

25th August 2017

RESPONSE TO HAKIJAMII'S DRAFT REPORT ON BASE TITANIUM'S IMPACTS ON THE COMMUNITY

Hakijamii has produced a draft report on its socio-economic survey carried in Kwale County. The survey sampled only 39 households restricted to Nguluku and Bwiti purported to represent the Base Titanium ("Base") host communities. As a major stakeholder, the views of Base are barely represented and facts pertaining to its operations, community programmes, environmental management, employment practices and training are conspicuously absent.

This responding report, therefore, seeks to redress the balance by providing facts and Base's perspectives in response to statements contained in the Hakijamii report that are either misguided or factually incorrect.

At Base's invitation, Hakijamii has expressed a willingness to engage, which is welcomed. It would have been preferable for detailed engagement to have taken place prior to drafting its report. Nevertheless, it is anticipated that the future engagement to thoroughly examine Base's operations, view its community and environmental management practices, see training in action and understand the health issues will lead to a balanced and objective perspective of the impacts of the Kwale Mine on its neighbouring communities. It is further anticipated that, through such engagement, that the positive and sustainable outcomes of the work that Base is doing across the spectrum of its programmes will be acknowledged and appreciated.

Item	Page	Hakijamii Report Statement	Base Titanium Response
1	3	Kenya is aiming to become a major player in the extractive industry	Mineral sand reserves (titanium) are small by global standards and likewise oil reserves. A more accurate comment would be – Kenya is aiming for its extractive sector to make a more significant contribution to GDP and economic development.
2	3	It (the Constitution) demands equity in the sharing of benefits from the exploitation of natural resources with all the stakeholders, especially the mining host communities.	The Constitution makes no reference to host communities. Reference the relevant section 69. (1) The State shall— (a) ensure sustainable exploitation, utilisation, management and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits;
3	4	The Mining Act has elaborate provisions for benefit sharing, entrenching several mechanisms for the sharing the	

Item	Page	Hakijamii Report Statement	Base Titanium Response
		proceeds of mining projects that include the following:	
		<ul style="list-style-type: none"> - The payment of mineral taxes and royalties, and the sharing of the same between all mining stakeholders. 	There is no such thing as a “mineral tax”, the Act only mentions “mining taxes” in relation to small scale operators and mining permits. Sharing of royalties only refers to National and County governments and local communities (all stakeholders is a much wider definition not provided for under law).
		<ul style="list-style-type: none"> - Training and employment of members of mining host communities as staff in an affirmative employment quota. 	<p>The Mining Act makes no reference to an employment quota – it asks for an employment plan.</p> <p>The Act refers to “local” employment and does not define local as host communities.</p>
		<ul style="list-style-type: none"> - The development of socio-economic infrastructure such as roads, hospitals, schools, water points and access to electricity for the benefit of the mining host communities. 	The Mining Act makes no reference to these areas of development. It mandates a Community Development Agreement (“CDA”) and the regulations will put in place a system that allows the community to determine in consultation with various stakeholders, what CDA funds will be used for.
4	4	The study found out that there is no equitable benefit sharing in that context, with the mining host communities in Nguluku and Bwiti.	<p>What is equitable benefit sharing? Not defined. Bwiti is not a host community of the mine operations; it is the government allocated host resettlement site.</p> <p>Why is this entire survey, covering only 39 households, restricted to only Bwiti and Nguluku? What about the other neighbouring communities? Selecting Nguluku, even after initially advising Hakijamii that the village is under KISCOL lease, is wanting and questionable.</p>
5	4	... despite the mining project minting billions from titanium exploitation in their backyards.	<p>Billions of what? At this time Base is yet to realise a profit as it pays back the US\$350 million it invested in building the Kwale Mine.</p> <p>There is also a total failure to acknowledge that mining is a business built on risk capital.</p> <p>No recognition is given to Base’s community programmes.</p>
6	4	The major impediment to benefit sharing has been the poor negotiation leading to the	<p>Base Titanium refutes this broad sweeping generalisation.</p> <p>1. Base has to date spent over KES1 billion on</p>

Item	Page	Hakijamii Report Statement	Base Titanium Response
		award of the mining licence, a process that did not take into account the needs and interest of Kenyans. The result of these negotiations is a skewed contract for the benefit of the mining operator, but to the detriment of the Country of Kenya in general and the mining host communities in particular.	<p>community investment.</p> <ol style="list-style-type: none"> Royalty sharing is a function of the National Government and has nothing to do with Base or the Special Mining Lease. 65% of its workforce is from Kwale County and 97% is Kenyan. Many wider economic benefits have been assessed by E&Y – jobs, wages, government revenue. See Appendix 1.
7	5	Other impediments include: failure of the mining operator to substantively involve and engage the local population in the design and implementation of community development projects.	This is a false claim. Base consulted fully on the design of its Community Development Management Plan (“CDMP”); the choice of projects populating the plan is entirely the choice of the community. Base does not dictate what they shall be provided with, but ran 14 liaison committees to provide the priority projects. . To date 141 meetings are on record as having discussed and agreed community projects.
8	5	failure of the mining operator to effectively mitigate the adverse environmental, social and economic consequences of mining	<p>This is a broad sweeping accusation not backed up by facts. The EIA license issued by NEMA is revalidated annually by way of an independent environmental audit and extensive, routine monitoring programmes are undertaken.</p> <p>Base’s commitment to sound environment management and good practices was recognised by winning the Pwani Mazingira Award in the Production Category (which included mining, manufacturing, processing and agricultural schemes) for implementing the best environmental practices, conservation and environmental management. The awards are co-ordinated by the NEMA with support from the Kenya Coastal Development Project and the World Bank.</p>
9	5	This report proposes the creation of a Community Mining Trust Fund (CMTF).	This is not a legally constituted body. The proposal is made to whom?
10	7	These included: lack of popular participation in the design, implementation and management of the mining	That’s why the investor, who carries all the risk, employs professionals to design, implement and manage complex mining operations.

Item	Page	Hakijamii Report Statement	Base Titanium Response
		operations.	
11	7	...loss of community production factors such as land, water, pasture and communal cultural sites; environmental degradation that negatively impacted on food production and detrimentally affected human and animal health...	Unquantified and unsubstantiated generalities.
12	8	In the last eight years, however, the extractive industry has grown in Kenya. It is currently contributing 1% of the GDP as well as about 2% of Kenya's export earnings, which is anticipated to rise to 10% by the year 2030.	This is not anticipation – it is a policy objective and requires a further 5-10 large scale mines coming into operation.
13	10	Field survey: Entailed face-to-face interview of 39 household heads in Nguluku and Bwiti (22 Nguluku, 17 Bwiti); 10 face-to-face key informant interviews; and 4 focus group discussions with different mining stakeholders.	This is a highly selective, unrepresentative group. The survey has completely ignored all other surrounding communities and Base itself as key stakeholders.
14	10	The essence of the field survey was to collect data affirming the socio-economic situation of households in Nguluku and Bwiti;	What baseline was used to determine changes in socio-economic situations?
15	11	It (Kwale County) has four major topographical features - the Coastal Plains, the Foot Plateau, the Coastal Uplands and the Nyika Plateau – making it ideal for different types of economic activities from agricultural production, livestock rearing, wildlife conservation, fishing, tourism and mining	Topographical features having nothing to do with making Kwale an ideal location for mining. This demonstrates a complete lack of understanding of geology and what makes a mine.
16	15	Land has been one of the	Not true. Relocated land owners and squatters

Item	Page	Hakijamii Report Statement	Base Titanium Response
		sticking points in mining operations, with communities struggling to affirm rights over land in the context of land compensation in mining areas.	were equally compensated, resettled and provided with alternative land free of charge. Close to 500 documented meetings were held before arriving at the compensation rates.
17	15	...deposit of diverse minerals, with those already discovered and discovered and being exploited including titanium (rutile, ilmenite and zircon) in Nguluku and Shimba Hills, gemstone at Kuranze, rare earth elements (niobium and phosphates) at Mrima Hills and Samburu.	No mining has ever taken place at Mrima Hill and Samburu.
18	15	It would be expected that this huge tapestry of mineral resources has generated broad-based development in Kwale.	Complete misrepresentation; the only mining of significance is at Base's Kwale Mine.
19	15	It estimates having spent Kshs.26.4 billion (Kshs. 21.2 billion to construct and outfit the mine and Kshs. 5.2 billion for the flagship projects.	What are these flagship projects referred to?
20	15	Base Titanium projects that in its 10 years of operations; it will directly contribute Kshs. 7.6 billion worth of revenue annually to the GDP.	GDP is not a measure of revenue, but the total value of the economic output.
21	16	The employment provided by Base Titanium in Kwale is intended to stabilise at 400 employees as the operations stabilise.	Not true; direct employment is 640.
22	16	Base Titanium intends to... (a whole series under its CDMP).	Base has done and continues to do. Expenditure to date has reached KES1 billion.
23	17	...with over 200 students already benefiting from the scholarships...	Make that 950, with a further 100 coming up in September 2017.
24	17	...mining host communities raising concerns in relation to	On the contrary many locals have continued looking to get on the resettlement bandwagon

Item	Page	Hakijamii Report Statement	Base Titanium Response
		the loss of land, displacements...	because they see it as financially advantageous.
25	17	...environmental degradation that has been detrimental to human and animal health.	Where is there any evidence to underpin this statement?
26	17	The project has further not enhanced access to basic services such as clean water, electricity, education and healthcare; services that were promised to the mining host community during the inception of the project.	13 community boreholes sunk, 4 schools built, dispensary and health centre built, blood bank built, maternity wing built, scholarships awarded, etc., etc. How is this not enhancing basic services? Electricity, however, was never promised as Base is not mandated to provide electrification.
27	17	It also takes the raw minerals without undertaking value addition at source, which could develop local industries.	So what was the point of constructing 17 billion shillings worth of processing facilities? What local industries could be developed?
28	17	The Kwale County Government made efforts to negotiate a 5% share of the mining profits.	Untrue. No such negotiations have taken place.
29	18	Attempt by the County Government to introduce Cess was also rebuffed.	The County attempted to impose an unconstitutional “mining levy” equivalent to approx. 50% of the value of the product.
30	18	County Government is currently not sharing in the benefits from the mining project.	Check the Constitution; county governments are entitled to charge property rates, entertainment tax and for services rendered, but are prohibited from exercising revenue raising powers in such a way that prejudices, among other things, economic activities across county boundaries and national mobility of goods. It is the national government’s responsibility to ensure royalty revenue sharing is implemented. In any event, Base works with Kwale County Government (“KCG”) on improving health delivery and education.
31	18	This sad situation is further affirmed by the Household survey conducted in the context of this research.	What is the baseline for the household survey conducted for this report? On the contrary a study by Katuva J (2017) PhD Research Findings – Policy Brief February 2017: Poverty Transitions in Kwale County. Oxford University, UK – <i>Changes in Multidimensional Welfare Index in Kwale County, 2014 to 2015 –</i>

