

Research Briefing

October 2017



Governing black gold: lessons from oil finds in Turkana, Kenya

Oil exploration and appraisal operations have multiplied across eastern Africa over the past decade. Many of the areas where operations have expanded are agrarian and pastoral margins, where a wider transformation is happening including small town growth and the development of new transport infrastructure. Overlaying these processes are new forms of governance that emphasise the sharing of powers – and public finance – between national and sub-national levels of governance, and increasingly vocal

claims for participation and autonomy. While national governments tout the potential of oil discoveries to spur economic growth and prosperity, its benefits are less clear for inhabitants of marginal rural areas. This briefing examines lessons from Turkana, Kenya, where oil finds are associated with new conflict risks as well as changes in peacebuilding institutions and relations. Experiences in Turkana raise important lessons around the need to engage with and reinforce emergent local structures that insist on benefits, rights and accountability.

Above
Pastoralists guide livestock past Kapese Petrol Station, the area's first. Since the oil finds were announced in 2012, local elites have moved quickly to take advantage of new business opportunities in transport, lodging and catering.

PHOTOGRAPH: EVANS OTIENO

Early oil development in Turkana

Oil exploration and appraisal activity is the largest inflow of global capital in the history of Turkana County, an area of sweeping rangelands in the reaches of Kenya's northwest. One of the poorest counties in the country, most inhabitants pursue livestock-keeping and a mix of opportunistic farming, charcoal burning and petty trade. Commercially viable deposits of oil were announced in 2012, starting with the 300 million-barrel Ngamia oilfield in south Turkana. The discovery was part of a joint venture between London-based Tullow Oil and Vancouver's Africa Oil. Since the Ngamia oil finds exploration and appraisal operations expanded to sites across the South Lokichar Basin, with Tullow estimating recoverable resources of up to 750 million barrels of oil. Operations have yet to move to full field development, which depend on further licensing, environmental and social audits, and financing in the region of US\$5–8bn.

Exploration operations by Tullow and Africa Oil began in 2010, the same year that Kenyans voted for a new constitution paving the way for devolution and the establishment of county government structures in 2013. From the time the oil discovery was announced, officials with the Turkana County Council (that predated devolution) questioned the transfer of land for oil exploration. While the start of oil exploration in Turkana involved local consultations in communities in and around the exploration sites, sub-national government structures were largely bypassed.

Some analysts and civil society observers have cautioned that oil operations in Turkana are tantamount to a large-scale land grab.

While the start of oil exploration in Turkana involved local consultations in communities in and around the exploration sites, sub-national government structures were largely bypassed.

Yet, the footprint of exploration activity is limited mostly to exploration well sites, an operational base at Kapese on the outskirts of Lokichar (the area's largest town), and a number of small roads to access well pads. The largest land take is at Kapese, where African Camp Solutions (ACS), a Kenyan company, acquired a 2km by 1km piece of land. ACS agreed the land transfer with local officials, including the area's Member of the County Assembly (MCA) and the Lokichar area chief. ACS also sought the consent of local leaders including elders and an influential seer. A deal was signed off in which ACS pledged to pay the Turkana County Government KSh4mn per month in leasing fees, a fraction of what it is thought to earn in income it takes from leasing the use of facilities to Tullow and other sub-contractors.

Below

Children outside a primary school in Nakukulas, a village next to the Ngamia-1 oil well where Tullow Oil first discovered significant oil reserves in 2012. Tullow and Africa Oil have committed millions of pounds to social projects, building new classrooms and health facilities. Education has long been a major priority in Turkana, where over 80 per cent of the population have never attended school.

PHOTOGRAPH: SVEN TORFINN



Development, conflict and governance in flux

Development

Residents of south Turkana believe firmly in the development potential of oil but are less convinced that exploration and appraisal activities to date have yielded dividends. A large majority of household survey respondents, 69 per cent, either strongly or somewhat agree with the statement that 'oil development is good for Turkana and will bring greater prosperity to this community', with 25 per cent stating disagreement. Slightly less, 55 per cent, strongly or somewhat agree that oil development has improved economic opportunities for their own household, while 41 per cent disagree.

Yet, without oil flowing yet, and thus royalties from oil exports that might eventually finance public expenditure on services and infrastructure in the region, there have been few direct benefits of oil for most inhabitants of the region. Opportunities for casual work such as cleaners, concrete mixers and road marshals are thinly spread and temporary. Compensation for land takes and environmental impacts near to well pads is an early benefit of oil development but is limited to localised sites.

