

Economic opportunities in context



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Framing

Much of the discourse around the private sector's potential to mitigate fragility and conflict promotes the proposition that the expansion of economic opportunities through job creation, contracting opportunities, or other private-sector growth and development has direct, positive effects on peace and stability.¹ This premise has found its way into policy circles and programmatic work on the ground in fragile and conflict-affected settings (FCS). The G7+ and the New Deal for Engagement in Fragile States, for instance, designate "Economic Foundations – generate employment and improve livelihoods" as one of the Peacebuilding and Statebuilding Goals. The UN Global Compact's Business and Peace Platform and the Principles for Responsible Management Education also attribute peace effects to the creation of employment and other economic opportunities. The World Bank, for its part, attributes to jobs an extraordinarily broad range of positive social effects, from social cohesion to establishing and anchoring individual and collective social identities, interpersonal 'trust',² and increasing levels of civic engagement, to name only a few. International Alert has noted that agencies implementing job creation or entrepreneurship interventions have in some cases defined those efforts as peacebuilding projects, despite the fact that they included no analysis or programmatic activities that overtly addressed conflict.³

The Tullow Kenya Business Venture and new economic opportunities

If creating employment and other economic opportunities drives peace, then one might reasonably expect to see evidence of increasing peace and stability in the vicinity of an oil and gas development project that generates employment, contracting opportunities, and royalties for local development in an area affected by conflict and fragility.

Operating in Turkana county, the Tullow Kenya Business Venture (TKBV) has delivered numerous jobs and contracts to Kenyans, and to people from Turkana county in particular. In 2013, Reuters⁴ reported that the TKBV employed 1,400 people, 800 of whom were from Turkana county, according to the TKBV; the TKBV itself has estimated that, at the peak of construction, it might employ as many as 3,000 people (not counting jobs created on the LAPPSET⁵ pipeline project), with

preference given to people residing in Turkana county. Expanding peace and stability, and diminishing fragility, are, however, not in evidence in Turkana county. Indeed, the experience of Turkana county suggests that the outcomes of job creation, contracting, and expanding economic opportunities are not predictable, straightforward, or necessarily conducive to broad, public wellbeing. Instead, it suggests that the outcomes of those processes hinge as much on the way in which economic benefits are distributed and on the dynamics of the context as they do on the nature or value of those benefits themselves.

Factors shaping outcomes

A number of factors specific to the oil project and the context have shaped the way in which economic opportunities introduced by the TKBV have affected peace and conflict in the local context. A synopsis of these follows.

Company practices

The practices of the TKBV with respect to economic benefits have contributed to a perception among local people that jobs and contracts are awarded in an opaque manner by company fiat, more like an arbitrarily awarded entitlement than an exchange of money for the performance of defined duties, roles, or responsibilities. For example:

- The TKBV has communicated relatively little to local communities about when jobs will be available, how local people will be notified about their availability, who will be considered for jobs, how interested parties can ensure that they will be considered, how candidates for jobs will be evaluated and selected, and so on. When it has spoken about jobs in local fora such as community meetings, the TKBV has indicated that there will be "a lot of jobs during construction", but has rarely contextualised that assertion by indicating when construction will take place, how long it will last, who will be eligible for employment, how local people can be sure that they will be considered as candidates, or what will happen when construction ends.
- While the TKBV and its contractors have employed local people in demanding roles (in, for instance, the company canteen), they have also employed people notionally to perform activities that are not practically integrated into any defined work processes or organisational structures. For example, when the TKBV constructed boreholes for local populations, it also hired borehole monitors. The monitors were

almost completely unsupervised and no one from the TKBV checked to ensure that they performed any specific duties. The TKBV indicated that, as far as its staff could tell, some of them did not do much of anything. Similarly, the TKBV hired local people to act as Village Communication Officers (VCOs). VCOs received a stipend to disseminate messages developed by TKBV to the communities where the VCOs lived. VCOs were not trained, supervised, or evaluated against any performance measures. They were not full-time employees and the TKBV's expectation was that they would continue to pursue their prior economic activities.