Item	Page	Hakijamii Report Statement	Base Titanium Response
			found a marked reduction in poverty levels in the host communities, particularly those surrounding the mining lease as is evident in Appendix 2 . In addition, Base's regular social monitoring of resettled households, as required under the Resettlement Action Plan ("RAP"), corroborates these findings.
32	18	There have been no benefits, titanium mining has only brought destruction...	What in particular was destroyed? For benefits refer to Item 26.
33	18	They drive past us and have no time to listen to us.	Communities elect their own representatives to the Mining Project Liaison Committee ("MPLC"), the Kwale Liaison Committee, the Likoni Liaison Committee and 9 village sub-committees geographically spread across the project footprint.
34	18	Our leaders are given "something small" so they keep quiet as we are oppressed.	Accusations of bribery are serious. Produce evidence or remove them from the report as this is defamatory.
35	18	...their socio-economic situation actually worse than that of the general population of Kwale County.	Where is the baseline survey prior the mining project? Again refer to the contrary findings of Katuva (Item 31 and Appendix 2). Also refer to Item 31 for social monitoring under the RAP.
36	18	...dire food insecurity situation	This survey was conducted in the middle of a drought! Base has support local communities by providing food relief, while its agricultural programmes are improving food security.
37	19	...the mining host communities have continued to suffer from poor access to health facilities. The situation is better in Bwiti, where Base Titanium constructed a Dispensary.	How about the KES26 million health centre at Magaoni, blood bank and ambulance at Msambweni Referral Hospital, not to mention the KES19 million maternity wing recently constructed in Likoni? In partnership with KCG, Base has assisted in setting up 5 Community Health Units in the neighbourhood of the mine and port and 183 Community Health Workers trained covering 31 villages, which have made a huge contribution to improving access to health in the region.
38	19	The poor health situation in Nguluku is far greater, with the mining community experiencing	What diseases? What medical evidence has been provided? How is it that employees working daily in the

Item	Page	Hakijamii Report Statement	Base Titanium Response
		increased diseases as a result of the mining operation at Maumba.	midst of the operation aren't succumbing to the same "increased diseases"?
39	19	...skin diseases due to mining; coughing due to dust from mining; diarrhea and typhoid from contaminated river water and eye problems due to dust.	Ditto. What is the river water contaminated with? Waters at 4 sampling points underwent bacteriological and chemical analysis by the Government Chemist, the results of which were issued by the Kwale County Public Health Department in its report of 16 th April 2015 – Appendix 3 . While coliform count was variable (universally due to inadequate latrine practices), all chemical components were found to be within limits for all sites sampled.
40	20	Little has been done to improve the health infrastructure for the mining host community in Nguluku by either Base Titanium or the County Government despite the fact that they are on the frontline of the mining operation and bear the health burdens of the mining project.	Ditto. No medical facts are provided to back this statement. Again, no concern expressed for the wellbeing of employees working at the mine? They are surely on the front line. It should also be noted that Base has supported Kwale County's efforts in expanding the Community Health Units delivering primary health care to villages in the vicinity of its operations and in Bwiti and Likoni.
41	20	The water situation has not improved despite complaints of river water contamination resulting from the mining operation.	What evidence is there for contamination? There are no discharges fed into the Mukurumudzi River other than the mandated environmental release from the dam. Refer to Item 39 and Appendix 3 .
42	21	Of these, only 13.6% have title deeds for their land, while 86.4% have no title deeds for their land.	The squatter problem is not of Base's making. In fact some squatters were relocated by Base from the mining lease, were compensated in accordance with the same formula as title holders and now have title elsewhere for free.
43	22	The data above indicates that despite the promise to uplift the living standards of the mining communities in Bwiti and Nguluku, the mining project has not substantively achieved this purpose, with these mining host communities still living in poverty and destitution.	The data outlined does no such thing. It selectively picks two communities and then blames Base for poverty levels. It provides no prior baseline data and fails to distinguish between the role of the County Government and Base. Further, this is contradicted by the letter from the host site committee appreciating work done by Base. See Appendix 4 and refer to Items 31 and 35 .

Item	Page	Hakijamii Report Statement	Base Titanium Response
44	22	Apart from the poverty, the mining operation has created further difficulties for these communities due to the adverse economic, social, environmental, health and other negative outcomes of mining.	What are they? Again unquantified and unsubstantiated claims.
45	22	Since the year 2000, mining has boomed in the world due to the increasing prices of mineral resources	Where is the data to support this broad sweeping statement? It fails to account for a once in a generation commodity super cycle followed by a price crash that is only just returning to long-term averages; and the global financial crisis – all since 2000.
46	23	Secondly, the company should adopt an inclusive and participatory community development plan...	It does. Base is recognised both in Kenya and internationally for its approach to community development. Its CDMP was established prior to the legal requirement provided for in the Mining Act 2016 and developed in consultation with the community and KCG. As stated in Item 7 , 141 meetings specifically to discuss community projects are on record.
47	24	...the company must put in place effective and culturally appropriate mechanisms of communication, participation and decision-making; ensure transparent disclosure of information; and develop an effective conflict resolution mechanism.	Environmental & Social Impact Assessment completed, District Resettlement & Compensation Committee (“DRCC”) established (by government), RAP developed, CDMP, MPLC, grievance system, community awareness team are all in place. So what is deemed to be missing?
48	24	The objective of benefit sharing is to ensure that a significant portion of the benefits generated from mining in a particular area is retained in that area for the benefit of local mining populations.	1 billion shillings has so far been invested in social infrastructure, livelihood enhancement, health and education programmes and a further 400 million in training meet this objective more than adequately. This represents a fair portion of the benefits. It is the national government’s responsibility to share royalty revenue.
49	24	Benefit sharing as a right was formalised in international law in the context of the protection	The largest indigenous tree nursery in Kenya, wetland restoration creation of biodiversity corridors are ample evidence that Base does this

Item	Page	Hakijamii Report Statement	Base Titanium Response
		of biodiversity	and more. Base has received NEMA, Total Eco Challenge and other awards in recognition of its environmental programmes.
50	25	<p>Some of these mechanisms include:</p> <ul style="list-style-type: none"> - The payment of mineral taxes and royalties for local community development; - Compensation for loss of land and other production resources as a result of mining-based displacements; - Adoption of mitigation mechanisms to minimize the harmful social and environmental impact of mining activities; - Training and employment of locals as staff in an affirmative employment quota, - Local procurement of goods and services; and, - The development of socio-economic infrastructure such as roads, hospitals, schools, water points and access to electricity for the benefit of the mining host communities. 	What haven't we done other than connect all households to the grid (which Base doesn't have the mandate to do anyway)?
51	26	...mining host communities have continued to suffer the burdens of mineral extraction, without enjoying commensurate benefits from the profits generated by the extractive sector.	<p>This is an utterly absurd statement along with commonly used phrases like "lucrative", "vast profits", "minting money". It takes no account of the fact that mining is a high risk, capital intensive business, subject to fluctuating commodity prices, that, like any other business, demands a return on investment. Why was Kenya Fluorspar forced to shut down – because it was generating such profits?</p> <p>Base is yet to realise a profit as it is still paying</p>

Item	Page	Hakijamii Report Statement	Base Titanium Response
			back a KES21 billion debt. This statement also fails to recognise that minerals are not owned by residents, but by all Kenyans.
52	27	This (the Constitution, in Article 62(1)(f) as read with Article 62(3)) means that the National Government, as a trustee, must ensure that the mineral resources are used strictly for the benefit of the beneficiaries, the primary ones being the mining host communities.	The Constitution does not state that. It makes no distinction between any groups or individuals making up the people of Kenya. By its exclusivity, this statement implies that the investor is not entitled to benefit.
53	28	The Constitution further provides for popular oversight over the mining process by requiring that transactions for the grant of mineral rights or concessions must be ratified by Parliament.	The Constitution refers to natural resources, not minerals. The Mining Act has defined this in relation to mineral rights for projects over US\$500 million. Industry advocated for this threshold to be lowered. However it was reinforced by MPs who refused to lower it. They argued it was unnecessary for Parliament to approve smaller projects and didn't want to be inundated with approvals for every license application.
54	28	One of the challenges to equitable benefit sharing has been poor governance in the extractive industry that has seen self-interest and corruption lead to skewed concessions to mining corporations.	Where – worldwide, Kenya? Provide evidence and specific examples? Does this imply that Base's rights were acquired through corrupt means?
55	30	Natural Resources (Benefit Sharing) Bill 2014.	While this is a good Bill (to which Base provided significant input), it is not yet law. However, it would not apply where royalty and revenue sharing structures are already provided for in law – i.e. the Mining Act takes precedence.
56	31	The critical role of these actors is affirmed by the (Mining) Act, in allowing any individual or community to object to the grant of a prospecting or mining licence if there is inequitable sharing of the burdens and benefits of prospecting or	The Constitution (Section 62) defines minerals as public land. Further, the Mining Act 2016 provides that minerals are the property of the Republic and vested in the National Government in trust for the people of Kenya, which applies despite any right or ownership of, or by any person in relation to any land in or under which any minerals are found. The law, therefore,

