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Devolution and Inter-Communal Conflicts in Kenya

Mitigating Natural Resource Based State/Investor Conflict: Oil and Gas in Eastern Africa

Effective Strategies for Responding to Contemporary Conflicts in Eastern Africa

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Forward

The International Peace Support Training Centre (IPSTC) is a research and training institution focusing on capacity building at the strategic, operational and tactical levels within the framework of the African Peace and Security Architecture and has developed to be the regional Centre of Excellence for the African Standby Force (ASF) in Eastern Africa. IPSTC addresses the complexities of contemporary UN/AU Integrated Peace Support Operations by describing the actors and multi-dimensional nature of these operations. The research conducted covers a broad spectrum ranging from conflict prevention through management to post-conflict reconstruction. The Centre has made considerable contribution in training and research on peace support issues in the Great Lakes region and the Horn of Africa through design of training curriculum, field research and publication of Occasional Papers and Issue Briefs. The Occasional Papers are produced annually, while the Issues Briefs are produced quarterly. The Issue Briefs are an important contribution to the Vision and Mission of IPSTC.

The Second Quarter Issue Brief No.3 (2014) has two titles on peace and conflict in Eastern Africa: ***Devolution and Inter-Communal Conflicts in Kenya, and Mitigating Natural Resource-based State/Investor Conflict: Oil and Gas in Eastern Africa.*** The Issue Brief provides insights into pertinent peace and security issues in the region that are useful to policy makers and aims to contribute to the security debate and praxis in the region. The articles in the Issue Brief are also expected to inform the design of the training modules at IPSTC. The research and publication of this Issue Brief has been made possible by the support of the Government of Japan through UNDP.

Brig. Robert Kabage

Director, IPSTC

Acronyms

AfDB	Africa Development Bank
ANC	African National Congress
AU	African Union
CKRC	Constitution of Kenya Review Commission
EAC	East African Community
EITI	Extractive Industries Transparency Initiatives
GoK	Government of Kenya
ICGLR	International Conference on the Great Lakes Region
ICJ	International Commission of Jurist
IGAD	Inter governmental Authority on Development
IPSTC	International Peace Support Training Centre
KAIPTC	Kofi Annan International Peacekeeping Training Centre
KNDR	Kenya National Dialogue and Reconciliation
LADJUKI	Lamu-Addis Ababa-Juba-Kigali
NP	National Party
ODM	Orange Democratic Movement
ONLF	Ogaden National Liberation Front
PEV	Post Election Violence
SPLA	Sudan People Liberation Army
SPLM	Sudan People Liberation Movement
TNA	The National Alliance
TPDC	Tanzania Petroleum Development Corporation
TPLF	Tigray People Liberation Front
UN	United Nations
URP	United Republican Party

Introduction to the Issue Briefs

The topics in this Second Quarter Issue Brief are geared towards creating greater understanding and appreciation of peace and security situation in the Eastern Africa Region. More specifically, the first paper examines the Influence of Devolution on Inter-Communal Conflicts in Kenya and the second addresses the nexus between the newly discovered oil in Eastern Africa and state/investor interactions or relations and the potential for escalated conflict in the region.

The first paper, *devolution and inter-communal conflicts in Kenya,* investigates the extent to which the implementation of devolved system of governance influences inter-communal conflicts in Kenya. In the post-colonial era, Kenya, like most African Countries, adopted a highly centralized political system in which the head of the State controlled massive political and economic resources. According to scholars such as Ghai and Cottrel (2014) this system was characterised by poor governance, unequal distribution of resources, poor access to social services, marginalization of some communities, and devastating poverty among other social injustices. This led progressively to both inter and intra-communal mistrust, tension, disillusionment and subsequent conflicts. To reverse this trend, devolution was adopted following constitutional changes in 2010 with the sole purpose of achieving inclusivity, and fair distribution of political and economic resources across the country (Mugambi 2013; Bigambo 2013). While this paper acknowledges that there is so much that can be studied and written on the link between devolution and inter-communal conflicts, the thrust of the discussion revolves around two hypotheses. The first hypothesis states that 'the closer the governance is to the people, the lower the incidence of inter-communal conflicts in the country'. The second hypothesis notes that 'the higher the level of public participation in public affairs and decision-making, the lower the incidence of inter-communal conflict in the country.' The paper observes that closer governance and public participation in a devolved system not only guarantees prompt government responses to citizens' needs but also ensures that historically marginalized communities can negotiate for equitable access to political and economic resources unhindered. This is likely to simultaneously promote inclusion and national unity while at the same time reducing the likelihood of inter-communal conflicts in the country. The paper also documents some key factors that hinder devolution from combating inter-communal conflicts in Kenya such as regional identities, devolved clanism/nepotism, structural challenges, ethnic balkanization; and lack of accurate and adequate information among others. Policies and strategies recommended to enhance devolution's pacification role in Kenya are outlined at the end of the paper.

The second paper, *Mitigating Natural Resource-based State/Investor Conflict: Oil and Gas in Eastern Africa*, examines the East African oil and gas discoveries within the Rift Valley System, mechanisms that have been put in place to guide production and management of the oil fund, environmental impact, relationship with host communities and implications for the development of East Africa. It also identifies how prospects for oil resource can be leveraged as a driver of peace within its member countries of East Africa. This paper analyzes the potential role of different actors in the mitigation of conflicts emanating from the oil and gas explorations in the region. It further examines the challenges and opportunities available in relation to the recent oil and gas discoveries in the region. The paper, finally recommends measures to curb conflicts arising from oil and gas discoveries in Eastern Africa. The paper, for instance, recommends that profound research on the regulatory framework, management of the oil fund, local communities' issues and effects to the environment is necessary to prevent and manage oil based conflicts. In addition, proper management of oil resource can release funds required for development activities. Similarly, enhanced provision of public services can boost the standard of living of the citizens and therefore act as a conflict prevention tool in the region.

Devolution and Inter-Communal Conflicts in Kenya

Margaret Cheptile

Introduction

Overview of the Paper

In recent years, devolution as a basis of good governance has become a reality of global norms and practices. Bakke and Wibbels (2006) observe that in countries where there is constant contestation over distribution of national resources, genuine devolution of resources and power in many instances is the answer for resolving the conflict. Most of the recent conflicts in Africa, including those in Kenya, South Sudan, Democratic Republic of Congo, Rwanda and Burundi, have been between different ethnic communities within these countries.[1] Scholars such as Mak'Oloo (2005) argue that it is not the plain existence of ethnic diversity that causes inter-communal conflicts within a country but the failure of the country's political institutions to accommodate diverse interests. This argument is explained by the fact that most post-colonial African States adopted highly centralized political systems in which the head of state controlled massive national resources and unevenly distributed in favour of his community or ethnic group. This discriminatory allocation of resources has been the primary source of conflict in Africa (Muhula, 2009).

