UNIVERSITY OF NAIROBI

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OIL AND GAS, STATE-SOCIETY RELATIONS AND THE ROLE OF INTERNATIONAL ACTORS: A CASE STUDY OF THE KENYAN STATE AND THE NORTHERN PART OF KENYA.

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DECLARATION

I, Mogaka Mokobi Dismas hereby declare that this research project is my original work and has not been submitted for a degree in any other University.

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This project has been submitted for examination with my approval as University Supervisor;

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I am grateful for the relentless assistance received from my immediate supervisor and classmates in the completion of this thesis.

DEDICATION

This research is dedicated to my parents and friends for their moral support during the course of study. I wish you all blessings.

ABSTRACT

Turkana oil discovery shows possible economic gains and experiences of stability and less dependence on aid. However, exploitation of this resource presents Kenya with formidable challenges due to weak institutions, lack of public participation, poor communication, and unskilled labor in the oil industry. Absence of crucial policies, poor organizational structures and governance system, are indicators that will affect all activities leading to unsustainable actions at both the national and community levels. This could give birth to more disastrous results like civil strife, sabotage of oil dealing and the resource curse phenomenon. This is more problematic given the history of the area where resources are central to livelihoods while the problematic state-society relation, owing to years of marginalization complicates issues. This research therefore looked at the shifting energy sector dynamics and how these changes state-society relations, with the focus on the north. Five years ago, Kenya discovered oil in Turkana thus introducing it to the complex role oil is playing in other countries in the world. Oil rich countries have experienced a wave of social, political and economic instability an issue that is of great concern to the government and the general public. A qualitative method of data collection was used with an aim of providing in-depth understanding of the social world of the research population.

The research finds that the extraction of natural resource features dispossession of land from the local communities and it all stands at the center of extraction related conflicts in occurring regions. In Turkana given that pastoralism is their main occupation and strongly depend on land, industrial activities related to oil directly affect their livelihood. In particular, change of migration routes due to construction of fences, reduced land for grazing, and environment pollution. In addition, the need to move away from these sites has forced the locals

to move to borders of the West Pokot, Samburu and Baringo counties all of which pose a potential conflict caused due to cattle rustling and border raids. However, the view and vision of the national government is that the discovery will serve as an alternative source of income with hopes of change of lifestyle for the community. The extraction of oil is presumed to bring new markets for the livestock with benefits accruing from better infrastructure that will open the area.

ABBREVIATIONS

ALRMP	-	Arid Land Resource Management Project
AOI	-	Area of Interest
BSA	-	Benefit Sharing Agreement
DfID	-	Department for International Development
EITI	-	Extractive Industries Transparency Initiative
EI	-	Extractive Industry
ERC	-	Energy Regulatory Commission
FoLT	-	Friends of Lake Turkana
GDP	-	Gross Domestic Product
GDC	-	Geothermal Development Company
IBAs	-	Impact Benefit Agreement
IRMA	-	Initiative for Responsible Mining Assurance
IPPs	-	Independent Power Production
JVCs	-	Joint Venture Contracts
KCSPOG	-	Kenya Civil Society Platform on Oil and Gas
KEPTAP	-	Kenya Petroleum Technical Assistance Project
KenGen	-	Kenya Electricity Generating Company
Ketraco	-	Kenya Electricity Transmission Company
KEIDP	-	Kenya Extractive Industry Development Programme
KPLC	-	Kenya Power and Lighting Company
KPRL	-	Kenya Petroleum Refineries Limited
KPC	-	Kenya Pipeline Company

Lapsset	-	Lamu Port South Sudan Ethiopia Transport Corridor
MEND	-	Movement of the Emancipation of the Niger Delta
NDPVT	-	Niger Delta Peoples Volunteer Force
NDDC	-	Niger Delta Development Commission
NOCK	-	National Oil Corporation of Kenya
MoEP	-	Ministry of Energy and Petroleum
OMPADEC	-	Oil and Mineral Development Commission
OPEC	-	Organization of Petroleum Exporting Countries
PPA	-	Power Purchasing Agreement
REA	-	Rural Electrification Authority
TCC	-	Turkana County Council
TCG	-	Turkana County Government
UN	-	United Nations
WB	-	World Bank
WBG	-	World Bank Group

LIST OF FIGURES

Figure 2.4.2: Policy Making Implementation Institutions……………………….....……52

Figure 2.6.1: Independent Power Producers…………………………………………....60

TABLE OF CONTENTS

DECLARATION i
ACKNOWLEDGEMENT ii
ABSTRACT iv
ABBREVIATIONS vi
LIST OF FIGURES viii
TABLE OF CONTENTS ix
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background to the study 1
1.2 Problem Statement 3
1.3 Justification of the study 4
1.4 Objectives 5
1.5 Research Questions 5
1.6 Literature review. 5
1.6.1 Oil and Gas (Petroleum) 5
1.6.2 The history of Oil and Gas. 6
1.6.3 The Concept of State-Society Relation. 9
1.6.4 The place of Oil and Gas in shifting relations 10
1.6.5 Oil and Gas in Africa 23
1.7 Gaps in the literature review 27
1.8 Theoretical framework. 28
1.9 Methodology 32
1.9.1 Scope 33
1.9.2 Sample size 34

1.9.3 Data analysis and presentation. 35
1.9.4 Ethical considerations 35
1.10 Thesis outline 35
CHAPTER TWO 37
SHIFTS IN THE ENERGY SECTOR AND THEIR IMPACT ON THE STATE SOCIETY RELATION 37
2.1 Introduction 37
2.2 Traditional sources of energy in Kenya 38
2.2.1 Biomass 38
2.2.2 Portable generators. 39
2.2.3 Hydro Power 39
2.2.4 Thermal Generators 40
2.3 Renewable Green Sources 41
2.3.1 Geothermal. 41
2.3.2 Natural Gas 42
2.3.3 Co-generation 43
2.4 Shifts towards Petroleum exploration and drilling and other controversial projects 44
2.4.1 Coal 44
2.4.2 Wind Energy 44
2.4.3 Solar Energy 45
2.4.4 Oil exploration and drilling 46
2.5 Emerging Policy, Legal and Institutional Framework 46
2.5.1 Energy Policies and Legal Framework 47
2.5.1.1 Kenya Vision 2030 47
2.5.1.2 Sessional Paper No. 4 on Energy May 2004 48

2.5.1.3 Energy Act of 2006 50

2.5.1.4 Rural Electrification Master Plan 50

2.5.1.5 Feed-in Tariff (FiT Policy) 50

2.5.2 Institutional Framework 51

2.6 Major Players in Energy Sector in Kenya 52

2.6.1 Ministry of Energy and Petroleum (MoEP) 52

2.6.2 Energy Regulatory Commission (ERC) 53

2.6.3 The Energy Tribunal 53

2.6.4 Rural Electrification Authority (REA) 53

2.6.5 Kenya Electricity Generating Company (KenGen) 54

2.6.6 Kenya Power and Lighting Company (KPLC) 55

2.6.7 Kenya Electricity Transmission Company (Ketraco) 55

2.6.8 Geothermal Development Company (GDC). 56

2.6.9 Kenya Pipeline Company. (KPC) 56

2.6.10 National Oil Corporation of Kenya (NOCK) 58

2.6.11 County governments 58

2.6.12 Independent Power Producer (IPPs) 59

2.7 Conclusion 60

CHAPTER THREE 62

THE STATE AND NORTH OF KENYA AND THE ROLE OF NATURAL RESOURCES IN THE REGION 62

3.1 Introduction 62

3.2 Development Status in North of Kenya 62

3.2.1 Key features of the North of Kenya 63

3.3 The Relation between the State and the North of Kenya 66

3.3.1 Colonial evolution of the North of Kenya: 66

3.3.2 The post-colonial evolution of the North and Shifta Conflict 68

3.3.3 The Aftermath of Shifta Conflict 69

3.3.4 Response to the North of Kenya insecurity 70

3.4 The North of Kenya Marginalization 71

3.5 Government's efforts in the North 74

3.6 The role resources have played in the North of Kenya, and in the state-society relations. 75

3.6.1 Insecurity in the North of Kenya 75

3.6.2 The state and the community: role of resources in the north 76

3.7 Conclusion 81

CHAPTER FOUR 83

AN ANALYSIS OF OIL AND ITS IMPACT ON KENYA'S CHANGING STATE-SOCIETY RELATION AND THE ROLE OF INTERNATIONAL ACTORS. 83

4.1 Introduction 83

4.2 History and discovery of oil in Turkana 83

4.3 Tullow Oil and the State Agreements 87

4.4 Emerging Local relationships 90

4.4.1 Tullow and the Turkana County Government 93

4.4.2 Tullow Oil and Turkana Communities 95

4.4.3 Civil Society helping the Community and Tullow Oil 98

4.5 The International Actors Role 100

4.6 How is the presence of oil changing local communities, local government versus national government relations? 101

4.7 Conclusion 104

CHAPTER FIVE 106

SUMMARY, CONCLUSION AND RECOMMENDATIONS 106

5.1 Introduction 106

5.2 Answering the research questions 106

5.3 Conclusion 109

5.4 Recommendations 111

5.4.1 Release of Contracts and Agreements to the public 111

5.4.2 Speedy legislation and implementation of the Petroleum Bill 111

5.4.3 Both the Government and Tullow Company to Employ a Comprehensive Communication Structure 112

5.4.4 Extractive Industries Transparency Initiative (EITI) Compliant 112

5.4.5 Building Capacity 112

5.4.6 The County to engage itself in Oil Industry 112

5.4.7 Integrity of County Leaders 112

5.4.8 Presence of Senior Tullow staff 113

5.4.10 Re introduction of the Radio pilot project 113

Bibliography 114

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Oil and gas has stood to be an important income earner to host countries despite the challenges the industry faces. Conflict as a result of the negative impacts attributed by environmental damages like pollution and societal conflict have taken center stage and need to be addressed. Of great concern though, is the delicate act of balance and role the government is playing as the owner of the resource and main actor in the industry in regard to the partners and community expectations of the resource. Challenges ranging from community versus government relation, resource income distribution and management possible climatic changes have all featured in the discovery thus calling for attention and redress to maintain the huge importance the sector has to the world economy.

Oil and gas sector has also attracted various international actors and players who have collaborated in advancing its technology and minimize the risks involved in resource exploration. These too however have run into problems with local communities and their expectations.

African oil producing countries, where oil and gas is a resource have had both positive and negative impacts on key three pillars: social, economic, and political development. What is illustrated in these countries is sour relationship between the state and her people. Despite the indication of resource abundance the society has experienced little or lower economic growth than other parts where such resource do not exist.

Events like political upheavals, unsupportive state structures, insecurity, and land ownership conflicts are among the challenges for these states to progress in oil and gas exploration.

Through the involvement of international players incidents and accusations of corrupt practices have been evident. Corrupt scandals in terms of money issuance, vested interest involvement, and financial contribution towards political parties' campaigns in return of favors relating to governance are common in the oil and gas industry. In very few cases like Libya oil has generated gains for people's everyday life.

The state therefore, has a role in ensuring clear terms and guidelines of engagement are set among involved parties to seal any loop holes in activities that emerge in these kind of venture. As illustrated in other areas the set guides would and need to look into promoting a sustained human development and also exercise responsibility in the effects of their activities to the environment and humanity. This guide should be clearly articulated to give the communities a vivid picture of the operations to avoid conflict in the region. The policies and laws formulation will therefore govern the community's right to oil, protect the environment and also discourage the ills that come up with the extraction of oil and gas for instance bribery and corruption.

Featuring the above experiences we may therefore question Kenya's readiness to overcome the common effects of the "resource curse"? North Eastern provides an ideal location to ascertain the relationship of the state and the society examining the shifting dynamics in this venture of oil and gas resource in Kenya.

The Northern part of Kenya's economy is characterized by animal rearing and keeping. Pastoralism mainly stands as the sole activity of generating income to the people of this area.

This includes cattle, goats and sheep. Livestock products like meat, milk and animal skin has sustained the domestic informal markets and also gained access to other markets like supply of animals for meat to Kenya Meat Commission. Another sector that has enhanced the economy of the region is fishing in Lake Turkana. Though done in small scale, technology has limited the scale of production. The unfavorable climate coupled with famine has greatly contributed to the abject poverty in the area and minimal or no development. Reliance on animal rearing and keeping as the only activity and sole generator of income in the community more often than not has exposed the area and its people to serious risks of drought and famine always characterized by deaths, displacements, and tribal conflicts.

It is of great value to consider the fact that activities of livestock keeping have not consistently sustained the Northern part of Kenya for long no remarkable role has been witnessed to the development progress of the area. Oil discovery therefore poses new dynamics in the area. Even though the fortunes of oil and gas are accompanied by blessings and curses to the society it is a relief. However, there is need for substantial room for human agency both in catalyzing and correcting its effects.

1.2 Problem Statement

Despite the evident resource abundance, political and economic problems undermine the development of the Northern region of Kenya. Some argue (including natives' claims) that lack of consultation and their questions on the benefits of oil exploration among other things needs a keen consideration.

State-society disjointedness is another problem that has characterized the north leading some to argue that through the profits gained, the ruling elites may keep away from the people to position themselves to gain more from the oil and gas proceeds a trait that may introduce dictatorship and threaten democracy, threatening the existence of the Kenyan state as we know it. In some cases, experience elsewhere has actually shown the oil and gas arena of contested state in the traditional Weberian sense.

What is at stake on the discovery of oil and gas in the North of Kenya, will Kenya avoid the resource curse? How will Kenya work to strengthen its institutions, ensure effective checks and balances are in place? Corruption being rife in such an industry, will the state stand above doubt by having a transparent and unbiased governance structure well equipped with policies and institutions to foster progress of the sector or will the negative factors contribute to more corruption and social divisions which may turn to be key drivers for conflict? These are some of the questions that linger as far as this sector is concerned.

However, of more relevance is the fact that the Turkana people for long have considered themselves a marginalized people, their area having limited development in terms of infrastructure, social amenities and an area featured by insecurity to the population. There has always existed an internal (within the state) problematic-state society relation. How is the discovery of oil changing or shifting the state-society relation. Particularly, how does the entry of international actors work in this relation?

1.3 Justification of the study

The topic of study will greatly be an additive to the existing knowledge in the oil sector in Kenya mainly focusing on the state-society-international actors' relationship. More importantly, the study will promote a keenly observed policy formulation that will ensure equity and peaceful interrelationship among stakeholders' in the industry to guarantee growth and development in areas endowed with natural resource.

1.4 Objectives

The main objective of the study is to investigate the shifting energy sector dynamics and how these changes state-society relations, a case study of the discovery of oil and gas resource in the Northern of Kenya.

Specific objectives are;

1. To examine shifts in the energy sector in Kenya
2. To investigate emerging policy and institutional developments in this sector, and their impact on the state society relation.
3. To assess how the discovery of new energy has impacted the changing state – society relations.
4. To investigate how the presence and the role of international actors shape the already problematic state society relations.

1.5 Research Questions

1. How has shift in the energy sector in Kenya affected emerging policy and institutional developments?
2. How has the state- society relations changed in Northern Kenya in relation to oil and gas discovery?
3. What role do international actors play in these dynamics?

1.6 Literature review.

1.6.1 Oil and Gas (Petroleum)

The word petroleum originated from the Greek people meaning “rock (petra) and oleum (oil)” and defined as a yellow or black in colour liquid that occurs naturally in a geological form under the earth's surface, this liquid is further processed to obtain other refined products of fuel. The hydrocarbons present in the fuel due to their different organic composition and molecular weight they are separated into different fuels using a technique known as fractional distillation giving each product different properties. Petroleum forms itself from dead organisms underneath the sediment rocks under the sea, ocean or land. When they are subjected to intense heat a liquid in form of petrol is formed.

Many oil discoveries have been made through oil exploration after geological, sedimentary basin analysis and reservoir characterization has been done. This has resulted to a range of petroleum products with a wide functionality for instance plastic and pharmaceutical manufacturing.

However, the negative environmental effect of oil to the society due to its increased usage in the world is worrying. Its non-renewable form leaves back a gap that will never be filled, land excavations and displacing people from mining areas are concerns that need redress. The environmental damages through oil spills and a range of pollutants have played a major role in global warming.

1.6.2 The history of Oil and Gas.

It is believed that oil industry started in the year 1859 in the USA in a state called Pennsylvania, Titusville in the late 1850s. This was prompted by pioneers Colonel Edwin L. Drake and George Bisell activities to extract rock oil from the ground that struck oil and transformed the state into a boomtown. It is through the extraction that Benjamin Silliman came up with techniques and processes of refining oil to more user friendly flammable liquid that was termed as kerosene. Their efforts realized extended working hours by use of lamps. The industry got more attraction by getting other players emerging for different contributions for instance Jon

D Rockefeller who developed successful business models of the oil sector by utilizing technology and commercialization of the industry through his company the Standard Oil Company in Cleveland, Ohio in 1865. Oil transport network like building of pipelines to transport oil to serve other markets[1] was done by the company.

As the US kept her steps forward, Russia was also quickly developing her own industry in Caucasus region in 1873 supported by the Swedish Investor Ludwig Nobel and his brother who together they established a first efficient tanker ship in 1884 which had a massive impact on establishing a storage and transportation facility for oil.

While the Americans and Russians were leading the way of developing the oil industry, A Briton from London Marcus Samuel, was busy establishing a business model with the Far Eastern networks to ship kerosene to other continents in the world. His partnership with Rothschild family from France in 1891 met their goal by shipping oil from Russia through Suez Canal to Asia countries like Hong Kong. Their partnership could later see an amalgamation with the Royal Dutch to become the successful Royal Dutch/Shell Company to extend its oil business and activities in the world. In the year 1905 Joseph Djugashvil revolutionized the oil industry through a workers rebellion in Russia that disrupted oil forcing the companies to look East to source for Oil[2].

In the 20th Century emergence of the Middle East was eminent through exploration ventures launched in Persia to be known later as Iran. Early agreements formed between the founder of the Reuters news agency Baron Julius de Reuter’s and the Persians in 1872 were among the first ventures to oil exploration but later the agreement was dissolved due to

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[1] http://www.petroleumhistory.ca/ 7. History of American Oil Industry
[2] http://www.petroleumhistory.ca/ 7. History of American Oil Industry

opposition within Iran and the Republic of Russia. Later in 1901, through the pressure of the Russians advancing south, the British capitalist William Knox D' Arcy made a concession stick.

Oil activities were on progress in the southwestern Iran and with continued exploration ventures a new oil field was found at an area called Masjed Soleyman in the year 1908. Construction of the refinery made it easy after three years for oil to be piped and stored at this refinery. The importance of the industry in Iran had an instant impact on demand, not just by the United Kingdom, who were looking for a steady supplier of oil for their military, but also in the rest of the European countries as well. These led to a brief crisis between the British, German, and Turkey in managing of the pipeline during the war. Another important role of the war increased advances in searching for more oil to meet the supply and demand of parties to the war. In 1927 the Mosul region out of the search bore fruits by oil discovery at Baba Gargur in Iran to add more to the number of oil wells discovered in Iran.

More oil discoveries spread through other Asian countries turning the desert area into anew oil resource hub leading on supplying oil to the whole world. Gulf nations like Bahrain, Saudi Arabia, Kuwait, Qatar, Abu Dhabi, Dubai and Oman by 1970 representing a more than 25 per cent of oil supplied in the world. Respectively by 1960 the smaller Gulf states (Abu Dhabi, Oman. Dubai, Qatar and Bahrain) were producing slightly lower world's oil, compared to Iraq and Iran contributing who were the leading in the world. Significantly by 1970 this had risen to 30 percent of the total oil supplied in the world. Different experiences of oil discovery in the Asian countries has different understanding prompting views and stories from the good and the bad. Its contribution and importance is varied with all countries impacted differently. For some it has been a success story to the western countries and not the host nations. Large percentages of revenue collected are invested back at the western nations markets as well buying of required technology, knowledge and skill for their oil industry.

For others, it is a story not pleasing to their ears as their lives were disrupted with the introduction of "security prisons and exploitative local administrative officials[3]. For others, it is a success story, wherein the smaller nation-states of the Gulf learn to challenge the dominance of Western oil companies to strike a balance and limit oppression and dependence to aid from such western nations". As illustrated by the push of western countries for Asian nations to surrender control over this vital resources of the nation.

