the desk review, and
b) Collect more information or data on the subject matter that might not have been covered in the reviewed secondary sources.

During the assessment, ten (10) KIIs were contacted and directly engaged through telephone interviews. The KIIs interviewed included:

(i) The County Investment Corporations/Authorities' Chief Executive Officers,
(ii) The CICs Senior Managers and Directors, and
(iii) The County Executive Committee Members (CECMs) and Chief Officers (COs)

3.3 Assessment Limitations

The major limitation observed during the assessment was the challenge in the efficacy of the data collected through the desk review. The information (data) collected could not be confirmed to be up-to-date. However, the assessors used the key informants' interviews to verify and validate secondary information (data) collected.

4. Assessment Findings

This section discusses the findings from the assessment exercise or task on the CICs/Authorities sampled from each of the regional economic blocs. The findings have been divided into the following four categories:

(i) Findings based on the significance of investment in fostering economic growth in counties.
(ii) Findings based on the general assessment of the operating environment of CICs/Authorities,
(iii) Findings based on socio-economic dimensions and the need for County Investment Corporations/Authorities
(iv) Findings based on the assessment of seven (7) thematic areas that define a fully-fledged County Investment Corporation/Authority.

4.1 Findings based on the significance of investment in fostering economic growth in counties

Investment practice in an economy is composed of public and private investment components. Given its undisputed role in development, investment could spur growth in counties, allowing them to develop and progress by increasing production of goods and services. Economic growth manifests itself in the improved living standards of people. This may be due to availability of jobs, generation of higher incomes, developed physical and non-physical infrastructures, and access to better public utilities and services; education, healthcare, and security, among others. Achieving these parameters requires massive and strategic investing by the national and county governments.

4.1.1 Public Investment Perspective Context

Public investment, also referred to as public capital expenditure, is spending by the state (a government) on the creation of physical and non-physical assets to support and encourage socio-economic activities in an economy. Simply put, it is the money spent by a government on public services and infrastructure assets that could be fixed and long-term. For counties, public investment may include county government spending on economic and social infrastructure. Economic infrastructure refers to assets such as roads, bridges, strategic buildings, multipurpose dams, and energy facilities. On the other hand, social infrastructure includes hospitals, schools, water, and prisons. This is distinct from 'current public expenditure,' where county governments would spend on non-fixed assets such as spending on wages of civil and public servants, drugs for hospitals, preventive healthcare services, and education including bursaries, among others.

A rapid assessment of public investments in counties reveals significant disparities across counties, especially in the urban counties and the more rural-orientated counties. Evidence available shows that county governments' spending is more skewed towards infrastructure projects in both urban and rural-orientated counties. In counties, infrastructure project spending accounts for approximately 40%, with the remaining 60% being accounted for by recurrent expenditures and some current public expenditures on non-fixed assets. This disparity has caused concerns about equitable distribution in public investments for balanced economic growth and development in counties.

.

In this report, public investment is considered one of the key policy directions aimed at fostering economic growth in counties. Ideally, it will address the market failures caused by under-investment in areas where the private sector may find unattractive or hesitate to invest in due to high transaction costs, high risks, or low returns. In addition, counties would be expected to balance out public investment spending and equally focus on non-physical assets such as investment in health, education, and social services. These assets would be important for building a robust and knowledgeable human resource base in counties, a key ingredient for a productive workforce. Predictive statistics contend that an increase in public investment by 1% of Gross Domestic Product (GDP) and private investment in counties could increase by up to 2.2% with total factor productivity by up to 0.8% over five years on average[1] in terms of impact. Public investment can offer the following benefits to the counties:

a) Increase the marginal productivity of private investment, which could crowd in more private investment into the counties;
b) Reduce the costs of private sector investment activities for attractive higher private sector profitability;
c) Address capital market distortions that could create underinvestment dynamics in the counties; and
d) Create a competitive environment in the counties.

4.1.2 Private Investment Perspective Context

Private sector investment complements the public sector investment efforts by creating value and a market for public investment assets. From a macroeconomic standpoint, private investment is the purchase of a capital asset (physical and non-physical) that is expected by the investor to generate income, appreciate in value, or both. A capital asset in this case is simply a property that is not easily sold and is generally purchased and held by an investor to generate profit. Examples of capital assets include land, buildings, machinery, and equipment, among others. The private investments scope is somewhat extended and vast. In economic practice, private investment encompasses assets that are not traded on public exchanges, such as private equity, venture capital, real estate, and private debt. These investment vehicles could be useful to the counties in crowding in private finance for growth and development.

Most countries around the globe strive hard to ensure that their respective economies are private sector-led. Private sector-led economic growth, fueled by private investment in counties, would result in increased economic opportunity, enhanced access to public and private services, and reduced poverty incidences. This report recognizes that private investment, while driven by profit motive, will at the same time increase efficiency and innovation in the counties' business space, thus upscaling entrepreneurship culture for enhanced productivity and competitiveness. Private investment could play a significant role in the development of financial markets, improving access to finance and fostering more investments in counties. Other benefits that could be derived from private sector investments to the counties are:

a) Enhanced productivity and county competitiveness: By promoting innovation, efficiency, and productivity gains, private sector investments can raise the competitiveness of the counties. Profit is the driving force behind this, which forces businesses to continuously look for better

[1] Adarov, A. (2024). Unlocking the power of public investment to foster economic growth. www.blog.worldbank.org Accessed 25th February, 2025

methods to run their operations, create new goods, and use resources as efficiently as possible to remain competitive in both domestic and international markets.

b) Employment creation: Private companies are constantly looking for new prospects. As a result, their investments in new company endeavors and other corporate expansion projects may raise wages and add jobs.
c) Improved access to finance: Private sector investments always crowd in financial sector companies. Thus, private sector investment can help develop financial markets, which can improve access to finance.
d) Guaranteed growth in counties: Counties with high private sector investments will experience higher growth rates with increased economic opportunities governed by better markets.

In Kenya, private investment growth varies significantly with counties experiencing high population growth, good infrastructure, and key economic sectors like agriculture and tourism generally having significant private investment growth. These counties include Nairobi, Mombasa, Kiambu, Nakuru, and Kisumu. Key dynamics about private investment growth patterns show that:

a) Because of their large and affluent consumer markets with strong purchasing power and their established physical, economic, and social infrastructure, major urban-oriented counties like Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, and Kiambu tend to draw greater private investment of all kinds (both domestic and foreign direct investments). To put it succinctly, increased county government spending on roads, more power supplies, and other infrastructure facilities and utilities, has crowded in private investment into the counties.
b) Counties with significant agricultural potential, such as Nakuru, Uasin Gishu, Trans Nzoia, Meru, Embu, Kirinyaga, Nyamira, and Kisii, tend to attract private investment in the agricultural sector. These counties over the past 10 years have witnessed strong private investment in agribusiness and other related sub-sectors in agriculture; and
c) Counties such as Kilifi, Lamu, Kwale, Meru, Kajiado, and Homa Bay have seen private investment undertakings in tourism infrastructure and facilities due to their natural attractiveness.

Based on the aforementioned, investments—particularly those made by the private sector—continue to be a significant driver of economic growth and can enhance and maintain societal well-being. A healthy concentration of investments in the private sector, whether governmental or not, would enable financial resources to be drawn to different economic activities in the counties. If properly supported and encouraged, private investments can potentially foster a long-lasting entrepreneurial culture in a nation. Private investments have the potential to stimulate and propel economic expansion and development within counties. Additionally, private investments could make nations more competitive by opening up access to international markets, cutting-edge technologies, and innovations in the production of goods and services.

4.2 Findings on General Assessment of the CICs/Authorities Operating Environment

This section presents the main findings on the CICs/Authorities operating environment based on the analysis from information collected through desk review and KIIs.

1. County governments and partners support the need to establish CICs/authorities as specialized agencies to undertake the complex task of investment and trade promotion and facilitation

   The assessment established that the:

   a) County governments and partners see CICs/Authorities as part of the larger framework that could foster economic growth in counties by attracting and facilitating investments that could translate into jobs, and more revenue for local businesses, new skills, and technologies.
   b) County governments and partners see CICs/Authorities as the link in achieving high economic growth through increased private investment.

2. The demand for the establishment of CICs/Authorities in counties is growing visibly, however, at a slow pace as observed during the assessment.

   The assessment has revealed that:
   - Counties have the desire to establish CICs/Authorities; however, the speed towards establishing the entities is quite slow. The assessment has established that out of 47 counties, only thirteen (13) counties had established CICs/Authorities in line with the Public Finance Management Act, 2012, the County Government Act, 2012, and other legal provisions. This is an establishment rate (ER) of 27.6%, which is rather low considering the urgent need for development vehicles in the counties. Similarly, apart from the 13 counties with CICs/Authorities, an additional nine (9) counties have for the past 3 to 4 years been struggling to establish these agencies, with only three (3) succeeding.

3. County Investment Corporations/Authorities assessed are legal entities validly established by the County Assembly Laws and recognized in the County Government Act, 2012, and the Public Finance Management Act, 2012.

   The assessment revealed that the established CICs/Authorities are legal bodies corporate with perpetual succession and common seal and are capable of:
   a) Taking, purchasing, or otherwise acquiring, holding, charging, or disposing of movable and immovable property;
   b) Borrowing money or making investments;
   c) Entering into contracts; and
   d) Performing all other acts or things for the proper performance of its functions as expressed under this Act.