In Kenya, devolution is perceived by many as a new beginning. However, many Kenyans, including scholars and policy makers, continue to cast aspersions on its effectiveness in combating marginalization and inter-communal conflicts. This is because, like most African States, post-independence Kenya was characterised by centralization of political and economic power, unequal distribution of resources, marginalization and poor access to social services by the vast majority. In contrast, devolution is meant to promote widespread development by distributing resources

1. In this paper conflict is defined as a clash between individuals or groups arising out of differences in interests, needs, understanding and beliefs while community refers to a group of people who share common historical background, language, culture, traditions, and interests; it includes people of the same ethnic and religious groups (Dal Bo and Powel, 2009). Thus, conflict between two or more communities is referred to as inter-communal conflicts.

to the grassroots level and enhancing efficient service delivery to the public. It is against this background that this paper attempts to examine the influence of devolution on inter-communal conflicts in Kenya.

The paper is organised into four sections. Section one provides an introduction which covers the paper's overview, background of devolution and inter-communal conflict in Kenya, the problem statement, and key hypotheses that the paper seeks to address as well as the justification. The second section provides a conceptual and theoretical framework that guides the paper. The third section attempts to analyse the proposed hypotheses by particularly examining how closer governance and public participation in the devolved system influence inter-communal conflicts in Kenya. The section further identifies the factors that undermine devolution as a pacification tool in Kenya and examines lessons that Kenya could learn from devolution experiences of a selected number of countries with a similar political system. The fourth section presents policies and strategies that could be implemented to enhance the use of devolution as a pacification tool in Kenya as well as the conclusion.

Background

Acclaimed as the cornerstone of Kenya's new Constitution, devolution represents a fundamental re-orientation and transformation of the State and society from a previously centralized political system established by the colonial powers and perpetuated by successive heads of State (Ghai and Cottrel 2014; Mugambi 2013). The strong preference for devolved governance in Kenya was thus largely influenced by the abhorrence for centralized governance which was characterized by a powerful executive, widespread corruption, lack of democracy, lack of popular participation in decision making, lack of accountability, inefficient service delivery and the State's failure to deliver what the people needed, especially for communities living far-away from the capital (Aboudha, 2011). According to Ghai and Cottrel (2014) poor governance resulted in disparate distribution of resources, massive poverty, political uncertainty, deep ethnic divisions and conflicts. To reverse this trend, devolution is expected to provide a radical exit from Kenya's past by restoring the power to the people so as to be able to make their own decisions and manage their own affairs for local development (Government of Kenya-GoK, 2011).

Devolution is a form of decentralization. Decentralization is commonly defined as transfer, and sometimes even ceding of power and authority of public functions from central to lower levels of government (International Commission of Jurists, Kenya-ICJ, Kenya, 2013). In this sense, decentralization is a process of redefining structures, governance procedures and practices to be closer to the people. As Oyugi (2000) aptly puts it, decentralized systems are not ends in themselves; their main aim is to ensure efficient service provision and quality development to the intended beneficiaries. It is also seen as providing an institutional framework within which sub-national units of government as well as the population can be meaningfully involved in decision making on matters that affect them directly. Thus, decentralization is guided by the principle of subsidiarity which provides that decisions should be made at the lowest level possible where the outcome of the decisions has an effect and that higher levels should not perform tasks that lower levels are capable of doing. Other forms of decentralization include; de-concentration, delegation and privatization, but are not within the scope of this paper.

Devolution is the highest and most expansive form of decentralization which derives its legitimacy from the people and exists legally and politically in the Constitution. Devolved units, for instance, have legally recognized geographical boundaries over which they exercise authority and within which they perform public functions (Rondinelli, 1989). In essence, devolution is defined as the transfer of political, fiscal and administrative authority to the lowest levels of government (GoK, 2010). Transfer of political authority is realized through the establishment of elected local governments which are outside the direct central government control with respect to setting their own rules, goals, policies and strategies. Fiscal authority means devolved units are given authority to raise or borrow financial resources and allocate those resources to different activities within the domain assigned to them.[2] Administrative authority entails transfer of full or partial state functions to the local government including such services as healthcare, security, operation of schools, infrastructure development and maintenance.

The structure of devolved government in Kenya is described in Article 6(2) of the Constitution. The said Article states that there are two levels of government in Kenya

2. But sometimes these units are eligible to receive a designated amount of funds from the national government.

(the County and National government) which are distinct in their Constitutional functions, institutions, resources and legal frameworks. These levels are also inter-dependent and conduct their mutual relations on the basis of consultation and cooperation rather than absolute autonomy. None of the levels is subordinate to the other and neither can be abolished by the other. Their relationship is protected by the Constitution and in effect they have freedom to make decisions in the functional areas assigned to them by the Constitution without undue interference from the other. Overall, Kenya is divided into 47 Counties each with its own legislative branch the membership of which is selected by people living in the specific Counties.

Under the devolved system, local units/Counties in Kenya have clear and legally recognized geographical boundaries over which to exercise authority and perform their functions. The boundaries of Counties largely follow the boundaries of initial District in Kenya which were drawn as part of independence arrangements. Counties in Kenya are also accorded corporate status and the power to raise sufficient resources to carry out their functions. However, the Constitution provides that the Counties are also eligible to receive at least 15 percent of the national budget from the national government with provisions for additional funds under certain circumstances. The County governments further have the authority to manage and develop their own affairs while fostering, social, economic and political development. The sectors which have been devolved to the Counties include agriculture, transportation, trade licenses, sanitation, primary education, village polytechnics and most health facilities. Noteworthy, however, is that while overall policy framework in these sectors may still be drawn up by the national government, Counties are in charge of implementation and service delivery. On the other hand, the national government retains responsibility for security, foreign policy, national economic policy and planning, as well as many aspects of education.