1.6.3 The Concept of State-Society Relation.

According to the Department for International Development in the United Kingdom, State-Society relation is "the interactions between state institutions and societal groups to negotiate how public authority is exercised and how it can be influenced by people[4]". This is characterized by key issues on mutual rights and state obligations to the society, negotiating how public resources should be allocated and establishing different modes of representation and accountability.

The government works together with the society through all arms of state. These arms derive their legitimacy by interacting with citizens and civil society.

A citizen according to google search engine is defined as "a legally recognized subject or national of a state or common wealth either native or naturalized". On the other hand, the Citizenship Development Research Centre views a citizen as "someone with rights, aspirations and responsibilities to others in the community and to the state". Citizenship then qualifies people to state privileges like choosing leaders through voting to serve in government office and

[3] Arab novelist Abd al-Rahman Munif,
[4] Department for International Development, United Kingdom 2010

access social amenities like education, health, owning business, land and security of freedom of movement.

State society relations greatly relay on political systems and structures. States characterized by instability and conflict prone, patronage and lack of accountability relations are experienced.

Leaders and political class people benefiting from corrupt deals and fraudulent income from natural resource and criminal acts are known to lose touch with their people and form weak authorities that exclude citizen participation.

State-society relation pays more attention to supporting the society and citizens, participation in holding the leaders accountable and introducing responsibility.

The concept of State society relations therefore lays emphasis on understanding society. It explores an evolution of a relationship between the society, the state and forces in society, how they share power and responsibilities. Such an approach is modelled through representation, for instance, gender and marginalization.

1.6.4 The place of Oil and Gas in shifting relations

From the history of World War I oil was widely used as a weapon, serving as a source of funding to finance international terror and due to the richness bound to be accompanied by it dictatorship governments could emerge posing a social threat to its people. In addition, oil pollution has been ranked the leading in global warming and a high influence in world environmental degradation. Nevertheless, one other aspect that has attracted the attention of the world diplomacy and international intervention is the “resource curse” associated to this resource. Citizens in countries with oil have been classed as extravagant, spending a lot of money in material possessions and the most unequal society. Their population is made up of extremes; rich and poor bringing about an imbalance in the society. The slow economic growth of the economies of these countries is an indicator of how low the oil business as contributed to their prosperity: “All in all I wish we had discovered water”[5]. Overseas investments, and money deposits in foreign banks is a common thing with these countries. The form of oil field ownership is associated with families who have created dynasties and kingdoms for their own benefits controlling the state parastatals and statesmanship prone to dictatorship way of rule supported by different groups with interest in the oil resource. Governments represented by dictatorship governance loose the servant ship demeanor by bestowing the role to citizen instead, by serving their leaders. World intervention has not been successful in changing the order since more instability has occurred in the event. For instance intervention in Libya and Iraq has not yet brought the expected economic, political and social stability to their troubled peace even after the deaths of their leaders.

Where much of the attention has been shifted in terms of studies and research is to find out whether “oil is a Capital or Curse?” Recent years show different experiences on oil leaving a wide gap for more research to be done so as to preempt the real picture of the oil mineral. Examples drawn from other minerals like gold mining indicates that resource abundance is linked to political instability and conflicts leading to war. As people fight for possession of such valuable resources it is conflict prone due to the high rate at which one is meant to grow economically. The unevenness brings both spirits of capital and curse. Though to the first world, states like the United States it is a reverse and abundance to them is a great opportunity for them in line with top most governance structures and management of available resources benefitting the citizens and the state leadership who with that gain public confidence. “Officials to buy public support and build patronage networks”

[5] Saudi one-time minister of oil, Zaki Yemani

According to Mahdavy oil income could likely foster industrial development and inject enough revenue for the government and its economic agenda but the same could lead to "socio-political stagnation and inertia," the unguided mismatch of sharing revenue generated and the diminishing down of the political structure and governance changes.[6] Later Mahdavy's work could be amplified to create insights on economic and foreign policy development as a result of focusing on improved relations internally and externally. Even though Mahdavy did not focus much on governance issues he gave emphasis on collection and sharing of oil revenue, properly utilizing the income obtained in meeting development goals. Introduction of subsidies, taxes and handouts will jointly form a strong working relation between the leaders and citizens[7].

According to arguments of Jill Crystal and Kiren Chaudhry a comparison between Saudi Arabia and Kuwait indicate that before the oil exploration, pluralism economies were embraced with ruling class collecting revenue from their people. Irrespective of your daily activity this type of system required all to remit revenue to the royal families. Pluralism stopped when oil was found as the government changed the source of its revenue to oil. Oil proved to be an accelerator of development as its demand grew worldwide with host countries enjoying profits of the proceeds. However, the challenge is for the government to ensure sufficient development that will sustain the region after depletion of the resource. As emphasized by Chaundhry continuous construction of domestic politics and institutions will come in handy to support the production and price stability of oil in the market hence avoiding the frequent price fluctuations that may affect the economy[8]. A more understanding of the oil revenue use could be got by paying attention to the Arab countries.

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[6] Ibid. 12 Hossein Mahdavy
[7] "Allocation vs. Production States: A Theoretical Framework,"
[8] Hossein Mahdavy, "The Patterns and Problems of Economic Development in Rentier States: The Case of Iran

For example, rich Arab nations are known for keeping their financial surpluses in the western countries, countries like the United States and Europe. This has strengthened the financial muscles of these countries who have committed the use of the finances of the Arabs in searching for other environmental friendly energy sources. Promotion of greater Arab nation development has been persuaded so as to have and realize economic development and growth as they avoid misuse of the revenue earned from oil[9]. The relation of oil and politics is inseparable with the government at liberty to choose its sources of revenue. On his argument Giacomo makes it clear by giving a distinction of allocation to be a single source of revenue to the government whereas production brings in revenue from many different economic activities.

In allocation, the government on receiving oil royalties is free to distribute the resources to the nation population as it deems right to the authority. In production, revenue is to be collected from the working people who should partner with the government by bargaining tax rates on their production. This gives a different view of looking at oil not as a curse with countries like Iraq and Iran making steps towards allocation after trading along on production long enough to mature to a more equitable way of sharing the oil royalties to all its population. The migration to the state of allocation gained popularity due to more controls of oil prices and sharp increases of oil prices since the early years of 1970.

Most Middle Eastern countries, oil arrival coincided with the inception and development of modern cities and states.[10] Due to these, they experienced both their growth and oil wealth at the same time, in a coexistence relationship that makes it depend on one another making the other not to be without the other a relationship we may refer as symbiotic. This is observed in the Gulf States who stuck at the existing laws and rules of their states hence reinforcing them with

[9] Nadar Fergany, Wasted Resources, published by the Center in 1980.
[10] "Allocation vs. Production States: A Theoretical Framework," in Giacomo Luciani,

strong systems that serve their interests best; they held together opportunities, privileges and monopolies that would yield more economic growth to their people and society.

As observed by Luciani, state politics welcomed allocation to production due to sole rights of allocating oil revenue to the people and country machination. This revenue would also be used in running foreign affairs issues “buying” favours and protection from the best of the countries they would prefer. Oil in a large scale has contributed to the wellbeing of the various countries and no reason at all to attribute lack to it. Neither is the west to blame for it has through different organizations positioned itself to gain from the oil proceeds by providing the required support to flourish in oil harvesting.

However, as competition for resources rapidly grows the population is dominated by individualization and contributions from organizations also are attached with vested interests to their countries of origin. Participation of such organizations divides the society by introducing lifestyle that no longer acknowledges communal partnership so as to find partners who would assist them drain the revenue of the resource at the expense of the people. As suggested by Luciani leaders who are prone to fail in their leadership reign are those who are not able to fully take advantage of income from oil mineral to protect its citizens from external forces and also plan on the success of its society in general. The incapacity to protect your people invites huge criticism and ridicule more so when you seek protection from other nations at a higher cost than the one you could have used to invest in your country.

The latest development of political systems in Kuwait, the Shura establishment in Saudi Arabia is a demonstration of openness of the country in establishing an all-inclusive administration of the set institutions. The resource relationship in “production” represents complexity. Little was collected to have any impact to the countries development and political support of the sector. A significant contribution though about production, countries realized modernization and civilization from civil organizations and trade unions. In the 1970s, change was introduced as Iraq led by Saddam Hussein and Iran led by the Supreme Leader Ayatollah Khomeini introduced politics of control of oil resource. High proceeds and revenue contributed from oil enticed the two nations to borrow a leaf from their Gulf friends of allocation to replicate the sudden change of developmental in the areas.

The set vision did not go any further as the two leaders regimes ended through death hence welcoming new tussles of war in their regions on who controls the world leading oil suppliers' oil fields. Different interested groups and political forces played part at all levels of state operations to ensure they have a say on decisions made. Politics and economics of state are inseparable for they go hand in hand and affect each other directly. As a resource oil has fulfilled the study of allocation as a way of meeting the country economic goal that can be done achieved through distribution and diversification.

The mentioned logics were employed in Kuwaiti to seek redress of problems and opportunities facing the oil sector. More and more profits were earned but countries lacked ways of allocating the revenues to the people. Introduction of new ways to benefit the people were introduced discouraging foreign countries deposits and introducing a reverse tax process where the government pays and supports the citizen in the country. The state through the monopolies created, prioritized local investors and entrepreneur to exclusively own businesses and protect their wealth locally.

Other states adopted the model by the Gulf countries, a few modifications were done to fit to each country, setting aside the non-national restrictions set by other states like Dubai. Such an example is Kuwait which made an attempt to ensure a steady, stream of income from its oil resource so as to re-invest in other foreign markets and countries.

With the experience of oil business, host countries concluded that little was earned from the domestic market and more revenue may be earned out of investing in other foreign markets. The small projects back at home had little or no impact to the economy other than solely having only one source of revenue back home. Ruling class had no option other than opt for investing in other foreign ventures to add a source to the country economy basket. Later it was realized that more revenue was earned from outside investment than internal revenue from oil. Bahrain leant from this model very quickly and took advantage of her neighbors, by introducing financial service industry that served them all including the Saudi Arabia who took long to adopt to change.

Bahrain did not show satisfaction at service industry it further took advantage of its affordable fuel and energy to develop a metal industry for smelting aluminum, with an eagle eye of the growing construction sector. It was a wakeup call for Dubai who advanced the Bahrain model further. Deep-water port and an airport were projects Dubai established first using the revised model. Later, "the Model was able to transform Dubai into a highly successful, ever growing regional hub for trade and commerce, as well as a business-friendly home for international banks and funds and a tourist-friendly resort". Under the guidance of the Maktoums family, Dubai with the help of experts from Singapore transformed into a competitive state embracing professionalism and high standards of engagements.

Widely sourced organizations emerged from the tiny Dubai exporting there relevant expertise to other countries. Those companies established include the Dubai Ports World and Dubai Aerospace who have since gained international accolades, rivalry and as well established an empire of consulting for similar projects. As illustrated countries who took production models made significant steps in expanding their growth compared to nation who stuck with allocation which did not give enough to the government basket.[11]. Oil revenues clearly are not adequate to serve the growing population and calls for countries to add another source of creating revenue to expedite and diversify their economies.

In the 1970's, oil revenue were large and available, and all that time they only experienced specific challenges. The common ones were the "price inflation, urban drift, and a bias against local production, both agricultural and industrial, in favor of imports". Selfish leadership is another challenge that featured at the time with heads of state controlling all sectors purported to be a source of revenue from oil. They appointed their cronies in office to guard their immoral acts like corruption and power broking to ensure continuity of presidency and their leadership remains relevant.

The Iran-Iraq war further accentuated the process resulting to boycotts and sanctions but still portraying the integral importance of oil to a country, its revenue has been charged in controlling the politics and power of a state. Outside forces and interventions in case of a conflict in states of this nature target weakening the production and their capacity to export to other countries. In spite of that, the oil usage and demand from all over the world strengthens it arming it more for war since the product remains relevant all through.

In sustaining their economies it is another idea for smaller Arab countries with oil resource to reserve their oil and implement a market scope targeting buying oil at a cheaper and affordable price from other countries to supply it later at a higher price as a means of securing their oil wells from depletion.

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[11] Massoud Karshenas, Oil, State, and Industrialization in Iran: Cambridge University Press, 1990),

Earlier, small Arab nations formed a protectionism style of life by embracing good neighborhood to avoid all attempts by the bigger states to control them. The plan would achieve a systematic approach to issues of immigrants of poor Arabs to other Oil rich Arab nations, put control to aid received and plan for remittances of revenue from oil buyers. These controls barred the dreams of an integrated Arab economy as suggested earlier with hopes that the scheme would benefit the Arab generations in terms of employment and promoting education among the youth. Critics would argue that the compensation rates would not allow an Arab integration as it was attractive enough to entice qualified personnel and partnership from other willing and able constituents' not necessarily from Arab nations. In addition they argued that such an association or partnership with outsiders had no procedures and attachments for future. Setting it freer and agreeable without any strings to it.

Similarly, "fate awaited the stillborn project inaugurated by the so-called Damascus Declaration of 1991, by which the Gulf states undertook to subsidize the Syrian and Egyptian armies so as to defend them if they were again subject to outside attack, as they had been by Iraq the year before. This idea was quickly forgotten as the two countries scrambled to pay for the less immediately dangerous protection they could buy from the United States, Britain, and France. We can view all of this as part of a long process by which the oil states of the Gulf are detaching themselves from the Arab world in their quest for the larger global opportunities that Dubai, in particular, has managed to exploit so well". "Compared with many other successful port-city states in history, those of the Gulf have only a relatively small economic hinterland to exploit vis-à-vis the opportunities to be found across the seas.[12] Nevertheless, there are limits to this process of disengagement. It is not just bonds of language and religion that continue to

[12] . Gregory Gause III, "Representation and Participation," chap. in Oil Monarchies: Domestic and Security Challenges in the Arab Gulf States

provide significant links between the Gulf states and the wider Arab world, but also the material ties stemming from their employment of Arab labor and their increasing interest—particularly since 9/11 and the recent rise in oil revenues—in investment opportunities in rapidly growing economies like those of Egypt and North Africa".

From oil reports of the 70s, "oil supplied 41 percent of the world's energy; it now supplies just fewer than 40 percent. This gives it a unique place in the global political economy, in which it is both taken for granted and at the same time capable of arousing the deepest fears about its continued supply—as well as", the climatic impacts among other effects.

Oils influence in the world calls all stakeholders into actively participating directly or indirectly. This forms major debates on its consumption. The first argument is whether consuming countries should be supplied with oil in the market or settles for other alternative ways of getting the supply which may be through political means or military means. The second argument is whether oil could be replaced by other more environmental friendly sources. On a brief note though oil arguments always focus on the two forms. Consumers' knowledge is little and they always feel an impact when the supplies of oil are affected causing insufficient supplies and price hike. Governments therefore have used oil as a strategic mineral that has both suppressing and protective qualities.

Oil as a subject has had different research outcomes but with a sole aim of defining it in line with its role to the modern society political structures and setup. An imagined pictorial of a world without oil is another face worn by researchers as they would wish to come up with suggestions of how it would have been. Another interesting view is how would be Middle East region without oil, it being a desert. Really interesting ideas worth of discussion and reports made available for more criticism. That aside, oil has brought reorganization of the global energy system showing gradual development of energy sources from traditional forms of energy to renewable modern sources of energy. The energy development has laid foundation for global politics and international integration systems promoting world democracy. As witnessed in the industrial revolution coal was the main source of energy that remarkably contributed to development of urban centers and industries. This supported civility and democratization of societies which gave more room to search for better energy sources to be used in the industries.

The continued struggle from workers union on the hazardous effects of using coal revolutionized the industry by introducing oil powered machines with more benefits than coal. Oil powered machines were flexible to use and to the investors it had good signs of reducing their wage bill by reducing the number of workers. This is an illustration of the connectivity of oil and the world of politics and its dominance in the economic and political scenes as a leader of great influence.

The United States Officials had a thought, “then, about not only oil in general, but specifically Middle East oil, as a weapon for weaning Europe from its dependency on coal, in the interest of undermining the political influence of miners and their associated political parties. Conclusion: Oil’s Next Hundred Years OPEC (which has a few member states outside the Middle East) now produces 40 percent of the world’s oil and possesses 70 percent of its reserves—some of which, according to present estimates, should last for well over another hundred years”.

This is an assurance to the Gulf states, Iran and Iraq, “of a continuing global importance far beyond their still puny domestic economic strength, so long as: 1) oil, however environmentally damaging, is perceived as a more useful fuel than coal; 2) the cost of alternatives, like wind and biofuels, remains high; and 3) nuclear power stations continue to be beset by environmental and other political concerns. It is estimated that the world demand for oil will increase by 50 percent by the year 2030.[13] To take the case of Saudi Arabia alone, present forecasts suggest that it will have to double its oil exports in the next decade if the constantly expanding global need is to be fully met. Statements made by Abdullah Jum'ah, the chairman of Saudi Aramco, at Harvard University in 2007 suggest that his company intends to rise to the challenge". Possible challenges remain as though.

In addition, "Saudi Arabia and most of the other Gulf producers face daunting technological challenges as far as the management and development of new oil fields is concerned, the more so as there are important sections of their elites who do not want output to be increased in a way that involves entering into production-sharing agreements with foreign oil companies. At the same time, with OPEC members' own domestic consumption growing at 2.5 times the global average since 2000, they will have progressively less oil to export".

In the republic of Iran nation, "for example, with local consumption rising by an annual 5.2 percent, the government was forced into the politically difficult decision to introduce gasoline rationing in 2007 in the face of estimates that it would otherwise have to suspend oil exports entirely by 2040. No wonder the building of nuclear power stations is seen as an increasingly attractive alternative, and not just in Teheran. What are the consequences of all this for the rest of the world? First, there will be an intensification of international competition for Middle Eastern oil supplies, in which the national oil companies of states like China seem destined to play a more and more important role. This in turn will make a significant contribution to enhancing the Gulf region's growing connections with Asia, with respect to markets, investments, and joint ventures".

[13] Timothy Mitchell, "Carbon Democracy,".

Urgently, first and foremost is to resolve the challenges attributing to preventing accessibility of the Gulf nations to European oil market: “They will look east to Asia for an alternative outlet Second, given the enormous technical difficulties that oil producing countries now face in terms of managing their existing wells and exploiting new fields, there will be pressure for the return of the international oil companies, forcing producer governments to make some concessions in terms of production sharing—and, perhaps, even to reverse, to some degree, their previous drive toward total ownership and control. Third, the oil states will make increasing efforts to help the poorer states of the world with their energy problems, particularly those in Africa with largely Muslim populations”.

Notwithstanding the threats of desertification flooding, the aid received is of less value compared to the impacts of the above catastrophes and as well the high prices are more of a payback through hiked oil prices. The International Energy Agency report indicates that, a slight increase of price for instance of $10 a barrel translates to a 3 per cent loss of the GDP of the Sub Saharan Africa. The fourth point is, Middle East as major producers of oil in the near future would opt for other sources of energy more likely solar power since the area is a desert or nuclear energy[14]. Evidently this is proved by the United Nations reports that in the year 2007 more than twenty nuclear centers were built in the world, with a majority of the centers in the Arab countries and North Korea.

Lastly, “as the smaller Gulf States like Qatar, Bahrain, and Abu Dhabi seek to emulate the Dubai model, competition between them will inevitably increase, possibly to the extent of their attempting to harm their neighbors’ economies in politically damaging ways. Most of the Gulf has enjoyed a reign of peace and stability, without major acts of terrorism, over the last two decades, but there is no reason to suppose that this can continue forever”.

[14] Mohamed Y. Badiei, “The Politics of Energy

Meanwhile, “there is nothing to stop other port cities in other parts of the Indian Ocean from developing their own competitive versions of the Dubai model. For all these reasons and more, there seems little doubt that oil will continue to play as significant a role during the next century as it did in the last. Its’ Middle East producers, whether they like it or not, will remain a focus of political and economic interest on the part of, and possible interference by, outside powers. And they will be involved as well in increasingly intense discussions about oil’s ambiguous role in a world that has been quick to criticize oil’s effect on the environment while slow to develop viable alternatives. As if this were not enough, they will have to answer increasingly challenging questions from their own populations about the management of their oil reserves and the use of their oil revenues[15]”.

1.6.5 Oil and Gas in Africa

Oil in Africa is not different, for a case of Nigeria a country with over 100 million people and approximately 300 ethnic groups and more than 500 spoken languages it is more complicated. Crude oil production began in the country in December 1957. Currently it is estimated that Nigeria’s oil and gas are about 27 billion barrels and 4.007 trillion cubic meters respectively[16]. Foreign oil companies dominate Nigeria’s oil industry. The government, through the Nigerian National Petroleum Corporation (NNPC) established in 1971, has held majority shareholding interests in all these companies.