Contract and tendering opportunities for local (Turkana) suppliers, totalling US\$22.5mn between January 2014 and December 2015, are a key opportunity for local business interests. Further, indirectly, many benefit from company social investments in water, education and health facilities. Others, especially in and around Lokichar, have benefitted from the improved business environment generated by company and sub-contractor activities. As petty traders put it, there is 'more money in local hands'.

Research evidence

Data collected over 2016–2017 in Turkana shows the impacts of early oil development on governance, development and security in pastoral eastern Africa. Interviews were carried out with government, investor, local business, and advocacy players in Turkana's administrative centre, Lodwar, in Lokichar town, and in smaller settlements near to the oil wells. Findings also draw on a household survey and over thirty focus group discussions organised in the region and on interviews with oil company personnel in Nairobi and in London.

Conflict

With the development of Turkana's oil finds still in the exploration and appraisal phase, many tensions turn on local content: contestations for tenders to deliver services for the oil sector as well as agitation for greater casual work and study opportunities. Tensions are apparent at three levels: first, between large global and national sub-contractors in the oil and gas sector and 'local' Turkana companies seeking a greater share of local content; second, between and amongst Turkana companies for contracts to provide services; and third, within and between Turkana communities over compensation and work opportunities.

The value attached to oil finds has also raised the stakes for political competition and longstanding rivalries between Turkana and their neighbours, particularly the Pokot, as well. Conflict trend lines with focus groups in five settlements in south Turkana show tit-for-tat livestock raiding with the Pokot between 2002–2011, and an escalation in hostilities since then. Data from the Armed Conflict Location Event Database (ACLED) corroborates local perceptions that conflict has become more frequent in the past five years. Local elders and peace negotiators explain a dynamic in which armed Pokot

groups use livestock raids as cover to displace Turkana and stake ancestral claims to areas with rich resources inside Turkana County. These expansionist politics have a wider resonance and heightened import in a context of devolution, which has increased territorial claims and border disputes in a number of northern Kenya contexts.

Governance

Oil finds have spurred the emergence of new forms of governance in Turkana, elevating the role of new county structures as leaders in community-company dialogue and hastening a decline in the influence of other actors. County-level administrators have been lauded by ordinary Turkana for driving a harder, more lucrative bargain with the oil company on jobs and infrastructure particularly, backing up community claims to these benefits and rights. As one Member of the County Assembly, or MCA, put it, *'My role as the MCA is to protect the interest of the community, play an oversight role, and represent the community in any given forum. No company or organisation will get into my area or jurisdiction without my consent'*.

Elected and appointed officials alike with the Turkana County Government are part of an emergent new investment class that influences how the benefits of oil development are distributed. Power mapping exercises conducted with 13 focus groups in Lokichar and outlying areas shows that county, as well as national, political representatives are the dominant force deciding the sharing of benefits. The Turkana County Governor, Josphat Nanok, as well as the Turkana South MP, James Lomenen, emerge as the two most influential individuals. Groups reported that the 'community' has little if any influence. Yet, a different picture emerges from social

Oil, development and conflict

Oil development has fuelled conflict in a number of ways, including:

- Failing to meet expectations of community and individual economic opportunity
- Creating valued, scarce opportunities for jobs, casual work and contracts to create infrastructure and services
- Establishing compensation mechanisms over which people then fight
- Generating individual grievances such as around tree cutting or the death of livestock that spill over into wider protest
- Igniting tensions around land and resource claims
- Political rivalry and rent-seeking around company efforts to promote local benefits such as through the provision of water, the building of schools and health facilities, or awarding of school bursaries.

network analysis of power maps. These show that the community is well-connected to other well-connected nodes in local networks (such as the Governor, MP and MCA), suggesting that community stakeholders can influence decisions on distributing benefits, even if not overtly.

Notably, the influence of traditional authorities, including elders and seers, as well as NGOs and community-based organisations has waned. A Turkana who has worked for oil sub-contractors in the region noted, *'There is a misuse of the term elder. Anyone who wants to take something from the community uses this term elder. If you need to take something, you form "Turkana elders". If you need to take something, you say, "We are the community".'*

People are organising around commercially-oriented, ad-hoc groupings that pressure for benefits. This includes groups like the South Turkana Drivers Association as well as prominent young people and women, who

are making their voices heard, challenging elected officials and elders and mobilising protest. It is these newly prominent individuals and groups whose main purpose is to advocate for greater economic benefits and compensation that have become much more important in local associational life.