The objectives of devolution in Kenya are outlined in Article 174 of the Constitution. They include: (1) To promote democratic and accountable exercise of power; (2) To foster national unity by recognizing diversity; (3) To give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them; (4) To recognize the right of communities to manage their own affairs and to further their development;

(5) To protect and promote the interests and rights of minorities and marginalized communities; (6) To promote social and economic development and the provision of proximate, easily accessible services throughout Kenya; (7) To ensure equitable sharing of national and local resources throughout Kenya; (8) To facilitate the decentralization of State organs, their functions and services, from the capital of Kenya; and, (9) To enhance checks and balances and the separation of powers.

To understand the value of devolution in Kenya, it is critical that this paper discusses the nature of inter-communal conflicts and relations in the country before the adoption and implementation of the devolved system. Broadly, the Kenyan people are grouped into three historical categories comprising Bantu, Nilotes and Cushites. Within the three groups there are several other smaller groups commonly referred to as ethnic communities. Annex 1.0 of this paper shows the different Kenyan ethnic communities and the provinces and counties they largely dominate. Given the multi-ethnic nature of Kenya, the country has been characterised by inter-ethnic/communal tensions and conflicts even prior to independence (Mbugua 2013). Literature argues that the various ethnic groups see each other as interdependent parts of a single national identity to the extent that members of each ethnic community often perceive members of other communities as outsiders, or in extreme, as dehumanized and threatened hostile adversaries (KNDR, 2011).

Some of the key localities which have been documented to be prone to inter-communal conflicts in Kenya include such areas as Naivasha, West-Pokot, Nandi, Baringo, Marakwet, Trans-Nzoia, Narok, Nakuru, Uasin Gishu, Kericho, Burnt Forest, Trans Mara, Turkana, and Samburu in Rift Valley region; Bungoma in Western region; Moyale, Mandera, Marsabit, Isiolo, Wajir, andGarissa in Northern region; Tana River and Mombasa in Coastal region; Kibera and Mathare slums in Nairobi region; Kisumu and Sondu in Nyanza region. Some of the warring communities in these areas include Samburu and Turkana, Boran and Gabbra, Pokomo and Orma/ Wardei, Pokot and Turkana, Luo and Kipsigis, Kikuyu and Kalenjin. It is evident that most of the areas in this list are in Rift Valley and a possible explanation for this is that this region is multi-ethnic and conflict is likely to occur given the diverse needs, interests and political affiliations of the communities living there.

Some scholars have argued that it is not the existence of ethnic diversity that is responsible for inter-communal conflicts in Kenya but the actions of the governing elites that elevate ethnic differences to conflicts (Mak'Oloo 2005; Langer 2005). A study done by Institute of Economic Affairs (IEA) in 2009 on whether ethnic communities in Kenya hate each other found that respondents had more positive than negative opinions of ethnic communities other than their own. The study also found that many of the negative comments by the respondents on their opinion of other ethnic communities were based on traditional stereotypes about particular ethnic communities. The findings of this study are summarized in Table 1.

Table 1. Do Kenyans Hate Each other?

		Perceptions of Members of Other Ethnic Groups	
	Ethnic group	**Positive comments**	**Negative comments**
1	Luo	54.7%	18.5%
2	Kikuyu	37.2%	34.5%
3	Luhya	40.4%	8.1%
4	Kamba	32.6%	20.3%
5	Maasai	53%	6.9%
6	Mijikenda/Taita/ Coastal ethnic groups	22.1%	15%
7	Kalenjin	23.7%	22.9%
8	Kisii	25.6%	13.5%
9	Somalis	13.1%	24.8%

Source: IEA (2009)

The IEA (2009) study further revealed that 79.1% of the respondents would marry a person from another ethnic community while 86% of them would be a business partner to person of another ethnicity. About 89.7% of the respondents said that they would be friends to a person from another ethnic group while 75% reported that they would share a house with a person of another ethnic group. In essence, the study revealed that members of different ethnic communities do not necessarily have inherent hatred for each other but rather they are willing to co-exist. The summary of these findings are presented in Table 2.

Table 2. Can Kenyans of Different Ethnic Communities Co-exist?

Question	Responses	
	YES	NO
1. Would you marry a person from another ethnic group?	79.1%	20.9%
2. Would you be a business partner to a person from another ethnic group?	86%	13.3%
3. Would you be best friend to a person from another ethnic group?	89.7%	9.2%
4. Would you share a house with a person from another ethnic group?	75.6%	23.1%

Source: IEA (2009)

From these findings the source of inter-communal conflicts in Kenya seems to lie in the complex relationship that has developed between politicization of ethnicity and its use to access political power by elites, historical injustices, and the inequalities experienced in the sharing of and access to public resources. A combination of these factors have as a result over time escalated into unhealthy inter-communal competition and bitterness especially amongst communities that feel neglected, marginalized and left out of the national political and socio-economic arena (KNDR, 2011). One of the main drivers of inter-communal conflicts in Kenya include land disputes as reported in Narok, Burnt Forest, Molo and Kuresoi in Rift Valley region and Mombasa, Tana Basin and other areas in Coastal region (Ndiku, 2012). Another driver of inter-communal conflict especially among pastoralists communities in Rift Valley and North-Eastern regions include livestock rustling and competition over limited resources (water and pasture). Poor distribution of resources such as health, education and road infrastructures and resultant marginalization of communities has also fuelled inter-communal conflicts as witnessed in 2007/08. Most such conflicts occur during election period because elections are viewed as critical mechanism for the control and transfer of State resources to favoured regions (Mak'Oloo, 2005).

In order to reduce the incidences of inter-communal conflict therefore, greater attention must be given to policy reforms that address past injustices and also aim to provide political, economic and social inclusion. Devolution is seen as part of such political reforms in Kenya. Through its objectives and structure, the Kenyan devolution system is envisaged to foster national unity, further democracy by bringing government closer to the people, promote inclusion in service delivery and resource distribution, and enhance public participation as well as self-governance. Based on these expectations, it is anticipated that devolution will improve inter-communal relations undermined by former political systems and in turn reduce conflicts. The main objective of this paper is, therefore, to examine the extent to which devolution influences inter-communal conflicts in Kenya.

Problem Statement

Most documented world conflicts occur between ethnic communities and a high proportion of them take place in Africa (Lake and Rothchild 2001; Mak'Oloo 2005). The prospect of peace, enjoyment of human rights and maintenance of unity in these countries depend on the nature of strategies and solutions adopted to address the conflicts. In Kenya, for instance, it is reported that in 2012 alone more than 118,000 people were displaced due to inter-communal conflicts. Majority of these people (50,592) were displaced in Moyale, followed by Tana-River (30,000), Samburu (11,000), Isiolo (9 575), Baringo (4,255), Wajir (1,785), Nandi (1,000), and 500 people were displaced Marsabit (Mbugua, 2013).