Item	Page	Hakijamii Report Statement	Base Titanium Response
		mining operation.	requires private land owners to provide access to their land and not to obstruct a duly licensed entity in carrying out the said prospecting or exploration exercise. Furthermore, the Act states that consent should not be unreasonably withheld and makes no reference to the conditions under which a land owner may withhold consent.
57	35	The (Mining) Act requires these mining right holders to update their mine plan within 18 months of the coming into effect of the Act in relation to conditions of employment, health, safety, environmental management and community social investment	Base is well aware of these provisions, which are dependent upon the relevant regulations being finalised and gazetted, of which some have not yet been released. The standards already adopted by Base will no doubt be found to be complaint with, if not in excess of the regulatory requirements.
58	35	10% free interest in the share capital of the right in relation to large-scale mining operations ... gives the National Government the opportunity to participate in the management and decision-making of the mining corporation as a shareholder, and thus an opportunity to influence decision-making to enhance the protection of the public interest.	This statement is incorrect. In fact the regulations specifically provide that the State cannot participate in day to day decision making on operational issues.
59	36	Once these royalties have been paid by the mineral right holder, they are to be distributed with 70% going to the National Government, 20% to the County Government and only 10% to the mining host community	This is not within Base's gift to change. Move an amendment to the Mining Act.
60	36	...the Act gives the CS discretion that is not expressly fettered in relation to determining the rate of royalties to be paid.	The Minerals Right Board provides recommendations to the CS on royalty rates.
61	36	This is a leeway that can be exploited through underhand	There is no relationship between royalties and profitability. Royalties are levied on <u>revenue</u> and

Item	Page	Hakijamii Report Statement	Base Titanium Response
		means to allow mining right holders to pay very little royalties as compared to profits being made by the mining operation.	are therefore an input cost borne by the mineral right holder.
62	37	A case in point is Base Titanium, which only pays 2.5% of its profits as royalties to the National Government to be shared among all the other mining stakeholders, a percentage that is not justifiable in the context of the high poverty incidences around the mining area	<p>Ditto. Royalty rates are determined neither by poverty nor prosperity levels.</p> <p>Imposition of royalties on revenue is a fundamental, basic and virtually universal concept – not understanding this fact undermines the competency of the statements made in this report.</p> <p>Royalty is but one fiscal impost placed upon a mining company. The total taxes applicable – duties, income tax, withholding tax, VAT, royalties, etc. are components making up a fiscal regime. The total “government take” from combined taxes must be considered; taking royalty alone is meaningless. Expert analysis indicates that when total government take approaches 50% of the economic value of a project, its viability, even during periods of normal commodity pricing, is threatened. Stable and predictable tax policies are what investors consider prior to committing to projects.</p>
63	37	Further, the Act fails to expressly provide for the manner of transmission of the 10% royalty to the host community, with no express requirement for any form of regulation to be developed to ensure certainty on this.	<p>Good point. Government needs to provide the necessary regulations.</p> <p>Base has been lobbying both the national and county governments to do this since revenue sharing was first introduced into the draft Mining Bill.</p> <p>It is also worth noting that it was industry’s advocacy that resulting in the royalty sharing concept being adopted in the Act.</p>
64	38	The objective of the (Local Content) Bill is the maximisation of value addition to minerals within Kenya; the creation of employment in the extractive industry value chain by use of local expertise, goods, services, businesses and financing; the	<p>Agreed. Why source externally if local goods and services can compete on price and quality? It makes no sense for a mining company to do so if locals can produce the goods competitively.</p> <p>This is why Base has already engaged experts to conduct a study on how more local content can be achieved within the scope of goods and services consumed by its operations.</p>

Item	Page	Hakijamii Report Statement	Base Titanium Response
		enhancement of the participation of Kenyans in the extractive industry value chain, among others.	
65	38	The (Local Content) Bill requires the National Government in collaboration with the County Governments to put in place measures to ensure that mining operators develop and adopt local content in the entire mining value chain.	How and who is responsible for “development” of local content? This is the major failing of the Bill, while the Mining Act rightly places the emphasis on government to enable capacity building in local suppliers.
66	39	The operator is further required to give first consideration to local persons when vacancies occur and only employ foreigners when there is no suitable Kenyan available to take up the employment.	Obviously. Who would want to do otherwise? See Base’s training programmes and succession planning; 63 expats reduced to 32 in 3½ years since start of operations is impressive by anybody’s standard. Details are provided in Appendix 5 .
67	39	The operator must give priority to local goods and service providers even if their bids are higher, provided that price differentials do not exceed 10% of the price quoted by a foreign bidder.	So what incentive does the local supplier have to improve efficiencies? It encourages the opposite. It also inflates costs, making Kenya an uncompetitive and unattractive investment destination.
68	40	The Natural Resources (Benefit Sharing) Bill 2014 creates a different formula for the sharing of royalties. It envisages 20% of the royalty revenue to be deposited in a sovereign wealth fund.	Some positive provisions are contained in the Bill. However, it specifically excludes sectors that already have a benefit sharing mechanism – the Mining Act covers royalty sharing, local content, local employment and community development agreement.
69	41	What we need to find out, therefore, in the context of Nguluku and Bwiti is how Base Titanium has undertaken its responsibilities in relation to the legal framework on benefit sharing (royalty sharing).	Base is not mandated to share the royalty payments at source, but can only pay into the designated Ministry of Mining account held by the Central Bank of Kenya. This is a responsibility of the National Government.
70	42	This would require the company	As previously stated, how the mine is managed is

Item	Page	Hakijamii Report Statement	Base Titanium Response
		to allow meaningful community participation in the mining processes and decision-making.	the prerogative of the company and those employed by it to do so.
71	42	...adequate compensation and relocation of project affected populations; development projects to uplift the socio-economic standards, employment opportunities.	<p>Compensation was agreed with the communities under the RAP adopted through the DRCC prior to relocation. They were paid for land (title holder and squatter alike) at 4X the commercial rate of the day, given 5.5 acres of replacement land; assets including structures, crops, trees and graves were compensated and relocation assistance was provided. The package was clearly deemed attractive as others, not entitled to relocation, also tried to get on the bandwagon.</p> <p>Base has so far spent KES 1 billion on development projects and prioritises employment opportunities for locals with 65% of employees now sourced from Kwale County.</p>
72	42	This is because they (mining host communities) mostly bare the burdens of mining such as loss of land ...	<p>Why not acknowledge that granting of alternative land free of charge and payment of compensation more than offset the loss of land.</p> <p>Furthermore, the relocated people were categorised as top priority for employment. See Appendix 5.</p>
73	42	...the environmental impacts of mining such as dust, noise, pollutions and changes in microclimates; competition for water and other resources with the mines; as well as social costs such as diseases...	<p>Precisely what pollution is Base accused of? Assertions of climate change are absurd.</p> <p>Which particular diseases have been caused by Base's operations and why is there no evidence of such alleged diseases amongst employees?</p> <p>Where is the competition for water?</p> <p>Base has constructed its water supply infrastructure under permits issued by WRMA and has provided 13 boreholes for surrounding communities.</p> <p>This is why an EIA and its associated Environmental Management Plans ("EMP") are developed and implemented. Like any activity mining has impacts, but they are managed and mitigated. Base has various mitigation measures in place to address impacts and monitors a wide range of environmental parameters to quantify the effectiveness of the measures. The annual</p>

Item	Page	Hakijamii Report Statement	Base Titanium Response
			audit reports, prepared by external registered environmental experts, assess and present all this information, which is submitted to NEMA for review.
74	42	The starting point for public participation should be the requirement for free, prior and informed consent (FPIC).	This was painstakingly done through the RAP and DRCC, funded by Base to the value of KES32 million. Close to 500 meetings took place prior to agreeing on the resettlement package and process.
75	42	...decision on whether mining should occur in their land or not.	Section 6 (1) and (2) of the Mining Act 2016 provide that minerals are the property of the Republic and vested in the National Government in trust for the people of Kenya, which applies despite any right or ownership of, or by any person in relation to any land in or under which any minerals are found. In any event, extensive consultations took place as stated in Item 74 .
76	43	Participation, however, should not end at the initial point of consent, it should continue at all levels of mining...	That is why the MPLC and a host of other committees and sub-committees exist today (refer to Item 33 for details).
77	43	...they (local communities) must have access to all the relevant information, starting with the project's environmental and social risks and mitigation measures; project costs and expected benefits; expected community development undertakings, among others.	The EIA process included extensive public participation and the final report incorporated an entire volume dedicated to public comments. All other information is provided through the MPLC.
78	44	Data from the field indicates that public participation has not been substantive and determinative, especially in relation to the choice of development projects by Base Titanium...	This data was obtained from a very small sample size in two selected areas only and entirely excludes data from Base. Development projects are chosen only by communities. Base has no reason to dictate which development projects to undertake. This is covered under Items 7 and 46 .
79	44	...projects had not met the needs and aspirations of the Bwiti people.	This entirely contradicts the letter from the Host Site Committee dated 2 nd May 2015 titled "Appreciation for the Diligent Work Done by the

Item	Page	Hakijamii Report Statement	Base Titanium Response
			Base Titanium Limited” listing 13 specific projects completed for the community. See Appendix 4 . Does the committee not represent the interests and views of the community?
80	44	The same scenario is replicated in Nguluku...	This is a squatter occupied area that forms part of the KISCOL lease, so why is responsibility for it placed with Base?
81	45	...these projects have not met the needs and priorities of locals because they were fake promises.	What exactly is claimed to have been promised, but not delivered?
82	46	Base Titanium must thus take this opportunity and work hand in hand with the mining host communities to craft a development plan capable of meeting the needs and priorities of the local mining populations.	So what is it that Base needs to do that’s different to its current community programmes?
83	46	This should be done in the context of the creation and operationalisation of the Community Mining Trust Fund (CMTF)...	There needs to be clear separation between the CDA and how the 10% royalty sharing funds are managed and utilised. Base has no role in the spending of shared royalties.
84	46	If these adverse impacts are to be effectively managed to prevent long-term hardship and the impoverishment of the displaced community, sufficient planning has to be undertaken. The World Bank requires that a substantive resettlement plan be developed...	This is exactly what the RAP and its subsequent addenda (Mukurumudzi Dam and power line) were all about.
85	47	The question is, was an effective relocation plan developed in the titanium-mining project and did it contain all these important elements?	Yes, the RAP was developed in accordance with International Best Practice, including IFC Performance Standard 5, the African Development Bank’s Involuntary Resettlement Policy and the World Bank Standards. Otherwise how would it meet the Development Financial Institution lenders conditions for financing?
86	47	...the relocation process was not effectively done, as members of	So what was the DRCC with its multiple sub-committees doing if not precisely this?

