

The Community partner



WESTERN PROVINCE INVESTMENT CONFERENCE

Investment conference was held at the Masinde Muliro University of science and technology (MMUST) on Thursday 8th and Friday 9th of October 2009 with a single objective of deliberating and deciding on the best possible ways to promote investment development of the region. The conference was opened by the Rt.Hon Raila Amolo Odinga, the prime minister of the republic of Kenya. The conference was in incubation for a year since (October 2008) when the idea was floated by the deputy prime minister and minister for local government Hon Musalia Mudavadi. All western province MPs held two planning meetings culminating into a sensitization tour of the region led by the deputy prime minister on September 18th and 19th where the DPM and the local members of parliament addressed business people and the public in different venues and a symposium finally held at the Golf Hotel in Kakamega.

2 The Conference was facilitated by a WEPIC Committee composed of a select professionals from western province on behalf of the regions political leadership, the Kenya investment authority (KenInvest) and the Lake Basin Development Authority (LBDA) were the Co conveners of the conference, Equity Bank and Mumias Sugar Company were partial sponsors and MMUST hosted the conference as a partner. The community partners alliance work group sponsored sixty five delegates to the conference who silently monitored and took notes of the conference proceedings on behalf of the civil society and the ordinary people residing in Western province as ordinary participants.

3 Over three hundred participants attended the conference; they consisted of political leaders, religious leaders, business leaders and community leaders, the private and public sectors, civil society, trade unions movements, academia, intelligentsia, professionals, investors, manufacturers, entrepreneurs and ordinary people from western province. This was the most inclusive provincial level gathering that brought together Cabinet ministers Wycliffe Oparanya (Planning), Soita Shitanda (Housing), Paul Otuoma (Fisheries), Attorney General Amos Wako, Assistant ministers George Khaniri, Alfred Khangati and Bifwoli Wakoli and MPs Justus Kizito, Wilbur Otichillo, Ben Washiali, David Were, Yusuf Chanzu, Evans Akula, Omanyalla Keya, David Eseli and Alfred Sambu

The conference deliberated on key investment environment and potential aspects involving

- Appraisal of current development trends in the region
- Available resources and their expansion
- Agriculture; subsistence, small holder and large scale
- Business opportunities- from small, medium to large scale
- Human resource
- Creating an investment environment
- Shrinking land and improved land use
- Manufacturing potential

4 The conference theme revolved around the need for the people of western province to make maximum use of their own and the potential of the area, and the strategic partners to investment in economic growth and development. The conference strategically aimed to position western province as a prime investment destination in Kenya and the great lakes region. A blue print for investment development agenda and strategy for the region still in print is the anticipated outcome of the conference.

5 The Community Partners Alliance Work Group at the conference

The community partners' alliance work group has been working with communities residing in western province to encourage economic growth, empower the indigenous people and reduce poverty and vulnerability around the province through the support of feasible community organised development efforts and the coordination of monthly provincial round table meetings. The group is composed of representatives of the civil society, academia, intelligentsia, professionals, investors, bilateral partners and ordinary community members residing in Western province and is governed by a board made up of Professor George Eshiwani, Professor John Shiundu, and Advocate Gabriel Mukele amongst Others. The work group secretariat is lead by Mr Joseph Amunga Ochieng and Mr Mathias Khalumi.

The community partners Alliance work group has been involved in the past two years in a costly needs assessment program on how to activate feasible community organised development efforts (F-CODEs) in rural western province to encourage economic growth, empower indigenous communities and reduce poverty and vulnerability, in view of the fact that rural western Kenya is a host to a total **89,109** community level institutions as in Community Based Organizations (women groups, youth groups, self help groups, and social clubs) (**49,723**) Voluntary Associations (**10,253**) Faith based organizations (**12,723**) Saving and credit organizations (**9,000**) NGOs (**6,000**) for profit associations (**780**) and not for profit organizations (**630**) on average this institution operate feasible community organized development efforts with an average membership of 20 personalities, which translates to a total of **1,782,180 people**. (Over a half of the province residing indigenous population)

The work group participated at the western province investment conference as any normal participant, rather than a facilitating one, all its sixty five sponsored delegates participated fully in the organisation of the conference within their own respective professional capacities as delegates or even facilitators, The work group secretariat took the conference proceedings notes from the sponsored delegates and documented them. The resolution to document the conference proceeding notes was reached upon in view that the conference was a representative forum of the communities of western province and their was need for a local entity to document and monitor the conference proceedings on behalf of the community partners or ordinary persons from the province, who might not have been invited or sponsored to participate at the conference and who might never get to know the resolutions of the conference or participate in their implementation in case the coordinating secretariat fails or delays to disseminate the conference resolutions or even activate their implementation at community levels. The work group secretariat has put in place mechanism to produce the Community Partner notes copy of the conference proceedings in due time and if possible initiate a community investment sensitisation program to maintain the momentum of the conference while awaiting the conference secretariat production of the official conference report and the anticipated investment strategic plan.