Overwhelming evidence suggest that the occurrence of most of the conflicts has been attributed to historical marginalization of communities and unequal distribution of State resources amidst other government failures. For instance, Muhula (2009) observes that historically the ethnic group that controls political power in Kenya also controls the direction and magnitude of economic resources of the State. Central Province communities for example received much of the political and economic benefits under Kenyatta presidency in terms of abundant education and health facilities, and road infrastructure among other social services while Rift Valley communities were the main beneficiary under Moi's regime.[3] During these regimes, other communities including those from Nyanza and North Eastern provinces felt outdistanced, neglected and repressed in the process. In 2011, for example, Mandera County in North Eastern was reported to have the poorest access to services in which the number of public hospital beds per resident was a tenth of the figure in better-off areas of the Country (World Bank, 2011).

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3. In most cases however, not all individuals from Central and Rift Valley benefited during Kenyatta's and Moi's regimes, respectively. It was mostly the elite who flourished.

Therefore, although there are approximately 42 ethnic groups in Kenya only a few of them have dominated political landscape, and given that the ethnic community that controls the political power also controls the economic power this has often escalated the likelihood of inter-communal conflicts.

According to Waikenda (2013) the aforesaid past injustices and challenges have been the catalyst for the quest of devolution in Kenya. Devolution is expected to promote inclusion of all communities in decision making and in all aspects of development (including social, political and economic aspects). Devolution is also thought to bring the government closer to the people, which can then respond and effectively address the diverse needs of the people at the grassroots thereby preventing threat and outburst of inter-communal conflicts.

Despite this critical role of devolution in curbing inter-communal conflicts, existing studies (Mugambi 2013; Ghai and Cottrel 2014; Bigambo 2013) have focused on the effect of devolution in Kenya on development in general but no study to the best of my knowledge has been conducted to investigate the influence of devolution on inter-communal conflicts in the country. In addition, recent studies on inter-communal conflicts (Ndiku 2012; Mbugua 2013) have failed to examine how the nature and levels of the conflicts have changed since the implementation of devolution. This paper is an attempt to contribute to fill this gap by examining the influence of devolution on inter-communal conflicts in Kenya. The aim of this paper is to contribute to the existing body of knowledge and provide a basis for future research.

Hypotheses

This paper is guided by the following two hypotheses:

Ho_1: The closer the governance is to the people the lower the incidence of inter-communal conflicts in the country.

Ho_2: The higher the level of public participation in public affairs and decision making the lower the incidence of inter-communal conflict in the country.

Justification of the Paper

One of the challenges facing effective and efficient implementation of all facets of devolution is lack adequate information on its contribution towards conflict prevention and management among the vast majority of Kenyans. The thrust of this paper is to contribute towards a more informed and knowledgeable public about devolution and its role in deterring inter-communal conflicts in Kenya.

The paper also aims to provide insights for policy makers, researchers and other interested persons about the potential role of devolution in mitigating inter-communal conflicts and in promoting peace and national unity. This information is critical as it offers the policy makers the opportunity to formulate strategies that enhance the use of devolution as a peace building asset in Kenya.

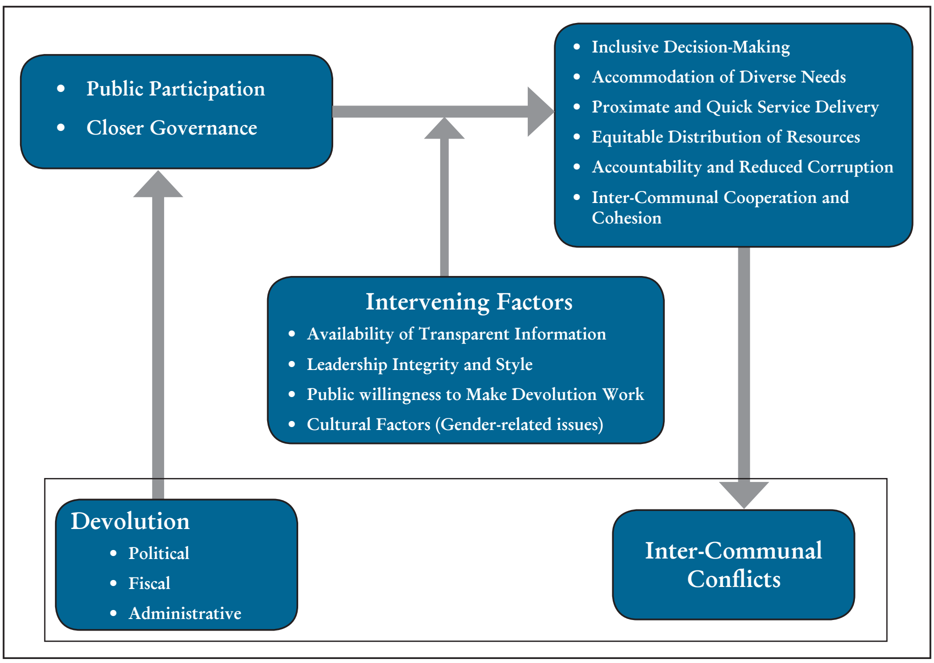
Conceptual and Theoretical Framework

This section presents the conceptual and theoretical framework that this paper is based on.

Conceptual Framework

The conceptual framework that guides this paper is captured in the schematic Figure1. It represents the conceptualization of the author on the relationship between devolution and inter-communal conflicts in Kenya. The independent and dependent variables in this paper are devolution and inter-communal relations, respectively. Devolution is measured in terms of the level of public participation and closeness of governance which is exemplified by proximate service delivery and government's expeditious response to public needs. The arrows show the flow through which the relationship between the variables is understood; by following the arrow to the next box.

Figure 1.: Devolution and Inter-Communal Conflicts: A Conceptual Overview



Source: Author's Conceptualization

Based on literature of decentralization, devolution constitutes political, fiscal and administrative transfer of authority from the central to the lower levels of government as shown by the box in the bottom right corner. As described in the first section of this paper, transfer of political authority entails establishment of local level governments (such as the Counties) which are independent from the central government. Transfer of fiscal authority means that the local governments can raise or borrow revenue for meeting their development needs while administrative authority involves transfer of full or partial State functions to the local government which in Kenya include functions of agriculture, transportation, trade incenses, sanitation, primary education, village polytechnics and most health facilities.