Item	Page	Hakijamii Report Statement	Base Titanium Response
		the community were not sufficiently given all the necessary information to make informed choices.	
87	47	They were also not adequately empowered to negotiate freely and independently determine the value of their land and other production assets.	Yes they were; collectively agreed a rate 4X the commercial land price of the day and given 5.5 acres with title free of charge – inclusive of resettled squatters who had no title in the first place. Assets were valued by the government in accordance with regulated rates.
88	47	...compensation that was paid to them by Tiomin and Base Titanium was not fair and adequate, taking into account the huge benefits Base Titanium is generating from titanium mining in their land.	Compensation for land is not related to the value of minerals. The land owners or beneficial occupiers have no rights over minerals on or beneath their land, so this argument is nonsense.
89	47	Further, in the context of acquisition of alternative pieces of land, there was no concrete plan to assist the relocating population.	Yes there was. All affected households were provided with assistance to move to their new locations.
90	48	They were taken to Bwiti and shown parcels of land and were expected to negotiate with landowners to acquire the same. The rates were higher than the compensation and most could not afford bigger or equivalent parcels.	An absolutely false and malicious statement. Each relocatee was given 5.5 acres with title for free.
91	48	...compensate based on the expected revenues/ profits...	Nonsensical and unworkable. This is not what any of the international standards or frameworks require.
92	48	...the National and County Governments must act for and on behalf of such communities to ensure that their rights are effectively protected and they receive prompt, fair and adequate compensation in the context of large-scale mining	Precisely – by applying the exact method that was used to resettle people from the mining area. The all-encompassing DRCC, comprising a membership of over 50 representing various arms of government, the affected communities (both at the mine and host sites), religious leaders, etc., etc. was created by the government and chaired by the DC for this very purpose.

Item	Page	Hakijamii Report Statement	Base Titanium Response
		operations.	
93	48	These households should be relocated, even temporarily to ensure that they do not suffer the direct impact of the mining project, and they must be adequately compensated...	This is precisely what was done. Households that were determined to be impacted by the mining operations have been resettled. The first principle of the World Bank OP 4.12 on Involuntary Resettlement is that “Involuntary resettlement should be avoided where feasible...”, similarly IFC Performance Standard 5 states that displacement should be avoided or minimised.
94	49	The result of the relocation has been the isolation of households and the need for these households to travel long distances for services and amenities. This has adversely impacted on the lives and livelihoods of the remaining household.	Social infrastructure was provided at both the host site and in proximity of the mine site in accordance with requirements set out in the Special Mining Lease. Those households deemed to become isolated if they were to remain, were also relocated through a subsequent process managed by the MPLC.
95	49	...relocation resulting from mining has led to the regrowth of forests...	Forests help regulate climate. This statement is contrary to that alleging creation of “microclimates” in Item 73 . Refer to Vision 2030, which requires the at least 10% forest cover of the country’s land area. It recognises “the vital importance of forests, as much for their capacity to provide goods as well as contributing to maintaining ecological functions essential to society”.
96	49	The forest, coupled with the dam that has been built by Base Titanium has seen the increase in mosquito breeding, spreading malaria and other mosquito-based ailments...	Where are the data to back this allegation? On the contrary, monitoring by specialists from the National Museums of Kenya (“NMK”) and ICIPE found that the Mukurumudzi Dam and areas within Base’s mining lease, because of the water quality, have provided habitats that have resulted in healthy populations of frog species that prey on mosquito larvae.
97	49	...the dam has also attracted that have become a menace to the local community members in Nguluku and their livestock.	Attracted from where? Crocodiles have always been present in the Mukurumudzi River as NMK’s study prior to the construction of the dam confirmed. Besides which, Nguluku is downstream of the dam, so how does this allegation stack up? No statistics been provided to show the number

Item	Page	Hakijamii Report Statement	Base Titanium Response
			of crocodile attacks, either past or present.
98	50	The noise and dust have become a health hazard on the local population, with concerns being raised in relation to eye and skin infections as well as dust-based ailments such as respiratory infections	<p>A segment of Miembeni villagers adjacent to the northern mining area was relocated as they were deemed to be impacted by dust and noise. Mining is currently being transitioned to a hydraulic method and will eliminate both dust and noise. How does this impact further away Nguluku and far distant Bwiti where the surveys were carried out?</p> <p>Besides this, no health statistics have been produced and neither does it explain why over 900 people working at the mine are completely unaffected by such alleged ailments.</p>
99	50	...damming of the rivers by Base Titanium has changed the micro-climate around Nguluku, with the result that farms have become less productive, coconut and mango trees produce lesser fruits and the fish population in the rivers have diminished.	<p>This statement is purely fictitious.</p> <p>Base has dammed the river, but continuously discharges an Environmental Flow Release that ensures that downstream ecological functioning is maintained.</p>
100	50	Concerns have also been raised about river water quality, with the locals complaining that Base Titanium has contaminated the river water. Base Titanium has refuted these concerns, indicating that the mining process is purely mechanical, with no use of chemicals that might contaminate the rivers.	<p>We welcome any third party testing.</p> <p>Refer to the bacteriological and chemical testing that was carried out by the Kwale County Public Health Office as given in Appendix 3.</p> <p>This exercise found no contamination of the water sources linked to the Kwale Mine.</p>
101	51	...in the context of the development by the company of an environmental management plan ("EMP")...	A comprehensive Environmental and Social Management System ("ESMS"), inclusive of a series of Environmental and Social Management Plans ("ESMP") and Environmental Action Plans, was established in 2011 prior to commencement of construction as a condition precedent of the lenders. These have been developed in consultation with relevant stakeholders.
102	51	This has resulted in mining projects being "enclave	Base is prioritising local employment opportunities, skills availability allowing. Kwale

Item	Page	Hakijamii Report Statement	Base Titanium Response
		projects” generating minimal opportunities for employment...	County residents fill 65% of all positions on the mine (including contractors). See Appendix 5 .
103	52	...overwhelming majority of households interviewed (100%) stating that the local community personnel are the minority at Base Titanium.	Nonsense as above. Kwale locals 409; rest of Kenya 258, expats 32 employed directly by Base (excluding contractors).
104	52	The Draft Mining (Employment and Training) Regulation of 2017 intends to plug this gap...	Structured training (at KES70 million per annum, covering over 205,000 manhours to date) and succession planning have been practiced from the outset. 46% of professional and management position were filled by Kenyans in early 2014; the number is now 77%. See Appendix 5 . There is no gap to plug.
105	52	The interview respondents also affirm that there has been in-migration into Kwale County, which has had the impact of limiting the employment opportunities of the local mining communities in Nguluku and Bwiti	Base’s Labour Recruitment & Influx Management Plan was specifically designed to avoid this. In it a fencing system was applied that prioritises employment for project displaced people, followed by surrounding villages, surrounding locations, the rest of Kwale County, the rest of the coast, the rest of Kenya and lastly expats as detailed in Appendix 5 .
106	52	Efforts by the Nguluku Community to raise the issue of employment of locals at Base Titanium have gone unanswered by Base Titanium, creating a feeling among the population that Base Titanium does not care for the well being of the local population	This is a nonsensical claim; what would Base have to gain by deliberately employing outsiders at the expense of equally qualified locals?
107	52	...our leaders are given “something small” so they keep quite as we are oppressed’.	Allegations of bribery are taken seriously and should not be made without providing evidence to back such a claim. Again, the question how would Base benefit from such a course of action?
108	52	Clearly, the titanium mining operation has not given a fair chance of employment to the local mining population of	The Mining Act does not define ‘local’ as mining communities. However, Base does prioritise locals as stated in Appendix 5 . Based on the foregoing statements, this comment

Item	Page	Hakijamii Report Statement	Base Titanium Response
		Nguluku and Bwiti contrary to the Mining Act that requires prioritisation in employment of local mining communities	is dismissed as unmitigated nonsense.
109	53	Further, there is no value addition of the titanium mineral at source, with the result that the expected market for local services and goods in that process has not been realised.	There is. Final ilmenite, rutile and zircon are produced as internationally marketable products, purchased by consumers as inputs to a variety of downstream industries. There are no consumers in Kenya.
110	53	This has raised despondency amongst the local mining communities in Bwiti and Nguluku, though the resulting tensions have not yet resulted in open conflict between the two communities and the company.	This is the second time the report makes this statement – why the assumption of conflict? No conflict says something about Base’s management of community affairs and the validity or otherwise of the allegations made in this report.
111	54	...indirect employment opportunities, if any, being created in the larger towns of Msambweni and Ukunda. Due to this inability of the mining host communities in Nguluku and Bwiti	What about village residents that have moved to Msambweni and Ukunda after obtaining jobs at Base to take advantage of direct and indirect/induced benefits generated in these larger centres? It is established by E & Y that 4 indirect and induced jobs are created for each direct employee of Base.
112	54	This could be the development of relevant infrastructure and service provision facilities such as schools, roads, health facilities, and water infrastructure as well as adoption of livelihood enhancing mechanisms such as agricultural support systems. This can be done through the Community Mining Trust Fund.	It’s already being done without a CMTF – to the tune of one billion shillings invested by Base alone.
113	54	There is need to build the capacity and financial ability of the mining host communities to be able to compete in tendering for the supply of goods and	Base already procures some goods and services from local communities, including catering, indigenous trees, seed, wooden stakes and erosion control materials – including from Bwiti.