   A further finding from the assessment reveals CICs/Authorities are specialized agencies established and owned by the county governments for the purpose of performing specific functions referred to as "investment," where "investment" means the contribution of local or foreign capital by an investor for the acquisition, expansion, restructuring, improvement, or rehabilitation of business enterprise. In addition, the County Government Act, 2012 provisions permit a county government to provide for a legal and institutional framework for CICs/Authorities to:

a) Enhance financial and economic prudence in county government investments,
b) Establish an efficient and effective instrument for managing county government investments,
c) Enhance competitiveness of county government investments,
d) Promote local investment and economic development,
e) Enhance county revenue base and facilitate investments by local county investors,
f) Provide for mobilization of finances for investments,
g) Provide for investment in socially beneficial projects, and co-ordinate and facilitate investments in the county.

4. The five-year county integrated development plans and the annual county development plans provide the framework or basis for developing and generating investment product profiles and promotional planning for all CICs/Authorities, including those that have begun some modest investment and trade promotional activities.

The assessment established that the:

a) Creation of investment projects and hence promotional efforts of the established CICs/Authorities are based on the county development plans (CIDPs) and the county annual development plans (CADPs).
b) County governments intend to rely on CICs/Authorities to assist them in achieving the broader development objectives by drawing in the private sector capital and boosting investment flows to the development priority areas as outlined in the CIDPs and CADPs.
c) County governments are expected to initiate and render investment projects financing possible to ease the work of their CICs/Authorities.
d) County governments see CICs/Authorities as strategic entities that will help counties improve their own-source revenue (OSR) through increased private investment activities as well as enhanced MSME economic activities made possible by CICs/Authorities.

5. The County Investment Corporations/Authorities do not receive adequate funding from their respective county governments.

Each of the six (6) CICs/Authorities[2] assessed experience insufficient funding from the respective county government. The assessment found that the CICs/Authorities lack the financial planning procedures and skills necessary to facilitate investment promotion to enable them to create appropriate budgets for planned activities. Their budgetary allocations from the county treasuries have been impacted by this challenge. Furthermore, despite the existence of CICs/Authorities, the institutions still face difficulties obtaining funding from the county government because of the disapproval by the Office of the Controller of Budget as well as other bureaucratic processes that control the flow and distribution of funds in the counties. As a result, CICs/Authorities are unable to implement any meaningful investment promotion and facilitation programs both inside and outside of the counties.

[2] Homa Bay, Kajiado, Meru, Tana River, Taita Taveta, and Uasin Gishu

6. The indecisiveness of the county administration is causing governance and leadership issues for the formed CICs/Authorities, especially the assessed ones.

   The lack of effective governance and leadership has prevented these organizations (CICs/Authorities) from growing and exploiting their abilities in the realm of investment promotion and facilitation. Since inception in 2013, county governments and partners have worked to enhance and instill a culture of good governance and meaningful leadership in the counties but with limited success. Findings from the assessment reveal that:

   a) There is limited practice of good governance and leadership in the counties. This is evident in the manner in which county governments establish and appoint the Board of Directors of the CICs/Authorities. From the assessment, only two (2) CICs/Authorities, namely Kajiado County Investment Authority (KCIA) and Meru County Investment Corporation (MCIC), have legally constituted a Board of Directors.
   b) There are CICs/Authorities that have been established but lack Boards of Directors to provide leadership and direction to the organizations.
   c) Where a CIC/Authority did not have a Board, the organization received administrative direction and work activities from either a County Executive Committee Member (CECM) or the Governor. This is against the principles of good governance and accountability in public institutions.
   d) Out of the six (6) CICs/Authorities assessed, only two (2) of them namely Kajiado County Investment Authority (KCIA) and Meru County Investment and Development Corporation (MCIDC) are properly constituted according the county assembly laws. The implication is that such CICs/Authorities cannot transact corporate business affairs and functions on behalf of the county government and, on their behalf.

7. The activities of CICs/Authorities as they currently exist are limited by inadequate internal management structures, a lack of management norms and procedures, and no deliberate plans for the acquisition and development of human resources.

   The assessment findings revealed that:

   a) Majority of the CICs/Authorities assessed lack corporate governance documents that would outline the vision, objectives, strategies and long-term goals of the organization and how it would achieve them.
   b) The CICs/Authorities assessed did not have investment and trade promotion strategies. An Investment promotion and trade strategy is working document that actively seeks to bring investment and trade opportunities to the attention of potential investors, traders and distributors, provides capital, jobs, skills, technology and exports, and increases productivity, innovation and wages in a county. Surprisingly, none of the CICs/Authorities studied had a strategy in place to promote and facilitate investment and trade.
   c) The majority of CICs/Authorities have chief executives appointed by county governments but in an acting capacity. The acting capacity position do limit the power of CEOs to execute or implement certain administrative functions as well as make decisions on behalf of the organizations.
   d) The County Assembly Act establishing the CICs/Authorities and best practice require that the Board of Directors, who are duly in office by law, should hire the chief

executive officer competitively. However, this is not the practice in the existing CICs/Authorities. From the assessment, four (4) out of six (6) of the chief executives in the sampled CICs/Authorities were serving in acting capacity with limited powers to make decisions.

e) The assessed CICs/Authorities lack critical documents or blueprints such as financial management guides or systems, procurement manuals, and organizational standard operating procedures to aid management in the right accountability and prudent use of resources granted or collected as indicated elsewhere in this report.

f) Out of the five (5) active CICs/Authorities assessed, only Kajiado County Investment Authority (KCIA) and Meru County Investment and Development Corporation (MCIDC) had a valid corporate strategic plan developed and championed by the Board of Directors. A CIC like Homa Bay Lakefront Development Corporation had developed a corporate strategic plan through a consultant in the absence of the Board, as a valid Board has not been established. However, Taita Taveta County Investment and Development Corporation and Tana River County Investment and Development Corporation did have corporate strategic plans to guide their operations.

8. The CICs/Authorities lack the necessary skilled human resources to carry out technical plans and implement the corporate functions of their respective organizations, as well as in designing and developing investment and trade promotion strategies and allied activities.

The assessment found that:

a) The majority of these CICs/Authorities lack the sufficient and qualified human resources to fulfill their business obligations. Many of them had personnel from different county departments that were deployed or seconded. These workers may lack the capacity to carry out the duties that have been delegated to them.

b) The inability of CICs/Authorities to hire competent staff who could perform technical duties, including investment promotion, feasibility studies, investment project identification, and facilitation, among other responsibilities, had been severely impeded by a lack of finance.

9. The CICs/Authorities strive to raise more financial resources from development partners to undertake investment and trade promotion and facilitation activities.

- In this finding, it was established that some CICs/Authorities, despite having weak governance structures, were raising additional funds from non-traditional sources such as from development partners. The CICs/Authorities are doing this by leveraging the economic value of their respective counties' natural resource endowment to supplement the traditional source of funding.

4.3 Findings on Socio-Economic Dimensions and the Need for CICs/Authorities

This section's findings show that county governments can employ investment to improve and achieve socio-economic growth and development that they so desperately require. To make this a reality, however, meticulous preparation of investment programmes that span both public and private investment interests would be necessary.

To achieve these socio-economic growth and development dynamics, the county governments would need specialized institutions or agencies reminiscent of CICs/Authorities to carry out investment programming tasks, such as investment planning, profiling, preparation, promotion, facilitation, aftercare, and advocacy to achieve these socio-economic growth and development objectives and make the county economies investment-led. According to this report, institutions such as the CICs/Authorities, through their activities, could play a leading role in improving the human development indices (HDI) in the counties. The HDI is a composite measure of a county's average performance and achievements in terms of life expectancy, basic social services, and per capita income. Productivity of investment is feasible within a healthy, educated, and skilled population with the capacity to spend on consumption.

4.3.1 Findings on the CICs/Authorities' Role in leading Socio-Economic Development of Counties

According to the findings, counties have developed and executed at least two county integrated development plans (CIDPs) during the past twelve years in an attempt to stimulate and spur economic growth, but with little success. Based on county economic performance data, the analysis found that just four (4) of the forty-seven (47) counties had a gross value added (GVA) contribution of 4.0% between 2018 and 2023. Nairobi County was accountable for 27.5%, with Mombasa County accounting for 4.9%, Kiambu County (5.7%), and Nakuru County (5.2%). In terms of per capita gross county product, the evaluation discovered that only nine (9) counties had a per capita gross county product (GCP) more than the national GDP per capita of Kshs. 293,229 in 2023, while eighteen (18) of the 47 counties evaluated had a per capita GCP less than Kshs. 150,000. Table 1 gives the GCP performance in the year 2023 as an illustration of the state of counties' gross county product.

Table 1: County GCP Performance in 2023

No.	County	GCP (Kshs.)
1	Nairobi	802,344
2	Mombasa	507,337
3	Nakuru	334,667
4	Nyeri	317,459
5	Lamu	304,024
6	Nyandarua	302,965
7	Embu	300,392
8	Machakos	299,637
9	Meru	297,650

Source: Kenya National Bureau of Statistics (2024)

Further analysis reveal that sixteen (16) counties had an average real GCP growth rate that surpassed the national average of 4.6%. The top five (5) counties in terms of growth are:

(i) Marsabit - 9.3%
(ii) Tana River - 7.6%
(iii) Nakuru - 6.9%
(iv) Kajiado - 6.3%

(v) Nairobi City - 6.1%[3]

As previously stated, none of the counties experienced real GCP growth rates of less than 2.5%. While there has been an improvement in economic growth, the results have not been sufficient to effect the revolutionary change that the counties desire. According to the report, increasing and sustained county and national government investment spending in the counties, rather than private sector investment spending caused the observed growth.