As shown by the box in the top right corner, devolution (of political, fiscal and administrative authority) is likely to lead to public participation and closer governance. Through devolution, people have more opportunities to directly participate or be represented in public affairs and decision making process of local policies and activities than in centrally decided ones. People choose their leaders and hence influence how they are governed. In addition, the people and the lower/County government actively participate in raising their own revenue through taxes and borrowing which makes them self-sufficient. Devolution also brings the government and public services closer to the people who mostly need them.

As indicated by the top left box, public participation in a devolved government contributes towards inclusive decision making in which all people, living within the County/local government unit, irrespective of their socio-economic and political differences take part.[4] By participating people can scrutinize and monitor their local governments more closely and this is likely to improve accountability of public resources and reduce corruption. Through closer governance, social services and public needs are likely to be delivered more speedily than in centralized administration as devolution reduces the lengthy bureaucratic procedures for decision making and implementation. Moreover, due to public participation in decision making and government's closeness to the people, local government is likely to be informed of people's priority needs and as a result it provides services that are more responsive and tailored to meet the needs of different people/communities in the County. In this

4. In a devolved system of governance, individual can either participate directly by actively engaging in decision-making process on matters that affect them or they can participate indirectly through their elected representatives.

sense, devolution promotes equal distribution of State resources and development which in turn deter the likelihood of inter-communal conflicts.

In a participatory approach such as devolution, people from different communities within the County have the opportunity to work together/cooperate and own their County's development process. This act promotes a sense of unity among the different communities hence reducing the likelihood of occurrence of inter-communal conflicts. Therefore, if devolution process goes as expected, the diverse needs of the people/communities living within a County will be met within a reasonable time, and through their participation in decision making citizens within the County have the opportunity to choose how they want to be governed. Devolution is also likely to promote cohesion and unity between different communities living within the same County and as a result devolution is likely to dampen inter-communal conflicts.

However, sometimes devolution fails to generate the expected outcomes of a participatory approach due to a number of factors. As shown by the box in the middle, effectiveness of devolution in enhancing inter-communal relations depends on the information that is available to the public. The public can only participate in decision making process and in making devolution successful if they have accurate and enough information on how the system works, the opportunities available, and how they can take up the opportunities available. Therefore, when communities are aware of the opportunities that devolution presents, in terms of resources, local development and meeting of diverse needs of the public, it is unlikely that they will engage in conflict with one another. Leadership style is also another determinant of whether or not devolution will promote inter-communal relations. For instance, a professional and capable governance system that is based on good governance practice, honest service to the people and employment of resources and procurement of services informed by what is best for all the communities/ people is likely to enhance a good relationship between different communities living within a County regardless of who is holding the leadership position. On the other hand, an unprofessional incapable system of devolved government with ill-informed decisions and a public service filled with corruption and procurement of services with the goal of personal enrichment is likely to affect the effectiveness of devolution in addressing the needs of different communities and hence likely to promote conflict. This occurs when political leaders use the principle of subsidiarity for their benefit; for example they can use the fiscal, administrative and political power given to the County level for self interest through corruption and nepotism. Other factors such as negative cultural practices (especially where women are not allowed to participate in public affairs and development) and citizen's willingness to make devolution work also affect the extent to which devolution can minimize inter-communal conflicts.

Theoretical Framework

This paper is guided by two theories: Institutionalism and Decentralization theories that aim to explain the intersection between devolution and inter-communal conflicts.

Institutionalism Theory

The proponents of this theory, including Meyer and Rowan (1977), and Powell and DiMaggo (1983), assert that the type of political systems and institutions that a country adopts determines whether or not there will be peace or conflict in the society. Institutionalism theory argues that in a multi-ethnic society in which ethnic communities are geographically concentrated, decentralization of power and resources rather than centralize system maybe more suitable for ethnic peace and co-existence to occur. It argues that decentralization system ensure that the government institutions are closer to the people and hence the diverse needs of the population can be efficiently and effectively addressed. Thus, social unrest and conflict threats are minimized and communities live in harmony. It explains that a closer government is able to know and prioritize the needs of the population.

This theory is relevant to the current paper because in Kenya devolved system of governance was adopted to promote public participation in local development and also to ensure that the needs of all communities are addressed. This is because the country is composed of many ethnic communities that are in different levels of development and hence may have diverse needs and interests unique to their situation. Devolution is therefore thought to be the right political system because it will foster equal distribution of resources and development and as a result diminish conflict occurrence. However, although this theory is one of the most relevant approaches for explaining influence of devolution on inter-communal relations in terms of peace and conflict, it fails to explain variance in ethnic violence or peace at the local and regional level. This theory has also been applied in other studies including Varshney (2003) and Mohammad-Arif and Moliner (2007).

Decentralization Theory

Another theoretical framework that this paper adopts is decentralization theory. This theory, first postulated by Alexis de Tocqueville (1805-1859), explains how public participation in local decision making can enhance better service delivery. In this theory, decentralized governance systems such as devolution are seen to help government institutions internalise social, economic development to better match social services to the public decisions to local needs and aspirations as well as increase equity in the use of public resources. The theory views the use of locally accountable representatives with real public powers as the best way the local development needs can be met. Devolution has been viewed as an institutionalised form of participatory approach and as the strongest and highest form of decentralised governance which this theory posits the greatest benefits can be derived. Proponents of decentralization assert that the needs of the people can best be met with lower level governance and decentralised resources which includes participation of local people in all decision making processes.

This theory is relevant to the current paper because devolution in Kenya is believed to ensure that people from all the communities, regardless of their ethnic, cultural, religious and linguistic differences, are included in development process. It is also believed that through devolution all communities living within the same County will benefit from the outputs of their development process thereby deterring conflict emergence. This is because most communities in Kenya, and even around the world, only have the incentive to fight when they are excluded from national development and in enjoying the benefits of development. The ideals of devolution have however not always produced the best results. This is because devolution of finances, political and administrative powers threaten many actors therefore few have been fully implemented. Indeed, it should come as no surprise that most of the literature on decentralisation focuses more on expectations and discourse than on practice and outcomes. Other studies that have applied this theory include Oyugi (2000), Rondinelli (1989), and Green (2008).

