

SPECIAL REPORT

Kenya's mining industry poised to drive economy

Second instalment of three-part series by JAMES MOMANYI on Kenya's rapidly evolving mining sector

In the 2017/2018 Budget Speech Cabinet Secretary for National Treasury Henry Rotich observed that the nascent mining sector is increasing by becoming the driver of job creation and other attendant economic benefits like foreign exchange earnings.

He said thousands of jobs have been created during the exploration and processing of minerals, with more indirect ones created for offsite suppliers and services. With additional 20 minerals identified and enactment of the new Mining Act 2016, the sector is poised to immensely contribute to the development of industries, wealth and job creation.

The picture of the mining is indeed getting rosy every other passing day, especially after the Cabinet Secretary for Mining Dan Kazungu last week inaugurated the Mineral Rights Board (MRB), a body that will henceforth oversee operations in the sector.

Already the ministry has unveiled a new 20-year strategic plan that hopes to raise the sector contribution to Gross Domestic Product (GDP) of two per cent to 10 per cent by 2030. Part of the plan is to set up to 20 new mines. In the current financial year, the Treasury allocated Sh200 million to the Mining ministry to invest in geological mapping and mineral exploitation and another Sh150 million for geological databank. It also received Sh103 million for mineral certification laboratory, Sh140 million for a mineral audit support and a further Sh140 million for acquisition of survey equipment. The Treasury CS said that the government expects a further Sh6 billion support from China for geo-mapping once discussions are concluded.

On Friday last week, Vision 2030 Delivery Board signed a memorandum of understanding with officials of



RESOURCES

The country's total mineral output last year was valued at Sh23.3 billion, of which Base Titanium accounted for Sh13.3 billion or nearly 60 per cent, up from 43 per cent in 2014 and 54 per cent in 2015.

Vision 2030 Delivery Board has granted Base Titanium's Kwale Mineral Sands project a mining flagship project status to help unlock the sector's potential.

Sh200m

Given to Ministry of Mining to invest in geological mapping and mineral exploitation.

Base Titanium, which recognised the Kwale Mineral Sand Project as one of the flagship projects.

According to Vision 2030 Delivery Secretariat Director General, Dr Julius Muia, the mining sector has started having a real impact in the economy, unlike 10 years ago when the government was formulating the

development blueprint. He said during formulation of the policy in 2007, only sectors that have a lot of potential and were contributing significantly to the GDP were looked at. "At that time, mining was contributing less than one per cent to the GDP and we had not discovered some for minerals we have currently discovered, partly because of the existence of bad and old laws of 1940," he explained.

development blueprint.

Muia, however, said with a new policy and law around the mining sector, things changed and the sector started attracting investors like Base Titanium to prospect for titanium ores and Tullow Oil to explore for oil. "From the kind of figures we are getting from titanium, the mineral sector has a lot of potential," he said.

The Sh26 billion Kwale-based Base Titanium and the discovery oil in Turkana County by companies led

by UK's Tullow Oil have blazed the trail. Unlike its neighbours Tanzania, and to some extent Uganda, Kenya has always been known to produce fluorspar, cement and soda ash.

Besides, earlier this month Mining CS said the country is also endowed with other untapped rare gemstones such as the blue Sapphire, Ruby, Tsavorite, Green and red Garnet, Aquamarine, amethyst. Others are base metals such as copper, rare earth minerals and some coal.

Besides mining the raw minerals, the government has also embarked on making Kenya a regional hub for mineral value addition. The government intends to set up a gemology centre in Voi Town, which polish and add value on gemstones before they are exported.

Coming tomorrow: Political and legal hurdles hampering exploration and mining in Kenya.