Item	Page	Hakijamii Report Statement	Base Titanium Response
		services to Base Titanium.	Several financial capacity building workshops have been held with affected communities and a study is underway to improve local content (see Item 64 above).
114	55	The (Local Content) Bill empowers the Cabinet Secretary to determine the minimum local content for each large-scale mining operator...	What is local? Base purchases 84% (3.7 billion shillings annually) of its non-labour inputs from Kenyan entities. The other 16% aren't available locally.
115	55	The operator must give priority to local goods and service providers even if their bids are higher, provided that price differentials do not exceed 10% of the price quoted by a foreign bidder.	This makes no business sense.
116	58	...mining should be a shared function between the National Government and the relevant County Government...	This is unconstitutional and unworkable. The Mining Act, however, provides for counties to play a larger role in small-scale mining. The Mining Act allows the Council of Governors to appoint a representative to the Mineral Rights Board.
117	58	...local mining communities consider the mining resource as "their own"...	Not according to the Constitution and the Mining Act. Reference Item 56 . This is a misconception that all stakeholders should be working together to address – not encouraging it with misleading statements.
118	58	...sub-national governments are better able to understand local needs and priorities...	The county government will play a central role in CDAs and should participate in decisions relating to royalty sharing funds.
119	59	Kenya should consider adopting the median practice, allowing the County Government to levy royalties and land-use fees directly to the mining company...	This would require an amendment to the Constitution. It is clearly a recommendation that favours counties with natural resource deposits. Shouldn't counties without also benefit from Kenya's endowment?
120	60	...the Act does not detail what happens to royalty agreements that had been agreed previously between the National Government and mining	Yes it does – Section 225 of the Act protects the rights contained in existing license/leases (with 4 exceptions). How does this open the process of royalty

Item	Page	Hakijamii Report Statement	Base Titanium Response
		operators before the coming into effect of the Act. This is a lacuna, which opens up the process of royalty calculation to abuse...	calculation to abuse?
121	60	...the percentage of royalties to be paid by Base Titanium at only 2.5% of its net profits per month.	Royalty is not based on profit, but on FoB sales value.
122	60	This compares adversely to the royalties paid in other countries, with 5% being paid in Ghana and Mongolia, 7% in South Africa and up to 14% in Chile.	This demonstrates a complete lack of understanding of royalties. Different rates are applied to different commodities and are further determined by the degree of refining carried out in country, the level of infrastructure provided or not provided by the host country (e.g. minerals sands royalty in infrastructure-poor Madagascar is 2%, but 5% in infrastructure-rich Australia and South Africa). Royalty rates are also varied by taking cognisance of other fiscal imposts (e.g. low tax, high royalty or vice versa) such that the combined impost is the ultimate determinant of the split between investor and government portions of the economic value generated by a mine. See further comment in Item 62 .
123	61	...mining host communities in Nguluku and Bwiti, who were not involved at all in the process of developing the Mining Act despite the fact that they are the most affected population in relation to the legislation.	There were frequent public notifications of consultations.
124	61	Their recommendation on the percentage of royalties that should be given to local communities...	It should be noted that the first version of the Mining Bill made no reference to any sharing of royalty – it was industry that insisted it had to be included (although government determined formula) as also stated in Item 63 .
125	62	For most of them, a more equitable sharing of benefits should entail the redistribution of between 30-35% of the paid royalties to the local mining communities.	They are quite entitled to move an amendment to the Mining Act.

Item	Page	Hakijamii Report Statement	Base Titanium Response
126	63	The host community in Bwiti who hosted the relocatees from Maumba, and who had to compete for scarce resources and facilities with the new arrivals...	Incorrect statement. Bwiti is a designated government resettlement scheme to which Base has contributed infrastructure and other community support programmes as reflected by the host site committee letter in Appendix 4 .
127	66	Its mandate would be to receive and invest the 10% royalty that accrues to the local mining communities...	Base should not be involved in this. There needs to be clear separation between the 10% royalty allocation and Base's CDA.
128	67	Its (CMTF) mandate should be clear from the beginning: receiving the 10% mining revenue from the National Government; annual development funds from Base Titanium (1%).	1% of what? Base already well exceeds 1% of its revenue allocated to its community development programmes. However, this is separate from the proposed CMTF.
129	71	Conclusions	It is glaringly evident that nowhere in this voluminous report is there any acknowledgement of the investment capital put up and risk taken by the investors and its funding partners to establish the project. Equally it is evident that, while extensive consultation has been undertaken by the authors with small selective community groups, there has been no consultation with beneficiaries of Base's KES 1 billion investments in social infrastructure, livelihood programmes and scholarship recipients. Furthermore, the entire report comprises unquantified and unsubstantiated allegations of malpractices and omissions on the part of Base and no effort has been made to obtain facts or counter-statements from Base.
130	72	The household survey, key informant interviews and focus group discussions undertaken in the context of this study show that the socio-economic situation of the mining host community in Nguluku and Bwiti has not improved much as a result of the mining project...	Again refer to the contrary findings of Katuva who sampled over 3,000 households across Kwale County as detailed in Appendix 2 .

Item	Page	Hakijamii Report Statement	Base Titanium Response
131	75	The current process of Base submitting their environmental audits and water abstraction permit applications directly to NEMA and WARMA headquarters in Nairobi is opaque and lacks accountability.	Water data is and has always been submitted to the WRMA sub-regional office in Mombasa as required by law. In the case of the environmental audits, they are submitted to NEMA headquarters on the instruction of NEMA itself in line with its systems that require all large-scale project reports to be directed through the national office. This provides for audits to be accessed and reviewed at the highest level of the Authority. In addition it is important to note that NEMA HQ works with respective county offices and conduct joint site inspections with NEMA Kwale Office. In addition it is important to note that NEMA Kwale Office is represented in the MPLC and thus is well versed on our operations.
132	75	Support Kenya Revenue Authority Officials to gain skills on transfer pricing because this is a loophole that mining companies use to evade paying proper amount of taxes.	This is a wild and unsubstantiated allegation. If there is evidence that Base is engaging in this or similar malpractices, then provide evidence.
133	75	...lobby the National Government to declare mining as a shared function...	This recommendation is both impractical and unconstitutional.
134	75	Engage more robustly with the National Government to ensure that mining royalties are remitted for the benefit of Kwale County Government and the mining host communities in Nguluku and Bwiti.	Agreed, but why only Bwiti and Nguluku? They are not the only stakeholder communities.
135	76	In the context of the Community Mining Trust Fund, update the Community Development Management Plan and transform it into a legally binding community development agreement in accordance with the Mining Act.	Agreed, with regards to ensuring the CDMP conforms to the CDA regulation. The CMTF has no legal basis and besides it is important to have a separation of functions between the CDA and the use of shared royalty revenue.
136	76	Increase employment	Base priorities employment opportunities for

Item	Page	Hakijamii Report Statement	Base Titanium Response
		opportunities for local mining populations in Nguluku and Bwiti. In this context, Base Titanium should provide opportunities for training and capacity building for locals...	project displaced and neighbouring communities. It also provides extensive training opportunities, both professional and technical. See Appendix 5 and http://basetitanium.com/careers/employment
137	76	Effectively address the environmental, social and health concerns of the mining host communities by updating the environmental management plan.	What is considered to be out of date? Base's ESMS is based on the "Plan-Do-Check-Act" business improvement cycle which means that its ESMPs are not static documents, but are reviewed regularly and updated when required. Relevant stakeholders are involved in the process.
138	76	In preparing its annual water and environmental audits, Base Titanium should involve the local NEMA and WARMA offices, the County Government and all other relevant stakeholders...	As per Item 131 , water returns are submitted quarterly to the WRMA sub-regional office as required by law. WRMA does not have a county office. In the case of environmental audits and monitoring, reports are shared with NEMA HQ, with county level NEMA and communities as stated previously in Item 131 . Regular engagement takes place with both national and County NEMA personnel and both were involved and consulted in preparation of the audits. It should be noted that the annual environmental audit is undertaken and prepared in accordance with Kenyan Law by a NEMA registered firm of EIA experts.
139	77	Within the context of its adherence to the principles of the Extractive Industry Transparency Initiative, Base Titanium should not only detail all the payments made to the National Government, but also all the relevant contracts, permits and other documents on which those payments are premised.	EITI does not require relevant contracts, permits and other documents to be published. Where a person feels his/her rights have been infringed, information may be sought in accordance with the Access to Information Act.

APPENDIX 1 – SUMMARY OF E&Y ASSESSMENT



BASE TITANIUM Base Titanium's contributions in Kenya

One-time contributions

Building the mine

Between 2012-2014, Base's capital investment totalled KES26.4b to develop the mine and infrastructure; supporting 8,255 one-year jobs and generating a total of nearly KES480m in taxes.

KES26.4b Base's total capital investment (Direct)

KES21.2b (Mine) **KES5.2b** (Logistics projects)

Supports **KES18.2b** sales by Kenyan businesses (direct, indirect, & induced economic output)

Total capital expenditure



Contributions from projected FY16 operations

Supporting 3,432 jobs



Building a supply chain

Base supports Kenyan businesses through purchases of goods and services

KES3.7b

Purchases from Kenyan businesses

KES707m

Non-Kenyan bus. purchases

Building the Kenyan mining sector

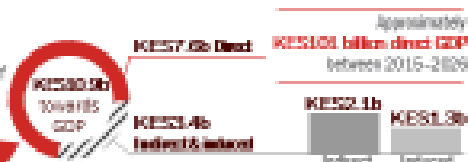
Base's FY16 production will put Kenya in the top 10 ranking for titanium dioxide mineral producing countries

526k

tonnes of titanium dioxide minerals and 81k tonnes of zircon produced

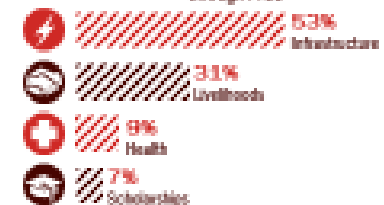
KES12b in sales

Source: Base Titanium



Building a community

KES900m Base's past and planned expenditures through FY16

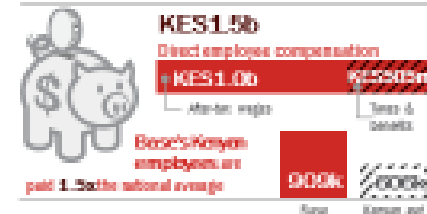


Building public funds

Projected KES1.92b Kenyan taxes in FY16



Building local wealth



Indirect & induced wages
Indirect (supply chain) **KES808m**
Induced (consumers) **KES606m**

* Unless otherwise stated, all amounts are shown in 2014 US\$. Figures may not appear to add due to rounding.

Sources: Base Titanium's total economic and social contributions in Kenya, February 2015. EYUS Quantitative Economics and Statistics (QES); Created by Desk & Young LLP.

APPENDIX 2 – WELFARE TRANSITIONS IN KWALE COUNTY



Unlocking the
Potential of
Groundwater
for the Poor



Poverty Transitions in Kwale County

Policy Brief, February 2017

Introduction

Kwale County Government is responding to improving the lives of 7 out of 10 residents who live below the poverty line of USD1.25 a day. Reliable and regular data on welfare are essential to leave no one behind. This policy brief reports on findings of the longitudinal socio-economic household surveys in 2014 (n=3,349) and 2015 (n=3,567) in Matuga, Msambweni and Lunga Lunga sub-Counties. The areas include major economic sectors such as tourism, mining and commercial irrigated agriculture as well as livelihoods supported by fishing, farming and small scale enterprises.