Until recently, Nigeria’s’ oil industry has shown weak control systems to monitor oil revenue through complicated tax rules and minimal technical capability that has opened a mole of corruption[17]. Civil conflicts and huge profits related to oil have made it attractive to other

[15] Carola Hoyos, “An Unsustainable Outlook,” Financial Times
[16] CIA Fact Book, 2003.
[17] Emmanuel,2004.

foreign investors who take advantage to work on Joint Venture Contracts (JVCs) for their benefit. Legal arrangements for the protection of the local communities from negative effects of oil exploration and production have failed which also reveal their inadequacies. Government agencies responsible for enforcement of the legislation in place have limited control and are made ineffective by corruption, limited funding, weak monitoring and enforcement capacity, and limited qualified staff. [18] According to the World Bank, the three major constraints to the regulation of the energy and mineral sector in Nigeria are the absence of requirement for community participation in the planning and development of oil activities, corruption and inadequate compensation for damage to property, and the lack of enforcement of environmental regulations. In addition, unlike other oil producing countries, Nigeria lacks a separate statute for the conservation of oil[19]. Over the years oil revenue has accumulated making Nigeria among the top earners from oil yet the country is characterized by poverty. This implies that oil revenue has not added value to the standards of living of Nigerians. Income distribution poses another challenge by either pushing a majority to extreme poverty and a few individuals to extreme wealth.

Such an economy has been unstable due to over dependence on oil revenue and the fluctuation of world prices. The dominance of oil revenue has brought about tension between intergovernmental fiscal relations: claim of larger share from oil producing states and demands for distribution from less endowed regions. Oil industry in Nigeria has fundamentally altered its governance. Like other oil-producing countries, Nigeria suffers from poor institutional quality stemming from oil, a factor which has contributed to lower long run annual growth[20]. The

[18] World Bank 1995, Volume II, annex J; Fynas, 2000: 87
[19] World Bank, 1995, Volume II, annex J; Frynas, 2000:90

[20] Sala-i-Martin and Sambaramanian 2003.

nation's politics has been fundamentally shaped by securing access to oil rents. Nigeria has witnessed the rise and replacement of eleven national governments both democratically elected and military authoritarians since independence instigated by ethnic conflicts to access oil resource. Crude oil in Nigeria is on a larger scale exclusively located in the South eastern part of the country, which is home to a minority ethnic groups but these groups have traditionally wielded little political power.

Niger Delta a wetland of about 70000sq km accounts for more than 90 percent of the nation's oil exploration and production activities in Nigeria. The area is considered as the greatest revenue earner through its oil and gas reserves. Geological reserves show that Niger Delta is specifically conducive for the exploration of oil and its rock are characterized to be rich in oil accumulation. Though, with the abundance of oil, the region has remained poor and underdeveloped in Nigeria.

Conflicts in the area have been between oil companies and local communities surrounding land ownership, compensation for land and environmental damages caused by oil works. At the national level the conflict between the locals and the government is centered on the sharing of oil revenues, inadequate measures to mitigate the environment damages and lack of clear ways of compensating the affected. These has resulted into various group uprising in protest and defense of that for instance the Ogoni uprising of the late 1980s to the Kiama Declaration by the Ijaws in 1998, the emergence of the Niger Delta Peoples Volunteer Force (NDPVF) and the Movement for the Emancipation of the Niger Delta (MEND), who have taken a military form.

Due to this rising militancy, the locals have disrupted operations in Nigeria greatly for the last five to ten years. Some reports suggest that militancy and protest have cut onshore oil production by a third in 2001-2003[21]. Not only the losses are experienced in oil production, but also financial losses to oil companies, a move that has prompted oil companies to begin to redirect their attention to offshore oil activities [22].

For peaceful engagements the government and the oil companies have initiated commitments to see a mutual coexistence in their operations, these include establishment of Oil and Mineral Development Commission (OMPADEC) and the Niger Delta Development Commission (NDDC). Joint ventures by companies like shell to carry out community development projects on the company behalf.

The debate on the nexus between natural resources and sustainable development has been one of the most polarized over the last fifty years. International Financial Institutions, transnational companies, and host governments alike have repeatedly emphasized the contribution of the extractive sector to poverty reduction and economic growth in developing countries[23]. Among the main advocates of the extractive industries as a catalyst for development is the World Bank Group. In the Bank‘s view, “Mining can contribute to poverty reduction in a variety of ways”, namely by generating income and foreign exchange, creating employment opportunities, fostering vertical and horizontal linkages, and increasing investments in social services and infrastructure improvements [24]. The banks’ support for the extractive industries has certainly not been confined in its discourses. From the 1980s onwards, it has pushed countries to increase their rate of natural resources extraction, mainly through structural adjustment

[21] UN IRIN, 2003, Gary and Karl, 2003
[22] Gary and Karl, 2003
[23] World Bank, 2002; World Bank, 2009; McMahon, 2010, 2014; Pegg, 2003, 2006
[24] World Bank ,2002

programs, sectorial reform lending, and technical assistance. In Africa alone, the World Bank has committed more than $ 2.75 billion in loans for extraction-related, from 1990[25].

Central governments in producing countries have fully embraced the Bank`s vision, and resources exploitation is invariably associated with development in their discourses as well. Having recently discovered large quantities of hydrocarbon resources in the Albertine Region, Uganda's President exclaimed "…now that we have got oil, it is a good godsend that will quicken the process of development and transformation."[26]. On the same line, Kenya`s President believes that the oil discovery "is an opportunity for Kenya to lift itself to the next level of development, through the exploitation of these resources"[27].

From the 1950s onwards, however, the contribution of natural resource abundance to economic and human development in exporting countries has been subject of intense scrutiny by various schools, that have attempted to demonstrate how mineral wealth seldom achieve poverty reduction, and can often result in poverty exacerbation.

1.7 Gaps in the literature review

Although the literature on extractive industries has grown significantly over the past years, there is a remarkable lack of studies carried out at the initial stages of the sector, particularly during exploration and development. The shifting trajectories of these industries in recent years, and the opening of new extractive hotspots, such as East Africa, urge the necessity of exploring how the resources are influencing state-society relation dynamics in countries, like Kenya.

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[25] Pegg 2003
[26] Yoweri Museveni, Uganda President
[27] Uhuru Kenyatta, Kenya President

The literature by using an inductive, and exploratory approach, in order to identify the main governance challenges that affect the sector, particularly at the sub-national and local level, leaves out the National and local associations.

According to these authors there is lack of clear state -society relations guides that could result into better understanding of the key parties involved and how any change in relations affects the project. Also, Institutional developments and strengthening conspicuously misses out. With this research the highlighted will be unearthed to bring out more clarification.

1.8 Theoretical framework.

Despite the contribution made by the authors presented above, the view that oil and minerals were instrumental in reducing poverty and promoting development in the society, "still dominant is the social contract between the government and her people where understanding is the guiding factor of a relationship."[28]. The social contract theory is a descriptive theory about society and the relationship between rules and laws to govern people's actions. According to Jean-Jacques Rouseau, social contract posit that individuals have consented, either explicitly or tacitly, to surrender some of their freedoms and submit to the authority of the ruler or magistrate or the decision of a majority, in exchange for protection of their remaining rights. Social contract theory emphasizes that people live together in society in accordance with an agreement that establishes moral and political rules of behavior. Some people believe that if we live according to a social contract, we can live morally by our own choice and not because a divine being requires it. A society without rules and laws to govern our actions would be a dreadful place to live. Hobbes described a society without rules as living in a "state of nature." In such a

[28] McMahon 2014

state, people would act on their own accord, without any responsibility to their community[29]. Philosophers as far back as Stuart Rachels suggest that morality is a set of rules acceptable to people on condition that others accept them too.

Social contracts can be explicit, such as moral and political laws, or implicit, it sets out what the government can and cannot do. Regardless of whether social contracts are explicit or implicit, they provide a valuable framework for harmony in society.

Countries with oil have segmented areas rich in oil into states of nature where rules are forgotten and enforcers of the laws and rules lack thus society devolves into a state of nature where survival is the trending strategy.

In general, even without conflict, Hobbes assumed people would strive to accumulate more wealth and more power in what could be described as a "dog eat dog" society, where, he believed, people will do whatever it takes to survive in a state of nature, where rules and laws are non-existent. This would mean that people will act in "wicked" ways to survive, including killing and attacking others before they are attacked themselves. With rules in place, people feel protected against attack.

In a society where people live in a state-of-nature society, the strongest control the weak. The Society has no rules or laws forbidding or discouraging unethical or immoral behaviour. People are forced to be solely self-interested in order to survive and engage in fights over possession of scarce resources.

Social contract is the solution, according to Hobbes it is in everyone interest to enforce rules to ensure safety and security even to the weakest in society. Social contract delivers the society from the state of nature to a flourishing society in which the weak and the strong have

[29] Thomas Hobbes

security to survive. It dictates that no one will break societal laws or any moral code for his own benefits.

"According to Pollock there are five main reasons that laws are required in society:

1. The harm principle looks into preventing the serious physical assault against others that would be victimized.
2. The offence principle acts in preventing behavior that would offend those who might otherwise be victimized.
3. Legal paternalism prevents harm against everyone in general with regulations.
4. Legal moralism looks into preventing immoral activities such as prostitution and gambling.
5. Benefit to others ensures balance and prevents actions that are detrimental to a segment of the population.[30]"

However, social contract gives governments too much power under the guise of protecting the people. Oil rich nations have used this power to instill fear that has seen intrusive and oppressive laws come in place.

Everyone from inception agree to a contract. And if one agrees to it, the content of the contract is not fully understood or ought to be.

The poor have always been short changed since contracts turn unfair to them.

The theory bestows the government the important role of controlling the society through rules and laws. The government needs to define how they should interact with her people to guarantee protection that contributes to making the society stable, wealthy and happy.

[30] Pollock 2007,

The theory was advanced by John Locke and Jean- Jacques Rousseau. Locke's theory of government outlines his ideal for a modern society. The willingness of doing things and serving the government which in return should listen and provide for the needs and desires of the people. It is the right of the people to question the ruling elite and the people had a say in all functioning of the government of the day. For Locke governments were created to ensure wealth and property is protected.

Jean- Jacques Roussseau says 'Man is born free, and everywhere he is in chains.' He meant that many governments ruled unfairly, abused power and took advantage of her people to make life difficult. In that he sees the fault on the people who are not well educated to defend themselves against abuses of power and also participate in government functioning. He believed that everyone may contribute to make life better and that human nature is not as bad as Hobbes believed.

Oil and gas industry has attracted attention from all over the world; presence of international actors with different interests is evident hence widening the scope thus introducing the concept of a social license.

Multinational companies like Tullow Oil who are at the center stage of exploring the resource have set camp in the region. Most people in the society will agree that such companies should have a good social license. By so doing these will reassure the company of a positive reception from the host.

Social license refers to the ethical principle that an organization should be responsible for how its behavior might affect society and the environment. As demonstrated by Caroll, corporates social license is made up of four responsibilities that are interrelated and argues that corporate social responsibility cannot be achieved without meeting the four responsibility sequentially namely economic, legal, ethical and philanthropic responsibilities.[31]

These corporations have been remarkably successful in achieving their commercial goals. They freely operate as global citizens operating in more than one country. Such corporations of course are incapable of moral judgement and thus entirely governed by law with human face on daily decisions making. The human factor could be motivated by personal ethical values and interest, for instance wealth creation at the expense of the society.

Emerging values of concern include child labor, employee safety and health, employment relations, environmental protection and adverse publicity.

1.9 Methodology

The study is majorly exploratory in nature, which focuses on the nascent oil industry in Kenya, as well as the type of questions that it asks, a qualitative approach emerge as the most appropriate for the conduction of this research. Even though qualitative research encompasses a wide array of approaches and methods, related to different disciplines, it can be described as: "a set of interpretive, material practices that make the world visible"[32] It aims at providing in-depth understanding of the social world of the research population, by describing their experiences, perspectives and histories. Whereas quantitative research is primarily concerned with the measurement of variables in order to test pre-set hypothesis, a qualitative approach is designed to "describe processes as accurately as possible in verbal terms"[33]. It aims at capturing an holistic perspective, through participant own words and perceptions, of how they understand and act

[31] Carroll, Archie B, Business Horizon (1991)
[32] Denzin and Lincoln, 2009.
[33] Nevid and Sta Maria, 1999.

within the boundaries of everyday life[34]. Its design ought to be flexible and cumulative, rather than containing blueprints and gold standard[35]. While there is not a specific set of methods and practices that distinguishes qualitative research, data is often generated through observations, semi-structured and in-depth interviews, focus groups, and documentary research. The volume, diversity, and richness of the data collected is one of the distinctive feature of qualitative research, as opposed to quantitative approaches. Epistemologically, qualitative research also stresses the importance of the researcher in influencing the researched, and the interactive relationship between the two. Reflexivity is thus considered particular important in qualitative research, as a way to reduce the value-leadenness of the research process[36].

The number and diversity of stakeholder groups included in this study, aims to provide a detailed account of their positions, experiences and actions, and to offer an in-depth description of their interactions. Given the exploratory nature of the study, the flexibility of a qualitative approach is also an advantage, as it will allow me to include themes and concepts that emerged during the field research.

1.9.1 Scope

In order to carry out this study, a field research was conducted in Northern Kenya. In particular Turkana County, where oil was discovered in 2012, and also in Nairobi. The decision to base most of the field research in Turkana was driven by the intention to pay special attention to the local level, where the physical operations take place, and the number of, and interactions between stakeholders are particularly high.

[34] Miles and Huberman, 1994.
[35] Frankel and Devers, 2000
[36] Bernard, 2011).

1.9.2 Sample size

In order to identify actors and groups holding interest in the phenomenon under investigation – the oil industry in Northern Kenya a comprehensive stakeholder analysis of the sector needs was done. Given the virtual absence of academic literature on the topic, such analysis was conducted mainly through documentary analysis, including media articles, grey literature (reports of donors and NGOs involved in the Kenyan oil industry), and key informants interviews.

In order to facilitate the analysis, the following segments; consultancy firms, international, national and local civil society, oil companies, local authorities, and communities.

Within each of these categories, a purposive sample technique was applied in order to identify specific organizations, department, or individuals that hold particular interest, or play a significant role in the oil industry in North of Kenya.

With regards to consultancies and civil society, the preliminary sampling was done through review of project reports, media articles, organizations websites, and attendance to international, national, and local conferences on the sector.

1.10.1 Tools for data collection.

A qualitative case study will be applied for this research. Yin describes case study research as "An empirical enquiry that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used." (Yin, 1994) Case studies allow the researcher to collect in-depth information from a wide range of stakeholders, within the context where the phenomenon under study has, or is occurring. A variety of data collection methods can be applied to case study research. In this case, information was obtained mainly through four methods, widely used in qualitative research, namely: 1. Semi-structured Interviews, 2. Focus Group Discussions, 3. Participant Observation, and 4. Documentary Analysis.

1.9.3 Data analysis and presentation.

Data (including interviews, field notes, documents, and minutes) collected was transcribed, conceptualized, coded, and analyzed through, in order to identify trends and patterns. Moreover, my own reflections and considerations were transcribed and added, to the analysis. All data was double checked to spot potential errors and omissions. Media articles were catalogued according to themes (International, Regional, National, Local level), and sub-themes (e.g., oil contracts, discoveries, corruption; conflicts, politics, etc.), will be analyzed throughout the entire research process.

1.9.4 Ethical considerations

Research participants were provided with information regarding the researcher, as well as the nature and goals of the study, the methodology to be adopted, and potential benefits and risks. Consent was asked before each interview and focus group discussion. Given the sensitivity of the topic, the identities of the respondents were kept confidential in many cases.

1.10 Thesis outline

Chapter One: Introduces the focus of this study by providing the background context, the problem statement and justification. It has set out the main objective as to investigate the shifting energy sector dynamics and how these changes state-society relations, a case of the oil and gas sector in Kenya and the Northern parts of the country. The theory in use here is social contract which focuses on how rules and laws govern people’s actions and the role of the state to serve her people who have obliged to the authorities. In terms of methodology, the main methods of data collection will be qualitative because it investigates a contemporary phenomenon within its real life context.

Chapter Two: examines shifts in the energy sector in Kenya **i**ncluding the emerging policy and institutional developments.

Chapter Three: looks at the history of state -society relations between the Kenyan state and the Northern region and how resources have played a role in this.

Chapter Four: focuses on an analysis of the emerging relations (including conflict if any) between the state and the Turkana people and the recent developments on oil exploration.

The main focus will be the question of these recent discoveries changing state-society-international actors' relations. . In addition, the roles of intentional actors in these dynamics will be looked at.

Chapter Five: Concludes the study, by giving recommendations and suggestions on areas of interests for future studies.

CHAPTER TWO

SHIFTS IN THE ENERGY SECTOR AND THEIR IMPACT ON THE STATE SOCIETY RELATION

2.1 Introduction

For a long time now, energy has proved to be a vital resource in driving socio economic development in terms of fuel industry, transportation and agriculture not only in Kenya but also in the world as a whole. As documented in Kenya's' blue print vision 2030, energy is key in driving the nation dream. It is considered important in the economy since it is the main cause of inflation due to its input in every consumed products and service, it is a source of energy through consumption of oil products for instance electricity and also it is a pace setter of industrial growth in the country.

On the other hand, energy as a commodity derive different requirements for its use giving priority to heating, lighting and powering of appliances and other machines. The choice of energy therefore could be led due to its application that is from domestic to industrial.

Notably, Kenya's energy sector like other global nations is predominantly dependent on the level of industrial and economic development. In Kenya the energy sector has evolved to ensure provision cost affordable, sustainable and reliable supply of energy to sustain growth of the economy. The shift in the evolution of sources of energy has been linked with economic and technological development. Human beings have a trend of adopting a higher energy content source, as the shift from solid to liquid and natural gas shows.

This shift of energy in Kenya can be seen as one moving from traditional sources such as biomass and hydroelectric power to renewable sources such as geothermal and wind, but also focus on Kenya as a producer of petroleum and not just a user.

2.2 Traditional sources of energy in Kenya

2.2.1 Biomass

Refers to "energy obtained from direct combustion of any form of vegetation (wood, grass, shrubs, agro-waste, sawdust, sugarcane bagasse, etc.) including their gaseous, liquid, and solid products like biogas, bio-diesel, producer gas, ethanol, cow dung and charcoal[37]".

In the world biomass forms a significant percentage of usage than any other source, equally on average it is the leading in use in Kenya. The entire rural population depends on biomass in the form of fire wood. Largely in the world biomass materials are widely available, accessible and affordable to many thus making its production in large quantities easy[38].

In traditional Africa, biomass was classified as a non-commercial energy resource. However, gradually charcoal has moved from household to commercial production with many depending on the income generated for their upkeep.

Biomass as a source of energy in its consumption has proved simple in using. Traditionally three simple arranged stones are enough to set a cooking place. Its conversion to charcoal is easy to store and transport to urban centers to serve middle and low income earners who depend on charcoal for cooking. However, Kenya's population growth which is estimated to be 2.6% annually keep increasing[39], sustainably increasing the demand and use of fire wood raising concerns of environmental impacts like deforestation "where forests are consumed faster than they are regenerated"[40]. This has been majorly because of the informality of the production of biomass which has in addition contributed to health hazards for instance increased levels of respiratory illness brought about by home usage of biomass and environmental degradation.

[37] Biomass Energy Use in Kenya, International Institute for Environment and Development, 2010
[38] Available charcoal production technologies in Kenya (Draft Copy)", UNDP, Kenya Forest Service,
[39] World Bank
[40] Biogas Systems in Kenya: A Feasibility Study", Biogas for Better Life An African Initiative, 2007

2.2.2 Portable generators.

Delayed electrification to rural areas has encouraged the use of portable generators. Middle class earners and urban dwellers have relied on this mode of energy for lighting and running of electrical appliances. In rural Kenya use of fuel fired generators is common for example in lighting weddings, funeral or other social occasions. This type of energy though is not available to all because of the cost pertaining to its operation. In urban areas these generators have been kept or installed as back up to power black outs. Generators use in Kenya has been limited to a few medium and high income groups who also use them in special times.