The clear mandate of the work group secretariat with regard to the conference is to facilitate the mobilisation of the community members across western province to the realisation of the conference plenary and break away grouping recommendations and to be part of / or constitute the provincial level coordination team / agency based within the province that shall work together with the conference secretariat, the co conveners, the partners and sponsors to disseminate the conference report and implement the investment strategy.

6 The conference opening session

The conference opening session was graced by 17 Members of parliament from western Province, The minister of state for planning, national development and vision 2030 Mr Wycliffe Oparanya gave the welcome address which was followed by opening speeches from the deputy prime minister and minister for local government Hon Musalia Mudavadi and the Rt. Hon. Raila Amolo Odinga, the prime minister of the republic of Kenya



In his opening speech at the conference the Prime Minister Hon Raila Odinga reiterated the government's commitment to revive the stalled Webuye paper factory but challenged local investors to put up similar plants to reduce the worrying poverty index in the region.

He censured the local business community for failing to invest locally and promote the regional economy towards the alleviation of the vicious cycle of poverty which has since

independence dogged the high potential area. "Let me assure you that the government is working round the clock to facilitate the revival of the collapsed Webuye Paper mills but we must think out of the box and establish similar companies under the management of the locals" the premier said. He told the Conference that time was ripe for the local community to embrace the spirit of entrepreneurship to accelerate the development agenda rather than wait for government intervention. Mr Odinga expressed concern that none of the three major companies in western province were locally owned yet the residents languished in poverty despite the fact that the region was enormously endowed.

The PM urged the native business community to rise to the occasion and venture into the industrial production of locally available raw materials for job creation and the general promotion of the local economy. The frank speaking premier censured the local communities over extravagance in spending resources during funerals of departed kin at the expense of investment prospects. He argued that tangible economic ventures which could improve the living standards of the community were always shelved and in many a times accorded lip services owing to the under development in the highly promising region. "We must change our attitude and focus on the future because as things look now we value the dead more than the living. We must use the same gusto to pull resources during these funeral funds drive to the advantage of an economically viable course" Mr Odinga said.

The premier announced government plans to improve the local infrastructure to woo both local and foreign investors in the region which he said had potential in sugar, hospitality and horticultural industry especially that an international airport was under construction in the neighbouring Kisumu city. He told the conference that Western province was endowed with a favourable climatic condition and rich arable soil texture that could be exploited for commercial purposes.

Mr Odinga, discouraged local communities to discard the white collar job syndrome and instead venture into self employment initiatives to minimize the pile up of idle youth in the job market.

The Premier encouraged residents to take the risk and take credit facilities for investment in priority areas instead of "waiting for the Government to establish a public ran plant within their locality" for the benefit of the populace.

7 **Recommendations from the plenary sessions;**

The plenary sessions were characterized by heated but friendly exchanges during which a number of recommendations were made. The highlights of these recommendations include the following;

- The ordinary people from western province wish to see their leaders working in harmony together for the development of the region and taking the views of the ordinary people more seriously
- Many more development/ investment meetings should be held at district or constituency levels and thereafter all the recommendations made in these meetings should be brought together at the provincial level on annual basis.
- The ordinary people want to see practical action taken on the agreed upon solutions, instead of the previous trend of having costly and time consuming conferences especially taking note that WEPIC was not the first development conference to be held in western province others include the western development forum by Dr Sobbie Mulindi and the awakening the sleeping giant conference by the Hon Chris Okemo when he was the minister of Finance.
- The ordinary people of western Kenya love and appreciate their diverse sub tribes and have no problems living and working together towards the social and economic development of the province, however, divisions and negative ethnicity emanate from politicians out to settle political scores with each other. This tendency should be contained by our leaders learning to be mature and reading the signs of time.
- The leadership and the Co-conveners of the conference should support the development of a regional or provincial level development coordination agency or team based in western province to spearhead the scaling up of socio economic development efforts on a daily basis, the agency /team should develop leads to each constituency or district and go further to divisional or location levels to incorporate the ordinary people from the province (Alex chamwanda - Malawi example)
- The developed agency /team or the leadership should encourage the ordinary people to acquire loans and should work with the banking sector especially equity bank and other willing banks to sensitize the community on the available loan facilities.
- The developed agency /team or the leadership should encourage and mobilize the ordinary people to participate in corporate investment, especially on the proposed sale of the Golf Hotel, the plans to re-establish the Webuye Pan Paper mills and many other worthy investments.
- The developed agency/team or the leadership should mobilize resources and build the organizational capacity and strengthen the capacities of the ordinary people on leadership, investment and other social development issues.

