

County watch:

Kwale's trillion-shilling hangover after the mining boom

The coastal devolve unit must be intentional if it wants to be an industrial leader or just a very well-rehabilitated ghost town



by Edgar Mulei
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If you want to understand the Resource Curse in miniature, do not look at oil-rich Gulf states or the diamond mines of the Congo. Just take a short drive south from Mombasa into Kwale County. It is a place of breathtaking coastal beauty and, increasingly, breathtaking fiscal irony.

For over a decade, Kwale was the silent giant of the Kenyan coast. It played host to Base Titanium, a flagship project that, at its peak, accounted for a staggering 65 per cent of Kenya's entire mineral output. It was the poster child for industrial mining in East Africa.

The royalties were steady; the jobs were real; and for the county government, the Titanium Check provided a comfortable fiscal blanket. It was easy to look at the numbers and assume Kwale was an economic success story. But mining is, by definition, an act of depletion.

In December 2024, the massive excavators finally went silent. By early 2025, the last bulk shipments of ilmenite and rutile had left the port. Today, the machines are gone. The land is being replanted. And Kwale is facing the ultimate 'Morning After' hangover. The blanket has been pulled away, and the county is shivering in the cold reality of its own administrative incompetence.

Extraction trap

The problem with having a massive, high-performing taxpayer like Base Titanium is that it makes everyone else lazy. In economics, this is a version of Dutch Disease. When one massive sector provides the bulk of your industrial identity, you stop worrying about the small stuff. You stop worrying about whether the luxury hotels in Diani are paying their fair share of land rates. You stop worrying about whether your own tax collectors are actually doing their jobs. You simply wait for the big check from the big mine.

The data from the 2026 Kwale County Fiscal Strategy Paper, published just last month, is a punch in the gut. By the end of December last year, the halfway point of the current fiscal year, the county had collected a measly Ksh 180.7 million in local revenue. Their own target for that period was Ksh 886 million.

That is not just a normal miss. That is a 79.6 per cent shortfall. While the national economy is trying to find its feet with a 5 per cent growth rate, Kwale's internal revenue machinery is operating at barely 20 per cent efficiency. For years, the county bureaucrats let the mining sector carry the weight. Now that the mine has closed, it turns out that when you spend a decade as a passive recipient of wealth, you forget how to be an active collector of it.

The billion-shilling

However, there is a blunt instrument sitting on the table. It is a one-time-only lottery win that could either save the county or simply prolong its decline.

For nearly a decade, mineral royalties have been accumulating in a frozen account at the National Treasury. The money was there, but the regulations to release it were missing. That changed in January this year; the Mining Cabinet Secretary finally signed the framework to unlock this vault.

For the local communities in Kwale, there is a pot of

gold worth Ksh 900 million waiting to be disbursed. If you include the county government's own 20 per cent share, the total accumulated windfall is closer to Ksh 1.7 billion. There is the Lead Domino.

Kwale's entire development budget for the next year is roughly Ksh 3.66 billion. This royalty windfall represents an immediate, liquid injection equal to nearly half of the county's entire building power. It is the kind of capital injection most counties would dream of. But in Kwale, it comes at the exact moment the county is most vulnerable.

Here is the danger though. When a county misses its revenue targets by 80 per cent, the temptation to raiding the seed corn becomes irresistible. Kwale's wage bill is currently sitting at 34.8 per cent. That is just a hair's breadth below the legal 35 per cent limit set by the Public Finance Management Act.

If the revenue shortfall continues, and there is no reason to think it won't, given the current performance, the county will be forced to use its development royalties just to keep the payroll from bouncing. You cannot build an industrial future if you are using your lottery winnings to pay for the morning tea of the staff who failed to collect the taxes in the first place.

The agribusiness pivot

The real move here isn't to spend that Ksh 900 million on more administrative offices or benchmarking trips to Dubai. It is to fund the Post-Mining Land Use roadmap that was launched alongside the royalty regulations.

Base Titanium handed over world-class infrastructure. They left behind the Mukurumudzi Dam and a robust network of roads and power lines. Using those royalties to seed an Agribusiness Special Economic Zone on the rehabilitated land is the only logical path forward.

If Kwale can transition from being a pit in the ground to being the pantry of the coast, it can replace the lost titanium revenue forever. If it can turn that rehabilitated grass into high-value export crops, chilled for the European market or processed for the region, it stops being a junior partner to Mombasa. It becomes an economic sovereign.

The Ksh8 trillion ghost

Of course, there is always the temptation to look for the next big score. The political air in Kwale is currently thick with talk of Mrima Hills. The rare earth and niobium deposits there are valued at an astronomical Ksh 8 trillion. It is a figure so large it almost ceases to have meaning. It is the winning lottery ticket that every superpower, from Washington to Beijing, wants to cash.

But as of now, the Resource Federalism fight is in full swing. The ministry has confirmed that over ten bids are on the table, but the county leadership is standing firm on local consent. There are no licenses. There is only gridlock, sacred forests, and a community that is rightfully bitter about the decade it took to see a single cent of the last mine's royalties.

We must be clear, Mrima Hills is a maybe for the 2030s. The Ksh 900 million royalty check is a now for 2026.

The verdict

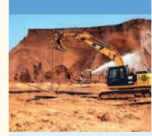
Kwale is at a crossroads. It can continue to be a county of potential, a place that sits on trillions in the ground while its actual bank account is empty. Or, it can pull the lever. It can take that royalty windfall, fix its 80 per cent revenue leak, and build an economy that doesn't rely on the permission of a foreign mining firm. The machines have gone silent. The 'Morning After' has arrived. It is time for Kwale to decide if it wants to be an industrial leader or just a very well-rehabilitated ghost town.

The writer is a mechanical engineer and co-founder at Humanity Amplified AI Inc.

Dec 2024



The year when the massive excavators finally went silent.



20%

The percentage efficiency at which Kwale's internal revenue machinery is operating at



An aerial view of Shimoni port in Kwale County. The county should decide if it wants to be an industrial leader or just a very well-rehabilitated ghost town. SHABANI OMAR