Critical issues in Turkana's oil development

With governance arrangements in flux following devolution, and significant wealth to be gained from oil development, the rules are open to definition and highly contested as a host of stakeholders elbow to seek the greatest benefit for themselves and closely related interests. From negotiations on acquiring new land for exploration, to the provision of vehicles and employment of

The rules are open to definition and highly contested as a host of stakeholders elbow to seek the greatest benefit for themselves and closely related interests.

drivers, and the supply of accommodation and food for company personnel, oil operations are subject to negotiation with an elaborate array of local interests.

Making deals with community stakeholders

Tullow has faced tensions in its efforts to acquire land for exploration wells. The company has negotiated land takes on a case-by-case basis involving various stakeholders from communities in the immediate vicinity of well sites including elders, seers, and young people. These also involve various elected

Below

Turkana road marshals employed by the local company Amailo, sub-contracted by Tullow. Work for local residents is thinly spread and precarious – road marshals, concrete mixers and cleaners are the more common types of work available for Turkana. Few are employed in more specialist positions on oil rigs.

PHOTOGRAPH: SVEN TORFINN



and administrative officials from national and county government, which at turns may include the area's parliamentarians, MCAs, chiefs, and ward and sub-county administrators.

Deals reached with communities involve compensation as well as funding the construction of school classrooms, dormitories for pupils, above ground water tanks for community use, and casual work opportunities. Local deals around well sites are part of the company's efforts more widely to secure a social license to operate, referring to the acceptance secured for operations from affected community stakeholders. In the company's view, community acceptance hinges on accessing benefits, something that requires both the delivery of projects, and clear communication about the company's activities as well as procedures for making and redressing grievances.

Wavering social acceptance

Community Liaison Officers (CLOs), company employees from communities near well sites, are meant to regularly share information and updates on company operations with residents, as well as to gather and report local concerns to the company. However, the employment of CLOs is not without controversy, with many Turkana seeing their purpose as to do the company's bidding rather than to advocate for the community's interests. There are other high profile investments by the company in the county ostensibly to secure popular favour and earn the company some political capital with Turkana. This includes a committed donation to a new high profile museum in the county spearheaded by Richard Leakey of the Turkana Basin Institute as well as a bursary scheme supporting Turkana to study at universities in Kenya and abroad.

Still, community acceptance of oil operations has proven difficult to secure and are ephemeral. Consent to take land for exploration wells has been the first step in an ongoing struggle with communities to sustain acceptance of company operations. Tensions came to a head in October 2013 when Lomenen and Turkana East MP Nicholas Ngikor led hundreds in protest demanding more opportunities for work and tenders. Operations were suspended and foreign workers evacuated when protesters stormed the Twiga facility. More recently, in June 2017, residents of Nakukulas – near the Ngamia oil fields – occupied several sites, including one with 40,000 barrels of stored oil for early export, in demand for more work and other benefits.

Who should be the gatekeepers?

The precariousness of Tullow's social license also stems from the localised nature of negotiating power in Turkana. Various local interlocutors have positioned themselves as key liaisons between the company and communities in and around sites of operational activity, including political aspirants, ward and sub-county administrators, brokers, elders, seers, and young people. The company has commissioned experts to improve its understanding of local authority structures and dynamics, and even to help identify individuals that command local respect and trust who could be different from those putting themselves forward as local negotiators. Still, these have shown that the company is unable to select its gatekeepers even as it may seek to influence favourable circumstances for its operations in a contested political environment.

Community acceptance of oil operations has proven difficult to secure and are ephemeral.



Impact and Insights

While the value of Turkana's oil development to the state and global investors is clear, there are ambiguous impacts for the area's rural inhabitants in areas of development, conflict and governance. Turkana's experience has important implications for approaching the governance of large-scale resource and infrastructure developments elsewhere in the margins of East Africa.

- **Extractive operations are enmeshed in sub-national political and social relationships**

National governments and investors often view challenges around extractive development as localised disturbance that can be contained through the provision of more security, corporate social investment, and deals that incentivise local acceptance.

In Turkana, debates around oil extraction are inseparable from a field of governance relations beyond enclaved sites and

facilities, underscoring how exploration, appraisal and production activities enmesh with local political and social relations. The operations of oil explorers as well as the benefits of oil development and how these are shared are highly governed and mediated through a number of relationships at all levels from the global, regional and national, all the way down to the sub-national administrative unit (county or council), town, and village. Thus, while certain state and investor actors might seek to shore up security around project sites, there is no way to circumvent continuous engagement with a wide assortment of community stakeholder groups.