2.2.3 Hydro Power

Hydro power from early 1900s to the inception of Kenya Power Company in 1954 it has been the sole source of electricity in the country. Currently accounting for closer to 49% of installed capacity. With many plans by the government to have it supplied more in rural areas, industries heavily rely on it in their work.

In light of other available sources of energy, electricity in Kenya is considered the main force behind industrialization and very significant in Kenya's economy. To many Kenyans the word power is pre emptied to mean electricity while fuel means oil. Another key thing to remember is electricity accounts for closer to 4% of the total energy consumed while oil ranges from 20%, making them the most important energy commodities for the government.[41]

Compared to oil which is imported, in Kenya hydro power is locally generated with projected productions. With the introduction of a sub section within Kenya Power and Lighting Company (KPLC), the rural electrification has been projected to cover a population of 3.6M connected to electricity.

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[41] Government of Kenya 2012. National Energy Policy (Third Draft). Ministry of Energy. Government printer, Nairobi

One very important aspect about hydro power in Kenya is majority of its installation is sourced from one river, Tana River. Its major power stations include Masinga, Kamburu, Gitaru, Kindaruma and Kiambere collectively known as the Seven Forks Hydro stations generating a total of 563MW. Each station is linked to one another taking advantage of the pressure created by each dam. Masinga dam is the main reservoir that supplies other dams during dry season. The disadvantage though, their location on one river exposes them hugely to the effects of drought.

To curb these effects, observable rehabilitation of old facilities, importation of power from Tanzania after Uganda stopped due to increased demand back home. These will diversify power sources from the seven forks thus increasing power security. Also the plan to import electricity from Ethiopia's massive hydro project on the Blue Nile will ease the pressure on the seven forks.

Other hydro power projects in Kenya include Turkwel Gorge with smaller ones that have been used since 1919 with European settlers for instance Kericho Tea farms and Tenwek Hospital where a 400KW hydro power facility provides power for lighting. It is proved that Kenya has more than 100 suitable sites for hydro power generation.

2.2.4 Thermal Generators

In spite of the discussed sources above, Kenya's thermal generators have formed a very important role in supplementing electricity supplied to Kenya Power and Lighting Company by Kenya Electricity Generation Company. Their largest plant is located in the coastal region of Indian Ocean Mombasa at an area known as Kipevu. It has three methods of generating power: thermal, diesel and gas turbines.

Since its commission in 1955 the plant has a capacity of producing 63MW. In the country other areas where thermal generators are established include Nairobi South which has a capacity of 13.5 MW, Garissa Power plant with an installed capacity of 2.4 MW, Lamu power plant and Marsabit thermal generators.

Emergence of Independent power producers using thermal generators have not been left behind and they include Tsavo Power Limited with installed capacity of 74 MW, Lanet with a capacity of 55 MW, Eldoret with a capacity of 55MW, Embakasi and Ruaraka with a capacity of 105MW.

The positivity of finding oil and gas may not substitute fully the use of thermal energy in producing electricity.

2.3 Renewable Green Sources

2.3.1 Geothermal.

Geothermal is known to be obtained from natural heat stored in rocks and water within the earths crest. Its energy is extracted by drilling wells to the underground hot aquifer; the wells should be shallow enough for energy produced to be economically justifiable. The steam produced is channeled through pipes, which turn turbines known for electricity generation.

Kenya's ability to harness geothermal energy ranks it better compared to her neighbours who have not done any concrete exploration plans. Kenya with an estimated potential of 10,000 MW ranks equally well in the entire continent in its exploitation processes and has twenty potential drilling sites[42]. Since 1956, Kenya tops Africa as the leading in adopting geothermal energy.[43]

Geothermal energy in Kenya is generating over 500MW of electricity from Olkaria area in Rift Valley. Led by Kenya Electricity Generating Company (KenGen). The search for more geothermal sites is on, areas in Olkaria and Eburru have been identified for more development.

[42] International Geothermal Association
[43] International Geothermal Association

Further studies along Lake Baringo with the occurrence of hot springs have not provided conclusive findings yet. Geothermal potential in Kenya indicates that Kenya has in excess of 7000MW[44].

The increased geothermal in Kenya is a positive indicator of reduced unit cost of electricity that could make Kenya the cheapest in Africa. The three Olkaria phases are fully developed and operational. The Olkaria 1 and 2 are owned by the government. The third phase Olkaria 3 is owned by independent private company selling its electricity to Kenya Power and Lighting Company for distribution. The company is among the first to use air-cooled converters that ensure zero surface discharge. This is the most environmental friendly technology so far employed by a private investor.

The establishment of geothermal sector in the country is a good indication of more sources of energy in Kenya. It is likely that geothermal will be a major source of electricity in the near future in Kenya. The participation of private investors has energized the sector to a more developed and established energy source.

2.3.2 Natural Gas

Natural Gas is another energy source with potential to generate a significant amount of electricity. For a long time though, natural gas in Kenya has not had an impact until recent discoveries in Turkana that showed potential reserves.

Through the Oil found in Kenya, gas is probable in making an impact in the energy sector more so in generation of significant amount of electricity. Even though throughout the world it indicates that the cost of electricity generated using natural gas is high due to high costs of operating natural gas fired generators, these resources brighten Kenya's future hence tasking the government to ensure every person has access to electricity.

[44] KenGen, 2012 Annual Report and Financial Statement

2.3.3 Co-generation

This is another depended source where both electricity and processed heat are produced from the same power plant. It is a process where electricity is generated as a secondary commodity in addition to the core product.

A number of sugar millers form this category where sugar is the main product but they may find it convenient to generate electricity due to availability of steam. However, laws governing the power sector limit the companies such as Mumias Sugar, Sony Sugar, Nzoia, Chemelil Sugar, Muhoroni Sugar and Spectre International plant forms from producing electricity as a commercial product. All these companies have reverted to in house usage of the energy produced.[45]

According to the companies mentioned, the government approach should change and encourage these companies to commercialize their energy which is in excess. By so doing the bagasse instead of being disposed at a cost by the seven millers can be converted into generating more electricity that would bring an additional income and increase the national electricity capacity.

Co-generation has the best chance to expedite rural electrification considering most of them are located in rural areas where they obtain their raw material. For instance Mumias Sugar is on the fore front with a capacity of 38MW that is sold to KPLC. Further diversification to establishing an ethanol plant for producing ethanol fuel is positive as it will aim in reducing petroleum imports.

With combined efforts from other millers co-generation stands a chance to rapidly boost efforts of rural electrification and reduce over reliance to a sole producer of energy. Better

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[45] Foster V. and Steinbuks J., "Paying the Price for Unreliable Power Supplies In-House Generation of Electricity by Firms in Africa", Policy Research Working Paper, The World Bank, 2009

exploitation would significantly improve the diversity of power supply also lower the cost of products from the factories.

2.4 Shifts towards Petroleum exploration and drilling and other controversial projects

2.4.1 Coal

However much we may look to modern sources of energy Coal sets pace in usage. The emergence of industrial revolution in the 19th century experienced a major shift of energy with increased use of coal for steam engines and power plants. Up to late 1950's coal was a primary source of energy while oil was a distant second source.

Substantial coal deposits have been found in Kenya and there has been active search for Coal with mixed expectations from locals. More efforts and focus are done on areas like Mui, Mutito and Lamu regions. Since, tenders for extraction have already been issued it is believed coal production will be used to diversify electricity generation and also supply industrial heat energy.

Of various benefit, coals impact in future is evident in industrial activities and not domestic.

2.4.2 Wind Energy

Kenya is on a fast track to tap its wind power potential which according to vision 2030 blue print is estimated to generate 2036MW. This will see wind power contribute a 9% of the total capacity by the year 2030.

The establishment of Ngong Hills Wind Farm which costed Kenya Shillings 1.6 billion to construct has proved a major project which according to KenGen 2013 report contributed 0.03%

of electricity to the national grid. The project produces 5.1MW of electricity that is sold to Kenya Power[46].

Another wind power project is the Turkana Wind Power which had an estimated budget of USD 870 million during its initiation in 2014. It sits on 40,000 acres of land and its location characterized by low-levels known as Turkana Corridor experiencing wind blows throughout the year. On completion the power project will provide 300MW.

A success of wind power energy in Kenya will save the country an estimated of Kshs 15.6 billion per year by substituting thermal generating plants. This will earn the country direct revenue on savings from imported fuel used to run the thermal plants.

2.4.3 Solar Energy

Solar energy is a radiant light and heat from the sun that is harnessed using a range of evolving technologies such as solar heating, photovoltaics, solar thermal energy and solar architecture, molten salt power plants and artificial photosynthesis.[47]

According to reports Kenya receives 4-6kWh/m2 daily insolation. This is able to be utilized in drying, and water heating. Other Solar Photovoltaic systems are mainly used for telecommunication, cathodic protection of pipelines, lighting and water pumping.

Examples of companies on the lead to invest in Solar energy include Kenital Solar, M-Kopa Solar, Strauss Energy Companies among others. The companies have integrated solar energy into almost every basic home use.

[46] thewindpower.net " Ngong Hills wind farm"
[47] International Energy Agency 2011

2.4.4 Oil exploration and drilling

For several years, oil exploration on both on-shore and off-shore has been going on in Kenya since 1950's. Strong signs that Kenya has significant reserves have been made. Declaration from the government about the discovery is also proving of the discovery.

Kenya oil consumption compared to her neighbours is higher. In 2011 alone, Kenya imported oil 51,000 barrels per day of refined oil, 30,000 barrels of crude oil. A high likelihood of these changing is imminent since 2012 a total of 300 million barrels were discovered in Turkana.

However a lot of caution should be exercised especially with regard to revenue sharing between counties, national government, and mining companies. The exploration is led by a British based company known as Tullow Oil PLC, with oil productions in other African countries such as Ghana, Ivory Coast, and Gabon among others.

The partnership of activities done in oil exploration region is overseen by government corporations. In Kenya the National Oil Corporation of Kenya (NOCK) is responsible while Kenya Pipeline Company (KPC) deals with distribution of oil based fuels to storage facilities. Private sector involvement completes the cycle by distributing to end users. Examples include SHELL,TOTAL,OILIBYA,KENOL-KOBIL and other new players in the market.[48]

2.5 Emerging Policy, Legal and Institutional Framework

It is evident that industries and households whether poor or rich require energy for various uses. Different sources are preferred for different purposes. States have invested through national funds, loans and grants to boost energy development. It is through such initiatives that states have come up with policies that are all inclusive of all partners in the sector. This gives

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[48] Government of Kenya 2012. National Energy Policy (Third Draft). Ministry of Energy. Government printer, Nairobi

responsibility to private sector in giving their contribution to the sector development. The key objective of coming up with policies has been to create a conducive environment for business investors and commodity users in terms of affordability, competitiveness, sustainability and reliability in supply of energy in meeting the above environment conservation and protection is very important.

Kenya has formulated a number of policies, institutions and legal framework that govern the energy sector.

Energy reforms took effect in 1997 following the enactment of the Electric Power Act and later the Energy Act of 2006. The legislation introduced three main units in the electricity sector; generation, transmission and distribution. Other operational units separated include; procurement, distribution, and pricing of petroleum products in the country. The 2006 Energy Act brought together all laws relating to energy sector which led to the establishment of Energy Regulatory Commission as a single sector regulator.

2.5.1 Energy Policies and Legal Framework

2.5.1.1 Kenya Vision 2030

Kenya Vision 2030 is Kenya's long term development blue print aimed to create a prosperous Kenya that is competitive globally with "high quality of life by the year 2030. It aims to transform Kenya into'' a newly industrialized, middle-income country providing a high quality life to all citizens in a clean and secure environment''[49].

The blue print notes the high cost of energy in Kenya compared to other nations. To curb the high cost the country has embarked on institutional reforms with strong regulatory framework able to encourage private investors, secure new sources of energy for instance geothermal, coal and other renewable energy sources that could lead to a surplus.

[49] Kenya Vision 2030 blue print

The vision also visualizes Kenya in a global curve strongly competing with other global partners by reducing the energy cost per unit since compared to other nations Kenya cost per unit is high USD 0.150 compared to countries like China whose cost per unit is USD 0.070, Colombia USD 0.064, Mexico USD 0.075 among others like South Africa. Also another competitive edge is reduce the over 66 days one has to wait for connectivity to be done for instance it only takes 15 days after application for one to be connected with electricity in Taiwan. This policy targets electricity extension to market centers, social amenities and other community projects.

Through established agencies like Rural Electrification Authority the vision intends to increase electricity access in rural areas by mobilizing funds and developing a master plan for implementing the programme.

Underway plans to achieve the ambitious vision include importation of hydro power from the massive project in Ethiopia to lower the cost, partnership with other stakeholders and partners to fund energy projects, earmark projects with clear timelines of completion and diversification of electricity source to increase security for instance geothermal, wind power and co-generation.

2.5.1.2 Sessional Paper No. 4 on Energy May 2004

It is the single policy document that binds the liberalization reforms in the energy sector. The policy's key framework revolves on cost, affordability, quality and availability of energy to all domestic users to the period ending 2023.[50]

The sessional paper recognizes the energy sector as an economic infrastructure to success in social economic and environment transformation.

Key Sessional Paper objectives include;

[50] Christopher O., 2009. Regulatory and Competition-Related Reforms in Kenya's Power and Petroleum Sectors – Final Report

Provision of sustainable quality energy service for development; Utilization of energy as a tool to accelerate economic empowerment for urban and rural development; Improve access to affordable energy services; Provide an enabling environment for the provision of energy service; Enhance security of supply; Promote development of indigenous energy resources; Promote energy efficiency and conservation as well as produce environmental, health and safety practices.[51]

Energy sector reforms introduced by sessional paper are; Enactment of Energy Act that succeeded the Electric Power Act No 11 of 1997 and petroleum Act Cap 116 of 1994 that brought into being the Energy Regulatory Commission that has an expanded mandate in the energy sector. The electric sub sector saw the liberalization of electricity sector into generation, distribution and supply. (GDC, KETRACO and KPLC).[52]

Also the reforms have proposed to the government to divestiture its petroleum sector interests and enhance exploration and search for oil through sub-divisions of prospective areas to attract more oil companies.

In addition the government support through financing of strategic energy reserves and international co-operation to encourage information sharing on oil exploration.

Finally the sessional paper realizes the need for use of renewable energy and therefore it proposes incentive packages to promote investors in renewable energy. Also through the sessional paper government support on research and development in emerging technologies like co-generating and geothermal energy is featured.

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[51] Energy Regulatory Commission, Feb. 2013
[52] The government of Kenya Electric Power Act No 11 1997 and Petroleum Act No 116, 1994.

2.5.1.3 Energy Act of 2006

This policy consolidates all laws relating to energy sector in Kenya by providing further liberalization of the sector. Provides provisions of establishing ERC and REA outlining the functions and mandate of each.

It is through the Energy Act the Energy Tribunal is established as an independent body coordinating with ERC to advise the Ministry on policy.

2.5.1.4 Rural Electrification Master Plan

Is a policy aimed at rolling a plan to accelerate connectivity of electricity to rural areas, social facilities and other centers through fund mobilization and partnering. The strategies in place are grid extension, installation of solar photovoltaic systems, off grid supply and isolating diesel stations.

2.5.1.5 Feed-in Tariff (FiT Policy)

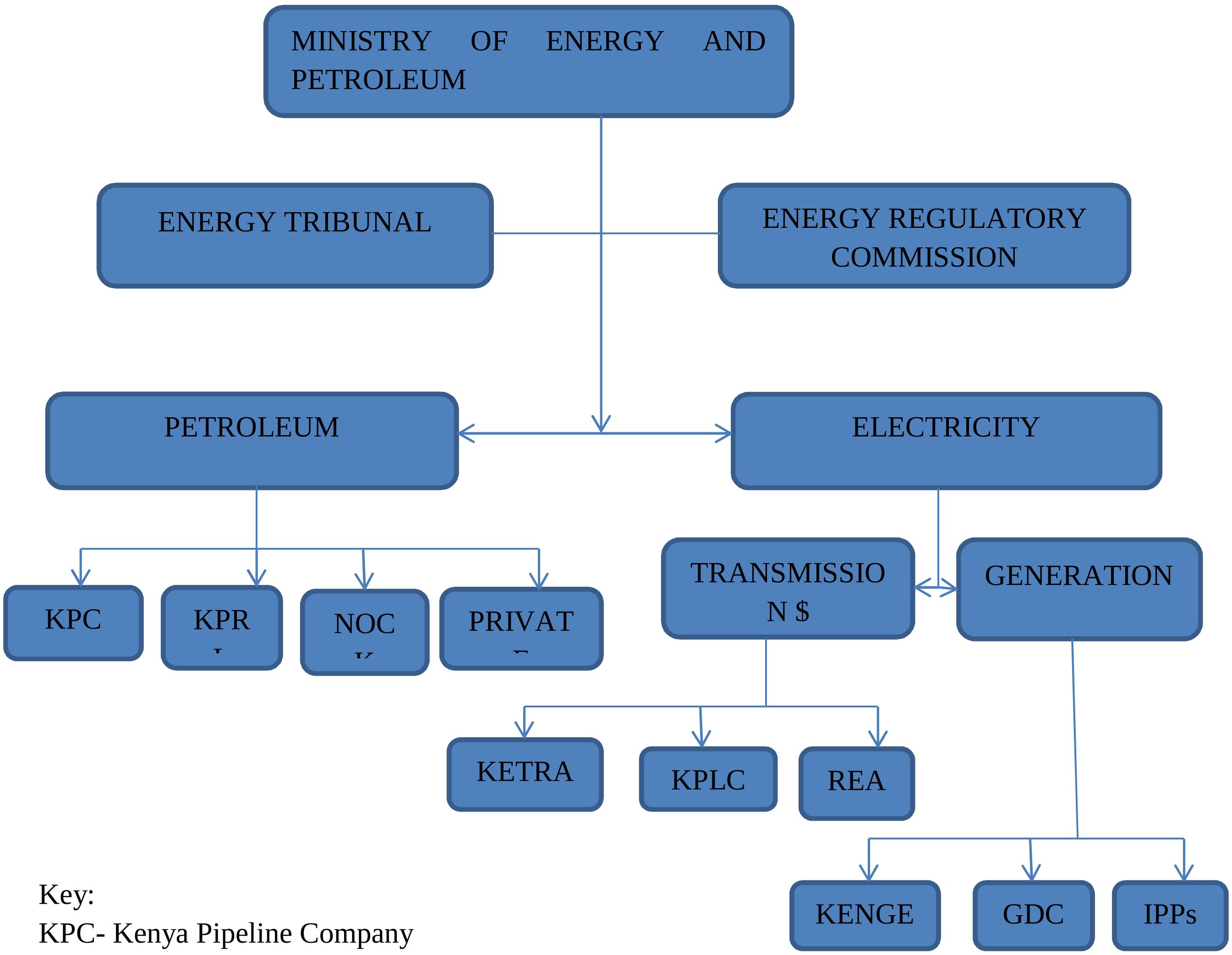
It was published in 2010 to provide investor security to encourage more investment in renewable energy sources like solar, geothermal, and biogas by reducing administrative and transaction costs. In doing this the Independent Power Production (IPPs) community is encouraged to do investment. They receive support through tariffs valid for 20 years from the time of Power Purchasing Agreement (PPA) and regular feasibility done by the Ministry assure the investors of their technological and financial viability.

The challenges dominating the Fit Policy however, include delays in growth that is not matching with the demand, weather variability, and inadequate human capacity among others.

Through a few measures the government has wavered duty on imported power generating equipment to lower the cost, periodical assessments and provision of tax holidays to attract more investors.

2.5.2 Institutional Framework

The energy sector has been set up into; Policy Making Institutions and Implementation Institutions. Figure 2.4.2



Key:
KPC- Kenya Pipeline Company
KPRL- Kenya Petroleum Refineries Limited
NOCK- National Oil Corporation of Kenya
KETRACO- Kenya Electricity Transmission Company
KPLC- Kenya Power and Lighting Company
REA- Rural Electrification Authority
KENGEN- Kenya Electricity Generating Company
GDC- Geothermal Development Company
IPPs- Independent Power Producers

As shown from figure 2.5.2. Policy Making Institutions include; The Ministry of Energy and Petroleum, Energy Tribunal and Energy Regulatory Commission.

Whereas Implementation Institutions are classed into: Electricity sub-sector with generating institutions including Kenya Electricity Generating Company, Geothermal Development Company Independent Private Partners.

Transmission institutions include; Kenya Power and Lighting Company, Kenya Electricity Transmission Company and Rural Electrification Authority.