- The developed agency/team or the leadership should document and disseminate the proceedings and the recommendations of the conference and the lessons that shall be learned from the implementation process of the conference resolutions.
- The Community leadership / the development agency/ team should strive to restore the community partnership “the Omulembe” that existed long before in western province between the various sub tribes, this could be achieved through the coordination of sports or cultural events.

8 **Recommendations from the ministers’ panel**

- The prime minister said archaic beliefs and values have also played a big role in impoverishing the residents. He added that attitudes and values of the residents must also be addressed to tackle poverty. "People must be convinced to save, invest and seek loans,"
- Deputy Prime Minister Musalia Mudavadi challenged the residents not to fear seeking loans from financial institutions to set up or boost existing investments. He noted that Western has a lot of investment potential, which locals need to fully exploit,
- Kimilili MP David Eseli Simiyu welcomed the investment conference, but lamented that one of the key firms in the region, Mumias Sugar Company, is controlled by individuals from outside the region after local farmers sold their shares. He alleged that plans are under way to sell the troubled Pan Paper Mills to individuals from Nyanza Province

9 **Recommendations from specialized break away groups**

1. **Agriculture-** this is the single most important investment sector in the province, agriculture employs approximately seventy eight percent of the province labour force. Though the province is a net importer of foodstuffs, food crop production is extensive and the province has the potential for food self-sufficiency, increased incomes and general improvement in community welfare status through the promotion of food security and agro-industrial development by promoting investments in increased utilization and productivity of agricultural land for production of food and cash crops, decreasing the incidence of crop and livestock diseases, improving the quality of the livestock, promoting sustainable fishing methods and increased processing of primary produce.
2. **Natural resources-** the sustainable utilization of natural resources across the province has the potential to contribute to its investment potential through expanded trade, water supply and rural employment. The forestry sub sector contributes approximately 98% of the cooking energy needs of the province population in the form of firewood and charcoal, the water sub sector investors, apart from developing the resources for use by the communities, should ensure that available water resources are not depleted or polluted through appropriate water catchments protection and pollution control measures, water further assists the community to engage in economic activities like poultry keeping, zero grazing brink making which require very low investment.

3. **Trade and industry-** the province leadership and development coordination agency/team should support private sector investment in the industrial and commercial sectors and facilitate the development and competitive of local industries ; regularly identifying and preparing studies on potential projects for investments in the lead sectors so as to achieve industrial growth of at least 10 % per year; increasing the participation of indigenous communities by organizing sensitization , training and awareness workshops in every district, enhancing the capacity of the local artisans and entrepreneurs in product development for wider market; minimizing the levies charged on business by regulatory bodies; provide and expend access to credit for business and industrial undertakings and identifying and developing exportable products , in order to expand the export products base.
4. **Human resource development /Education** - an underdeveloped human resource limits the utilization of all factors of production to efficiently produce goods and services and constrains improvement of welfare standards. Most primary schools in province are under utilized due to low enrolments and high dropout rates. The level of performance in the schools is also low limiting the access to higher levels of education and training. The youth polytechnics are poorly equipped and inefficiently managed limiting further acquisition of skills. The province has many community based organizations such as women groups, youth groups and self help groups. The main activities of these groups are welfare oriented. With enhanced capacity, these groups can constitute vehicles for feasible community organized development efforts and the ordinary communities' participation in development programs.
5. **Tourism, hospitality and leisure services** – Western province is a hub of tourism cultural hospitality and leisure sites, from the bull fighting contests, the crying stone, Mt Elgon mountain sites, the Kakamega natural forest to rich culture practices such as the Bukusu traditional circumcision ceremony all these are under utilized investment opportunities with no good hotels in across the province and poor promotion of the province as a tourist attraction region. There is a special need for the leadership and or the development agency to exploit this area of investment.
6. **Investment in health** Poor health greatly affects the development of the human resource, the province records high levels of poverty, implying inaccessibility to proper feeding and health care. This has been compounded by the high prevalence of HIV/AIDS. The province has a high incidence of diseases such as malaria and diarrhoeal diseases, which comprises the health status of the population and affects labour production
7. **Legal / constitutional affairs /security-** this sector is central to the development of the province. The resource potential in the province is under-exploited. The performance of this sector can provide the impetus for increased and sustainable resource exploitation. Being a border province, the investment opportunities and risks occur beyond the confines of the province and the country. This call for extra vigilance from the law enforcement organs and greater efficiency from service providers so as to penetrate the expanded market, the administration should promote continuous dialogue among all stake holders on issues of development, administration and planning and sustenance of an environment conducive for investment.