- **Conflict risks and security governance**

Oil development is associated with new conflict risks. Other large-scale developments in the rural peripheries of East Africa, including the Lamu Port development, and the Lake Turkana Wind Power project, have similarly upped the stakes for political

Above
Christ the Redeemer overlooks the Turkana's capital Lodwar from a hill on the town's periphery. The establishment of a new county level government in 2013, as part of Kenya's devolution process, and south Turkana's new oil finds have contributed to complex social changes, diminishing the influence of the church and relief organisations over political and economic life. Many of Turkana's leaders came to prominence through employment in international non-governmental organisations. Oil and county government are likely to give rise to Turkana's next generation of leaders.
PHOTOGRAPH: SVEN TORFINN

competitions and violence. At the same time, political trends in Kenya and Ethiopia have raised the profile of sub-national political and administrative actors.

These are changing the calculus of peacebuilding in the region. The efficacy of cut and paste peacebuilding approaches that valorise traditional leadership is limited, as new actors have emerged in dialogues and protests around large resource and infrastructure developments. In Turkana, traditional elders and seers have been compromised by their involvement in and blessing of deals with investors that are thought to have few wider community benefits. New informal advocacy groups and prominent activist individuals have gained local legitimacy for challenging both company as well as national and local government actors. Security governance around large-scale developments is likely to be more effective where it constructively engages with and reinforces emergent local structures that insist on benefits, rights and accountability.

- **Limits of peacebuilding driven by ‘outsiders’**

Too often, peacebuilding driven by external actors, often with supply-side interests, has failed to address the drivers of

conflict, seeking to apply neoliberal ideas of community participation and social dialogue as an ointment to quickly evolving conflict dynamics. In Turkana, there are mixed results of company, donor and civil society efforts to promote dialogue and peacebuilding. These have included attempts to convene spaces for dialogue, to seek to involve local social actors who are not at the forefront of negotiations but whose voice and integrity are respected within communities, and building critical capacities for peace.

Many efforts have failed to gain traction and are not sustainable beyond the cycle of a project and outside funding. Arguably, the possibility of outside funding itself deters the crafting of local settlements that will stick. Irrespective of outside funding and support, there is a robust dialogue within Turkana’s political and civil societies on oil governance. This is happening in all kinds of spaces, and reaching stakeholders that are often hidden to outside observers. Therefore, supporting vital local peace work often involves close observation and efforts to understand these ‘internal’ conversations, rather than funding public shows of dialogue and negotiation.

Further reading

Lind, J. (2018, forthcoming) ‘Devolution, shifting centre-periphery relationships and conflict in northern Kenya’, *Political Geography*

Patey, L. (2017) *A Belated Boom: Uganda, Kenya, South Sudan and prospects and risks for oil in East Africa*, OIES Paper WPM 71, Oxford Institute for Energy Studies

Authorship

This briefing was written by Jeremy Lind, IDS Research Fellow, and edited by Vivienne Benson, IDS Communications Officer, and Victoria Brereton, Saferworld Conflict and Security Advisor. It is based on research with Patrick Mutahi, Centre for Human Rights and Policy Studies, Joshua Lemuya, Kibabii University, and a team of researchers from South Turkana.



Research funding was received from the ESRC-DFID Joint Fund for Poverty Alleviation. Their support is gratefully acknowledged.

Institute of Development Studies

The Institute of Development Studies (IDS) is a leading global institution for development research, teaching and learning, and impact and communications, based at the University of Sussex. Our vision is of equal and sustainable societies, locally and globally, where everyone can live secure, fulfilling lives free from poverty and injustice. We believe passionately that cutting-edge research, knowledge and evidence are crucial in shaping the changes needed for our broader vision to be realised, and to support people, societies and institutions to navigate the challenges ahead.

Brighton BN1 9RE UK. Tel +44 (0) 1273 606261 Fax + 44 (0) 1273 621202 Email ids@ids.ac.uk Website www.ids.ac.uk
Twitter twitter.com/IDS_UK #idspolicy Facebook facebook.com/idsuk

Saferworld

Saferworld is an independent international organisation working to prevent violent conflict and build safer lives. We work with communities in Africa, Asia and Europe to generate evidence and learning to improve local, national and international policies and practices that can help build lasting peace. We believe that everyone should be able to lead peaceful, fulfilling lives, free from insecurity and violent conflict.

28 Charles Square, London N1 6HT, UK. Registered Charity no 1043843. Tel +44 (0)20 7324 4646 Fax +44 (0)20 7324 4647