Petroleum sub-sector implementation institutions are; Kenya Petroleum Refineries Limited Kenya Pipeline Company, National Oil of Kenya and Private Marketers.

2.6 Major Players in Energy Sector in Kenya

In promoting the energy sector in Kenya, the state through the establishment of the 2030 blue print, the energy sector is guided and aimed at creating economic growth. According to the ministry of energy annual report, Kenya generates 1350MW to which 80% is generated by KenGen and the other 20% is produced by Independent Power Producers[53].

The Kenya government on her involvement forms a majority shareholder of the energy sector hence forming key institutions to play major roles of implementing its policies as formulated in the energy guide.

Key players in energy sector are as discussed below:

2.6.1 Ministry of Energy and Petroleum (MoEP)

The government through the ministry of energy has set precedence in managing the energy sector. Under the leadership of a cabinet secretary the department is tasked in planning national energy and petroleum by training human resource and mobilizing financial resources

[53] Energy Performance Baselines and Benchmarks and the Designation of Industrial, Commercial and Institutional Energy Users in Kenya, Energy Regulatory Commission, Feb. 2013

towards the sector. On the other hand, it is on the lead in formulating and articulating policy that drives energy sector planning in providing an enabling environment for all stakeholders.

2.6.2 Energy Regulatory Commission (ERC)

As an independent entity from other arms of government the commission is tasked to deal with administrative, regulatory, legislation, and rule making. In order to achieve that, the government established ERC under the Energy Act 2006 as an energy regulator with responsibility for renewable energy, electric power, and petroleum sector. Moreover, its role is to regulate all energy subsectors and protect interests of all stakeholders including tariff setting, dispute settlement, licensing, and approval of power purchases and network service contracts and by ensuring reasonable return on investment. In addition, the Energy Regulatory Commission approves licenses, PPAs and controls prices for consumers.

2.6.3 The Energy Tribunal

In order to determine disputes surrounding the energy industry the Energy tribunal was established under section 108 of the Energy Act 2006 it came to operation in July 2007 as a quasi-judicial body primarily to hear appeals against the ERC. The body serves as an important arbitrator "of disputes between the energy regulatory commission and aggrieved stakeholders in the energy sector". However, the tribunal is not provided for by law to administer justice its main role remains to enquire to matters of urgent public importance, play an oversight role, and dispute resolution powers to aid energy decision-making and governance in the sector.

2.6.4 Rural Electrification Authority (REA)

By contrast, the rural electrification authority role seems straighter as a governing body with the right to exercise power of rural electricity connectivity. REA was established under section 66 of the Energy Act of 2006 as a body corporate with the principal task of implementing rural electrification. It also administers and manages the fund meant for rural electrification. Consolidates support to rural electrification in terms of funds, studies and recommendation of suitable policies. Key to all is increasing penetration of electricity in rural Kenya and promoting use of renewable energy.

There have been remarkable contributions in several areas in the country as access and cost of electricity is within reach of many people.

2.6.5 Kenya Electricity Generating Company (KenGen)

Kenya Electricity Generating Company is the largest power producing company in the country producing about 80% of electricity consumed. KenGen as commonly referred relies on various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 0.821 GW, which is 52.3% of the company installed capacity[54].

KenGen is a State owned entity with the government shareholding 70% and private shareholding of 30% as at June 2014. The company owns 15 hydropower plants, five thermal power plants, five geothermal power plants and one wind power plant whose combined capacity totals to 1632MW. Major geothermal power stations are found in Nakuru adjacent to Hell's Gate National park bordering Lake Naivasha and they include Olkaria I and II Olkaria I unit 4 and 5 and Olkaria IV while the wind power is situated in Ngong Hills.

The company was founded on 1st February 1954 as the Kenya Power Company (KPC) and was commissioned to construct the transmission line between Nairobi and Tororo in Uganda. This was to transmit power generated at the Owen Falls Dam to Kenya as well develop electricity generating facilities in the country.

KPC was managed by the Kenya Power and Lighting Company under a management contract which in January 1997, the management of KPC was formally separated from Kenya power as a direct result of reforms being undertaken in the energy sector and the entire economy.

[54] wikipedia

On the 19 January 1998 the company changed its name from Kenya Power Company to Kenya Electricity Generating Company also adopting the name KenGen as a trading name. In 2006 the company was listed on the Nairobi Securities Exchange after 30% of Government share was enlisted to the public.[55]

Importantly its key role includes developing public power generating plants and providing a management assistance in the country.

2.6.6 Kenya Power and Lighting Company (KPLC)

Kenya Power and Lighting Company is a national electric utility company mandated in managing electric metering, licensing, billing, and emergency electricity service and customer relations.

KPLC on purchasing electricity in bulk from KenGen and other power producers it is bestowed with the role of transmitting, distributing and retailing electricity to customers who range from industries, offices, schools, hospitals, and domestic users. It also offers optic fiber connectivity to telecommunication companies through its optical fiber cable network that runs along its high voltage power lines across the country.

It is a State corporation with the government as a majority shareholder, as of June 2014 the government owned 50.1% against private shareholders at 49.9%.

2.6.7 Kenya Electricity Transmission Company (Ketraco)

Ketraco is a 100% owned Government Company established to be responsible for the development, maintenance and operation of the national transmission grid network. It was formed in 2008 to be responsible for planning, designing, building and maintaining electricity transmission lines and associated substations. The goal of its formation was to develop new high voltage network infrastructure that will facilitate access to energy services for remote areas, as

[55] KenGen 2013 Annual report

well as enhancing the network for allowing for future power trade with the surrounding countries.

2.6.8 Geothermal Development Company (GDC).

GDC was established by the government of Kenya and charged with “fast tracking development of geothermal resources in the country”. This include prospecting, drilling, harnessing and selling steam to electricity generating companies for energy production and sale to the national grid. This was as a result of increasing energy safety and reduce over reliance on hydroelectric.

With a potential of geothermal which is in excess of 10,000MW the country has not fully exploited the potential since on record only 212.5MW has been contributed to the national grid. As a response to the above keeping in mind the vision 2030 to install 5,000MW, the Geothermal Development Company was incorporated the year 2008 to carry out rapid geothermal exploration and drilling. In partnership, GDC has allowed independent power producers to install 5,000 to build power stations and not only increase but diversify the national electricity grid[56].

In addition, other partners have offered help and GDC in conjunction with academic institutions like Dedan Kimathi University of Technology have developed courses to increase knowledge and expertise in the area.

2.6.9 Kenya Pipeline Company. (KPC)

KPC is a state owned corporation operating oil transport system in form of pipeline systems for “the haulage and storage of petroleum products”. The Kenya Pipeline Company after its incorporation in 1973 September 6th it started its operations in 1978 running a pipeline system for transporting petroleum products from Mombasa to Nairobi and western Kenya towns of

[56] Geothermal-energy.org

Nakuru, Kisumu and Eldoret. KPC works closely with the National Oil Corporation of Kenya through its 5 storage and distribution depots for conventional petroleum products.

In collaboration with the Government, KPC facilitates the implementation of Government policies through acting as a Government agent in specific projects as directed through the Ministry of Energy. In these then, the company is mandated to work with the government in the implementation of key projects for instance the extension of the Oil Pipeline connecting Uganda from Kenya and the LPG import handling and storage facilities. Also it assists in the fight against hazardous fuel adulteration and dumping which could result to environmental pollution. In addition it ensures efficient operation of petroleum sub-sector.

Unlike some state corporations, KPC does not depend on government subsidies, but is a source of revenue to the government in terms of dividends and taxes. It is supported by major petroleum companies which are signatories to the network, including Dalbit Petroleum.[57]

In 2011, the government of newly independent South Sudan expressed interest to building a pipeline connecting the oil fields in that country to the existing South-Eldoret-Mombasa pipeline in Kenya.[58]

In 2016, it was announced that KPC has secured $350 million to install a new 865-kilometers long pipeline from Mombasa to Nairobi.[59]

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[57] *www.dalbitpetroleum.com*.
[58] *Reuters*. 6 July 2011.
[59] *Bloomberg.com*. 2016-06-29

2.6.10 National Oil Corporation of Kenya (NOCK)

NOCK is a wholly State owned corporation founded by the Act of Parliament in 1981 charged with the responsibility of exploring and marketing of petroleum products through stabilization of markets in upstream, mid-stream and downstream activities.

The company was incorporated in 1981 starting its operations in 1984, as of August 2017 the company operates 99 service stations across the country a number considered lower than the 120 in 2016 though up from 85 in May 2012[60].

2.6.11 County governments

The county governments were envisioned by the 2010 constitution of Kenya as units of devolved government. Its powers are derived in Articles 191 and 192 and in the Kenya and County Governments Act 2012[61]. Its representation is marked by member constituencies, senate and special women member of parliament. They were constituted based on the previous 47 districts and the reorganization saw administration change as the national government was represented by county commissioners.

They form an important stake holder that is "responsible for energy planning and development within their area of jurisdiction". County governments are responsible for county legislation as provided for in the constitution and their functionality as stated in the fourth schedule of the constitution. [62]

The county through its coordination function has a role of ensuring participation of communities in governance assisting to develop the administrative capacity in resource management.

Their compositions in administering county functions include the County executive Committee led by the County Governor whose role is to run daily operations of the county and

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[60] *Business Daily Africa*. Nairobi. 7 August 2017.
[61] Kenya Law Reform Commission. 29 August 2012
[62] The 2010 Constitution of Kenya

County assembly whose members are elected from respective wards to play a county legislative role.

2.6.12 Independent Power Producer (IPPs)

These are private investors also known as non-utility generator (NUG) with interest in energy sector they own facilities to generate electric power for sale to utilities and end users. They are mostly involved in supplies, technology support, generation and distribution of electricity in bulk and sell to KPLC.

Independent Power Producer is intended to maximize geothermal exploitation, encourage investment in the sector and share the burden to invest with the government in the hope of transferring the benefits of bulk energy production to consumers through reduced electricity tariffs.

Already private sector investors have set foot in different areas in the country to an extent others have been involved in generating 900-1000MW of coal power in Lamu, 700-800MW of liquefied natural gas at Dongo Kundu in Mombasa and 900-1000MW of coal power at Mui Basin in Kitui. This partnership is aimed at helping to lower the cost of power in the country from Kshs 15.61 to Kshs 16.47 per KWh to between Kshs 7.80 and Kshs 8.67.[63]

The government devoted plan is likely to increase the energy generation capacity to about 300 per cent from the registered 1,652MW. This is part of the state's Least Cost Power Development Plan (LCPDP) for the period 2013-2033. LCPDP has a role to ensure development of an expanded portfolio of power-generation assets, which is expected to change the country from over dependence on increasingly unpredictable hydropower and price-sensitive thermal options to greener, cheaper, more dependable and sustainable source.

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[63] https://www.standardmedia.co.ke/business/article/2000108875/kenya-dims-prospects-for-independent-power-producers

The below table shows some of Independent Power Producers:

Company	Capacity (MWhs)
Iberafrica	108
Tsavo	74
Mumias	26
OrPower 4	110
Rabai Diesel	90
Thika Diesel	87
Gulf Diesel	80
Imenti	0.3
Gikira	0.5
Aggreko	30

Figure 2.6.1: Power Africa

2.7 Conclusion

Despite the optimism declarations and positivity surrounding the energy sector the state faces challenges to overcome so as to achieve the ultimate goal. Indeed, despite the massive economic contribution the energy sector may have to the nation, the society’s’ demands vary from one source to the other.

Conflicting interests and competition for resources between the society and the state is evident on all the activities taking place. All these discoveries have impacted societies directly others by being relocated to create room for project development thus arousing the envy of compensation for the displaced and adversely affected people by the environmental effects.

The state need then to consider these pertinent issues surrounding the environment and social life to avoid conflict among parties involved in all the sources of energy in Kenya.

The latest development involving oil extraction must be given attention so as every stage is well understood to reduce negative impacts to the society and instead make a positive mark economically, environmentally, and socially.

Policies and strategies used should aim at promoting collaboration among all stakeholders to ensure efficient use of resources for all energy sources so that benefits are realized by all parties.

To rectify the situation the research will therefore look into ways of improving the relationships among parties. In finality, the research will provide ways of solving conflicts between the state and society to enhance economic growth.

CHAPTER THREE

THE STATE AND NORTH OF KENYA AND THE ROLE OF NATURAL RESOURCES IN THE REGION

3.1 Introduction

The chapter introduces us to the history of North of Kenya, its relationship with the state, a discussion of natural resources in the region and finally the role the resource have played in the region.

3.2 Development Status in North of Kenya

For decades now the north of Kenya due to its geographical location, ethic mix and refugee influx has faced continuous insecurity. It is always characterized by volatile outbursts of intercommunity violence as well as cattle rustling.

The region continues to be characterized by high levels of needs and vulnerabilities due to years of marginalization and conflict. The North of Kenya keeps displaying low development signs, poverty, marginalization, insecurity, famine and drought, border conflicts and proliferation of fire arms than the rest of the country. For instance recent terrorist attacks by Al-Shabaab in Garissa and Marsabit have caused fears among civil and non-governmental workers affecting basic sectors like health, education and nutrition sectors.

Despite that, there have been indicators of positive developments in the North. The implementation of the new 2010 constitution introduced devolved governments which have triggered an equal and fair resource distribution to all counties laying a foundation of a sustainable economic growth and social improvements of the people.

3.2.1 Key features of the North of Kenya

The concept of a marginalized North of Kenya is historical dating to the colonial rule and post-colonial administrations by similarly using the military to reinforce legal provisions that alienated the North of Kenya. These led to grievances of the local communities against the Kenya government by resorting to failed secession struggle after Kenya independence in 1963. Since this time, the Northern Kenya people hold a lot of grievances against the state demonstrated by substantial underdevelopment and view that they are the minorities in the wider state arena. On education the region according to statistics has low primary and secondary education holders compared to other regions. For example, only 3 per cent of Turkana population has a secondary level education, and 15 per cent hold primary level education compared to Kisumu with a percentage of 25 and 57 respectively.[64] In terms of energy when in Kisumu less than 1 per cent is using fire wood in Turkana it is 87 per cent of households who use fire wood. The marginalization aspect is extended to other areas like access to clean water which a larger population of the North as not yet experienced, poor sanitation which has led to diseases in the area is also very evident.

The situation in the north of Kenya continues to be characterized by poverty and economic hardships. High levels of needs and vulnerabilities featured by drought, floods and ethnic conflicts have resulted to chronic poverty in the area. Poverty has stroke the area through low income generation, lack and insufficient social institutions and structures to support growth and development. The experience of the North of Kenya characterized by disease outbreaks, natural hazards, intercommunity conflicts and limited access to social services has contributed to sustained humanitarian needs in the North[65]. On average 70 percent of the population on the

[64] http://inequalities.sidint.net/kenya/county/
[65] Conflict Assessment Northern Kenya and Somaliland, IRIS 2014.

North live in houses with grass and makuti roofs. [66] It significantly therefore indicates that a majority of the population is languishing in poverty living below an income of a dollar a day making life difficult more so in meeting their basic needs. Families here have difficult choices to make with both men and women working very hard to meet their basic needs. Both young and old people are underfed and weak perhaps the reason why women have been equally tasked a role of bringing up the family as men go out in search of green grazing grounds for their animals.

On the other hand continued community fighting has forced large numbers of displaced people, insecurity in the area has incapacitated health and education sectors due to potential attacks. Raids and clashes for instance the Turkana and Pokot limit daily activities in the region paralyzing social amenities like schools and hospitals from working due to fear. Many workers have pulled out of this region creating a humanitarian gap in service provision. A dominant factor has been competition over natural resources that are shared among communities. For instance pastoral land and water among bordering communities like Turkana, Rendile and Boran keeps fueling conflict through raids and vengeance of acts committed to the community. Another emerging resource with significant characteristics of conflict is land which has valued resources for example oil in Turkana. Signs of vested political interests and exclusion of communities concerned have left communities complaining of unjust allocations and a way of depriving them their ancestral land.

Conflict in Somalia and Kenya's geo-political position has had a significant spill-over effect on the North of Kenya border. New security dynamic of cross border insurgency and terrorism have impacted the region and internal security of the country. It is purported that both the Al-Qaeda and Al-Shabaab have found the region to be prime for their activities since even recruitments of young women and men is done with promise of huge economic handouts in

[66] http://inequalities.sidint.net/kenya/county/

return. The recent Al-Shabaab attacks in Garissa University where armed gun men in April 2015 killed 148 students, two incidents Mandera where in July 14 quarry workers were killed and in November the same year a bus enroute to Nairobi was attacked and 28 non-Muslim passengers singled out and killed have stirred anxiety and fear among people of the North and the government. [67]Due to structural religion and ethnic divisions existing in the north, the Al-Shabaab has sought to advance its destructive ambitions in areas of the north and also other easily targeted areas in the country. It is until 2011 that this resorted to a military intervention, the Kenya military in an emblem of Operation Linda Inchi invaded Somalia aiming to create a buffer zone to protect further insecurity spill-overs from Somalia. The attacks in 2014 and 2015 in Lamu, Mandera and Wajir resulted in 186 reported deaths and 144 injured cases.[68] The Al-Shabaab have intensified their ambitions through their Kenya networks who help in recruitments and intercommunity agents who have increased rivalry among religions and authorities causing instability and challenges in governing societies.

The North of Kenya due to long spells of drought reports a high number of food insecure population. It is estimated that nearly 240,000 children from the north as of September 2015 were malnourished a situation that is critical.[69] Even though with signs of improvement the situation is dire and needs a long term solution to avoid premature deaths. Beyond the nutrition impacts, drought in the North has affected environmental sectors since water is important in production and growth. Loss in crop and livestock production due to increased plant and animal diseases has reduced growth and development. Degradation as a result of environmental impacts are beyond repair and instead have led to loss of natural resource leaving the levels of human and animal life at higher risk.

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[67] http://www.nation.co.ke/oped/opinion/Cost-of-insecurity-in-northern-Kenya/440808-3123238-nbi187z/index.html
[68] Inter-communal conflict and AOG related incidents by county, OCHA 2015.
[69]The 2015 Long Rain Season Assessment Report

Severe impacts of drought in the North have exposed the region to poverty and low income trends that have added to conflict, wars and a continued lack of proper controls from the government in strengthening security. The North has experienced the effects of increased availability of arms in the region despite the government's efforts to control the rapid increase of illegal arms owned by locals. The region's insecurity both inter-community and cross border conflicts have contributed to the firearms presence in the area resulting to continued instability. In general; social, economic and political factors have attributed to the challenges of arms in the region. For instance competition for scarce resources, absence of law enforcing organs like the police have accumulatively enhanced the need of fire arms in the region.

3.3 The Relation between the State and the North of Kenya

3.3.1 Colonial evolution of the North of Kenya:

The North of Kenya covers an area of approximately 45,000 sq miles, about a fifth of Kenya's total land mass. Bordering Ethiopia to the North, Somalia to the East and Sudan to the North West. Arid and Semi-Arid climate characterized by low lying semi desert with annual rainfall averaging between 5 and 20 inches, without any minerals or agriculture resources[70] is all that the region is made of. Due to these conditions, the region's population opted for nomadism way of life as a way of survival as they depended on milk and meat from their animals. The North is home to Nilotic group like Turkana and Cushite groups primarily ethnic Somalis, Boran, Rendile, Gabra, Sakywe and Bunji.

The Moyale colonial administrative posts was first established in 1909 followed by another two posts in Marsabit and at Wajir in 1912. The initiative was not prompted by any economic gains instead to face challenges related to border and resource conflict between

[70] Command Paper 1900 Kenya, 3.

neighboring communities. The Somali people unlike other communities colonized in Kenya posed a big challenge to the British on reason that they had access to weapons and a belief in Islam and clannism was a threat to the colonials. In 1930s the British colony developed a frontier policy where the North existed as a buffer zone that protected the fertile central highlands of Kenya from Ethiopia which was expanding its territory. This saw limited movements in the area, and legal documents and permission granted by the provincial commissioner for one to move freely, anyone without could be removed forcibly, his/her property confiscated, imprisoned, arrested or even detained.