4.3.2 Findings on CICs/Authorities Transformative Economic Growth Capabilities in Counties

The study revealed that counties are in desperate need of real private sector capital inflows and technology, which can be obtained through private sector investments. Counties see a paucity of private real capital inflows. Counties require quality private investments that will generate and promote quality growth while ensuring long-term development. According to the literature, private sector investments that actually drive economic growth and impactful development are extremely restricted, notwithstanding the raw economic material resource potential given by the counties.

4.3.3 Findings on the Importance of CICs/Authority to Counties

According to the assessment, county governments found it challenging to map, recruit, and facilitate investment projects or programmes. The implication is that the county governments would need some specialized agency to undertake the task. As a result, and upon receiving advice from the Council of County Governors, the county governments went ahead to establish CICs/Authorities as specialized agencies with a legal mandate to perform such duties on behalf of the county government. Other findings in this sub-section show that:

a) Only thirteen (13) of 47 counties had established County Investment Corporations/Authorities. The counties are Kisumu, Kirinyaga, Meru, Kakamega, Mombasa, Laikipia, Kilifi, Homa Bay, Makueni, Tana River, Kajiado, and Taita Taveta. Other counties in the process of establishing CICs/Authorities by the time of the assessment are Uasin Gishu, Muranga, Migori, Kiambu, and Kitui.
b) The county governments consider the private sector as critical to contributing to the counties' much-needed tax income and as a primary job producer. From that perspective, several county governments have established CICs/Authorities to coordinate investment activities in order to entice private sector investments in the county government-sponsored projects. According to the findings, the majority of these counties regard CICs/Authorities as solely own-source revenue generators, rather than long-term economic growth and development drivers with broader prosperity implications.

4.3.4 Findings on CICs/Authority Legal Frameworks for Establishment

The COK recognized investments as vital in the realization of national well-being and prosperity in counties. To that extent:

[3] Kenya National Bureau of Statistics (2024). Gross County Product 2024

a) The Fourth Schedule of the COK assigned 14 functions to the county governments. Part 2 section 7 of the Fourth Schedule assigned "Trade Development and Regulation" to the county governments. The function includes markets, trade licenses, fair trading practices, local tourism, and cooperative societies. Constitutionally, investment is considered an activity hence not expressly assigned as a function. However, as an activity of generating national wealth, the provisions of the constitution especially under the Bill of Rights (Chapter 4, Article 40) and enabling legislation (Foreign Investment Protection Act and Investment Promotion Act) protect it and makes it secure.

b) The County Government Act of 2012 and the Public Finance Act of 2012 provide for the legal foundation for the creation of CICs/Authorities. Section 6(5) (a) of the County Government Act, 2012, permits the county government to create a business, firm, or other entity to perform a specific service or carry out a certain duty. As a result, whenever they are created, CICs and Authorities are legally protected organizations; and

c) Section 182 of the Public Finance Management Act, 2012 empowers the County Executive Committee to establish or dissolve a County Corporation after considering the advice of the County Treasury on the financial implications of such action. The CIC may however be dissolved when deemed appropriate.

4.4 Findings on Seven Thematic Areas of CICs/Authorities' Performance Assessment

This section discusses the assessment findings on the select CICs/Authorities sampled from the seven (7) regional economic blocs in Kenya as presented in Table 2.

Table 2: Select CICs/Authorities Sampled from Regional Economic Blocs

Regional Economic Bloc	County	County Investment Corporation
Lake Region Economic Bloc	Homa Bay	Homa Bay Lakefront Development Corporation
North Rift Economic Bloc	Uasin Gishu	Uasin Gishu County Government
Frontier Counties Development Council	Tana River	Tana River County Investment and Development Corporation
Jumuhiya ya Kaunti za Pwani	Taita Taveta	Taita Taveta County Investment and Development Corporation
Mount Kenya & Aberdares Region Economic Bloc	Meru	Meru County Investment Corporation
Narok-Kajiado Economic Bloc	Kajiado	The Kajiado County Investment Corporation

Source: Author, 2024

During the assessment, each of the selected CIC/Authority was evaluated using a list of key performance thematic areas to understand and determine the dynamics around the establishment and operational status of the investment promotional agencies. The assessment parameters were thus based on the following theme areas:

1) Establishment, Governance and Leadership
2) Legal Status
3) Institutional Capacity and Human Resource Management
4) Planning and Operation
5) Resource Mobilization and Financial Management
6) Investment and Trade Promotion and Facilitation
7) Achievement and Challenges.

Accordingly, the findings on CICs/Authorities based on the above thematic areas are presented in the following paragraphs.

4.4.1 Findings on Establishment, Governance and Leadership in CICs/Authorities

For an organization to succeed, both leadership and governance are critical. According to this assessment report, leadership is the act of wielding authority inside an organization, whereas governance is the customs and structures that govern that authority. An organization's decision-making process can be used to determine leadership and governance. While governance decisions are based on established norms and best practices, leadership decisions are frequently based on vision and innovation. This report makes the case that leadership and governance are so closely intertwined that one encloses the other. The governance and leadership results for each of the sampled CICs/Authorities are shown in Table 3.

Table 3: Findings on Establishment, Governance and Leadership in CICs/Authorities

No.	County Investment Corporation/Authority	Findings
1.	Meru County Investment Corporation	Meru County was the first to set up an investment organization in 2014. According to the assessment, the Meru County Investment Corporation (MCIDC) had a well-established governance and management structure. The following were the findings: (i) The MCIDC is a corporation formed by the county government of Meru. The county government of Meru, upon the establishing the MCIDC, lawfully appointed the Board of Directors in accordance with the County Assembly Act, 2014. Nevertheless, the assessment found that the Board's term of office had ended. A new Board is being considered for appointment by the county government. The appointments would be done through a competitive process. The Board will consist of at least two experts in the fields of economics and capital project investment. (ii) The assessment revealed that the Chief Executive Officer's term had expired, and that he had vacated office. Once constituted, the new the Board of Directors will competitively hire the new chief executive. The Chief Executive Officer (CEO) serve as an ex-officio member and secretary of the Board, as well as the officer in charge of the corporation's day-to-day operations as per the instruments establishing the Corporation. (iii)The MCIDC had management in place. The organization has hired people, but not enough to carry out the corporation's tasks effectively.
2.	Homa Bay Lakefront Development Corporation	The Homa Bay County Assembly laws established the Homa Bay Lakefront Development Corporation (HLDC). However, the study made the following findings regarding the corporation's governance and leadership. The findings indicate that: (i) HLDC lacks a functional Board of Directors. In the meantime, the Office of the County Executive Committee Member in Charge of Trade, Investment, and the Blue Economy manages the corporation's business. The study, however, discovered that the County Government had identified names and individuals who will be appointed, once vetted by the County Assembly.

UK International Development
Partnership | Progress | Prosperity

Act! act change transform

No.	County Investment Corporation/Authority	Findings
		(i) The County Government of Homa Bay as the assessment established, had appointed a Chief Executive Officer in acting capacity, awaiting a full constitution of the Board to competitively recruit or confirm the CEO. (ii) The HLDC had no established personnel or management to plan and implement the corporation's activities.
3.	Taita Taveta County Investment and Development Corporation	The Taita-Taveta County Investment and Development Corporation Act, 2021, established the Taita Taveta County Investment and Development Corporation (TTCIDC). Key findings on governance and leadership in regard to TTCIDC include the following: (i) The county government continues to oversee the governance and leadership of the corporation. The county administration has just nominated candidates to serve on the Board as directors. The County Assembly will vet the nominated members before appointments to the Board. (ii) An acting chief executive officer is managing the corporation's day-to-day operations. Once constituted, the Board of Directors would be expected to competitively recruit a fully-fledged chief executive officer. (iii) The TTCIDC has a management team consisting of seven (7) seconded employees. The County Department of Trade and Investment provided the staff on a secondment basis. As a result, TTCIDC lacked a substantial workforce.
4.	Kajiado County Investment Authority	The Kajiado County Investment Authority (KCIA) was established through the Kajiado County Investment Authority Act 2021. The Act mandates the KCIA to serve as the premier agency responsible for driving investment promotion and facilitation within Kajiado County. (i) KCIA has a line Board of Directors to supervise development and investment activities and to give the Authority sound leadership and good governance. (ii) The KCIA Board and the County Government have put in place a management team that includes a substantive Chief Executive Officer and seven (7) employees, as well as well-organized corporate offices where all investment-related tasks are carried out.
5.	Tana River County Investment and Development Corporation	The Tana River County Government established by law, the Tana River County Investment and Development Corporation (TRCIDC) in 2016. The CIC became operational in 2021 upon

No.	County Investment Corporation/Authority	Findings
		passing of the Act by the County Assembly. Key findings on the corporation: (i) Since the TRCIDC was founded in 2021, it has not had a Board of Directors. The County Executive Committee Member (CECM) in charge of trade and investment, however, told the assessment team that the Board of Directors would be appointed in three to four months (April-May, 2025). (ii) The CECM in charge of trade and investment has been overseeing all of the company's operations. (iii)In a similar vein, the TRCIDC lacks a significant management structure to organize and carry out the corporation's mission.
6.	Uasin Gishu Department of Trade and Investment	The assessment findings on Uasin Gishu County investment activity management revealed that: (i) As required by Sections 182(2) and 205 of the Public Finance Management Act and the Public Finance Management (County Governments) Regulations, 2015, the County Government has not yet established an investment corporation or anything comparable. (ii) Nonetheless, Uasin Gishu's County Government had set procedures in place to create a CIC, whose duties would include overseeing the County Aggregation Industrial Parks (CAIPs).