Influence of Devolution on Inter-Communal Conflicts in Kenya

This section examines the link between devolution and inter-communal conflicts in Kenya, factors that are likely to hinder the use of devolution as a pacification tool as well as the experiences of devolution and its pacification role in other countries.

Closer Governance and Inter-Communal Conflicts

Studies have hypothesized that the closer the governance is to the people the lower the incidences of inter-communal conflicts in a country. Bakke and Wibbels (2006) observe that devolution brings governance close to the people and hence allows the government to articulate various needs and tailor specific responses to needs of the ethnic communities living within the same devolved unit/County. By recognizing and respecting the needs and choices of diverse communities in the County the government will be protecting the cultural identity of the communities and this in turn helps to grow trust and sense of ownership in a multi-cultural society. World Bank (2012) argues that devolution in Kenya is very critical from a social and institutional perspective. It asserts that Kenya is a very diverse country with many ethnic communities. For example, the needs of arid and semi-arid areas are very different from the ones of highland regions while those for rural areas vary from the ones of urban centres. To this end, Counties are better placed than the national government to deliver social services as they are closer to the people and have local knowledge of the specific needs as well as the best strategies to address them. In terms of conflict prevention, the County government is able to find outlets to handle a conflict and address the grievances that may cause some individuals to desire conflict. Interestingly literature outlines that even if there are no dramatic improvements in service delivery through the County governments, people prefer to make decisions themselves rather than following directions imposed by a central government (GoK 2011; Bakke and Wibbles 2006).

Mak'Oloo (2005) explains that if the central government assumes responsibility for everything it is bound to receive excessive demands. This means that the central government becomes the target of varied complaints, pleas and conflicting expectations and, eventually, the focus of common hatred. As a result, the centralized government promises all, satisfies few and disappoints most which then becomes a recipe for conflict. Without the means to satisfy exaggerated demands, the central government will be forced to resort to coercion to suppress demands which might trigger more conflicts. Therefore, devolution of functions and authority to the County level which is based in the grassroots and hence closer to the people helps the government to meet diverse public needs promptly and efficiently and as a result reduce the likelihood of conflict and tension incidence.

As compared to the Central government, County governments in Kenya are said to increase the efficiency and responsiveness in dealing with conflicts in far away communities. According to Fan (2013) in centralized governance, communities which live in the periphery and outside the capital have less of a connection to a governmental structure. As a result the government may lack the ability to control conflicts that emerge in these areas; for instance the conflict between pastoral communities living in Northern Kenya and livestock rustlers from Ethiopia. Continued lack of governance in such areas opens up the possibility for external actors to come in and create a separate entity outside of the central government that dictates the law in the region (Fan, 2013). These external groups often extend their influence onto these regions that lack central government support. The central government will probably not cede control of the periphery to the external group, opening the gateway for a civil war.

Through closer governance, devolution in Kenya is said to promote ownership and a sense of nationhood. For instance, Ghai and Cottrel (2014) report that over half of Kenyans recently surveyed thought that performance of the Counties was within expectation, and even commented that people in Mandera who used to ask 'how is Kenya?' could now feel as being part of the nation mainly because the government has been brought closer to them. Prior to promulgation of the new Constitution and subsequent implementation of devolution, Constitution of Kenya Review Commission (CKRC) noted that many communities felt marginalized and neglected, deprived of resources and even victimized for their political or ethnic affiliations. Specifically, Provinces or Districts which did not support the president were penalized in terms of development and resources. The communities believed that their problems arose from government policies over which they had no control as decisions were made far away from them. These decisions did not reflect the reality under which they lived, the challenges and privations which they suffered. However, as World Bank (2012) outlines devolution in Kenya presents the potential to redress perceived ethnic and political bias by giving local communities greater control over resources and decisions about service delivery. In so doing, all the Kenyan communities are likely to feel recognized and considered in resource distribution which in the long run promotes development across all regions. This reduces the likelihood of occurrence of inter-communal conflicts which are largely triggered by unequal distribution of resources.

Nonetheless, some scholars and policy makers argue that closer governance as provided by devolution may perhaps fail to lower the incidence of inter-communal conflicts. For instance, it is reported that political leaders may take advantage of the subsidiarity principle and use local institutions to expand their powers and manipulate them for personal and their ethnic's interests. Such corrupt and nepotistic deeds are likely to encourage inter-communal conflicts within the County. Lack of clarity on the functions of devolved institutions and national government may also hinder devolved units from combating inter-communal conflicts. This is because confusion of 'who does what' may lead to misinterpretation, panic and mistrust among the populace on the value of devolution hence increasing the likelihood of tension at the grassroots. These challenges are discussed in details in section 3.3.

Public Participation and Inter-Communal Conflicts

It is also hypothesized that the higher the public participation in decision making and public affairs the lower the incidences of inter-communal conflicts in the country. ICJ, Kenya (2013) states that under the devolved system in Kenya there is an opportunity for most citizens to meaningfully participate in public affairs and representation of most, if not all, ethnic groups. In addition, Article 197 of the Constitution of Kenya dictates that community and cultural diversity of a County should be reflected in its County Assembly and County Executive Committee. The Constitution also provides that, in the interest of affirmative action, 5% of the seats in the national assembly and the County assembly shall be preserved for persons with disabilities, the youth, marginalized groups and communities.[5] The Constitution further dictates that 8.5% of the seats in the Senate shall be reserved for persons with disabilities, the youth, marginalized groups and communities. Furthermore, in order to protect and enhance Kenya's nationhood and ensure that there is equity and ethnic balance in the recruitment and delivery of public services, it is proposed that County public services board be obligated to recruit at least a third (30%) of the professionals from outside the predominant community or communities in the County.

Popular participation ensures that the voices of every section of the County, particularly from marginalized communities, are heard perhaps leading to a re-balancing of power relations in favour of equitable distribution of public resources around the principles of solidarity and collaboration. Moreover, communities which have suffered in the past due to poor policies of the central government are likely to feel secure in the County system, participate in public affairs, negotiate with the national government and integrate politically. Through this, national unity and inter-communal relations will be strengthened and conflicts within the County will be reduced to manageable levels (GoK, 2010). Research in Scandinavia and parts of Latin America in particular has established a positive correlation between popular participation, equity and reduction of conflicts.