Any violation of the outlying District Ordinance and Special District administration ordinance led to a collective punishment which colonial authorities believed was a way of dealing with social ills and crimes within the community population whose perception about stock theft was socially accepted. The District and Special Ordinance laws were introduced and designed by the colonial administration to champion their colonial policies and decisions. They were headed by powerful white District Commissioners charged by the responsibility of maintaining law and order; prevent crime, quasi-judicial roles and effectively coordinating and managing government affairs at the local level. They were assisted by “District Officers, Chiefs, and Sub-Chiefs’’. The method brought some orderliness since pastoralists grazed within marked international and internal administrative boundaries. Group camping gave the government more control and authority in governing the North as it isolated and punished people collectively. However these policies limited the expansion of the Somali people to other areas of Kenya and also prevented them from forming a common identity with other Kenyans thus isolating them northwards.

Despite the oppressive policies at the North by the British, more awareness came in handy from Mogadishu in the year 1943 through a formation of the Somali Youth League that spread its wings to the North and won support of the clan elders in uniting Somali nation to one country. The colonial masters curbed the uprising by isolating them more and even denying them the right of voting in 1957 and 1959 elections by only nominating one legislature to represent them in parliament. This remained till 1960 when the colonies felt political pressure hence giving in to allowing other political parties to participate in politics. The Northern Province People's Progressive Party was formed with only one agenda of separating the north to the Greater Somali. It is a region Kenya had an acute eye on as it awaited its independence in 1963.

3.3.2 The post-colonial evolution of the North and Shifta Conflict

Soon after Kenya gained independence the government initiated a counter insurgency campaign against the Somali people who were perceived as separatists and assumed to be preparing for war to secessed from Kenya. Pressure from other Kenyans forced the government to act to gain confidence from her people and show the capability of protecting its borders. Use of force and indiscriminate violence were reported as thousands of livestock owned by Somali people killed and their pastoral economy collapsed.[71] The shifta conflict came to be as from 1963 to 1967 with the Somali ethnic community attempting to secessed the "Northern Frontier District'' of Kenya to join the greater Somalia. The conflict was named Shifta by the government after the Somali word for bandit as propaganda effort to maneuver their action in winning the conflict.

The government through the counter–insurgency general service units in the name of collective punishment targeted Somali population killing animals and people. Screening exercises could be held, punishments in form of detaining people and denying them food or

[71] Bandits on the border and Insurgency and counterinsurgency, Mburu and Whittaker

water, men beaten and women raped dominated the collective punishment tactic. In addition, curfew orders were introduced to assert government authority, control and power over the operation of pastoral system. After the declaration of the state of emergency in December 1963 curfews were introduced in an effort to combat the situation and prevent security violations in urban areas and concentrated settlements. Residents of affected area were required to remain indoors between the hours of 06:30pm and 06:30am beyond this time anyone found was considered subversive.[72]

The conflict ended in November 1967 when Muhamad Haji Ibrahim Egal the Prime Minister of the Republic of Somali signed a ceasefire agreement with the government of Kenya.

3.3.3 The Aftermath of Shifta Conflict

As the conflict officially came to an end in November 1967, the state of emergency remained, including collective punishment into the 1990s. The Northern Frontier District movement came to a close, but activities involving bandit continued for instance cattle rustling. Bandit activity made weapons and small arms available to groups of raiders that looted and killed.[73]

Series of confrontation since 1968 April have been witnessed in the area emerging from halting the villagization schemes after shifta war. For instance, encroachment of Borana grazing ground in Isiolo by Somali groups, inter-clan conflicts in 1983-84 that resulted to a total of 3520 cattle stolen between the Degodia and Aulihan clans. This conflict led to the known Wagalla massacre where an estimated of 2000 people died as others were tortured while in custody at Wagalla airstip by police.

[72] Divisional Police Marsabit to Provincial Officer Reference EN27/4, 2 March 1980
[73] Frontier Banditry, Noel Cossins North East Province: A study of its Pastoral Somali Nairobi 1970 KNA

Continuous police patrols, arresting and interrogations of suspected bandits was carried out and whoever was found culpable was jailed. Public baraza were held with communities and people asked to share information of any member suspected to be a bandit or to avoid communal punishments and confiscation of community property. For instance Curfews applied in areas like Moyale from 1977 to December 1989.[74] Little has been realized, since the end of the Shifta war Kenyan Somalis have the same challenges they had in colonial times of getting citizenship and insecurity in the area.

3.3.4 Response to the North of Kenya insecurity

The North has been considered the center of internal and cross border conflict. Divisions and acrimony have rose as a result of competition for resources either to access or control. The manifestations of these conflicts revolve around economic, political and social factors. In the North the ethnic divisions have resulted into continuous conflicts among communities. Considerable efforts though by different stakeholders and the state have been directed to bring resolve to the area in vain. Instead cattle rustling are on the rise with change in its nature and approach due to the introduction of small arms and weapons, high rates of unemployment of young population and long spells of drought. Raids carried out in these areas have impacted the area negatively by loss of lives, injuries, rape, displacement, famine, diseases, and high levels of illiteracy.

The inter-clan conflict in Baragoi between the Turkana communities in 2012-2013 is one of the classic examples of the conflicts that reported high numbers of unreported dead persons and many displaced to date. The government intervention did not go well either as 42 police officers who were sent to quell the conflict and recover the stolen cattle lost their lives on the hands of raiders in Suguta Valley near Baragoi who despite that took off with their guns and

[74] Human rights Watch, Kenya Talking Liberty

ammunition[75].The affected people due to fear of losing their lives and property have taken refuge in other areas, staying in Manyattas as others move to urban areas.

The incident ignited fear and established long overdue challenges on the practicality of disarming the communities in the North. Clearly there is no commitment from regional states in stopping smuggling of arms into the country which in return are used in committing raids in the north. The police force intelligence and training is also critical since that could enhance better approach and preparedness to danger prone areas like Baragoi.

3.4 The North of Kenya Marginalization

For a long time now, nearly half a century after Kenya's independence inequality between the north and the rest of Kenya is still observable. This inequality has barred Kenya from achieving the Millennium Development Goals as set by the United Nations considering that a wide gap of human development still exists.

It has been a region singled for special attention due to its low development record. It falls on the category of arid and semi-arid lands of Kenya commonly known as ASALs which is home to 36% of Kenya population and covers 70% of the entire country. [76]As it is the area is characterized with low rainfall and the people are involved in mobile pastoralism as a way of earning a living. Other economic activities include fishing, hunting and gathering. Semi- arid areas mark a slightly active economy as people engage in agriculture supported by irrigation, agro-pastoralism, conservation and tourism related activities.

The North of Kenya is well defined by pastoralism featured with huge numbers of livestock mobility and communal ownership of land and other resources in the area. This alone has brought a problem with the state on how to govern a society with these values. It is such a

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75 www.nation.co.ke/News/How-i-survived-raid-that-killed-42-policemen
76 Pastoralist Thematic Group on Poverty Reduction, March 2001

challenge more so when the people have their own way of life with values attached, for instance promoting mobility, supporting customary lifestyle and having their own way of interpreting and organizing life. Failure of such policies have lagged the region behind with least social, economic, and political structures for instance poor road network, inadequate health facilities and government services to the people of the North. The approach as stated as made it difficult for the government to invest in such areas for fear of zero returns on investment. These areas are considered consumers of government wealth, a view that was probable of triggering separation of the North from the rest of Kenya. The perception though is gradually fading away as people are taking a more active role in boosting the region for instance intra-regional livestock trade that is estimated to yield US 60M per year.

The North of Kenya has always been out of sight and out of mind from the rest of Kenya population including policy experts. Kenya's larger population is not aware of this region challenging policy making due to lack of real time experience that will seal the gap to achieve integration of the people and the formula on how to share the benefits to the entire region.

The region contemplated separation which led the colonial regime to create Northern Frontier District that was used as a buffer zone restricting movements, punishing people, and use of extreme force unaccounted for by the law. Not even gain of independence could repeal the laws at the region until multiparty rule in the 1990s by which the northern had lagged behind in terms of investment, infrastructure, and human development.

The North is characterized by chronic poverty that has led the area into isolation, insecurity, weak economic integration, limited political leverage and a challenging environment posing high levels of risk and vulnerability more so to a girl child and women in the area. The social inequalities in the north are not primarily ecological but are political constructs and would take political realities to find a solution by shaping up policies which may help the area realize growth and change the past.

Notwithstanding the challenges the area is facing, still the resources in these area are untapped. With adequate policies, political will, a good understanding of the regions needs and potential, priority to the region, wealth could be created thus promising returns on investment in roads, electricity, education and other economic and social amenities.

The region geographical location is an appealing effect the state may choose to invest in as it forms strategic to other regional markets, countries like Ethiopia, Sudan and Uganda would require goods and services from Kenya. On the other hand greater demand by opening the north to the rest of Kenya is likely as the economies of the two would complement one another hence triggering economic growth.[77]

The government through Kenya Meat Commission has set a livestock trade by being a supplier of meat to different markets thus providing ready market for the livestock production from the North.

In conjunction with county governments the state is in support of exploiting and conserving natural resources available at these areas to contribute more to foreign exchange earnings. This ranges from protecting game reserves and national parks, research and development, exploration of natural gas and oil deposits among other precious resources like sand and gravel, soda ash, resins and medicinal plants.

Through the ministry of National planning, urban development plans in the region are likely to open up the area more so in providing employment. In addition open up other economic

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[77] Delgado et al, 1999: Livestock to 2020: The Next Food Revolution, Food, Agriculture and the Environment Discussion Paper 28

opportunities in the area as a whole hence promoting national cohesion through intermingling with other social groups and tribes.

3.5 Government's efforts in the North

The government through different ministries formed since 1980s have been set to address challenges facing the region and catalyze its potential for prosperity. In 1980, "the Ministry of Economic Planning and Development" was set to oversee the transformation of the region into a more developed one, later in 1989 the Ministry of Reclamation and Development of Arid and Semi-Arid and Wastelands preceded the former to realize more potential in the area, even though this did not yield much of the result due to the limited focus to cattle and easy target of semi-arid areas the government made more awareness of the region.

Over the years after the awareness, in 1996 the government in collaboration with the World Bank initiated a project known as Arid Lands Resource Management Project (ALRMP) which made significant progress in challenges facing arid areas and ensuring food security at the national and local level.

The government through its Vision 2030 has a broader target and plan to achieve a long term agenda of a sustainable growth in the area. The political pillar in vision 2030 paves way for political solutions to the dilemma of under development in the area through institutional mechanisms and technical support.

Currently the government established the Ministry of devolution and planning who out of its three departments, the department of special programs is mandated in implementing special programs aimed at promoting development goals of the north. The ministry responsibility of formulation of policy, strategies and plans provides direction to all stakeholders and community in collaborating to realize development

This sums the role of government as of protecting her people against any risks that could be as a result of climate changes, drought and conflict. In addition it serves a role of an enabler of development by investing in public infrastructure, human resource, and managing the environment. Above all ensuring the people's rights are protected and the society is a just and inclusive one.[78]

3.6 The role resources have played in the North of Kenya, and in the state-society relations.

3.6.1 Insecurity in the North of Kenya

The region's prosperity is pegged on the natural resources available. With a clear understanding of the conditions the region experiences mostly attributed by climatic changes, a proper plan of managing the conditions must be in place to enhance adaptability to growth in the area. The amount of development in the North is at the starting point with the focus of addressing the very basic societal challenges of abject poverty, insecurity and vulnerability.

Severe and unpredictable droughts have forced pastoralist to travel long distances in search of water and grass for their animals. In many occasions they move under harsh circumstances encountering enemies, diseases, natural calamities like floods and illegally crossing borders in search of this valuable resource. The impacts range from loss of lives and property under these circumstances.

Environmental insecurity is on the rise as the people have resorted to cutting down the only breed of trees for charcoal production to get a few coins to buy food. Acacia trees which are known to survive in drought prone areas are now turned into charcoal lined up along the roadside to attract buyers. This poses more threat to the security of the environment than any other time.

[78] Personal communication, Permanent Secretary, Ministry of Information and Communication, 22 July 2009

For a long time now, the north seems to be neglected by the government of the day due to minimal economic activities found in this area. The negligence is evident on the low development levels of infrastructure like roads and water but also the region lacks state protection due to the absence of police that has led people to smuggle arms to protect themselves and their property. Young boys aged between 5 and 12 would surprise you on how to use guns. Any effort for instance like the 2004 and 2005 disarming of the Turkana people received a foul cry of exposing the community to attacks from the surrounding communities.

The government continuous division and creation of new boundaries in the north according to the locals has brought more challenges as far as community conflict is concerned. This is because individualization concepts that come along with these boundaries have put aside the earlier concept of shared resources. Pastureland and water point's resources belong to those within that boundary and not all any aggression to access or control the resources result into automatic conflict. Lack of viable alternative livelihoods in the north have led community turn to banditry and armed robbery.

3.6.2 The state and the community: role of resources in the north

Resources at this area have played a significant role in seeing challenges driven by people's needs addressed fast. Infrastructure tops the list; remoteness of the North due to limited interconnectivity has been a persistent problem in the area bringing into light urgent areas of concern the government should give priority: transport, energy, water and information and technology.

First and foremost, on transport network the government has initiated road projects in areas tarmac roads never existed, done repairs on disjointed ones and opened up thin road networks in the area. These roads are a potential link to other trade partners in East Africa. The recent upgrade of Moyale Airport will open the area more by encouraging investments to boost the region. Another example of a road that will open up growth and opportunity mostly in livestock trade and oil transportation from South Sudan is the Land-locked areas of South Sudan and Ethiopia (Lamu Port South Sudan Ethiopia Transport Corridor) which will be between Isiolo and Moyale.

The untapped energy of the north from solar, wind, geothermal and oil exploration is now starting to be tapped. The Turkwel hydro power has been used to serve the region with electricity reducing the expenses of using diesel generators in the area and also meeting the energy demand of the growing urban population. The rural electrification is likely to be expanded to many more schools and health facilities in the area. Another project likely to impact the area and the region entirely is the Kshs 70 billion investment of Lake Turkana Wind Power Station that started in the year 2006 in a 40,000 acre of land in Loiyangalani set to be launched by the year 2017. Each of the 365 wind turbines will produce 850KW with a target of meeting a 310MW of power produced and sold to KPLC. This will contribute to the reliability and low cost of wind power to the National Grid.

A series of research is ongoing to fully ascertain the capacity and potential of underground water in the region. Available rivers are still inadequate in serving the region. Despite that, water infrastructure is underdeveloped and the catchment areas have been poorly managed and skills for harvesting water are inadequate.[79]

Although the infrastructure for fiber optic cables is now available at several locations including Lokichoggio, access to Information technology is poor in the area. The government in partnership with the telephone operators is moving at a speed to expand their network which is limited to urban areas.

[79] Republic of Kenya, 2010: Millennium Development Goals: Status Report for Kenya - 2009

What goes without say infrastructure will stimulate investment and growth in the North. More employment opportunities will be realized, the cost of running business will reduce significantly, as poverty reduces on equal measure. Stability that will come as result of that will improve security in the area; encourage integration which will promote unity among other Kenyans.

On infrastructure the government is involved through relevant ministries for instance the Ministry of Energy, Ministry of Information and communication, Local authorities and other partners.

Secondly the region has been associated with insecurity and violence featuring stock theft. The government through the county commissioner office has developed a community based peace-building mechanisms to resolve disputes in the area. Other episodes of insecurity tend to be clan based centered on natural or political resources. Equal opportunities to government positions have calmed the tension hence winning investors with the hopes of getting support from the locals in carrying out their activities.

The state through the administration police they have an ambitious plan of increasing police presence, increase mobile police units and integrate the police into a peace building structure by training and adequately equipping them with all they require. Nonetheless, the continued disarmament of small arms and weapons has promoted peace in the area.

Despite that, the region insecurity has also been contributed by neighboring countries due to weak controls on the borders and under resourced security personnel, poor infrastructure, inferior technology, dispersed population, and presence of illegal firearms.

Through policy, legal and institution reforms the government has come up with a policy framework on nomadic education, reforms in the health sector creating more awareness and finally the new constitution section on bill of rights paves way for innovative ways of serving the people.

The North represents a reservoir of untapped human resource due to lack of formal education. These has excluded its population from formal employment and increasing the levels of poverty in the region. The government has opened more training facilities in the region to promote formal and informal job creation, self-employment and entrepreneurship among people of the north. Access to assistantance, credit and market information has ensured small scale business have these important asset for decision making. The region has inadequate officers able to offer service to the huge area, women working at the area are very few and reports indicate 70% of the human resource comes from outside the region.[80]

Just like other parts of the country, land in the north is an important factor in the livelihoods of her people and has a special attachment to the community. Access to land is of little meaning compared to the resources on the land for instance pasture and water. The government through the National Land Policy has provided a framework to address challenges facing the north including boundary disputes, land degradation and sharing benefits from natural resources. Incorporation of customary law has ensured there is wise use of natural resources and effective management of resource conflicts.

Through time, the government has also created ministries to try and respond to challenges and realize the potential of the north. In the 1980 the government through the then Ministry of Economic Planning and Development created a section of ASAL to give adequate attention to the region by enhancing proper understanding of the region needs and potential. Also the ministry was to balance the government political recommitment in addressing the challenges facing the north. Later in 1989 the section was replaced by a full ministry- The Ministry of

[80] USAID, 2008: Report of Human Resources for Health (HRH) Rapid Assessment in North of Kenya, January 2008

Reclamation and Development of Arid, Semi-Arid and Wastelands. The ministry objectives included; improving livestock and agriculture farming, accelerating afforestation and building human capacity through knowledge and skills in the area. The ministry received criticism for only focusing on pastoralism which was a limited scope for achieving the major goal of realizing growth in the region.

In 1996 the government in collaboration with the World Bank came up with Arid Lands Resource Management project that significantly managed drought and food security. This was achievable through paying keen attention to acute challenges facing the north.

The government's efforts again were witnessed in 2009 when they formed the Ministry of State for Development of Northern Kenya and Other Arid Lands. The ministry was tasked in providing policy direction and leadership in the planning, implementation and coordination of development projects in the northern Kenya and other arid lands. Until the amalgamation of the new constitution in 2010 the ministry made steps in terms of policy and research that could be useful to county governments in Arid and Semi-Arid regions.

However, some of these developments have brought some form of conflict between the state and the north. A good example is the land acquisition process for the Lamu Port South Sudan Ethiopia Transport Corridor (Lapsset) project. Protests against the project have been witnessed as people are not well briefed on the processes of land allocations to the project. Fears of homelessness and displacements due to lack of title deeds by a majority of the people has heightened the tension of conflict between the state and the people. Communities argue of lack of evidence in proving ownership of their communal land hence high chances of losing it without getting compensation from the government. Despite government assurances to issue title deeds and provide training to the youth in readiness for future opportunities the conflict remains unresolved.

3.7 Conclusion

The North of Kenya has been characterized by poverty and insecurity but equally has a rich store of untapped natural resources ranging from livestock, tourism, minerals, energy resources like oil, wind and geothermal.

The customary way of life has also played a role in defining access to these resources in terms of gender and age. These sets precedence of the areas of concern the government is championing to address, which is better management of existing resources in the area. By so doing the government is at the fore front to solve problems pertaining resources and encourage coexistence among partners.

Land as it is on other parts of Kenya is a critical factor in the North and has a significant attachment to the culture of the people here. With their way of life the key challenge is accessing the resources on the land other than the land itself for instance water and pasture.

Although the government has placed procedures and process of ensuring wise use of resources and effective management of resource conflicts including coming up with the constitution, a few areas pose challenges and more so the collective rights under customary law.

The economic value of the North is likely to be much greater than expected. The resources available in the region are able to contribute highly to the state economy in terms of employment creation, tourism, and increased trade with other markets, improved infrastructure, security and stability in the region.

Finally, it is clear that there is an interdependence relationship between the North and the state. For the state to achieve a sustainable economic growth then these region must be at par with the rest of the country. The region's economy proves to be integrated with the rest of the country as more supplies of products like meat are coming from the region as they also have a demand of what is produced in other areas. However, this should not lead us to deny the fact that the state and the north have had a problematic relation that spans decades.

CHAPTER FOUR

AN ANALYSIS OF OIL AND ITS IMPACT ON KENYA’S CHANGING STATE-SOCIETY RELATION AND THE ROLE OF INTERNATIONAL ACTORS.

4.1 Introduction

Given the economic importance attached to energy industry, oil has a negative foundation upon which intra and international conflicts and wars have been based. The world’s leading powers have shown strong interests on oil resources due to its integral role in the world economy.

Surprisingly, competition to dominate the control is evident where world powers like the United States want to prevent the dominance of other stakeholders. It is confirmed that oil has a huge influence on any country and its influence on foreign policy mainly focusing on production and distribution. Further influences have seen circumstances turning out to be security threats.