4.4.2 Findings on Legal Status of CICs/Authorities

Legal status is the legal recognition and authorization granted by a government to an organization, which determines their rights, obligations, and privileges within a specific environment in which they are operating, such as a country, county, or region. Organizations with legal standing have access to institutions and can participate in government operations, including contracts, property ownership, credit facilities, and legal remedies in the event of a dispute. Legal status can both help and impede entrepreneurial opportunities for an organization. In this sub-section of the report, Table 4 presents findings on the legal status of CICs/Authorities. It describes the potential duties and functions of CICs/authorities under the laws that establish them.

Table 4: Findings on CICs/Authorities' Legal Status

No.	County Investment Corporation/Authorities	Findings
1.	Meru County Investment and Development Corporation	Meru County Investment Corporation legal status and standing is valid. Other key findings were as follows: (i) MCIDC is a statutory body of the County Government of Meru, established under the Meru County Investment and Development Corporation Act, 2014. What the MCIDC Act 2014 Provides: (ii) The MCIDC Act, 2014, provides for the establishment of a legal and institutional framework to promote and coordinate investment and development in the county, and a legal mandate to: a) Attract and support investment activities in various sectors of the county economy. The MCIDC responsibilities to the County Government of Meru according to the MCIDC Act, 2012 include: (i) Enhancing financial and economic prudence in county government investments, (ii) Establishing an efficient and effective instrument for managing county government investments, (iii) Enhancing the competitiveness of county government investments, (iv) Promoting local investment and economic development, (v) Enhancing the county revenue base, (vi) Providing for the mobilization of finances for investments, (vii) Providing for investment in socially beneficial projects, (viii) Facilitating investments by county residents, (ix) Coordinating and facilitate investments in the county, (x) Enabling the county government to undertake public-private partnerships and joint ventures in areas that are beneficial to the county.

No.	County Investment Corporation/Authorities	Findings
		MCIDC Act, 2014 reveals what the corporation is capable of doing. As legal body corporate with perpetual succession and a common seal, 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. The functions of the Corporation according to the MCIC Act, 2014, are outlines as: (i) Holding property and assets on behalf of the county government for the purposes of investment and development, (ii) Undertaking investments on behalf of the county government for the purposes of generating revenue, (iii) Undertaking any development initiative for the county with a business or social purpose, (iv) Identifying strategic investment opportunities for the benefit of the county, (v) Undertaking business ventures solely or in partnership with other entities or persons for the benefit of the county (see MCIDC, Act 2014), (vi) Promoting local economic growth and job creation (see MCIDC, Act 2014), (vii) Acting as the focal agency for investment promotion and facilitation in the county, and (viii) Advising and facilitating the county government and county residents on investment opportunities within and outside the county.
2.	Homa Bay County Lakefront Development Corporation	The HCLDC legal status is valid: Key findings pertaining to this are: (i) HCLDC is a corporate and legal body established by the Homa Bay County Assembly under the Homa Bay County Lakefront Development Corporation Act, 2023. (ii) HCLDC is a special purpose vehicle (SPV) established to develop and manage economic and social activities along the lakefront, such as investment project creation, profiling, resource mobilization, and other public-private partnership operations.

No.	County Investment Corporation/Authorities	Findings
		As established from the assessment, the HCLDC objectives are to be implemented in consultation with the County Government of Homa Bay. In so doing, the HCLDC as established is expected to: (i) Create a master plan for the lakefront development, (ii) Develop policy framework for investment and cooperation along the lakefront, (iii) Mobilize funds for the development and maintenance of the lakefront facilities; and (iv) Approve land allocation(s) and development plans at the lakefront. The HCLDC Act, 2023 provides for the purpose, objectives, the powers, and functions of the corporation as a legal body corporate with perpetual succession and a common seal. The corporation is thus capable of: (i) Suing and being sued, (ii) Taking, purchasing, or otherwise acquiring, holding, charging or disposing of movable and immovable property, (iii) Making investments, entering into contracts, and (iv) Doing or performing all other acts or things for the proper performance of its functions under this Act. The functions of the Corporation according to the HCLDC Act, 2023, are outlined as: (i) Carrying out an assessment of all resources within the Lakefront and the infrastructural requirements that would be necessary to ensure the effective exploitation and development of resources at the lakefront, (ii) Implementing the objectives, policies, and strategies to achieve autonomous management of the resources at the lakefront, (iii) Identifying any actual or potential effects of the lakefront exploitation, development which are of economic significance, (iv) Preserving or enhancing the state of the whole or any part of the environment at the lakefront and empower the HBLDC to carry out lakefront activities.
4.	Kajiado County Investment Authority	KCIA is a legal entity established under the Kajiado County Investment Authority Act, 2021. The KCIA Act 2021 objects are well aligned with the legal and institutional framework for county investment programmes that allows the KCIA to:

No.	County Investment Corporation/Authorities	Findings
		a) Enhance financial and economic prudence in county government investments, b) Establish an efficient and effective instrument for managing county government investments, c) Enhance competitiveness of county government investments, d) Promote local investments and economic investments, e) Enhance the county revenue base, f) Provide for mobilization of finances for investments, g) Facilitate investments by local county residents, h) Enable county government to undertake public-private partnerships and joint ventures in areas that are beneficial to the county
		Part II of the KCIA Act, 2021 recognizes the Kajiado County Investment Authority as an entity that has perpetual succession, with powers to sue and be sued, a common seal, with capability of: (i) Making investments ion behalf of the County Government (ii) Borrowing money from credible sources (iii) Entering into contracts on its own behalf for purposes of creating investments and other developments as envisaged in the KCIA Act, 2021. The functions of KCIA as read from the KCIA Act, 2021 is to: (i) Improve investment and business environment and undertake other activities as may be necessary to promote the County as an attractive base for investments, (ii) Undertaking investments on behalf of the County Government of Kajiado for purposes of generating revenue, (iii) Conduct research and studies on investment opportunities within the County, (iv) Consider and register investment proposals from investors and provide necessary assistance for implementation of projects, (v) Provide support services to investors including assistance to procure authorizations, permits and licenses required for establishment and operation of activities promoted by the Board, (vi) Act as the single interface with all the investors and liaise with relevant authorities in the County Government and National Government for granting of occupation permits,

No.	County Investment Corporation/Authorities	Findings
		residence permits and other relevant permits required by an investor to operate in the County, and (vii) Identify specific projects and invite interested investors participation in those projects.
5.	Tana River County Investment and Development Corporation (TRCIDC)	The TRCIDC is a legal body established under the Tana River County Investment Development Corporation Act of 2016. It was observed that TRCIDC was legally in existence but not functional. This was despite the purpose and object of the TRCIDC Act, 2016 giving the corporation the authority to carry out all aspects of its mandate concerning matters of investments in the county. Other significant TRCIDC responsibilities to the county government under the Act include: (i) Enhancing financial and economic prudence in county government investments, (ii) Establishing an efficient and effective instrument for managing county government investments, (iii) Enhancing competitiveness of county government investments, (iv) Promoting local economic development; and (v) Enhancing county revenue base. The Act provides that TRCIDC is a body corporate with perpetual succession and a common seal. This Act makes the corporation 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) Doing or performing all other acts or things for the proper performance of its functions under the TRCIDC Act, 2016. Again, as in the case of Taita Taveta, it was noticed that power to ***'sue and be sued'*** was omitted in the Act. The functions of the Corporation as observed are to: (i) Hold properties and assets on behalf of the county for the purposes of investments and development,

No.	County Investment Corporation/Authorities	Findings
		(ii) Undertake any investment on behalf of the county for the purposes of generating revenue for the county government, (iii) Undertake any development initiative for the county for business or social purposes, (iv) Identify strategic investment opportunities for the benefit of the county, (v) Undertake business ventures for the benefit of the county, (vi) Promote local economic development and job creation, and (vii) Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other.
6.	Uasin Gishu Department of Investment and Trade	Uasin Gishu County had not established CIC/Authority. Pursuing this further, the county officials stated that they were having difficulty establishing a CIC or an authority due to challenges that were not explained to the team.

4.4.3 Findings on Planning and Operations in CICs/Authorities

Planning is an important activity in any organization. It is the process of defining an organization's purpose, establishing clear objectives, and developing a plan to translate these objectives into reality. The result of organizational planning is a structured corporate action that outlines the specific tasks the organization and its employees will undertake to achieve the set goals. Instructively, CICs/Authorities need planning to provide a roadmap for action. Planning establishes clear direction, efficient resource allocation, and anticipates future challenges. It helps make informed decisions and ultimately achieve organizational goals. Table 5 details the findings on organizational planning in CICs/Authorities.

Table 5: Findings on Planning and Operations in CICs/Authorities

No.	**County Investment Corporations/Authorities**	**Findings**
1.	Meru County Investment and Development Corporation	Under planning and operations, the assessment had the following findings on the MCIDC: (i) The MCIDC has been having a strategic plan developed by the Board that was based on the CIDP. However, this strategic plan term expired recently thus prompting the MCIDC to plan for the development of new strategic plan, once a new Board is appointed.