- To meet some of its transportation needs, the TKBV purchased vehicles for some local people and leased them back from those people. Beneficiaries of the scheme appear to have perceived it as a form of paternalism on the part of the TKBV, rather than as an entrepreneurial opportunity: the scheme failed because recipients of the vehicles expected the TKBV to service and maintain the vehicles.

Expectations

The company's own practices, as described above, have shaped people's expectations about the oil project's economic benefits, but the latter have been driven by other factors, as well. Since the discovery of commercial oil reserves, Kenyan media, pundits and politicians have presented the discovery as harbinger of seismic economic change in Kenya, routinely referring to the oil resource in public discourse as a bonanza of wealth that will fundamentally transform the country economically. This has contributed to unrealistically high expectations throughout the country about economic benefits and opportunities, but expectations may be highest in Turkana county itself.

Public discussions of Kenya's oil wealth also tend to eschew details, such as the lengthy and uncertain timeline to production and therefore to royalties; the nature of the contractual agreement between the Government of Kenya and the TKBV, which stipulates that royalties will not be paid on the small quantities of oil produced in the project's exploration phase; which groups of people will be favoured in the TKBV's recruitment processes; the fact that relatively little employment will be generated prior to the construction phase of the project; and that large-scale lay-offs will take place as the construction phase winds down.

Dynamics of fragility and conflict within the context

Aspects of the context have also played a role in determining how benefits and opportunities presented by the TKBV affected stability and conflict issues in the vicinity of the oil and gas project.

- The relationship between ethnic Turkana and the neighbouring ethnic Pokot people is marked by longstanding resource conflict. The conflict has been punctuated by episodes of significant, organised violence for control over economic resources, including resources generated by previous capital projects.
- People in Turkana county perceive that the government has made insufficient efforts to ensure security within the county and they have a low level of confidence in the government's ability to manage public funds. These perceptions are rooted in the government's historical neglect of the region and in a history of pervasive corruption by public officials. People in the oil zone do not doubt that the oil project will deliver significant economic benefits; however, they perceive that the local population will be unfairly deprived of their fair share of those benefits. Among local people, this is a source of considerable anger and frustration, particularly with the government.
- Economic and political competition are intertwined in Turkana county, and in Kenya more generally, and this competition often takes on violent aspects, both in Turkana county and more widely.

Outcomes

The TKBV project is presently stalled in a relatively early moment of its lifecycle, so it is not possible at this juncture to render final judgements about the consequences of oil development for Kenya. Nevertheless, the early indications are not particularly encouraging.

Since the TKBV began operating in 2010, there have been a number of incidents of violence stemming from competition for the economic benefits that flow from the oil project. Those incidents are consistent with dynamics of conflict that characterise Kenyan society more broadly. Most dramatic among these was concerted ethnic violence against Turkana communities living along the border of West Pokot

county, driven in part by a desire on the part of population in West Pokot to capture benefits flowing from the oil project. In addition, during July and August 2019, there was a sustained confrontation between local people and police after locals blocked the A1 highway leading south out of Turkana county. They were protesting against the inadequacy of the government's efforts to provide security and over suspicions that the government would not pass royalties from the project on to local communities. In another episode, the Twiga-1 drill site was invaded and occupied for some time, and unarmed security guards were beaten up and chased away by armed supporters of a local Member of Parliament (MP).⁶ Newspapers reported that the MP was agitating for communities to receive more economic benefits. Rumours in Turkana claimed that the MP was angry that a firm other than his own had received a contract from the TKBV.