Oil politics have formed an important aspect in the world of diplomacy, just but to mention since the rise of the establishment of world oil markets generating from the association of the importer states and exporter nations both major and minor countries alike have faced the dilemma on the issue of oil from refining, pumping, transport and supplying among others. With this in mind, Kenya is non exceptional for pertinent issues have a likely hood of getting the country into a state of conflict as well.

4.2 History and discovery of oil in Turkana

Turkana is located in the Northwest of Kenya and is among the country‘s least income generating county with least development record experiencing an arid climate that favours little agriculture activities due to long spells of drought[81]. The people of Turkana have suited their lives along pastoralism which has been supported by limited water and pasture resources. The region like other arid areas have been considered marginalized socially, politically and economically. The governments' limitations have decreased adaptive capability of pastoralists, and of more concern is the violence associated with pastoral communities. "People lose their lives in violent raids executed to acquire livestock and control water and pasture resources[82]". Evident conflicts in the area feature the cross border conflict between the Pokot communities of Kenya and Uganda who raid the Turkana and with adverse effects experienced on reiteration from either of the communities.

Turkana County comes second with a land area of 68,680kmsq after Marsabit County. Its location to the northwestern of Kenya borders, "Uganda to the West, South Sudan to the north and Ethiopia to the north east. Neighbouring counties include West Pokot, Baringo, Samburu and Marsabit on the opposite shores of Lake Turkana. It has a population of 855,399[83]".

On the recent years Turkana County has emerged as an energy resource hub for hydroelectric that is Turkwel Hydro Power plant, geothermal, solar, wind and a possible crude oil exploration that is currently underway. In addition archaeological evidence suggest Turkana to be a historical site to study humanity, the age old discovery of fossils worth millions of years, old decorated sculptures of pottery clay works presumed to be dating back to 6000 years BC and cemeteries proof that the area would be it was a center of civilization for humanity.

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[81] Schilling, J. The nexus of Oil conflict and climate change vulnerability of pastoral communities in Northwest Kenya, University of Hamburg, Earth System Publishers,2015

[82] McCabe, J. T.: Cattle bring us to our enemies: Turkana ecology, politics, and raiding in a disequilibrium system, University of Michigan Press, Ann Arbor, 2004

[83] Kenya Census 2009

For years though the County of Turkana has been considered the poorest region in the entire state of Kenya[84]. However, due to the crucial explorations and inventions of major economic resources in the area there is a big turn of events in the area. Discovery of oil and invention of water reserves have brought a new picture and perception about Turkana. On the other hand, devolution has been graced with much appreciation from the people on hopes of directly benefitting from the county budget.

To give a summary of that, in the year 2012 Kenya struck oil in Turkana. This came after a series of other discoveries in East Africa and other countries like Madagascar indicating the emergence of a new extractive frontier. Remarkably more hydrocarbons have been discovered in East Africa than any other place in the world for the last two years. It is estimated Kenya and Uganda alone account for not less than 3 billion barrels of oil reserves. Just like economies such as China, India, and Brazil, African oil production is projected to grow faster.

The exploration history in Kenya dates back to the 1950s even though most drilled wells turned out to be dry. It was until 2010 when gas findings in Mozambique, Tanzania and Uganda attracted investors back to Kenya. By the year 2012, 33 wells were drilled 16 showed signs of hydro carbons, but none proved commercial.

As of September 2013, three wells out of the 39 wells drilled oil spills were discovered. They named the three as follows Ngamia I, Twiga I and Etuko I and natural gas was discovered in the Mbawa I well. With these deposits Kenya rates high on oil in East Africa than Tanzania and Uganda.

Kenya has been adamant that the newly found natural resource will be a spring board for development. International financial institutions appear to share the same optimism, arguing that, if properly managed the extractive industry will foster economic growth and contribute to

[84] The Economist July 2015

poverty alleviation in the region. In this respect, the World Bank Group observes its role of monitoring to ensure good governance of natural resource and mineral sector.

Even though, World Bank has been under intense scrutiny and criticism as a result of its support of highly controversial extractive projects throughout Africa. The World Bank has recently conducted a review of its involvement in the mineral and hydro carbon sector coming up with new policies and agenda that promote good governance of the energy investment ensuring benefits reach the poor and mitigate socio-environment risks.

On the same note, extractive companies are doing their best to obtain their social license to operate, adopting voluntary codes of conduct, championing discourses of stakeholders' engagement and participation, and promising the development of more inclusive business models that can create more employment and business opportunities.[85]

In Turkana County, the Kenyan region where the majority of oil reserves are located challenges have soon emerged[86]. Key concerns are pointing on community exclusion from negotiations, as well job opportunities and tenders. Land demarcated for use of extraction resulted to demonstration in October 2013 halting Tullow operations for two weeks due to lack of consultation exposing the fragility of the relationship between the company and Turkana community[87].

Even though a number of studies have focused on the countries with a long history of extraction the dynamics that emerge in new extractive contexts such as Kenya remain uninvestigated. However, conducting such an inquiry during the early stages of the extractive industries and before production holds relevance in order for timely interventions to be designed and implemented.

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[85] The World Bank

[86] The Standard 2013

[87] Nation: Turkana MP under probe over riots against tullow oil firm, /index.html, October 2013.

4.3 Tullow Oil and the State Agreements

Since the discovery of oil in Kenya it is believed 44 contracts for drilling oil in Turkana have been signed [88], only 7 (Block 1, 2B, 11A, L1B, L16, L27, and L28) are at the public domain others like 10BB and 13T remain confidential[89]. The main ways of revenue sharing according to the contracts are three sources; production sharing, windfall tax and state participation.

Production sharing which has been majorly adopted in many developing countries has its origin in Indonesia with two approaches and in this regard not strange in it usage in Kenya where it has regarded Tullow as a contractor to the government with an agreement to recover costs of exploration, development and operation once production commences at an annual rate agreeable by the government and Tullow. The second approach under production sharing is where after Tullow recovers the cost incurred oil split profits will be shared at a 60 to 40 percent (Government: Tullow).

On windfall taxes the government has employed taxes to the company share of profit generated from oil sales on prices exceeding USD 50 per barrel.

State participation also known as working interest is another option featured on the contracts providing room for the state to participate as a joint venture enabling them to have a direct role in the decisions on resource development also oversee decision making processes.

With a common characteristic all agreements on the public domain cast their argument on discovery and exploration development. Among these includes the year 2010 entry agreement

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[88] https://www.capitalfm.co.ke/business/2017/03/only-10-out-of-44-oil-contracts-signed-by-the-government-are-public-civil-society/

[89]http://www.res4dev.com/wpcontent/uploads/2017/06/Turkana_Oil_Revenue_Prospects_Report.pdf

between Tullow oil and Africa Oil and Centric energy laying an acquisition of half of its licenses of oil blocks in Turkana duly approved by the government of Kenya. In 2013, with more discoveries at Etuko-1, Ekales-1 and Aget-1; Tullow signed an Area of Interest (AOI) agreement with the government allowing them a multiple field approach in exploration developments. Further agreements were made public in the year 2014 when two more wells were discovered at Amosing-1 and Ewoi-1. Contracts and agreements involving discoveries remain in the public domain compared to contracts and agreements with the content on revenue sharing between the government and Tullow Oil. The confidentiality of these contracts has contributed highly to secrecy on the content and basis of the government and Tullow oil agreement. Interested parties like the civil societies and researchers are unable to give a scrutiny on issues of cost as well as impacts of the discovery of oil in Kenya. Further, disclosure has affected facts of analyzing the benefits and shortcomings of the resource to the environment and the communities.

In March 2017 Tullow Oil signed a production agreement with the government, giving room for the exportation of crude oil from Turkana fields. The agreement draws the roadmap by providing legal and technical guide of oil exportation in Kenya. It establishes the terms of exploration by laying parties interest and objectives based on each party profit sharing. As set in the hierarchy of laws contracts work in conjunction with the constitution which indicates the state as the owner of sub-soil resources, the Kenyan Law which provides Petroleum Exploration Act that outlines the law and regulation of Production Sharing Contracts. The law gives guides on negotiation of contracts that the government may refer to in enabling them choose on a model that suits its interests more in terms of securing a fair share of revenue. Though with an indication of willingness by Tullow Africa Oil to share the agreements once they get consent from the government, unfortunately production sharing contracts in Kenya are unavailable to the public domain for they are confidential and only can be disclosed on mutual consent as required by the law. According to the Ministry of Energy it is believed the legal advice has been sought from a London based law firm Simmons and Simmons.

The quality of Kenya oil according to Tullow Oil has been hailed due to its low Sulphur hence has a high likelihood of producing quality products of petrol, diesel and kerosene. This classification is an indication that these products will fetch high prices in the market. It is estimated that the government will move 2000 to 4000 barrels of oil per day to Mombasa for exportation. This is supported by the 1.5 billion 3 year tender given to three oil movers, Prime Fuels Kenya, Multiple Hauliers and Oilfield Movers expected to deliver oil at Kenya Petroleum Refineries Limited in Mombasa for export. This opens new opportunities in the transport sector likely to boost the economic growth of the country.

However, agreements containing revenue share between the government and Tullow Oil Company are still unknown. The agreements remain confidential leaving many gazing. Tullow Oil on its entry in the year 2010 to explore oil in the Northern Kenya stated to have a plan of investing more than Kshs 150 billion which upto the year 2017 of its existence it means per year they spend Kshs 25 billion. This figure may quickly change as the company prepares itself for commercialization of oil by the year 2020.

Through media coverages, advanced steps are witnessed all pointing at the oil pilot scheme to be done by Tullow Oil. With little reports the government has estimated a double figure of production from 480,000 barrels by the year 2018 to 960,000 by 2019. The programme cost will be accumulated to the cost of exploration and appraisal of Tullow oil as the governments only participate on refineries and storage of the oil transported to Mombasa. The compounded cost will officially be handed to the government in the year 2022 when exportation starts. Despite criticism from the civil society group Kenya Civil Society Platform on Oil and Gas (KCSPOG) has aired its concerns on oil pilot scheme labelling it a waste of government revenue and unnecessary, the government through the ministry of energy insists that it will help gauge the market reactions in readiness of full exportation exercise.

Alarms and concerns have been raised by the civil society with warnings of keeping the public in the dark on signed agreements between the government and Tullow Oil. Eventually Tullow will be paid more since no viable auditing and monitoring has been done since they landed in the country. Also their unexplained engagement with consultants from UK and US is likely to accumulate and pile expenses worth of millions of dollars and euros for the government which they know will be paid.

With recommendation to get qualified auditors to audit Tullow Oil, the government needs to be very transparent in its dealing and also engage other stakeholders to assist in understanding agreements tabled for clarity and support of the project. Otherwise without that, Tullow Oil and the government will hold all about exploration of oil to themselves.[90] Such limited information to the public domain and other stakeholders entirely lead people into making their own assumption giving room to hearsay and propaganda to fill the air which is dangerous.

4.4 Emerging Local relationships

The discovery of oil has resulted to a number of interested parties in Turkana and has intensified their stakes in various ways and also by introducing emotive issue of land which has aroused challenges in the region. In Turkana land belongs to the community, however according

[90] https://www.standardmedia.co.ke/business/article/2001234303/why-tullow-is-holding-all-the-cards-in-oil-exploration-deal-with-state

to the law the sub-surface resources owner is the government who should ensure benefit for the people of Kenya as a whole.

With different stakeholder participation, it seems no clear processes and consultation is done in advancing any activities in the region that may affect the locals. Displacements and land allocation are among key areas that require clarification with all stakeholders so as to seal any gaps that would lead to conflict or misunderstanding. This is evident through the ongoing land allocations for oil prospecting without clear information to the locals. Increased displacements and inaccessibility of grazing grounds on their return from pastoral lives is on a high due to ongoing activities for instance fencing of land for prospecting purposes and also development of projects like airstrip and infrastructure that deny access to previously accessible and community owned areas. This in itself is a threatening development to the delicate peace in the region.

In an economic sense land access allows people to utilize land for financial gain even though it exposes parties to constant threat due to right of use and ownership. With different actors, land poses a threat in Turkana. Now with the new discovery of oil it is a more complicated matter. Immediately after the discovery of oil, the Turkana County Council which was at the helm of leadership before the amalgamation of the new constitution led by its chairman then sort answers to question related to the allocation of the land to Tullow Oil Company and also the land rates paid to the county.

As true owners and custodians of Turkana land, this implies that the locals have not been involved in the decisions surrounding the discovery. There are no clear guidelines of happenings for instance the claim that Tullow Oil paid EUR 1,800 to the Turkana County Council as land fee was disputed and said to be fee related to the extraction of materials such as sand and marram.[91]

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91 https://gregoryakall.wordpress.com/2012/07/07/turkana-residents-doubt-accountability-in-tullows-oilexploration-deal/

Since then the rates were revised by Turkana County Government after negotiations with Tullow Company and initiation of Turkana County Finance Act, 2014. These did not see any resistance from either party.

Tullow's influence in Turkana is evident through accusations of the company using local administration for example Chiefs and District Coordinators to silence communities for them to gain access to community land[92]. Local leaders through organizing forums campaigned to convince locals on the benefits accompanying the exploration. To a majority of the locals, their land was given by their elders who in conjunction with Tullow they have already made decisions on behalf of their communities. With different misconceptions and myths the locals are made to believe that their land could have anyway been handed to the government for exploration purposes and then better for them to agree and work with Tullow Oil Company.

The combined efforts of Tullow and Turkana elders yielded results which later again could be the basis of conflict between the parties if all they said will be unmet as they engaged the locals to believe of the discovery, over promising to meet the community needs on education, hospitals, building a fence to protect raids from neighboring communities, cash for the elderly, water and employment.

The industry has not only attracted Tullow Oil Company but also from its inception other players showed interest in acquiring land for investment. For instance African Camp Solutions (ACS) which applied for a leasing permit to the county with goodies for Turkana community: to build an accommodation lodge, airfield and workshop facilities to serve the oil industry. With the commitment to implement a number of projects among them bursary funds, job opportunities, community centers, conservancy among other projects. This was sweet music to the Turkana County Council (TCC) which in their meeting on November 2012 as observed in county reports

[92] The East African (i), 2013; Nation (ii), 2013

gave an affirmation from the Council Chairman that it was of major benefit to the community economically and socially. Though not long after the African Camp Solutions closed down with none of the projects done or even started instead it transferred its lease to Tullow Oil officially due to its inability to raise enough capital. The move sparked protest from the locals, civil society and Turkana County Government on how they could deceive the authorities and the community.[93]

As noted TCG however has since revoked permits issued to companies that never followed right procedures requesting them to follow the right procedures that are in line with county regulations.

4.4.1 Tullow and the Turkana County Government

The implementation of the new constitution enhanced voting of devolved governments on March 2013 that gave birth to Turkana County Government (TCG) replacing the Turkana County Council.

The relationship though never improved, the committee mandated with Energy and Environment informs that Tullow Oil Company does not involve them nor share any information with them regarding exploitation. If it does involve the TCG it is in the company interests or when the company is in logger heads with some communities.

The locals' inclusivity came into consideration after change of the constitution that brought about county governments[94]. Devolution of responsibilities to County governments made it mandatory for Tullow Oil to engage the County even though it had documentation from the National governments. Top Tullow management had found it comfortable working with a few selected influential people like Members of Parliament and Provincial Administrators.

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[93] 2014 news brief produced by Tullow Oil at the Lodwar Resource Centre

[94] Kanyinga, K., & Long, J. D. (2012). The political economy of reforms in Kenya: the post-2007 election violence and a new constitution. African Studies Review,55(01), 31-51

Over time the relations with Tullow have improved even though there are still issues that negatively affect this relationship. For instance, minimal or no regular meetings at all with the locals and Tullow management to give update on what is going on.

Furthermore, Tullow has fully excluded the TCG from all activities in the county only turning to them to cry foul in their advances with the community a factor that is not well taken by the county authorities on why it should seek assistance while from the beginning they were not included. Tullow has ventured into meetings directly with communities without seeking the mediation of the county government which should act as custodian of the project.

It was not until October 2013 protests; Tullow was made to be more aware of the importance of engaging all stakeholders. Through the stakeholder engagement strategy Tullow has made it easy to deal with all stakeholders balancing between interests and positions.

However, oil industry has shown high levels of complexity to govern the sector, the technical skills that are needed have proofed unavailable at local government which has barred it's fully participation. Efforts by Non-Governmental Organizations to build capacity through trainings appear limited to build sufficient capacity for the locals. The World Bank lack of components supporting County Governments has also barred its engagement of Technical Assistance Project for the County Authority.

For the past few years, TCG has contributed to its inefficiencies by appointing executives who are incompetent and not committed to the work at hand. Most of the appointees are people who lost election while running for office and therefore have no vision in relation to championing for policies and bills that will better the industry and the stakeholders[95].

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[95] http://www.kenao.go.ke/index.php/reports/cat_view/2-reports/11-county-governments/79-countygovernment-reports-2014/108-turkana-county

The sudden change of fees and tax payable through enactment of the Finance Act, 2015 by the TCG is an example that shows the drive to earn money from oil companies without keenly collecting enough details to come up with fair legislation. In the beginning TCG executive department experienced understaffing both on technical level and decision making. Not until 2015 that they got a boost fron the national government by getting a Director and his deputy and later Petroleum Director, even though another delay occurred to constitute TCG locals because of reputation problem that was caused by unreasonable accumulation of wealth in few years. These saw the Turkana County Governor, Josephat Nanok and Senior Finance Officer Paul Ekwom appear in the Anti-Corruption report over irregular payments of Kshs 14 million made to a bridge contractor for a bridge that was never built. These and other evident corruption cases involving Turkana Road Executive paying for road constructions that are not done, have raised alarm to the locals and civil society who instead are against any development progress. Such malpractices have been ascertained by the auditor's report including unaccounted for expenditures in procurement processes, payments for services not done, abuse of allowances on travel and sitting and nepotism in hiring personnel.

4.4.2 Tullow Oil and Turkana Communities

Based on the balance of social relations in Turkana County earlier media reports had highlighted possible challenges that the oil industry could face. With the reports in hand Tullow Company approached their work from a security perspective by deploying armed guards patrolling on roads and Tullow camps to secure their assets. This approach did not facilitate the development of a positive relationship since the communities felt the large security presence barred them from creating a relationship with them. Communities could then try to make their voices heard through organizing road blocks to convey their message to the company. Since the operations in Turkana are at exploratory stage Tullow is well aware that such signs are bad to any company venturing into oil and gas operations anywhere in the world. Notwithstanding it illustrates the delicate security viability of its operations in Turkana.

The delicate relationship came on the spot in October 2013, when hundreds of villagers led by two area MPs camped in one of the Tullow camps in protest of excluding locals from opportunities of employment and tenders. Tullow was forced to suspend operations to resolve the issue and avoid further escalation of the demos. Operations resumed after an agreement between the government representatives and Tullow representatives were signed assuring them of swift operations free from interferences from the community in the near future[96]. Community Resource Centers were set up in Lodwar, Lokichar and Lokori by Tullow Oil with each center staffed with two communication officers. At the centers, resourceful materials were made available to the community including reports with guiding information. Further, Tullow Oil has increased the size of social performance team, established grievances resolution mechanisms (GRM) and reduced the security personnel to tone down the animosity perception. The demonstration may be termed as political but again made Tullow Oil to rethink its mode of operation in Turkana. What then is pointed here is whether Tullow is doing enough in terms of giving back to the society in supporting its social brand and meet its corporate responsibility to the people of Turkana. Tullow a renowned international company with high standards in its operations and a committed member of International Voluntary Principles on Security and Human Rights has a number of approaches to the community ranging from addressing root causes of the visible challenges mainly seen to be poverty, unemployment and increase capacity in terms of the human resource training in the area as opposed to the security and legal approach earlier used.

[96] http://www.documentcloud.org/documents/900069-oil-mou.html

The relationship between Tullow Oil and communities are problem-driven rather than systems[97]. People are aggrieved by the approach Tullow Oil has opted to use of only meeting elders and not with the rest of the community. Women being on the receiving side on their part they have complained of not being consulted in anything. Elders have advocated for their relatives denying others the shared opportunities. This again is avoidable if Tullow could be on the lead in structuring and employing social commitments and concessions with the communities explaining the benefits to receive from the activities carried out by Tullow.