No.	County Investment Corporations/Authorities	Findings
		(ii) The corporation's management was seeking for technical assistance to support the development of the strategic plan. Essentially, the corporation lacked the following important planning documents: (i) Masterplan for long-term investment programming in the County. (ii) Standard operating procedures as a policy document for good governance practice, accountability, and transparency. (iii) Investment, trade promotion and facilitation strategy.
2.	Homa Bay County Lakefront Development Corporation	The study revealed that HLDC had the required support to implement its programs as expected of it in law. The main planning documents used by the corporation included: (i) The County Integrated Development Plans, (ii) The County Annual Development Plans, (iii) Lake Victoria Spatial Activity Mapping Plans, (iv) Corporate Strategic Plan. Other key findings were: (i) HCLDC did not have an investment master plan for the lakefront development, (ii) HCLDC had developed a strategic plan without the Board of Directors who were yet to be appointed. (iii) HCLDC did not have an investment, trade promotion and facilitation strategy. (iv) HCLDC lacked standard operation procedures to guide its operations. (v) Limited operations taking place around the lakefront.
3.	Taita Taveta County Investment and Development Corporation	TTCIDC lacked the following important planning documents: (i) A master plan for long-term investment space development programming and guide, (ii) Corporate Strategic Plan (iii) Investment and Trade Promotion and Facilitation Strategy. (iv) No investment operational activities taking place in the county.
4.	Kajiado County Investment Corporation	The assessment established the following findings: (i) KCIA had a detailed corporate strategic plan spearheaded by the Board of Directors. (ii) The KCIA was developing a county investment master plan as a guide to planned investing in the county. (iii) The KCIA adhered to its CIDP in directing and planning for their capital investment projects.

No.	County Investment Corporations/Authorities	Findings
		(iv) Investment operational activities is picking up in the county spearheaded by the KCIA.
5.	Tana River County Investment and Development Corporation	TRCIDC lacked key planning and operational documents especially: (i) A master plan for long-term integrated investment planning for the county, (ii) Corporate strategic plan for short-term corporate operations, (iii) Investment, trade promotion and facilitation strategy to guide promotional activities and facilitation, investor retention plans, and trade development.
6.	Uasin Gishu Trade and Investment Department	The duties and functions that would ideally been performed by the CIC/Authority were being executed through the Department of Trade and Investment under the CECM and Chief Officer.

4.4.4 Findings on Resource Mobilization and Financial Management

Resource mobilization in an organization refers to all activities undertaken by an organization to secure new and additional financial, human, and material resources to advance its mission. It is therefore the process of actively acquiring and managing various resources, including financial funds, human talent, materials, and community support, to effectively implement the organization's goals and mission. It often helps by identifying potential sources, building relationships, and utilizing different strategies to secure necessary resources for operations and future growth. Essentially, it is about gathering the tools needed to achieve organizational objectives. As such, resource mobilization as a functional aid activity will be important for CICs/Authorities. Table 6 details the findings on resource mobilization and financial management within the established CICs/Authorities.

Table 6: Findings on Resource Mobilization and Financial Management

No.	County Investment Corporations/Authorities	Findings
1.	Meru County Investment and Development Corporation	Resource mobilization and financial management dynamics have been a major challenge to many public agencies across the counties. On the contrary, for MCIDC, the assessment found that: (i) MCIDC and the county government were in harmony in terms of funding the corporation. The MCIDC and the county government came up with a funding model that enables the corporation to undertake investment projects, and activities. To deal with other funding challenges, the assessment established that: a) The county government had delegated some of its tax collection functions to the MCIDC. This

No.	County Investment Corporations/Authorities	Findings
		allowed the corporation to establish a financial resource base or fund for investment project development and marketing. b) There was an established financial management system for accountability of monies collected through such sources and functions by the Corporation. However, (ii) MCIDC did not have a Resource Mobilization Strategy for mapping and mobilizing resources the corporation needed. (iii) The assessment established that the corporation would be seeking technical support in developing the strategy.
2.	Homa Bay County Lakefront Development Corporation	The HBLDC was still at the nascent stage of institutional development. The following findings were established: (i) The county government was funding the operations of HBLDC. In 2024, Gatsby Africa provided technical and financial support to the HBLDC for the Lake Victoria spatial planning for appropriate and planned uses such for investment. (ii) The corporation lacked a financial management guide, plan or otherwise as a tool of prudent financial management and accountability. However, the assessment established that the corporation had purposed to develop and put into practice robust financial management systems with the accompanying instruments. (iii) The HCLDC did not have a Resource Mobilization Strategy. (iv) The HCLDC did not have the standard operating procure manual to guide human resource management among other management processes.
3.	Taita Taveta County Investment and Development Corporation	Findings from the assessment reveal that the TTCIDC: (i) Does not have funding from its own source (ii) Receives funding from the county government indirectly through the Department of Trade and Investment. The TTCIDC had been engaging development partners for both technical and financial support. However, this required a better and more structured engagement plan for it to succeed. The assessment found that: (i) The corporation did not have a resource mobilization plan or strategy to guide the corporation in its fundraising activities.

No.	County Investment Corporations/Authorities	Findings
		(ii) The corporation lacked a financial management system for accountability and transparency. (iii) The corporation still did not have a standard operating procedures manual to guide the Board and management in key operational areas such as staff recruitment procedures.
4.	Kajiado County Investment Authority	Key findings were that: (i) The KCIA was funded to the tune of KSh.25 million per annum by the County Government. The KCIA had plans to mobilize alternative resources to undertake operations and investment promotion work within and across the County. (ii) The KCIA is considering developing a resource mobilization strategy to govern resource mobilization mapping and usage, as it currently lacks one. (iii) The KCIA had not put in place appropriate financial management system for good governance, accountability, and transparency. However, plans were in place to development these instruments of good governance and management.
5.	Tana River County Investment Development Corporation	The assessment found that TRCIDC since establishment though not operational yet is funded by the County. The corporation did not have: (i) A resource mobilization strategy to guide resource mapping and access from various sources. (ii) A Financial Management System for accountability and transparency
6.	Uasin Gishu County Department of Trade and Investment	There was no CIC/Authority in Uasin Gishu County, hence there is no role focused on resource mobilization and financial management of a standing entity.

4.4.5 Findings on Investment and Trade Promotion and Facilitation Practice by CICs/Authorities

Investment is essential driver for long-term economic growth and development through capital formation and wealth creation. Promotion and facilitation are functions in investment and trade. The two functions can encourage private-sector participation in counties if conducive environment is set. Table 7 provides findings on investment and trade promotion and facilitation.

Table 7: Findings on Investment and Trade Promotion and Facilitation by CICs

No.	County Investment Corporations/Authorities	Findings
1.	Meru County Investment and Development Corporation	The MCIDC had identified a number of investment projects with specific and major areas of focus being: (i) Agriculture Sector: With a focus on value addition and promotion of agribusiness-related investments. (ii) Real estate development: Real estate development is dependent on land availability. In Meru, both rural and urban land are valued assets. According to MCIDC, the fast growing population had resulted in high demand for residential properties. The rise in business activity had boosted the need for commercial space. Investing in office buildings, retail spaces, and warehouses is regarded as extremely rewarding in Meru. The assessment discovered a significant possibility in real estate development, and the corporation has been promoting these opportunities. (iii) Tourism Sector: The MCIDC has been managing the Meru National Park as part of a programme aimed at developing more investment projects in the tourism sector for the private sector to invest in. As found, the investment options ranged from homestays to eco-tourism resorts and themed conservancies. (iv) Wholesale and retail trade sectors: The MCIDC had focused on MSME development. Consequently, the CIC has implemented targeted MSME investment projects and programmes aimed at increasing wealth through investing and trading activities throughout the county. (v) Renewable Energy Sub-sector: The corporation had focused on developing renewable energy projects for investments. Key areas included solar, wind, and waste to energy. The assessment revealed that the corporation was developing the Meru County Solar PV Park of a 15MW Solar PV Power Project.
2.	Homa Bay County Lakefront Development Corporation	The assessment established that HLDC had mapped and identified certain critical investment areas and projects based on their space and mandate. Some of the focus areas identified by HBLDC for investment projects development and promotion were: (i) Green Investment Product Development and Investing: Greening Homa Bay under the Homa Bay Arboretum Development Drive with extended agroforestry. (ii) Smart Lakes Investment Programme: Investing in the development and expansion of new and old piers, fishing and passenger eco-friendly and tech-oriented vessel building for improved efficiency and safety.