8. **Transport communication and infrastructure** – for enhanced and sustainable economic growth the province should invest in its physical infrastructure through the rehabilitation, improvement and effective management of the existing facilities. In the medium term the sector should focus on measures aimed at improving both quality and quantity of facilities that are likely to make a leading input in province’s overall investment promotion goal by providing an efficient network of basic infrastructure such as roads, railways and an airport in the province that will stimulate industrial and agricultural growth.
9. **Financial services-** Communities in western province need to access loans for investment growth, a common trend is that the available financial services are under utilized by the indigenous communities. Various financial service providers, with equity bank taking the lead have tailored their products to enhance the investment ability of the indigenous western province communities, there is a special need for the community members to be sensitized on these products, the community leadership and or the development coordination agency/team during the period in plan should work alongside supporting financial institutions to encourage the indigenous communities to acquire loans.
10. **Technology and innovations-** enables people to access information, empowers them to make informed decisions on various issues affecting their lives, it influences people to form opinions and brings about change. Information is also a tool to fight social injustices encourages debate and promotes alternative viewpoints. Information is a vital tool for sensitization, education and entertainment. The information and communication technology and innovations that has revolutionized the flow of information around the world is still unavailable to almost 96% of the province population, while internet has increased the quality and quantity of information that one can browse, select and read the majority of the people in western province cannot afford to connect to the internet due to the inaccessibility of telephone lines and high costs of connection, during the plan period the leadership and the development coordination agency need to promote the modernization of information gathering, analysis, processing and disseminations, the leadership and the agency should further improve and develop the rural information infrastructure to provide increased access to information for the rural people.
11. **The role of sugar cane in the province economy** Mumias sugar was established in 1973 in Mumias district in western province, Nzoia sugar factory was established in 1978 in Bungoma District and the latest entrance was the West Kenya sugar Company in 1981 according to the Kenya sugar board year books, western province farmers have the potential to deliver over a half of the total metric tones of sugarcane to milling factories across the republic of Kenya.

The sugar industry provides direct and indirect employment to about a quarter of the province population in activities such as cane farming, transportation, cane milling, and related industries as well as market outlets. The industry supports approximately one and half a million indigenous people of western province and is therefore, a key contributor to poverty reduction and regional development.

The sugar sub sector in western Kenya currently faces a myriad of constrains and problems both at the farm level and factory stages

Farm level constrains include

- ✓ High cost of sugar cane production
- ✓ Poor rainfall
- ✓ Lack of incentives and low farmer morale
- ✓ Poor crop management practices
- ✓ Food insecurity in cane growing areas
- ✓ Inadequate extension services
- ✓ Declining cane land units
- ✓ Poor infrastructure
- ✓ Increasing poverty in cane farming areas.

Factory level Constrains

- ✓ Low crushing capacity and efficiency
- ✓ Inadequate capital funds for expansion and modernization of factories
- ✓ Heavy indebtedness-large debts to farmers and other creditors
- ✓ High costs of processing
- ✓ Fluctuation of cane supply
- ✓ Low sugar sales due to competition from imports

The region leadership and the development coordination agency/team should work with the appropriate authorities and beneficiaries communities to address both the farm and factory level problems and constrains by providing information and technology needed to spur the growth and development of the sugar sub sector.