Active participation in public affairs also enables communities to demand from the government to deliver better services and address social-economic inequalities. People can audit and hold the local leadership accountable and as a result this improves management of resources and performance. Devolution is also thought to foster cultural diversity through inter-County competition in sports, music and dance festivals among others. For instance, Samburu, Turkana, Isiolo and Marsabit Counties have been reported to hold annually what is referred to as Lake Turkana cultural festivals which bring together peace singers from the mentioned Counties. The aim of the festivals has been to promote peace and educate people against inter-communal violence. Such activities are meant to raise awareness that no culture is more superior to the other thus serving as building blocks for national unity and

5. These marginalized groups are not homogenous and so the extent to which the selected leaders represent the concerns and needs of groups is another debate.

cohesion. Waikenda (2013) argues that cultural diversity has not been given focus in Kenya since independence instead the focus has been at national level.

Since the conception of the devolution idea in Kenya and its subsequent implementation many people have actively participated in development-oriented discussions. For instance, it is reported that devolution has redirected the focus of political debates in Kenya from whether 'our person' gets elected to the presidency to other development and progress-related issues such as how better to use the available national resources. Ghai and Cottrel (2014) for instance argue that the promise of devolution and the opportunities expected to present upon its implementation were the main factors that contributed to the relative peace during the 2013 elections. Following the adoption of devolution, it is perhaps the first time many Kenyans are seeing discussions about policy initiatives that affect their daily lives, rather than concentrating on ethnic politics of who gets what. Therefore, conflicts within Counties are less about ethnicity than about general fairness and efficiency and livelier political debates are taking place at local levels.

However, even with public participation there are some genuine concerns that devolution might not necessarily combat inter-communal conflicts in Kenya. Some scholars warn that devolution may provide a niche for major communities to take up leadership thereby leading to ethnic balkanization and further exclusion of minority groups within the Counties. It is also argued that devolution may promote the growth of regional identities and secessionism tendencies that advocate for legislations harmful to other regions and country's sense of unity. These factors are further explained in the next section.

Factors that Hinder the Use of Devolution as a Pacification Tool in Kenya

Most political reforms face challenges especially during their transition period and this applies to devolution system in Kenya. Some of the factors that hinder the role of devolution in reducing the incidences of inter-communal conflicts in Kenya are discussed below.

First, World Bank (2012) states that devolution in Kenya could potentially undermine national unity and increase ethnic conflict by encouraging the growth of regional political parties which reinforce ethnic identities and encourage groups to engage in ethnic conflict. For instance, TNA party in Kenya is affiliated to Central region Counties, URP is associated with Counties in Rift Valley, and ODM is affiliated to Counties in Nyanza while Wiper is associated with some Counties in Eastern region. In addition, other scholars argue that devolution may eventually foster more local loyalty to regional identities than national identity, and this may encourage formation of independent statehood for every ethnic community or even a territorial secession which ultimately will put the national integrity at risk (Saito 2001; Mak'Oloo 2005). To explain this further, Brancati (2009) argues that regional parties exacerbate ethnic conflicts and secessionism by creating regional identities that advocate for legislations harmful to other regions and regional minorities in the country and also by mobilizing groups to engage in ethnic conflict and secessionism or supporting extremist groups that do.

Second, Chacha (2011) asserts that devolution in Kenya may imply devolving clanism. For instance, given the Constitution provision that members of the County Assembly should include those from marginalized communities, many individuals in Kericho County have been masquerading as members of the Tallai clan (one of the traditionally excluded community) with the intention of securing nomination to the County Assembly (Mugambi, 2013). This action has detrimental effects on the actual members of Tallai clan, and without clear strategies to solve such issues minority communities are likely to be doubtful about the value of devolution. The issue of devolved clanism is also reinforced by an experience written by a peace monitor in Migori County, where members of Kuria ethnic community (minority) fear being discriminated against by the Luo (majority). The said peace monitor was shocked to realize that, even within the broader Kuria community there were divisions. The narrative quoted below describes the experience as written by the peace monitor and is used only to emphasize and demonstrate the kind of discourse that might be taking place within some Counties:

> *"A meeting was called, for purportedly Kuria leaders. It was expected to focus on devolution, Chapter Eleven of the new Constitution. I marshaled all my resources and training acquired from the numerous workshops that I had attended and the experience and understanding that I had cultivated in the dynamic political sphere both at local and national levels. I sauntered into the conference hall at the Border Point Hotel trying to keep time.*

Finding a handful of participants, I selected my seat and sunk into the comfort of the premises. I was called outside and asked who invited me, to which I responded that a Kuria lady in Nairobi had asked me to represent her as she could not make it home. 'This is a meeting meant for only the leaders from the BAKIRA CLAN! I am sorry there seems to be some mix-up. Kindly just greet the participants and...Sorry just leave', said the usher. I was tongue-tied! I just couldn't find words to respond; me, a Kuria being discriminated by my fellow Kurias just because I belong to another clan, a Mugumbe and not a Mukira? Oh no! I went inside, took to the floor, and said, 'I am sorry, that I seem to have gate-crushed a meeting not meant for all. I am sorry that I am a black sheep in the midst of white sheep. I wish you well and bye,' I was very hurt and concerned. Concerned that, the Kurias who have been echoing fears that the Luos will discriminate against them and marginalize them…Yet they can do exactly that to those they perceive as being not of their group. What a shame! ...later it emerged that this meeting was meant to ensure that this particular clan clinches the top County positions!" Source: Bezuidenhout (2012)

Third, it is argued that devolution in Kenya may lead to ethnic balkanization and further exclusion of minority communities. Professor Keating, as quoted in GoK (2010) outlines that since the territory of a devolved unit will never correspond perfectly to an ethnic group, devolution will merely create new discontented minorities within the new units, leading to recurrent challenges and divisions. Thus, according to him, devolution in itself does not represent a definitive solution to conflicts of ethnicity. Although the Kenyan Constitution provides for inclusion of minority communities in the allocation of County seats, KNDR (2011) argues that the people's understanding of devolved government is that it is a niche for particular community to take up leadership hence encouraging ethnic balkanization and exclusion of minorities.