No.	County Investment Corporations/Authorities	Findings
		(iii) Blue Economy Investment Area: Involves investing in securing fish breeding areas within the County as well as, enhancing investment in wild-capture fishing and, sustainable aquaculture. (iv) Maritime Routing Technology Development and Investment: Mapping of maritime routes and areas of lake economic activities. (v) Sustainable Agriculture Investment Development: This involves investing in the areas of strategic sustainable irrigated agriculture of different commercial crops along the Lake Victoria Watershed and other designated waterways.
3.	Taita Taveta County Investment and Development Corporation	TTCIDC had designated specific priority areas for investment project planning and development, as well as promotional and facilitation efforts. The evaluation identified the following as the primary areas of focus: (i) Water Development and Distribution: This included investing in bulk water development, distribution, and conservation (major water development locations identified as Lake Jipe and Mzima Springs). The waters would be used for agricultural, domestic, and industrial purposes. (ii) Economic Zones Development: Economic Zone Development entailed investment in the creation of economic growth infrastructure such as specialized economic and theme parks, including export processing zones at various locations. (iii) Mining and Mineral Processing: Taita-Taveta has around 485 industrial minerals and 197 semi-precious minerals. This is an important area of investment especially mineral processing and value addition at the artisanal and commercial levels. (iv) Tourism: Investing in new theme parks and integrated development regions to produce new consumable and sustainable tourism products. (v) Agriculture and Food Security: Investing in a mix of fruit growing for wine production, and select irrigated food crop production. (vi) Livestock production and leather tanning: The County Government of Taita Taveta and the corporation are collaborating to focus on livestock production and leather tanning as part of the county's livestock value addition.
4.	Kajiado County Investment Authority	KCIA had a clear plan on investment areas:

No.	County Investment Corporations/Authorities	Findings
		(i) Health and healthcare sector: Investing in programmes that promote health for a healthy productive society in Kajiado. (ii) Modulated Pastoralism: Investing in livestock production system based on the platform of green economic growth. (iii) Circular economy: This involves investing in waste management in the County. (iv) Climate Proven Environment Investing in Kajiado: This is about investing in projects that improves the climate and creates resilient productive communities. (v) Focus on thematic niche tourism: Investing in tourism project development that create and adds value to the County, moving away from mass to high-end tourism product consumption. (vi) Education thematic sub-sectors: Investing in education sector programmes for social outcomes.
5.	Tana River County Investment Development Corporation	The TRCIDC through the CECM Trade Office had identified a specific number of key investment focus areas: (i) Agricultural Development Investment Area: a) Investing in enhanced irrigation agriculture to produce more food. New investments was expected to add to the already existing 12 minor irrigation schemes. b) Commercial livestock production for raw export and indigenous meat value addition for domestic consumption and export. c) Large scale irrigated crop farming in maize, and wheat production. (ii) Blue economy and Fisheries: Investment areas include sustainable aquaculture, catfish farming for value addition and export. (iii) Tourism sector investment projects: Focus areas on culture and heritage tourism, river water sports product range along Tana Delta. (iv) Leather tanning and processing: Investment targeting the large livestock population in the County.
6.	Uasin Gishu County Department of Investment and Trade	From the assessment it was established that: (i) The County Government of Uasin Gishu was yet to establish a CIC or Authority. (ii) The County relied on the CEC Trade, Industrialization, Tourism, Co-operatives and Enterprise Development Investment and the Kenya Investment Authority to help in developing investment projects, identification and

No.	County Investment Corporations/Authorities	Findings
		promotion while the department of Trade, Industrialization, Tourism, Co-operatives and Enterprise Development Investment focuses on creating conducive investment and business operating environment for investments. Key investment focus areas by the County Government included agricultural products value addition tourism.

4.4.6 Findings on Institutional Capacity and Human Resources Management in CICs/Authorities

Institutional capability and human resource management dynamics are vital for both existing and newly founded CICs/Authorities. Institutional capacity in this study refers to the organization's ability to achieve its objectives through its processes, expertise, and skilled staff. Detailed findings are presented on Table 8.

Table 8: Findings on CICs/Authorities Institutional Capacity and Human Resource Management

No.	County Investment Corporations/Authorities	Findings
1.	Meru County Investment and Development Corporation	The assessment found out that the MCIDC: (i) Lacked technical human resources in areas like investment feasibility development, investment identification, and profiling and preparation and investor facilitation among others. (ii) Understaffing had hindered the corporation's efforts in areas such as investment project development, promotion, investor project diversification, development, and profiling.
2.	Homa Bay County Lakefront Development Corporation	The assessment established that HLDC: (i) Lacks institutional capacity to execute its mandate and functions. Though the corporation had developed a strategic plan to guide the organization's operations, there are no institutional structures to enable the plan run effectively and efficiently. (ii) There is no substantive Chief Executive Officer. However, the county government hired one in an acting capacity with no organizational staff.
3.	Taita Taveta County Investment and Development Corporation	The findings were that: ▪ The TTCIDC institutional capacity has not been strengthened since inception in 2016. The organization

No.	County Investment Corporations/Authorities	Findings
		lacks technical staff with capability to undertake technical programmes in investment project development and promotion, among other functions expected of the corporation.
4.	Kajiado County Investment Authority (KCIA)	The findings were: (i) KCIA has a secretariat or a management unit of (8) members of staff that runs the affairs of the Authority. (ii) KCIA is properly established with a domicile address and offices where the organization ran its own affairs as an entity.
5.	Tana River County Investment and Development Corporation	The findings here were that the TRCIDC: (i) Did not have a Board of Directors to steer the corporation, and (ii) Did not have any staff on board.
6.	Uasin Gishu County Department of Investment and Trade	The Assessment finding was that county government had not established a county investment corporation or authority.

4.4.7 Findings on the Achievements of CICs/Authorities

The CICs/Authorities had not accomplished much because the majority of them were still in their early stages. However, a couple of these CICs had reported a few milestones. Table 9 presents findings on the achievements and milestone that have been achieve so far by CICs/Authorities.

Table 9: Findings on the Achievements of CICs/Authorities

No.	County Investment Corporation/Authorities	Findings
1.	Meru County Investment and Development Corporation	Findings on the achievements made by the MCIDC) included: (i) Successful promotion of investment opportunities in real estate in Meru: a) Meru County Head Quarters Refurbishment, b) Meru County Maissonette Uplift and leasing at current market price, Meru Rising Mixed use development. (ii) Increased investment in the energy sector: a) Meru County Energy Park 220MW – two phase hybrid projects of Solar, Wind and Battery, b) Meru county Petrol station (iii) Successful promotion of investment in the agricultural value addition and agribusiness programmes at: a) Michii Mikuru Tea farm b) Meru Coffee Marketing Agency c) Thimangiri slaughterhouse d) Kanyakine fish factory e) Prefeasibility on agro processing; - Potatoes, Banana, Avocado and Leather (iv) Tourism and Hospitality: Revamping and successful profiling of the Meru National Park and Mt. Kenya National Park as tourist destination.
2.	Homa Bay County Lakefront Development Corporation	The following milestones were achieved: a) Successful established Joint Ventures with Other corporations, b) HCLDC has secured government Assets along the Lakefront, c) HCLDC has managed to secure partnerships with the Kenya Ports Authority, a national government institution working on the rehabilitation of piers in Homa-Bay and Kendu Bay Piers. d) Development areas planned: Miti-Mbili, Kajimo, Mainuga, Mbita, Sindo and Sena

No.	County Investment Corporation/Authorities	Findings
		e) Successful implementation Smart Lakes project in collaboration with TECA Africa Blue Wave through an implementer Organization. f) Successful engagement in investment partnership discussions with strategic global in aquaculture development sector i.e., Willing Hands AG. of Norway.
3.	Taita-Taveta County Investment and Development Corporation	TTCIDC managed to achieve the following: (i) The corporation has successfully developed an investor and investment evaluation framework that had enhanced the efficiency in the evaluation of investors and investments to be undertaken. The TTCIDC Framework had made it easy for the corporation to undertake due diligence on potential investors while identifying ways through which the corporation could ensure the investors set base in the county. (ii) The corporation had established a PPP Coordination Unit for engagement with investors.
4.	The Kajiado County Investment Authority	The KCIA had made some achievements including: (i) Having institutional governance structure in place as required by law and spirit of good governance. The Corporation had a fully-fledged Board of Directors. (ii) Established management team with substantive Chief Executive Officer and (8) members of staff running the day-to-day affairs of the organization. (iii) Having managed to secure an annual budget at Ksh. 25 million per annum from the County Government allocations for its operations. (iv) Successful at the initial stages in rolling-out the County Investment plans as enshrined in the CIDPs and the Governor's Vision Investment Focus Areas. (v) Laying out investment plans for Green Growth in the County under the investment tagline "Climate Proven Environment" to be implemented through investment programmes in education and tourism sectors in the County.
5.	Tana River County Investment Development Corporation	TRCIDC under the CECM had been able to identify key areas of investment development and promotion namely; (i) Agriculture and Livestock Production a) Large-scale irrigation facilitated agriculture. b) Commercial Livestock Production c) Agroforestry along the delta

No.	County Investment Corporation/Authorities	Findings
		(ii) Tourism: Watersports along the Tana Delta, Ecotourism, (iii) Blue Economy: Development of investment programs in fishing and aquaculture, (iv) Leather harnessing and processing.
6.	Uasin Gishu County Department of Investment and Trade	Apart from what has been done by the Department of Trade, Industrialization, Tourism, Co-operatives, and Enterprise Development, with help from the Kenya Investment Authority, nothing can be assigned to a corporation because it does not exist.

4.4.8 Findings on the Challenges faced by CICs/Authorities

This sub-section provides findings on the challenges encountered by CICs/Authorities in their efforts to develop and promote investment and trade in their respective countries.