12. Major investment challenges and cross cutting issues The major investment challenges and cross cutting issues that were identified at the conference include increasing levels of poverty, static levels of agricultural production and increased threat to food security, increasing school drop-out rates, low enrolment and low levels of achievement in the education sector, poor condition of the roads limiting access to production areas and markets, increasing spread and impact of the HIV/AIDS scourge, increased inability to access credit facilities and increasing levels of unemployment among the youth and their inability to acquire employment skills. Sufficiency in food production is central in the development agenda of any region. The food insecurity in western province is due to the static and declining trend in crop and livestock production. This compounded by the limited opportunities for earning an income, as a result poverty levels are high and increasing in the province.

The province heavily relies on importation of stable food items from other provinces and neighbouring countries. Though the climatic conditions are favourable to many crop enterprises, farming in the province is largely undertaken as a routine. Consequently, little land is put to productive use. At the same time the high costs of farm inputs has further depressed the production process. Pressure on land due to increase in population is also increasing and the land can no longer sustain traditional agriculture and livestock keeping practises. The high costs of education in higher institutions of learning deny many children a chance to gain formal education. Further the low levels of achievement in the national examinations limits the changes for higher education and the acquisition of skills. The number of unskilled school leavers is increasing and will further increase the dependence ratio.

13 The Role of Local authorities in facilitating investment

Local authorities are the bodies controlling local governance across western Kenya. The province has three classes of local authorities: *Municipality, Town* and *County* council.

Municipalities and towns councils are the key forms of urban authorities in western province and are generally named after their central towns. County councils are essentially rural. Each district has a maximum of one county council, such that they cover all area not taken up by urban authorities. County councils are usually named after their respective districts, which often bear the same name with its district capital. Thus county councils are often named after a major town, but their land area may not cover the town itself but its surroundings. Some districts have only one local authority, which are county councils, apart from few exceptions.

Local authorities usually differ from divisional and constituency boundaries used by the state administration. Local authority administration consists of a Mayor, Town clerk and councillors. The number of councillors depends on population and area of each authority and they are elected by the public during the Kenya general elections held every five years or by-elections held in between. Authorities are divided into wards and each ward elects only one councillor. Wards have often common boundaries with administrative locations.

Compared to many other provinces, local authorities in western province are weak and are shadowed by state run administration.

In terms of facilitating investments the local authorities in western Kenya should

- Consider to revise the numerous investment establishment / operation levies they charge
- Revise the numerous licences and bureaucratic requirements needed to establish business ventures across the province
- Improve the physical infrastructure of the province to attract investors.
- Invest in promoting the investment potentials and opportunities within their wards or areas of jurisdiction, through publications or media adverts
- They should reward their most royal investors and levy contributors to encourage promote an investment friendly environment.
- They should publish transparent expenditure records on their utilisation of the levies collected from investors.
- They should encourage joint planning sessions on quarterly or monthly basis with investors on areas they need to improve on
- They should utilise their community centeredness to change the indigenous community perceptions on investment opportunities and loan acquisitions

Community Partners Alliance work group

Telephone 254- 0715-613030 or 254-0572-509288

Annual Round table Meeting

The Community Partners Alliance work group,

Wish to invite _____

To its round table meeting following the conclusion of the western province investment conference, the meeting stands to incorporate the delegates from the conference in the round table meetings and the constitution of the proposed Community Partners Alliance board of trustees in anticipation of the conference official report due to be published by the WEPIC secretariat.

The round table meeting shall be held on the 7th of November 2009 as from 10.00 am at the shieywe guest house. Transport reimbursements shall not apply to this meeting and only a snack shall be served due to the expected large number of participants.

By an email copy of this letter to the team leader, members of the WEPIC secretariat are welcome to participate at the round table proceedings

Take note –a round table participation fee of Kshs 250 will be applicable to all participants

Signed

Joseph Amunga

PROGRAM

<u>Session</u>	<u>Time</u>	<u>Topic/Activity</u>	<u>Presenter / Moderator</u>
One	9.00 am	Registration	Secretariat
Two	10.00 am	Opening prayer/welcome remarks	Mr Mathias Khalumi
three	10.30 am	Presentation of the community partner executive notes on the western province investment conference	Mr- Joseph Amunga
four	11.00 am	Discussion on the notes	WEPIC Secretariat representative
five	11.30 am	Nomination of representatives to the provincial development coordination team	Mr Gabriel Mukele
six	12.00 pm	Nomination of representatives to the constituency development coordination teams	Mr Gabriel Mukele
Seven	12.30	Way forward	Prof John Shiundu
seven	1.00 pm	Closing remarks and prayer	Mr Mathias Khalumi