Uncertainty about how jobs are allocated has also driven local developments that may be manifestations of incipient conflict. In the absence of reliable and accurate information about the TKBV's plans for local recruitment, local people and politicians have presumed that sub-counties that are more affected by the oil project will receive more jobs from the project. Local MPs have publicly discussed mobilising people to pressure the company to locate more wells in their respective constituencies, based on the presupposition that more wells in the constituency mean more jobs for constituents. The TKBV has also experienced a large number of 'community work interruptions' (CWI) – typically roadblocks set up by small groups of local people intended to stop the company's vehicles and draw the company's community liaison officers to the site. The TKBV indicated that the majority of CWIs were caused by people who wanted jobs from the company and that most CWIs were resolved peacefully after a few hours of discussion.

The misalignment between expectations and the reality of company hiring and recruitment may also be

understood as elevating the risk of conflict. People in Turkana county understand that when the oil project matures, the TKBV and the government stand to profit significantly from a resource that lies beneath their land, but few of them are aware that the oil itself legally belongs to the Kenyan state and that the state contracted the TKBV to extract it. In numerous conversations with us, local people communicated a range of perspectives suggesting a view that the oil resource is in some sense 'theirs' and that they are entitled to benefit from its presence. It is hardly possible for the oil project to meet public expectations, either in Turkana county or in Kenya more broadly. This does not bode well for stability in the vicinity of the project over the long term.

Implications: the 'how' matters

Events in Kenya relating to the TKBV and its operations are consistent with a substantial body of existing literature on business and conflict, conflict-sensitive business practices,⁷ and also literature relating to humanitarian and development operations such as 'do no harm',⁸ which substantiates the notion that "new resources introduced into a conflict-affected setting become part of the conflict".⁹ In northern Kenya, the oil project and the benefits it generated did not resolve local conflicts, rather they fitted snugly into them and amplified their intensity.

At a more general level, the experience of the oil project in Turkana county suggests that private-sector development projects, large-scale investments, and capital projects do not in themselves necessarily reduce or mitigate conflict. They can also generate it or fuel it. How they interact with local dynamics of fragility and conflict – whether they generate, amplify, or mitigate violence and the risk of violence – depends substantially on how they are implemented and whether the modalities of implementation are adapted to the dynamics of the contexts in which they take place.

Endnotes

- 1 The World Bank, World Development Report 2013: Jobs, 2012
- 2 Ibid, p.147: trust is “the extent to which individuals have confidence in people whom they know personally, including families and neighbors”.
- 3 See: G. Grayson & F. Bertouille, Can more jobs bring peace? Understanding peace impact in employment programme design in Kenya and Somalia, London: International Alert, 2020
- 4 Kenya MP accused of inciting protest against oil firm Tullow, Reuters, 31 October 2013, <https://www.reuters.com/article/kenya-tullow/kenya-mp-accused-of-inciting-protests-against-oil-firm-tullow-idUSL5N0IL3IG20131031> (accessed 9 November 2021)
- 5 LAPSET: Lamu Port, South Sudan, Ethiopia Transport Corridor
- 6 Update 2 – UK’s Tullow Oil to resume drilling in Kenya, Reuters, 7 November 2013, <https://www.reuters.com/article/kenya-tullow/update-2-uks-tullow-oil-to-resume-drilling-in-kenya-idUSL5N0IS2BS20131107>, 2013 (accessed 9 November 2021)
- 7 J. Banfield et al, Conflict sensitive business practices: Guidance for extractive industries, London: International Alert, 2005
- 8 M.B. Anderson, Do no harm: How aid can support peace – or war. Boulder: Lynne Rienner Publishers, 1999
- 9 M.B. Anderson, False promises and premises? The challenges of peace building for companies, in O.F. Williams (ed.), Peace through commerce: Responsible corporate citizenship and the ideals of the United Nations global compact, Notre Dame, IN: University of Notre Dame Press, 2008, pp. 119–132

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Photo information: Workers are seen at Tullow Oil’s Ngamia 8 drilling site in Lokichar, Turkana County, Kenya, February 8, 2018. Picture taken February 8, 2018. REUTERS/Baz Ratner

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