Subjective Welfare Transition between 2014 and 2015 (n=3,237)

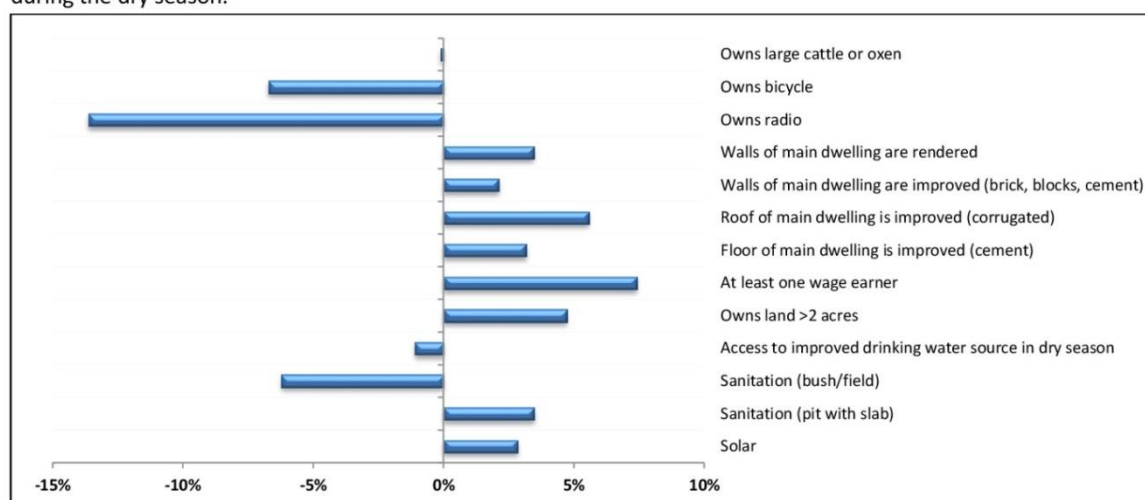
2014	2015	
	Not well off	Average
	Not well off	Average
Not well off	71%	29%
Average	49%	51%

Subjective welfare of households was assessed using two categories: 'Not-well-off' and 'Average'

- 7 out of 10, felt they were still 'Not-well-off' in 2015.
- Nearly 3 in 10 households felt they had transitioned from the 'Not-well-off' category and were better off in 2015.
- Of those households who felt they were better off in 2014, nearly 1 in 2 felt they were 'Not-well-off' in 2015.

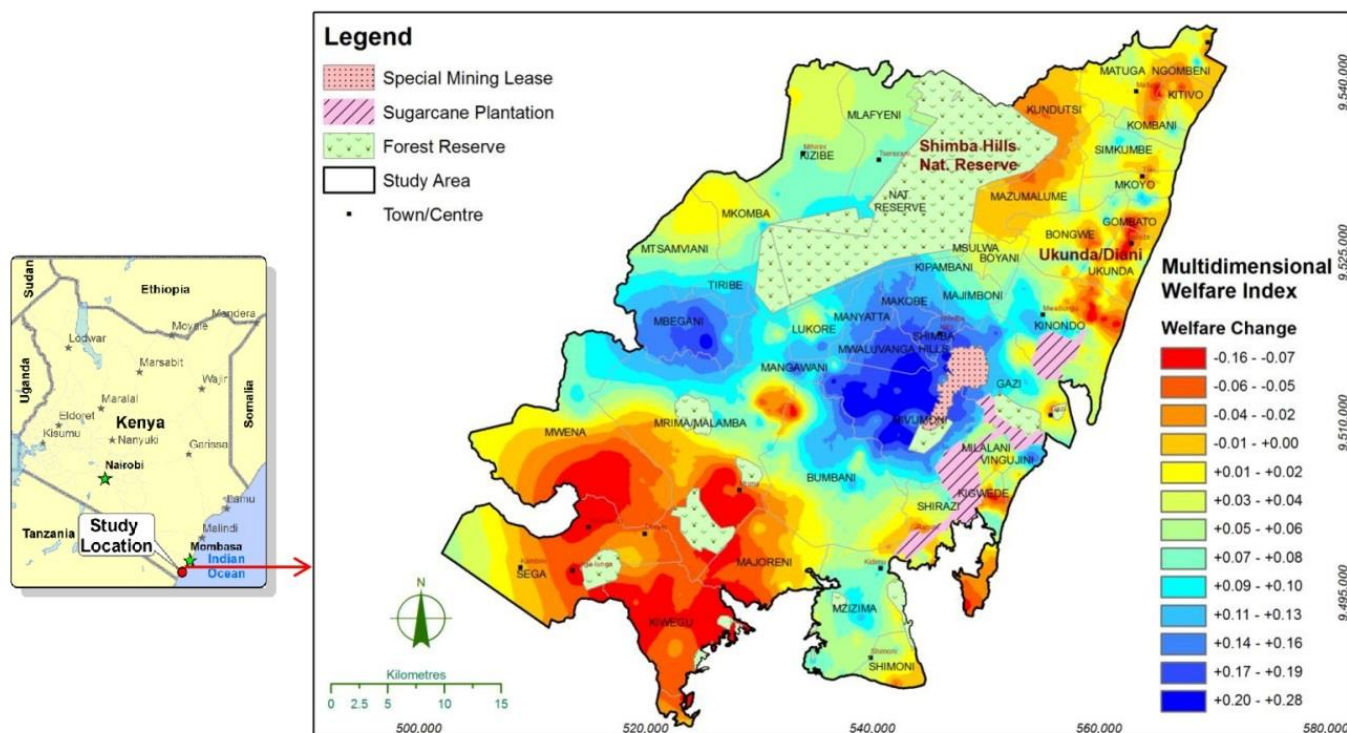
Multidimensional Welfare Transitions between 2014 and 2015 (n=3,329)

Household composition, dwelling characteristics, assets, sanitation and health, and drinking water data was used to construct and map households' multidimensional welfare changes between year 2014 (baseline) and 2015. Between 2014 and 2015, 7% more households found wage labour. Sanitation access improved by 4% with the number of people using bush/field decreasing by 6%. People's dwellings saw a modest rise in improvements including 3% more households installing solar panels. There was slight decline in the number of people with improved access to water during the dry season.

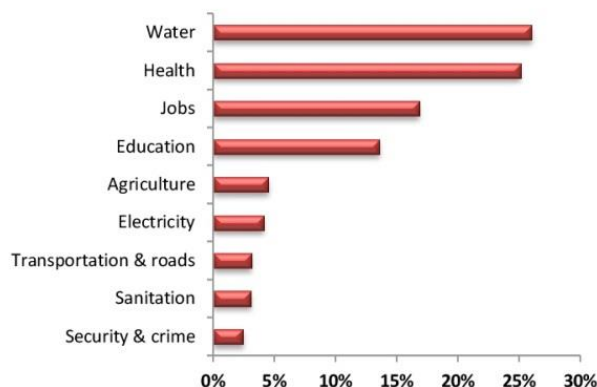


Where is Welfare Rising or Falling?

Households experiencing declining welfare are observed to be near Ukunda/Diani and towards the border with Tanzania. However, some pockets within the coastal strip (Kinondo and Vingujini) estimated a positive welfare change. Areas with households that experienced positive welfare changes include Lukore, Shimba hills, Mivumoni, Mbegani, Majimboni, Mangawani, Mzizima, Kinondo and Mwaluvanga. The Lunga Lunga sub-County had a majority of households falling in welfare. Further research is currently on-going to understand the determinants of poverty and links between the environmental, economic and political factors that drive welfare in Kwale County.



Major Household Concerns (2015, n=3,329)



Policy Implications

These results provide insights for **planning, budgeting and policy on poverty reduction programmes in Kwale**. It provides credible information on **where the poor are**, which regions have experienced positive/negative welfare changes as well as starting **discussions on community investment priorities**. For example, **water, health, job and education** being cited as the top four priorities.

Poverty reduction strategies should be **focused on 'leaving no one behind'**. **Monitoring and mapping of welfare** should be conducted more **frequently** to evaluate **impacts** of different **poverty reduction strategies**.

More Information

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This research was supported by NERC, ESRC and DFID via the Gro for Good project (UPGro Consortium Grant: NE/M008894/1), ESRC-DFID Joint Fund for Poverty Alleviation Research: New Mobile Citizens and Water Point Sustainability in Rural Africa - ES/J018120/1.

APPENDIX 3 – KWALE PUBLIC HEALTH OFFICE WATER QUALITY REPORT

MINISTRY OF HEALTH

TELEPHONE 020 2333760
E-mail dphomsambweni@gmail.com
When replying please quote



SUB COUNTY PUBLIC HEALTH OFFICE
P.O BOX 8
MSAMBWENI
CODE 80404

REF: PHO/MSA/24/VOL/2/19

16TH April, 2015

The County Director of Health
P.O Box 200
Kwale (Att. CPHO)

Dear Madam,

RE: WATER SAMPLES COLLECTION FROM BASE TITANIUM

The County Public Health Officer Kwale County Madam Redepta Muendo with the assistance of Sub County Public Health Officers Msambweni Shaban S.Mwatenga, Mohammed Mwadarusi and Ann Mwamuye, visited Base Titanium mining company in Msambweni Sub County Kinondo Ward and collected the following water samples in two days and delivered to Government Chemist Mombasa for analysis.

The samples were collected from the following source on 17th march, 2015 and 19th march, 2015 respectively.

1. Vumbu stream
2. Mkurumudzi dam (bridge site)
3. Third recycle point and
4. Water released to rehabilitated wet land

The sample results were collected from Government Chemist Mombasa on 15/4/2015 after a follow up was made on 13/4/2015. Results as indicated in the reports.

Thank you.

Shaban Salim Mwatenga
Deputy Sub County Public Health Officer
Msambweni



REPUBLIC OF KENYA

GOVERNMENT CHEMIST'S DEPARTMENT
P.O. BOX 81119-80100, Tel. 041-4470107/0717-323890
MOMBASA.
BACTERIOLOGICAL EXAMINATION OF WATER

Lab. Ref. No: BW/VOL.XXI/163/2015/158 Sender's Ref:

Time and date sample taken: 2.00 pm 17/03/2015

Time and date sample examined: 02,00 p.m. 18/03/2015

Taken By: Shaban Salim Mwatenga

Authority: PHO - Kwale

Reason for sampling: community complaint (KCA) Bacteriological (if water is suspected of causing ill health please say so)

Source of sample: Vumbu stream (1) (state if well, spring, stream or public supply)

Is it protected? No

If so how? (Is it completely covered, or sides only)

Is there a pump?

If so, how long has it been in use?

Has it been overhauled recently? Down stream

Exact site sample taken from: (whether from kitchen, taps, mains, cisterns etc.)