Table 10: Findings on Challenges faced by CICs/Authorities

No.	County Investment Corporation/Authorities	Findings
1.	Meru County Investment and Development Corporation	MCIDC challenges: (i) Inadequate budgetary allocation for research and feasibility studies. (ii) No proper investment opportunities mapping (iii) Staff incapacity for investor sourcing, handling, and support. (iv) No proper asset mapping on the government strategic investment assets. (v) Inadequate capital injection needed to increase county shareholding level. (vi) Political interference. (vii) Inadequate budgetary allocation for research and feasibility studies.
2.	Homa Bay County Lakefront Development Corporation	HLDC challenges: (i) The absence of a Board affecting corporation credibility (ii) Inadequate funds to undertake investment projects (iii) Inadequate human capital to undertake lake front development (iv) Inability to create a knowledge pool between development financing institutions and the larger private sector to inclusively support the lakefront investment plans and development (v) Inability to strengthen functional partnerships in areas of safety and security, which are vital for boosting investor confidence. (vi) Lack of appropriate offices and structures for the Corporation.
3.	Taita Taveta County Investment and Development Corporation	TTCIDC challenges: (i) Insufficient funding for the corporation (ii) Office infrastructural challenges—no physical offices (iii) No investment policy from the county government (iv) Lack of competent staff in the areas of investment and trade promotion and facilitation.
4.	Kajiado County Investment Authority	KCIA challenges: (i) Too much bureaucracies involved in acquiring resources.

No.	County Investment Corporation/Authorities	Findings
		(ii) Lack of the requisite ability for investment and spatial planning. (iii) Lack of clear demarcation of investment lands and areas for Modulated Livestock Development and Production, a significant investment opportunity. (iv) Lack of alternative corporate finance sources for investment project development. (v) Lack of an alternative resource mobilization strategy or strategies for obtaining resources from other sources, particularly the business sector. (vi) Difficulty expressing and designing public-private partnership investment projects in the county due to incapacity. (vii) Experiencing investor pushbacks due lack of investor facilitation procedures (viii) The impact of climate change on investor intermediate and final products.
5.	Tana River County Investment and Development Corporation	TRCIDC challenges. (i) Lack of a Board of Directors to guide investment project development, promotion, and facilitation efforts. (ii) Lack of a formal management structure to oversee fundamental activities. (iii) Limited awareness of current investing concepts, including public-private partnerships to fund capital projects. (iv) Limited funding for the corporation. (v) Limited human resource capacity for investment project development. (vi) Tana River County's climate change risk issues, such as prolonged drought, high temperatures, and frequent flooding, have negatively influenced investors' decision-making processes when choosing a place.
6.	Uasin Gishu County Department of Investment and Trade	The assessment found that the creation of the County Investment Corporation has not advanced very far. It is therefore concluded that indecision by the county government has delayed the process of forming the CIC/Authority.

5. Conclusion and Recommendations

The conclusion and recommendations for setting up and running the CICs/Authorities in counties are given in this section to the county governments and partners.

5.1 Conclusion

Global economic growth and development in both developed and emerging economies have been greatly aided by both public and private (domestic and FDI) investment. Kenyan counties are capable of replicating this situation. As observed from the assessment, increased investments will, in fact, be crucial in promoting counties' economic growth and development. As stated in this report, investments will help accelerate production, develop new technologies, create new workplaces, and improve the quality of life of the population. This is exactly what the county governments' need for their respective counties.

In light of the aforementioned, county governments must create and strengthen the CICs/Authorities by providing them with the necessary funding and human resources. Accordingly, this assessment forecasts that counties that aggressively seek investments with a high conversion rate will see relatively quick economic growth and development, as well as high levels of competitiveness in both home, regional, and foreign markets. Therefore, this report concludes that those counties with robust and well-managed CICs/Authorities will be the ones to experience economic growth and development. Indeed, the importance of CICs/Authorities is undeniable. They promote economic growth by seeking, luring, attracting, and retaining investments (domestic and foreign), maintaining strong relationships with investors, and offering a variety of aftercare services to them. Thus, empowered CICs/Authorities by county governments as envisaged will be able to identify potential investment projects, profile, prepare, and transform them into investible (bankable) opportunities before marketing them to potential investors. Such CICs/Authorities will be able to strategically identify what activities are most appropriate to implement to woo investors amid their specific environment and circumstances and ensure the best use of public resources entrusted to them.

The general challenges highlighted by this assessment report show that the CICs/Authorities lack high-level support from the top executive offices within, weak governance and leadership, poor planning and operations, insufficient financial and human resources, no investment and trade promotion, facilitation, aftercare, and advocacy strategy, among others. In conclusion, CICs/Authorities remain an important vehicle to drive private investments into the counties. For this to happen, the county governments will need to establish and strengthen these institutions wholly to make them effective and efficient in their operations.

The study makes the following conclusions:

(i) Investments will be crucial to promoting and maintaining economic growth in the counties. From a conceptual standpoint, investment determines economic growth. In that sense, both public and private investments will contribute to the development of new technologies, the acceleration of production, the creation of new jobs and alternative sources of income, and improved quality of life. According to the study, urban counties that aggressively seek investments have high levels of competitiveness in both local and foreign.

(ii) Regardless of whether established as corporations or authorities, these organizations have the potential of turning the counties into economic powerhouses if well-resourced and managed. The CICs/Authorities can play significant role in market creation and promotion of countries as trade and investment destinations. This report suggests that counties with favorable business and investment climates, along with a relatively high level of economic growth and development, will have more success promoting investment. On the other hand, a county with unfavorable business and investment climate may experience the opposite effect.

(iii) In most counties, there may be some benefits to establishing a CIC or Authority. However, the CICs/Authorities will require significant resources to conduct both basic and strategic promotion operations, which can occasionally be costly. Taking care of possible investors, strategic marketing, travel, and the provision of promotional materials are all likely to constitute high fixed costs.

(iv) Investors' decisions may be influenced by the CICs/Authorities' promotional activities, including incentives offered by a county. The decision can also be influenced by the technical capacity of the CICs/Authorities in terms of skilled human resources. However, the CICs/Authorities as presently established are unable to perform these functions due to organizational structural weaknesses, manifested in their governance and leadership, financial and human capital resources, and operational scope.

(v) Although the organizations are intended to be autonomous economic entities, the CICs/Authorities need political support and goodwill to carry out their facilitation and promotion tasks as effectively as possible.

(vi) The efficiency of the CICs/Authorities may be impacted by the duties specified in the various County Assembly Acts. From the assessment, the best function for drawing in a dollar of investment is policy advocacy, followed by investor servicing and image building. However, based on the study outcomes, CICs/Authorities lack competent staff, funding, and planning necessary to carry out these functions.

5.2 Recommendations

The recommendations made in this report are derived from the larger macro-analysis of the general environment under which the CICs/Authorities operate, coupled with the global best practice. The following recommendations based on operations and policy are presented for consideration by the counties and relevant development partners:

5.2.1 Recommendations on CICs/Authorities Establishment, Governance and Leadership, Legal Status

1) The county governments should fast-track the establishment of CICs/Authorities

From the assessment, only 13 counties had established the CICs/Authorities. This indicates a 27.6% CIC/Authority Establishment Rate from 2013 to 2024. County governments should expedite and raise the Establishment Rate to at least 75% by 2027. The increased number of CICs/Authorities will widen the scope and trigger investment and trade activities in counties.

2) The county governments should strengthen the CICs/Authorities in key areas of institutional establishment, governance, leadership, and corporate structures to make them stable in operations and ready for investment promotion and facilitation activities.

The CICs/Authorities are weak in establishment status, governance, and leadership. There is therefore a need for stronger governance in CICs/Authorities. The county governments should undertake and implement the following:

(i) Develop a 'County Investment Corporation/Authority Establishment, Governance, and Leadership Awareness Bluebook' of practice to establish and build stronger CICs/Authority institutions in Counties.

The self-practice guidebook or manual would assist counties with and without CICs/Authorities in creating reliable, robust, and standard CICs or authority that can handle all aspects of investment promotion and facilitation.

(ii) The county governments should find it necessary to make county investment corporations/authorities autonomous or semi-autonomous establishments to increase their effectiveness with strength to promote and facilitate investments in the counties.

The findings of the assessment showed that the majority of CICs and Authorities lacked the bare minimum of institutional capacity to operate and carry out their assigned responsibilities. Additional evidence revealed that, as a result of unhealthy bureaucracies and power dynamics, CICs/Authorities working under the County Executive Committee Member (CECM) lacked corporate independence or autonomy, control over financial resources, a corporate voice, and sufficient policy support to enable them to achieve their goals and objectives.

(iii) The County Government should introduce best-practice work ethics and inculcate a culture of good governance and leadership for optimal performance of the CICs/Authorities functions and mandates.

The appointment of a capable Board of Directors is the first step in implementing effective governance and leadership in institutions or organizations. Therefore, in accordance with the Public Finance Management Act of 2012 and the County Government Act of 2012, the county governments must make sure that qualified and suitable CIC/Authority Boards of Directors are appointed to offer leadership in these organizations. According to the study, a lack of separation of powers between the Board and the county administration, as well as inadequate Board appointments, was causing problems for some CICs/Authorities. Therefore, it is recommended that:

a) The composition and structures of the CICs/Authorities Board of Directors should be more diverse and inclusive, with 40% of the board being made up of representatives from the private sector, 10% from civil society, 10% from the community, 10% from special interest groups, and 30% from the government.

b) For more inclusive stakeholder participation and to guarantee good governance in the promotion of trade and investment in the counties, public-private dialogue forums should be formed. The CICs/Authorities should support the development and implementation of these PPD platforms in collaboration with the county government departments and agencies, community organizations, civil society organizations, and business sector organizations to improve the business-enabling environment in counties.