On the other hand considering that the exploration agreement is not between Tullow and the community still the locals expect a lion share out of the operations and equally Tullow needs a social acceptance license from the Turkana People on its operations. Despite the safety and security the company may enjoy from the state it is unlikely that it could turn a blind eye to the people cries and continue with its work. Quick adoption of the generally accepted documents by the United Nation on indigenous issues is acceptable and could curb any conflict escalation between the two parties. Such documents include the Impact Benefit Agreements (IBAs) or Benefit Sharing Agreements (BSAs) that clearly outlines the impacts the project could have to the community, commitments and responsibilities of parties to the project and benefits allocation ranging from employment and other economic developments like infrastructure in the area. This could calm down the community with certainty that their demands will be fulfilled as work progresses.

However Tullow claims to have contributed in social projects like building a school, a health facility, a water project and offering of scholarships to students locally and abroad

[97] Tullow Oil, Sustainability Report, 2013

according to the locals there is more harm[98]. Fights over land through displacements and allocations of land are witnessed with claims of sidelining the locals from land decisions. Environmental degradation has changed the people's lifestyle denying them access to grazing grounds and formerly owned land. In general all that remains to improve the relationship between Tullow Oil and Turkana people is commitments to deliver on promises made. Pursuant to the press statement by Tullow it should take its relationship with the people seriously to avoid mistrust, meet broken promises that were made to communities, on behalf of Tullow Oil, in order to gain access to land to bring in confidence back to the people.

In addition, the disparity of development in the region is a clear signal of how little the billions of dollars project has impacted the region. The project with time is to prove whether it is a curse or a fortune to the community given that the strains of basic needs like water and poverty is experienced at large including the immediate neighbours of Tullow Company. The share in earnings though not agreed upon, 20 per cent to the county and 5 per cent to the community while the 75 per cent to the National government would need proper management with key in investing in programmes enhancing economic growth, reducing poverty and promoting equity in the community.

4.4.3 Civil Society helping the Community and Tullow Oil

Turkana civil society includes NGOs, CBOs and multinational organizations like USAID and FAO. Exceptional is by Friends of Lake Turkana (FoLT) a local CBO who gained recognition for campaigning against the construction of the GIBE dam.

Through the influence of Ikal Angelai FoLT Director, Tullow Oil has interacted with him based on personal relationship between FoLT director and a few of Tullow employees. For the

[98] https://www.standardmedia.co.ke/article/2001256108/locals-eye-scraps-as-connected-sharks-hold-onto-petrodollars

rest of Turkana CBOs, however, the chances to meet with company officials are minimal, as well as it is their leverage. Organizations have complained that Tullow has never accepted any appointment to meet them, or replied to their emails, letters and any correspondence. Any attempts and approaches, including going directly to the camps, have been limited by the Tullow security guards.

In a nut shell a very negative perception of the civil society has been experienced about Tullow oil. And they think Tullow Oil has no clear guide of engaging the community and civil society. Suggestions to have projects that can certainly strengthen civil society role in the oil industry in Turkana, given the financial, technical, and human resources brought by the new players in the industry is critical.

Challenges have also been observed within the international organizations operating in Turkana. Delays of projects due to internal problems for instance the Kenya Extractive Industry Development Programme (KEIDP) Radio Pilot project for more than a year also hamper the participation of non-governmental parties. The success of KEIDP could have met its main objective of raising public awareness and community engagement in the extractive industry. KEIDP also aimed at creating a sustainable extractive sector that could stimulate equitability in wealth sharing, job creation, moving the country to a middle income economy and ensure delivery of economic significant associated with oil to the whole country.

With claims of poor designs, inexperienced teams with no knowledge of extraction industry, Turkana has not set ground for participation of civil society[99].

[99] KEPTAP (2015). Implementation Status and Results Report

4.5 The International Actors Role

In the extraction industry the central government and oil companies dominate as the main players. Most of the decisions are driven without including other parties. Despite that, other actors globally equally play a significant role.

In Kenya the World Bank Group (WBG) is such an actor exerting its influence in different levels through discourses, standards, and investment. The WBG through its engagement with the national government has increased its direct interaction with the civil society in terms of capacity building and training.

The WBG is also championing programs targeting implementations and policy formulation at the national level and other state institutions through encouraging a series of measures. Through an American firm H&W the WB is looking in reviewing existing Oil sector legislation. The World Bank has opted to actively involve itself after the decision to finance the Tullow Oil Africa in its extraction of oil in Turkana. In its partnership the WB will influence change of policies that will comply with the International Financial Corporation (IFC`s) Social and Environmental Performance Standards.

Department for International Development (DfID) is another international actor whose projects KEIDP and "Kenya Petroleum Technical Assistance Project (KEPTAP)'' of equipping people with useful skills and knowledge about oil industry have targeted the central government[100]. Through the consortium of other international NGOs it has expanded its influence to county and local level. For instance, the Kenya Civil Society Platform on Oil and Gas (KCSPOG), has not only tried to lobby and work with representatives from the central government, but also conducted a few trainings in Turkana, targeting local CSOs. In addition, the

[100] DFID (2014) Annual Review. Available at: iati.dfid.gov.uk/iati_documents/4961076.odt

consortium has been able to participate in the international arena, in presenting its report, at the 2014 Chatman House conference in London that was also attended by Tullow Oil Chairman.[101]

Foreign governments have also input their voice and stand in the new discovery. The United States as noted during the visit of President Obama, he put more emphasis for the Kenya government to commit in implementing the "Extractive Industries Transparency Initiative (EITI)", and put more measures that will be aimed at promoting good governance and reducing corruption. With the exploration project getting to an advanced level more international players are likely to show their interest in the sector.

4.6 How is the presence of oil changing local communities, local government versus national government relations?

Extraction of natural resource features dispossession of land from the local communities and it all stands at the center of extraction related conflicts in occurring regions. In Turkana given that pastoralism is their main occupation and strongly depend on land, industrial activities related to oil directly affect their livelihood. In particular, change of migration routes due to construction of fences, reduced land for grazing, and environment pollution.

The need to move away from these sites has forced the locals to move to borders of the West Pokot, Samburu and Baringo counties all of which pose a potential conflict caused due to cattle rustling and border raids.

However, the view and vision of the national government is that the discovery will serve as an alternative source of income with hopes of change of lifestyle for the community. The extraction of oil is presumed to bring new markets for the livestock with benefits accruing from better infrastructure that will open the area.

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[101] KEPTAP (2014). Project Appraisal Document. Available at: http://wwwwds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/07/10/000333037_2014

It is still unclear how the Tullow Oil will be able to provide satisfying job opportunities to the locals who are more than 70,000[102]. Any other progress and development is in itself pressure to the available land should it be construction of roads, railway lines, pipelines affects the daily pastoralist lives of the Turkana people.

Further to the above, suggested conservancies by the Tullow Oil around the oil sites a strategy adopted by oil extractive companies to make their operations easier could pull land usage into more pressure. Without involving the locals, setting more foot prints on land may result into a sour relationship between stakeholders.

Tullow's relationship with the Turkana local authorities dates back to the year 2012. This relationship is characterized with bad blood between the two that was significantly observed in a stakeholder meeting with the locals in Lodwar, attended by representatives from Tullow oil and residents from Turkana towards the end of June 2012. The message from the locals shot fire to Tullow Oil management of arrogance and constant excuses of meeting the local authorities. Claims of disrespect and invasion to land without consulting the locals came out during the meeting.

Also claims of corrupting local administration by giving them goodies in form of money, free allowances and free flights to Nairobi to intimidate the locals was raised. Tullow Oil having set foot before devolution its dealings were direct from the National Government to facilitate its operations keeping the area people out in any consultation forum.

Tullow Oil solely was awarded the extraction of oil by the government in Turkana in a deal that was not open to other parties. Despite the warnings and perils related to such dealings invoking an example of Niger Delta, the state did not give those concerns a thought at all. By so

[102] Business Daily Africa (ii), 2015

doing the intent of the government to exclude other parties from the negotiation was clear despite the risks involving such an approach.

It emerged that this approach has allowed politicians and other wealth people to acquire licenses which they sell in millions of dollars denying county government and the national government revenue. It has been a cry without success from stakeholders for the government to publish the contracts signed. Such an act leaves people questioning, lots of suspicion on the content and a negative feeling of exclusion from the resource under extraction.

For the civil society the government is trying to cultivate a problem by avoiding basic steps that could give all parties a head start on the discovery with fear that by so doing it will derail the progress and the development of the sector. Important could be if the government could feel necessary to use the human resource with knowledge and competences available in Kenya to sprout the industry. Other important point's stakeholders would what to know is if the government will borrow success stories from other nations that would encourage transparency, competitiveness, and fairness in all dealings.

Finally what will be keenly observed in this association is if Kenya will take the direction other African nations have taken to manage the industry secretively. Also, Tullow Oil initial approach of reluctantly engaging other external stakeholders is questionable. Will they together seek consent from other stakeholders and fulfill promises made to the people, so that to enhance the balance and harmonization of the relationship.

Key activities that will feature in this relationship between the communities, county government and national government is procedures of accessing land, broad consultation process, commitment in fulfilling promises, consistent policy formulation and implementation procedures and resource distribution formulas.

4.7 Conclusion

Turkana communities have been made to understand that the only way they may communicate to influence the behavior and make their voices heard by Tullow Oil is by participating in demonstrations. The same has been tested by the workers which succeeded in having their wages revised in 2014.

Stakeholder engagement looks transactional and ad-hoc, from the inception this needs to be systematic and integrated in the corporate strategy. Avenues of communication and meetings should give a consultative approach than mere meetings that do not give useful outcomes.

Tullow Oil interaction is industry driven and openly is devoid of participation of local government and civil society. This gives Tullow Oil an unchallenged ground in all its activities without being held accountable. This means everything including its operation is left to Tullow Oil strategy to take course.

Tullow Oil relationship with the county government has been characterized by inabilities of their kind creating gaps to govern the oil sector and processes involved. The hope could be the inclusion of personnel from the national government to form part of the technical team in the county level and trainings and workshops that could increase capacity and skills. The county itself would need to work on its reputation that may compromise its role and association with stakeholders.

Reduced political tension from area leaders could be a positive step in hindering any worries of politicizing and transforming oil into electoral weapon. Harmony between the area leadership for instance the county Governor and Senator is another step to improving the locals' relation with all stakeholders.

Civil society strength is essential to attract a pool of resource from the non-governmental sector so as to fulfill its role of watchdog. Internal divisions experienced pose a threat in its operation.

Distribution and sharing of benefits accruing from the industry is also another important issue. Allocation of jobs and tenders needs to be freed from political captive where politicians are using their positions to allocate these opportunities to their friends and cronies. Although Tullow Oil change of policy to leave the community decide who should benefit could probably help even though still the local leaders remain influential in these role of job and tender allocation.

The participation and role of WBG and foreign governments in the industry is welcome and the emphasis of designing institutions and regulatory framework to guide the industry represent a sharp improvement which can guarantee a more efficient process.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main principle drive for the study was to determine the State-Society relations and the role of international actors on the oil and gas exploration in the Northern Kenya. To realize that goal it became necessary to investigate the shifting energy sector dynamics and how these have changed the state-society relations. The research reached specific objectives. Examining shifts in the energy sector in Kenya, investigated emerging policy and institutional developments in the energy sector and their impact on the state-society relations, importantly the study assessed the impact of the discovery of new energy on changing state-society relations. In addition, it was important for the study to investigate how the presence and the role of international actors have shaped the already problematic state-society relations. Based on the social contract theory the study sets out a guide on what the government is permitted to do in giving a valuable structure for harmony in the state. This would mean laws and rules that protect the weak and strong in the society for the benefit of all. To provide for an analytical analysis of the study, it was important to employ a qualitative approach that aimed at providing an in-depth understanding of the topic to participants. Methodology of the study encompassed observation, telephone interviews and content-analysis.

5.2 Answering the research questions

Three research questions were developed with findings covered in the chapters of study. The first question dwelled on how shift in the energy sector in Kenya has affected emerging policy and institutional development. It was evident that energy to both industrial and households irrespective of their status in the society was integral to their operations and daily lives. The study found out the importance laid to the energy sector, recognized the economic impact energy has to the nation thus forming priority in the government agenda of development. With the advancement in technology the study observed the shift of energy from traditional sources to renewable sources as illustrated by geothermal, wind power energy and the oil exploration in the area. This association introduced parties to the state as partners tasking the role of safeguarding the energy sector to the state who has initiated policies to ensure affordability, competitiveness, sustainability and reliability in supply of energy as witnessed in the Energy Act 2006. As observed by the study, policies range from the state blue print Vision 2030, the energy guides on Sessional Paper No 4 on Energy May 2014,the laws covered on the Energy Act 2006, The Master Plan of increasing rural electrification for Rural Electrification Programme, and Feed-in Tariff catering for investing stakeholders. By these policies the government has equipped itself for a long term development of the sector with concrete legal framework to realize reforms in the sector and ensure a sustainable quality energy service for economic development. In addition the study showed further legal framework that is aimed at intensifying liberalization of the sector by establishing independent bodies as studied like the Energy Tribunal and the Energy Regulatory Commission. The study also witnessed policies aimed at accelerating the sector investment through reducing administration and transactional cost as well increase connectivity to rural areas in terms of electricity. Successfully the policy formulation and articulation as showed in the research are implemented by the Cabinet Secretary who is in charge of the ministry of energy assisted by section and departmental heads.

The second question the research looked at was how the state-society relation changed in the Northern Kenya in relation to oil and gas discovery. The research identified key characteristics that have shaped the state- society relation with the North, notwithstanding the economic imbalance observed in the area in terms of infrastructure, extreme poverty and insecurity. Both colonial and pre-colonial years indicate an area that is isolated from the rest of Kenya featured with marginalization that prompted secession in the 1960s and drought spells in the area have left people stroke by famine and poverty. Increased concerns of insecurity in the area characterized by terrorist attacks, cattle rustling and inter-community violence leaves the land bear of economic growth. Different ministries formed over the years to focus to the region fell short in attaining their set objective since they focused to the aridity in the area which was a narrow objective in meeting the main challenges the area faces. Equally, strong divisions have emerged as a result of oil discovery more so in land allocation, revenue sharing and lack of consultation among stakeholders. What is evident though, the discovery of oil and gas is an interdependence relation between the state and the north that should eliminate marginalization and carry the north to miles of economic growth and development so as to be at par with the rest of Kenya? Projects like Lapset and the Standard Railway Gauge are important in bringing the integration of the north with other regions. Many more establishments like telecommunication cable networks in the area are likely to open the area network accessibility. The county government which is a result of the new constitution is another aspect the research had optimism in of bettering the area through resource management and support of the discovery for the better of the people.

Last but not least, another research question studied was on what role international-actors play in such dynamics. By identifying the key international players in the sector with their varied interests the research identified their roles ranging from technical and financial support with impacts on the growth and development of the state economy and the effect it has to the societal lives. However, the participation of international actors may be regarded as positive other issues have come up causing a conflicting relation among communities where the resource is available. Unclear methods of obtaining land licenses, displacement of communities due to infrastructure development, non-consultative and poor communication methods and environmental impacts of oil resource are gaining resistance from communities. Though, their participation in designing institutions and regulatory framework to guide the industry represents a sharp improvement which can guarantee efficient processes and proper management of the sector as demonstrated by the World Bank.

5.3 Conclusion

The study aimed at determining the state-society relation and the role of international actors in the discovery of oil and gas in the north of Kenya. The study found out that the relation between parties is frosty characterized by mistrust and minimal or no communication at all between the parties. With the realization of the government role as portrayed in the theory of social contract, the government has failed in enhancing a just society that is well governed with laws and rules in order to achieve economic growth. Cattle rustling, extreme poverty levels, inter-community clashes due to competition on scarce resources are evident show of inadequacy from the government that is entitled in ensuring the wellbeing of her people.

The study identifies challenges the government should overcome in order to achieve the glory of discovering oil and gas in the north region. Knowing that the region is arid; therefore issues on land are very critical to the people of the north considering that their lives rely on pastoralism. The government unexplained displacements and allocation of land has affected their lives directly causing the heated protest in the region. Another aspect that is turning out to be a concern to them is the environmental impacts that would come with the discovery. They are associating the oil wastes and spills to death of their animals, the thorny trees and any plantation found in the area.

By observing the extent of poverty in the region the study found at that the communities from the north are marginalized and lack basic social amenities like schools, health facilities, political stability which has resulted to increased fire-arms and weapons in the region thus threatening the security in the region. On a greater deal the factors mentioned have kept the area economically compromised including increased loss of lives and people property due to border or tribal clashes and cattle rustling. Minimal presence of police patrols and police post is the day's order as communities take care of themselves.

Even though the community has chosen a confrontational approach the study identified a capacity challenge where the local community and county administration lacked people with expertise and skills of the sector posing more challenges of involvement. Resorting to political losers to hold county offices to which they paid little attention in championing the county interest other than resorting to accumulating wealth for them as they wait for another election year.

International stakeholders' role is yet to be felt by the communities at the local level. According to the research, communities feel their approach is casual and lacking systematic corporate strategy that is internationally accepted. This has been attributed by minimal information shared by Tullow and the fact that at no point where they involved the people in their inception stages. With little hopes of the industry to be inclusive, communities argue that any future interventions for instance from countries and organizations like the Amnesty International and the United States will be late.

The efforts by the World Bank as observed by the study are the only likely avenue of bringing down the status quo of the agreements and contracts between Tullow and the Government through implementation of a designed framework of ensuring good governance in the energy sector.

The state-society and Tullow relationship may remain at the conflictual ground for long based on the unfulfilled promises made by Tullow. As identified by the research communities have lost hope due to unfulfilled promises of constructing a Health Centre, school, water project and other infrastructure that would boost their daily lives.

5.4 Recommendations

This section contains recommendations emerging from the research including the possible suggested improvements that can be initiated by stakeholders to manage the already problematic relation.

5.4.1 Release of Contracts and Agreements to the public

This includes all Production Sharing Contracts allocated to oil companies to be made public. This will be important to all stakeholders who will perceive the government transparent in its dealings since all required information is available to concerned parties for scrutiny and analysis.

5.4.2 Speedy legislation and implementation of the Petroleum Bill

Currently the energy sector is still deriving its powers from 1986 legislation largely due to the pace at which the laws are put in place and implemented. The 2010 constitution has not yet fully been implemented denying relevance of the current laws to take force. For instance the Petroleum Bill containing the transparency provisions has not fully been implemented. The legislature should also have the laws collectively enriched by the stakeholders’ consultation and input to ensure the participation of all.

5.4.3 Both the Government and Tullow Company to Employ a Comprehensive Communication Structure

Information that is well shared will empower the stakeholders and guide them in all their actions and participation in the oil and gas sector. This will promote involvement and shun the actions done out of inaccessibility of information by the stakeholders. As a way of solving a conflict, communication is important for it gives room for dialogue among conflicting parties as solution is sought. By clear communication rumors and careless statements are avoided as the activities are easily understood due to clear ways of communication from the relevant parties.

5.4.4 Compliance to the Extractive Industries Transparency Initiative.

By the government joining the above body issues to do with resource governance will be addressed. Information of extraction will be available from the inception of the project, revenue sharing and impacts of the oil to the economy elaborated. Transparency in license allocations, openness of the beneficiaries and expenditures will be at the public domain. AS stated by president Obama during his visit Kenya should hasten the steps of being EITI compliant.

5.4.5 Building Capacity

The North is short of human resource with skills and knowledge of oil and gas industry. For full involvement both county and national governments should invest in trainings in coordination with civil society to build the much needed human capacity to support the sector.

5.4.6 The County to engage itself in Oil Industry

Since oil in the County of Turkana is a new resource it would be prudent if they would involve themselves fully with all happenings so as to equip themselves with the knowledge and familiarization of the impacts involved with the oil industry.

5.4.7 Integrity of County Leaders

The case involving the county executives calls for integrity of leaders chosen by the public. This being a moral conduct it raises an alert to the public to be keen in electing leaders who will not be tempted to misuse the revenue generated from oil resource. As well the Anti-Corruption body should array the suspect for prosecution in such an abuse.

5.4.8 Presence of Senior Tullow staff

More on the ground presence of senior management staff of the company will bridge the existing gap since the stakeholders will have an assurance of addressing their grievances to the right authorities for action.

5.4.10 Re introduction of the Radio pilot project

By reintroducing the radio project the people of the region are able to have a means of airing the dissatisfaction and also suggest other ways of improving their engagement.

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