Are there any latrines or other sources of pollution?

If so, where?

Is it chlorinated supply?

REPORT:

Total Coliform Count (MPN/ 100ml)	>2400
Faecal Coliform (E. Coli) count (MPN/ 100ml)	210
Total plate Count (37°C, 48Hrs)	
Strept. faecalis	

REMARKS:

The water is contaminated with coliforms, chlorination is recommended before use.


Juma Mwachagizo
GOVERNMENT ANALYST

Date: 1st April, 2015

/lm



REPUBLIC OF KENYA

GOVERNMENT CHEMIST'S DEPARTMENT
P.O. BOX 81119-80100, Tel. 041-4470107/0717-323890
MOMBASA.
BACTERIOLOGICAL EXAMINATION OF WATER

Lab. Ref. No: BW/VOL.XXI/181/2015/207 **Sender's Ref :**

Time and date sample taken: 12.15 pm

Time and date sample examined:

Taken By: S. S. Mwatenga

Authority: M. O. H. - Msambweni

Reason for sampling: Mkurumidzi Dam (3) (if water is suspected of causing ill health please say so)

Source of sample: (state if well, spring, stream or public supply)

Is it protected? No

If so how? (is it completely covered, or sides only?)

Is there a pump?

If so, how long has it been in use ? 3 years

Has it been overhauled recently?

Exact site sample taken from: Down stream (over flow) (whether from kitchen, taps, mains, cisterns etc.)

Are there any latrines or other sources of pollution?

If so, where?

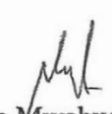
Is it chlorinated supply? No

REPORT:

Total Coliform Count (MPN/ 100ml)	3
Faecal Coliform (E. Coli) count (MPN/ 100ml)	3
Total plate Count (37°C, 48Hrs)	
Strept. faecalis	

REMARKS:

The water is contaminated with coliforms. Chlorination is recommended before use.


Juma Mwabwagizo
GOVERNMENT ANALYST

Date: 9th April, 2015

/lm



REPUBLIC OF KENYA

GOVERNMENT CHEMIST'S DEPARTMENT
P.O. BOX 81119-80100, Tel. 041-4470107/0717-323890
MOMBASA.
BACTERIOLOGICAL EXAMINATION OF WATER

Lab. Ref. No: BW/VOL.XXI/162/2015/159 Sender's Ref:

Time and date sample taken: 1. 30 pm 17/03/2015
Time and date sample examined: 02,00 p.m. 18/03/2015

Taken By: Shaban Salim Mwatenga

Authority: PHO - Kwale

Reason for sampling: Bacteriological Analysis (if water is suspected of causing ill health please say so)

Source of sample: The 3rd recycle point – BTL (C) (4) bacteriology (state if well, spring, stream or public supply)

Is it protected? No

If so how? (Is it completely covered, or sides only)

Is there a pump?

If so, how long has it been in use?

Has it been overhauled recently?

Exact site sample taken from: Down stream (whether from kitchen, taps, mains, cisterns etc.)

Are there any latrines or other sources of pollution? No

If so, where? N/A

Is it chlorinated supply? No

REPORT:

Total Coliform Count (MPN/ 100ml)	>2400
Faecal Coliform (E. Coli) count (MPN/ 100ml)	1100
Total plate Count (37 ^o c, 48Hrs)	
Strept. faecalis	

REMARKS:

The water is contaminated with coliforms, chlorination is recommended before use.


Juma Mwabwagizo
GOVERNMENT ANALYST

Date: 1st April, 2015

/lm



REPUBLIC OF KENYA

GOVERNMENT CHEMIST'S DEPARTMENT
P.O. BOX 81119-80100, Tel. 041-4470107/0717-323890
MOMBASA.
BACTERIOLOGICAL EXAMINATION OF WATER

Lab. Ref. No: BW/VOL.XXI/164/2015/157 Sender's Ref: 5

Time and date sample taken: 2.15 pm 17/03/2015

Time and date sample examined: 02,00 p.m. 18/03/2015

Taken By: Mohame Shee (PHO)

Authority: PHO - Kwale

Reason for sampling: community complaint (Bacteriological) (if water is suspected of causing ill health please say so)

Source of sample: water released to wet land (state if well, spring, stream or public supply)

Is it protected? No

If so how? (Is it completely covered, or sides only)

Is there a pump?

If so, how long has it been in use?

Has it been overhauled recently?

Exact site sample taken from: Down stream (whether from kitchen, taps, mains, cisterns etc.)

Are there any latrines or other sources of pollution?

If so, where?


Is it chlorinated supply? No

REPORT:

Total Coliform Count (MPN/ 100ml)	>2400
Faecal Coliform (E. Coli) count (MPN/ 100ml)	>2400
Total plate Count (37°C, 48Hrs)	
Strept. faecalis	

REMARKS:

The water is heavily contaminated with coliforms, chlorination is recommended before use.


Juma Mwabwagizo

GOVERNMENT ANALYST

Date: 1st April, 2015

/lm



REPUBLIC OF KENYA

MINISTRY OF HEALTH
GOVERNMENT CHEMIST'S DEPARTMENT
P. O. BOX 81119.TEL.041.4470107 or 0717-323890

REPORT ON CHEMICAL ANALYSIS OF WATER

Report Reference: WQ.1/VOL.1V/2015/266

Lab. Sample No.: 37/2015

Date Received: 18/03/2015

Sender: Public Health - Kwale

Source: **Vumbu Stream**

RESULTS

Colour: 15 Hazen Unit

Turbidity: 18.8 NTU

Deposit: Present

Odour: Unobjectionable

Taste: -

TYPE OF CHEMICAL ANALYSIS	PARTS PER MILLION(mg/L)	MAXIMUM LIMITS(PPM)
Free Carbon Dioxide	2	-
Free Saline Ammonia Nitrogen (N)	0.19	0.5
Phosphate PO_4^{3-}	0.14	2.2
Fluorides	0.31	1.5
Oxygen Absorbed, Four Hours 27°C	0.8	1
Alkalinity as $CaCO_3$.Phenolphthalein (Carbonate)	nil	-
Methyl Orange (Bicarbonate)	24	300
Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	24	300
Non-Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	32	-
Chloride (Cl^-)	28	250
Silica (SiO_2)	-	-
Heavy Metals (Fe, Pb, Cu)	Not Detected	1
Sodium (Na)	14	200
Potassium (K)	2	100
Calcium (Ca)	12.8	150
Magnesium (Mg)	5.76	100
Total Dissolved Solids, Residue dries at 180°C	160	1000
Electrical Conductivity at 25°C(Micro ohms/cm ³)	228	
pH	7.48	6.5-8.5

REMARKS:

The water requires filtration to remove deposits and turbidity. All other parameters comply with Kenya's Specifications KS05-459 for drinking water as per the parameters tested

C.H. Tumaini

GOVERNMENT ANALYST

Date: 20/03/2015
/lm





REPUBLIC OF KENYA

MINISTRY OF HEALTH
GOVERNMENT CHEMIST'S DEPARTMENT
P. O. BOX 81119.TEL.041.4470107 or 0717-323890

REPORT ON CHEMICAL ANALYSIS OF WATER

Report Reference: WQ.1/VOL.V/II/3

Lab. Sample No.: 40 /2015

Date Received: 18/3/2015

Sender Public Health - Kwale

Source: Released water (5) Down Stream

RESULTS

Colour: 15 Hazen Unit

Turbidity: 5.83 NTU

Deposit: present

Odour: Unobjectionable

Taste: -

TYPE OF CHEMICAL ANALYSIS	PARTS PER MILLION(mg/L)	MAXIMUM LIMITS(PPM)
Free Carbon Dioxide	4	-
Free Saline Ammonia Nitrogen (N)	0.25	0.5
Phosphate PO_4^{3-}	0.16	2.2
Fluorides	0.04	1.5
Oxygen Absorbed, Four Hours 27°C	0.8	1
Alkalinity as $CaCO_3$.Phenolphthalein (Carbonate)	Nil	-
Methyl Orange (Bicarbonate)	20	300
Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	36	300
Non-Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	nil	-
Chloride (Cl ⁻)	32	250
Silica (SiO ₂)	-	-
Heavy Metals (Fe, Pb, Cu)	Not Detected	1
Sodium (Na)	24	200
Potassium (K)	3	100
Calcium (Ca)	9.6	150
Magnesium (Mg)	2.52	100
Total Dissolved Solids, Residue dries at 180°C	145	1000
Electrical Conductivity at 25°C(Micro ohms/cm ³)	207	
pH	7.41	6.5-8.5

REMARKS:

The water is chemically within range as per parameters tested. Filtration is recommended before use.

C.H. Tumaini

C.H. Tumaini

GOVERNMENT ANALYST

Date: 24th March, 2015

/lm





REPUBLIC OF KENYA

MINISTRY OF HEALTH
GOVERNMENT CHEMIST'S DEPARTMENT
P. O. BOX 81119.TEL.041.4470107 or 0717-323890

REPORT ON CHEMICAL ANALYSIS OF WATER

Report Reference: WQ.1/VOL.V/II/1

Lab. Sample No.: 38 /2015

Date Received: 18/3/2015

Sender Public Health - Kwale

Source: **Mkurumdzi River**

RESULTS

Colour: 15 Hazen Unit

Turbidity: 7.33NTU

Deposit: present

Odour: Unobjectionable

Taste: -

TYPE OF CHEMICAL ANALYSIS	PARTS PER MILLION(mg/L)	MAXIMUM LIMITS(PPM)
Free Carbon Dioxide	4	-
Free Saline Ammonia Nitrogen (N)	0.01	0.5
Phosphate PO_4^{3-}	0.1	2.2
Fluorides	Nil	1.5
Oxygen Absorbed, Four Hours 27°C	0.8	1
Alkalinity as $CaCO_3$.Phenolphthalein (Carbonate)	Nil	-
Methyl Orange (Bicarbonate)	36	300
Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	44	300
Non-Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	Nil	-
Chloride (Cl ⁻)	20	250
Silica (SiO ₂)	-	-
Heavy Metals (Fe, Pb, Cu)	Not Detected	1
Sodium (Na)	29	200
Potassium (K)	4	100
Calcium (Ca)	11.2	150
Magnesium (Mg)	3.84	100
Total Dissolved Solids, Residue dries at 180°C	150	1000
Electrical Conductivity at 25°C(Micro ohms/cm ³)	202	
pH	7.56	6.5-8.5

REMARKS:

The water is chemically within range as per parameters tested. Filtration is recommended before use.