(iv) The County governments should come up with a CICs/Authorities Board orientation and education policy as an essential programme for the newly appointed Board of Directors.

When it comes to hiring and appointing the Board of Directors, institutions and organizations that strive for good governance frequently employ this intervention. The following five (5) goals will be achieved by the policy:

a) The handbook would serve as an orientation guide for the newly appointed Board of Directors, offering information on the organization, the activities, and structure, role and responsibilities of the Board, and management.
b) The manual would be a vital working tool and a primary source of information regarding the CIC/Authority Board.
c) Help the Board of Directors understand their legal responsibilities and the administrative range of their job.
d) Specify the public, private, and civil society sectors are represented in the Board.

5.2.2 Recommendations on Institutional Capacity and Human Resource Management Status

1) The CICs/Authorities should strategically endeavor to produce robust corporate strategic plans that delineate the objectives, activities, and resources of these CICs/Authorities to establish efficient and operational institutions that facilitate and encourage investment.

This recommendation looks into the operational structures, management systems, and human and financial resources of an organization. It calls for the establishment of organizations that have clear roles defined by the corporate strategic plan. The plan should be able to guide and provide stable organizational structures that are based on an organization's long-term goals.

2) CICs/Authority should develop a Human Resource Practice Manual
CICs/Authorities need a human resource pool with the necessary qualifications, right motivation, experience, and skills to undertake various tasks of the organization. Human resource policies of a CIC/Authority, therefore, need to be responsive to such dynamics by appropriately designing human resource skill sets for competent and cost-effective management. Further, the job descriptions based on investment promotion, facilitation, aftercare, and advocacy need to be clearly expressed and performance accurately monitored to ensure that rewards match achievements. Finally, the human resource specifications and job descriptions in the manual will be required to evolve to reflect changing conditions and priorities in the investment space. Consequently, county governments with CICs/Authorities may need to consider the following:

(i) CICs/Authorities should develop an electronic database of qualified human resources in relevant and specific areas related to investment promotion and facilitation, namely: economics, corporate finance, risk management, policy development, agribusiness and agriculture, industrial economics and processing, industrial engineering, green and blue economy, and marketing.

The e-database of qualified human resources would be a function of the CICs/authorities and thus would need to take the lead in the development. However, given the nascent nature of the CICs/Authorities, the organizations will need technical support from the County Government in terms of financing to come up with a multi-county e-database of potential qualified employees. The CIC/Authority structures may be based on the County of Origin and the nature of investment project to be undertaken. The CICs/Authorities Boards may structure the organizations in terms of sectoral opportunities, which would make it easier to classify the kind of human resources needed for inclusion in the e-database.

(ii) The CICs/Authorities should be given the procurement freedom to get qualified and competent human resources through direct recruitment or any other competitive approach that satisfies the established requirements by law.

As long as established protocols are adhered to, headhunting is a legitimate method of locating and hiring specialized human resource services with technical skill sets. The assessment revealed a clear problem with the availability of human resources in established CICs and the Authorities. In situations where competitive recruitment is not practical, the CICs/Authorities could use a headhunting strategy with attractive incentives to draw in the best candidates so long as the negative culture of partiality does not abuse the process. The Public Service Commission and the County Public Service Board may assist in creating a reliable system that would allow for various aspects of employing human resources, especially the headhunting procedure.

(iii) Provide top or senior officials from the CICs/Authorities with training on the skills they need to carry out their mandates.

CICs/Authorities should develop a technical training and capacity-building program curriculum for their employees in the areas of investment project design, feasibility study, and development, as well as the new technical fields of transaction advisory, most likely with the help of partners. The training courses may include core competency areas such as advocacy, aftercare, and investment promotion and facilitation. Other areas of capacity building may include:

a) County investment sectoral analysis, clearly delineating opportunities, and investment product development stage
b) Investor analysis and servicing
c) Destination (County) image building and systems analysis
d) Investment generation, planning and control of promotion activities, investor presentation skills, and
e) Negotiation and report writing.

5.2.3 Recommendation on Building a Favorable Investment Climate and a Business Enabling Environment

- CICs/Authorities should collaborate with the county and national government to create and maintain a conducive investment climate and the business-operating environment across counties.

Public policy would be needed to create the enabling environment at all levels necessary to encourage entrepreneurship and vibrant business sector in counties. Thus, county governments will have to build transparent, stable and predictable investment climate with incentives to attract investors. The policies to be pursued by the county governments and managed by the CICs/Authorities should aim at private sector investment practices that are inclusive and sustainable. County governments and CICs/Authorities may therefore:

a) Create transparent, stable, and predictable investment climates and the business-operating environment with proper contract enforcement and respect for property and investor' rights.
b) Embed sound business and macroeconomic principles with institutions that are ethical, transparent and having rules and regulations that espouses free and fair competition.
c) Work together with national government and commit to protect labor rights, environmental and health standards in accordance with relevant international standards and agreements, such as the Guiding Principles on Business and Human Rights and the Labor Standards of the International Labour Organization.

5.2.4 Recommendations on Investment and Trade Promotion and Facilitation Activities

1) The CICs/Authorities, as a priority, should develop an investment and trade promotion, facilitation, aftercare, and advocacy strategy with a well-defined implementation plan.

An investment promotion strategy involves the organized use of a range of promotional activities and tools to enhance the capacity of a county to attract and absorb both domestic and foreign direct investments. Most strategies use four different but interrelated sets of activities with varied emphasis depending on changing conditions:

a) Activities to service existing, prospective and new investors (investor servicing);
a) Procedures aimed at identifying and removing administrative obstacles and managerial impediments to FDI;
b) Campaigns to enhance the image of a county (image building); and
c) Actions to generate an increased flow of investor's projects (investment generation).

2) The county governments and their respective CICs/Authorities together should develop credible investment policies to guide investor operations and targeting activities.

   The investment policy framework is a function not only of market, cost or resource seeking motivations, but also for socio-economic development goals of the country or county. The overall investment policy environment is determined by a well-calibrated combination of all macroeconomic, microeconomic and commercial policies as well as public governance practices. An investment policy framework may include issues of:

   a) Modal neutrality,
   b) Market contestability, and
   c) Policy coherence in terms of, inter alia,
      (i) entry requirements and access to visa and work permits
      (ii) incentives,
      (iii) foreign exchange and funding policies,
      (iv) land ownership laws,
      (v) access and availability of physical infrastructure,
      (vi) repatriation and expropriation rights.

In sum, the CICs/Authorities and their respective county governments will, from the beginning, require financial and technical assistance to lay an appropriate foundation for the CICs/Authorities establishments. Investment and trade promotion, facilitation, aftercare, and advocacy are complex tasks; thus, implementing the functions will need stable promotional agencies with the right structures, funding, and qualified human resources to sail through these complex areas, investment policy framework notwithstanding. Attracting domestic and foreign investors will equally be boosted by the good works of creating a conducive investment climate and business-operating environment, accompanied by decent facilitation and investor aftercare programmes that will guarantee investor retention in the counties.

Reference

County Government Publications: County Integrated Development Plans (CIDPs), (2023-2027). Various Issues.

Kenya Law Reports (2012): County Government Act, No. 17 of 2012. Laws of Kenya.

Kenya Law Reports (2012). Public Finance Management Act, No. 18 of 2012. Laws of Kenya

Loewendahl, Henry. 2001. "A Framework for FDI Promotion" Transnational Corporations 10 (1): 1–42

MIGA (2000). Investment Promotion Toolkit, 8. Monitoring and Evaluation Activities in Investment Promotion Agencies, World Bank Group. Washington, DC.

MIGA (2006). Investment Promotion Agency Performance Review 2006. Providing Information to Investors. World Bank Group. Washington, DC. Morisset J (2003). Does a Country Need a Promotion Agency to Attract Foreign Direct Investment? A Small Analytical

Miškinis, Algirdas, and Mariya Byrka. 2014. "The Role of Investment Promotion Agencies in Attracting Foreign Direct Investment." Ekonomika 4 (93): 41–57.

OECD (Organisation for Economic Co-operation and Development). 2018. "Mapping of Investment Promotion Agencies in OECD Countries." Inventory and survey report, OECD, Paris

Qiang, Christine Zhenwei; Liu, Yan; Steenbergen, Victor. 2021. An Investment Perspective on Global Value Chains. Washington, DC: World Bank. © World Bank. https://openknowledge.worldbank.org/handle/10986/35526 License: CC BY 3.0 IGO.

Republic of Kenya. Gross County Product (2024)-Insights into the Economic Pulse of Counties. The Kenya National Bureau of Statistics. State Department of Industrialization. Nairobi, Kenya

Republic of Kenya: Kenya Gazette Supplement, County Investment Corporation/Authorities Acts. Various Issues, Nairobi, Kenya

Republic of Kenya (2023-2027). 'Bottom-Up Economic Transformation Agenda for Inclusive Growth': The National Treasury and Planning-State Department of Planning. Nairobi, Kenya.

Republic of Kenya: Kenya Investment Policy, (2019). Ministry of Industry, Trade, and Cooperatives

UNCTAD (2008). Investment Promotion Agencies as Policy Advocates. Investment Advisory Series A, No. 2. New York and Geneva.

World Bank. 2018. Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications. Washington, DC: World Bank. Doi:10.1596/978-1-4648-1175-3.