C.H. Tumaini

C.H. Tumaini
GOVERNMENT ANALYST

Date: 24th March, 2015

/lm



REPUBLIC OF KENYA

MINISTRY OF HEALTH
GOVERNMENT CHEMIST'S DEPARTMENT
P. O. BOX 81119, TEL. 041.4470107 or 0717-323890

REPORT ON CHEMICAL ANALYSIS OF WATER

Report Reference: WQ.1/VOL.V/II/2

Lab. Sample No.: 39 /2015

Date Received: 18/3/2015

Sender: Public Health - Kwale

Source: Stream - BTL (4D)

RESULTS

Colour: 15 Hazen Unit

Turbidity: 2.59NTU

Deposit: present

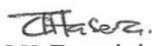
Odour: Unobjectionable

Taste: -

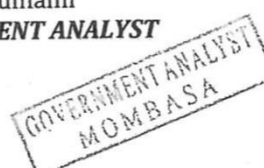
TYPE OF CHEMICAL ANALYSIS	PARTS PER MILLION(mg/L)	MAXIMUM LIMITS(PPM)
Free Carbon Dioxide	4	-
Free Saline Ammonia Nitrogen (N)	0.37	0.5
Phosphate PO_4^{3-}	0.34	2.2
Fluorides	0.08	1.5
Oxygen Absorbed, Four Hours $27^{\circ}C$	0.8	1
Alkalinity as $CaCO_3$. Phenolphthalein (Carbonate)	Nil	-
Methyl Orange (Bicarbonate)	12	300
Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	12	300
Non-Carbonate Hardness as Calcium Carbonate ($CaCO_3$)	24	-
Chloride (Cl^-)	40	250
Silica (SiO_2)	-	-
Heavy Metals (Fe, Pb, Cu)	Not Detected	1
Sodium (Na)	27	200
Potassium (K)	3	100
Calcium (Ca)	6.4	150
Magnesium (Mg)	4.8	100
Total Dissolved Solids, Residue dries at $180^{\circ}C$	100	1000
Electrical Conductivity at $25^{\circ}C$ (Micro ohms/cm ³)	140.9	
pH	7.04	6.5-8.5

REMARKS:

The water is chemically within range as per parameters tested. Filtration is recommended before use.


C.H. Tumaini
GOVERNMENT ANALYST

Date: 24th March, 2015
/lm



KWALE PUBLIC HEALTH OFFICE WATER QUALITY SAMPLING SITES



APPENDIX 4 – BWITI HOST SITE APPRECIATION LETTER

THE CHAIRMAN ,
HOST SITE COMMITTEE,
P.O Box 112-80404,
MSAMBWENI,
2nd May 2015

THE MANAGING DIRECTOR,
BASE RESOURCE LIMITED,
LEVEL 1 50 KINGS PARK ROAD,
WEST PERTH WA 6005,
P.O BOX 928,
WEST PERTH BC 6872,
AUSTRALIA.

Dear Sir,

RE: **APPRECIATION FOR THE DILIGENT WORK DONE BY THE
BASE TITANIUM LIMITED**

The host site committee has the pleasure to register its sincere appreciation to the entire Base Resources Ltd for its wonderful job done in this area (Bwiti) by its subsidiary company Base Titanium Limited. In brief, the host site committee is made up of farmers who paved way for the mining to take place (resettled farmers) and the host site farmers (the host). Thus the name Host Site Committee.

Through the Chairman, the host site committee is very happy due to done, ongoing and will be done projects by the Base Titanium Limited.

Due to good and enhanced relationship and maximum cooperative with BTL the committee highly appreciated and will continue appreciating the good and wonderful work done as follows:-

- a) Construction of up to standard flush toilets (Bwiti Primary School)
- b) Construction of dispensary and staff quarter at Bwiti.
- c) Rehabilitation of a wonderful social hall at Bwiti
- d) A drilled borehole at Bwiti
- e) Construction of a laboratory block for Kiruku Secondary School
- f) Construction of an Administration block at Kigombero Primary School.
- g) The ongoing installation of the Kigombero borehole

- h) The ongoing rehabilitation of about 5 feeder roads. Excellent work.
- i) Introduction of little sports programme in different schools. Well done!!
- j) Introduction of livelihood programmes to farmers
- k) Introduction of eradication of jiggers programme in the community and schools.
- l) Provision of bursary to different students
- m) Yet to commence drilling of Vwivwini borehole.

Since the mooring and completion of some of these projects the committee has observed the following:-

- a) Good image, recognition and sense of appreciation of the projects by the community towards BTL
- b) Enhanced good health to the community due to availability of healthy services and facilities brought near them.
- c) Enhanced different skills among the pupils due to introduction of little sports programme in schools.
- d) There will be clean, safe and viable water once the Kigombero borehole is completed. No more water problem.
- e) Due to livelihood programme, farmers will economically be sustained thus enhancing development
- f) Due to an ongoing rehabilitation of feeder roads this will open up more chances of development. i.e provision of electricity to various areas. No more wastage and perishing of cash crops due to improved feeder roads.
- g) Our children will have better learning environment in their schools due to jigger eradication and more so in their residences.
- h) Due to provision of bursary, an orphaned student by the name ALEXANDER BERNARD MUKELI managed to get a Mean Grade A in his form four exam KCSE last year and currently is working with the BTL awaiting to go to university. (Keep it up BTL)

The Committee wishes to put it clear that, these are not the only projects initiated by BTL. These are the projects within our vicinity. Many projects which we don't know have been carried out in other areas. (Good work appreciated!)

In addition to these the committee would like to highly appreciate the following personnel's effort who indeed carried out their work diligently by ensuring that the initiated projects got

completed within the given time frame. The committee wishes to honour the department of community and Environmental Affairs headed by Mr. Colins Forbes and his team as follows:-

Mr. Pius Kassim

Mr. Geoffrey Mwanja

Miss. Rose King'oo

Miss. Millicent Nduku

Mr. Jumadari Rashid

Miss Riziki Mnyenze

Mrs. Mwanarusi

As the Committee, would like and wish to comment that the above named team has created a good public relationship and would wish them to keep on spearheading the good image of the company.

Let the Base Resource and the Base Titanium equip them with Global knowledge and skills so that they can be mandated to spearhead the good image globally.

Last but not least the committee wishes to appreciate the good work done by the Mining Project Liaison Committee (MPLC) as it is a very important organ within the community and the Company.

May God bless the Base Resource and Base Titanium abundantly.

Long life BTL and BRL

The committee will appreciate your coming to witness the good projects carried out by the BTL.

Best regards

Chairman

Bernard Kioko



Secretary

Martin Muia.



APPENDIX 5 – EMPLOYMENT AND TRAINING

Employment System

Base's employment system is a key component of its overall philosophy designed to deliver on commitments to maximise employment opportunities and project benefits to local communities.

The recruitment procedure is designed for consistency and transparency in order to provide equity and build trust with the community, but without compromising on the need to meet job requirements. The purpose is to guide the recruitment process and provide a benchmark against which compliance can be measured.

The system complies with Kenyan employment legislation as well as international standards and guidelines comprising:

- [The Equator Principles](#);
- [International Finance Corporation Performance Standards](#);
- [The World Bank Group Environmental, Health and Safety Guidelines](#); and
- [International Labour Organisation standards as ratified by the Government of Kenya](#).

In order to give effect to the commitment to prioritise opportunities for local communities, Base implemented a concentric recruitment "fencing" system centred on the mining lease and progressing outwards through a series of increasingly distant zones. The system concept and design were determined in conjunction with project stakeholders and the fences are defined as follows:

- **Fence 1** – communities relocated from the mining lease.
- **Fence 2** – villages immediately surrounding the mining lease, the port facility in Likoni and the host resettlement site.
- **Fence 3** – localities and major centres neighbouring the project and Likoni.
- **Fence 4** – the remainder of Kwale County.
- **Fence 5** – the remainder of the Kenya coast.
- **Fence 6** – the remainder of Kenya.
- **Fence 7** – international.

Distribution of sourcing of Base employees and the changes achieved over the past 3½ years are summarised in **Table 1**.

Table 1: Source of Employees by Region

Manpower Source	Feb-14	Jun-17	Variance	% Variance
Kwale	135	409	274	203
Rest of Kenya	191	258	67	35
Expatriates	63	32	(31)	(49)
Total	389	699	310	80

The key achievements over this period are a reduction by half in the expatriate establishment and a substantial uptake of local residents. The rapid transition to Kenyans is attributed solely to the investment Base has made in skills development.

Skills Development

Base's commitment to provide a practical learning environment that ensures rapid transfer of skills to Kenyans is reflected by a budget of KES 70 million in the 2016/17 financial year alone – similar to commitments made in the previous three years. Investment in the skills development programmes, aimed at sustainable transitioning to Kenyan employees, also extends to providing external upskilling programmes – including apprenticeships, graduate learnerships, internships, practical courses for local secondary school pupils and community members. **Table 2** provides a summary of training statistics.

Table 2: Training Statistics

Positive Performance Indicators	FY 2015/16	FY 2016/17	Since Commencement
Base Employees X Courses Attended	5,510	6,795	24,962
Contractor Employees X Courses Attended	690	1,264	5,360
Community Members X Courses Attended	1,050	2,205	41,549
External Persons* X Courses Attended	986	850	3,670
Total Courses Delivered	634	648	2,145
Total Training Hours	34,170	56,355	205,226

* Graduate programme, attachments and apprenticeships

Kenyan/Expatriate Distribution in Professional Roles

Tables 3 and **4** compare distributions of positions, February 2014 to June 2017, in the Management, Senior Professional and Professional/Trades categories between Kenyans and expatriates.

Table 3: Distribution of Kenyan and Expatriates in Skilled Roles in February 2014

Job Categories	Kenyans	Expatriates	Total	% Kenyan
Management	2	12	14	14%
Senior Professionals	6	15	21	29%
Professionals/Trades	46	36	82	56%
Totals	54	63	117	46%

Table 4: Distribution of Kenyan and Expatriates in Skilled Roles in June 2017

Job Categories	Kenyans	Expatriates	Total	% Kenyan
Management	5	9	14	36%
Senior Professionals	14	9	23	61%
Professionals/Trades	90	14	104	87%
Totals	109	32	141	77%