During the initial devolution debate, for instance, a number of communities were opposed to the number of Counties, their boundaries and the composition. In Bungoma County, the Sabaot (minority) opposed that they had been grouped with Luhya community (majority) while in Elgeyo-Marakwet County, the Marakwet opposed to be grouped with the Keiyo mainly because of past marginalization. In Baringo County, minority groups such as the Pokot, Njemps, Endorois and Arror opposed to be grouped with the other dominant Tugen communities. In Migori

County, the Kuria opposed to be grouped with the Luo while in Garissa County the Abdalla clan of Ijara did not want to be grouped with the dominant Abudwak and Aulihan clans. Counties dominated by one ethnic community may thus threaten rather than strengthen inter-communal relations. Wamwere (2014) argues that Counties in Kenya have become tribal homelands that are driven by the ideology of negative ethnicity. Kenyans of different ethnicities living in the same County are categorised as citizens or foreigners; the foreigners are discriminated against for having 'invaded' the citizen's County. To this end, Ghai and Cottrel (2014) observe that minorities in the Counties dominated by one ethnic group would be more vulnerable than when authority is exercised at the centre thereby creating new conflicts and violence.

Fourth, structural challenges and confusion are feared to hinder the functioning of devolution and thus its pacification role. For instance, although the Ministry of Local Government, the Ministry of Finance and the Task Force on Devolved Government are considered the key institutions in facilitating the operationalization of the devolved government structures, they have produced parallel bills on devolution and public finance and have publicly disagreed prompting panic across the nation (ICJ, Kenya, 2013). Tensions around devolution are potentially volatile especially with the public perception that some of the proposed Bills would not deliver the promise of devolution. This kind of tension reinforced by lack of trust on government institution to deliver what was promised by devolution is likely to create discontentment which is a ground for conflict occurrence.

Fifth, lack of accurate and adequate information is likely to hinder devolution from playing its pacification role effectively. Ndiku (2012), points out that whilst Kenya's Constitution defines the governance structures and devolution, it does not provide adequate stipulations for attaining these new governance modalities, leading to various interpretations and counter-interpretations by different political and parliamentary platforms. These have often provoked confrontations regarding access to national power and resources among political personalities, leading to political rivalries which fuel conflict at the grassroots level. Confusion on how the devolution works leads to disagreement, mistrust and even violence.

Sixth, administrative issues at the County level are reported to cause tension in different areas. In some Counties, communities have been debating on the best location for the County headquarters. The underlying reason is fear of marginalization if the County headquarters is far from one's community. For example in Bungoma County, the Sabaot community in Mt. Elgon District prefers to have the headquarters closer to their homeland (for example in Webuye or Kimilili) in contrast to the present location in Bungoma town. Similar wrangles are reported between Marigat and Kabarnet District residents in Rift Valley (Ndungu and Wepundi, 2012). It is feared that when the County headquarters is far from a certain community the practice of marginalization will continue as it were during centralized system. In addition, in terms of County-boundaries some citizens feel that they have been separated from their traditional communities and joined with communities that they have nothing in common. This illustrates the emotional attachment that communities had to their homeland, and newly minority communities are not likely to easily accept their new status and the probable loss of political power. This has happened in many Counties, and some recent studies have classified as many as 27 (out of 47) Counties as at risk of conflict (May, 2014). In addition, the debate on the location of County headquarters presents fertile ground for inter-communal conflicts. Even after the establishment of County headquarters in 2013 certain communities within the Counties are still not contended.

Lastly, it has been argued that in the devolved units leaders are likely to use the local institutions as way of expanding their powers and undermining the State. The autonomous units may be manipulated by local elites in seeking their personal benefits at the expense of general population who are in dire need of improved stability and livelihood (Saito, 2001). In so doing, devolution may undermine unity by devolving corruption thereby leaving citizens worse-off as local elites capture resources meant for the newly established Counties and service delivery. Notably, poverty and corruption are some of the main triggers of conflict at the grassroots level. Moreover, Wamwere (2014) observes that through taxes and graft, ordinary citizens are as oppressed and exploited by County governments as they were by central government. In fact, under devolution, citizens suffer double oppression and exploitation from both central and county governments. Thus, as theories of conflict dictate, exploitation and oppression are likely to generate conflicts at the County levels. Boru (2013) further outlines that with presidential candidates required to win in at least half of all Counties in Kenya, Counties are likely to be focal points of the national elections. This means ethnic violence, patronage, and many other ills that occur during election periods will be devolved to the local level. Even previously calm regions may now experience violence. For example, some conflicts in Isiolo District in Northern Kenya have been attributed to the changing electoral realities in which some communities fear losing political dominance.

Experiences of Devolution in Other Countries: Lessons for Kenya

The practice and institutionalization of devolution, and its influence on inter-communal relations is not unique to Kenya. Guyo and Chikwanha (2008) outline that in the United States, Germany, Canada, the United Kingdom, and Switzerland, devolution has been the driving force of social harmony and an engine for development. In Africa specifically, despite the numerous ethnic communities with competing political and economic interests, countries such as South Africa, Rwanda and Uganda among others have substantially implemented modern devolved systems of governance with ease. In almost all of these instances, positive aspects of ethnicity and pragmatic approaches to decentralization have been reported to contribute to peace and stability among communities, as well as enhance human development. To this end, Kenya could borrow valuable lessons from these countries.

It is critical to note that decentralization/devolution in most African countries like Uganda, Rwanda, Kenya and South Africa was a vital and urgent remedial measure, and was promoted in response to the socio-economic and political problems in their history. Decentralization was adopted in Uganda in 1986 to transform the country's top-down local government system characterised by centralized control over land and other resources. In Rwanda decentralization was to provide a structural arrangement for the government and Rwandese to fight poverty at close range, and enhance their reconciliation through the empowerment of local populations following the trauma of the 1994 genocide. In South Africa, promoting local governments was aimed at rebuilding local communities and environments, as the basis for a democratic, integrated, prosperous and truly non-racial society following the apartheid ordeal in the country (Bigambo, 2013). Last but not least, devolution in Kenya is aimed at correcting past historical injustices which were the main triggers of 2007/08 PEV.

According to Green (2008) decentralization in Uganda has tremendously reduced conflicts at the national level. It has nonetheless replaced it with local level conflict which can be explained in two ways; first, the concentration of local resources at the District level rather than distribution across all the five levels of local government has led to struggle and competition over District leadership positions. Second, the huge expansion in the number of new District has led to local-level conflicts in both the fight to create new Districts and the way District creation has empowered local extremist. This serves as a lesson for Kenya which should ensure that devolution does not increase local level conflicts. Devolution in and of itself should not be seen as a necessary tool in conflict prevention and resolution. There should be a better understanding among policy makers and general public of how and when devolution may alleviate or exacerbate conflicts at all levels, and this way appropriate strategies can be put in place to ensure maximum use of devolution as a peace-building asset.

In the specific case of South Africa's devolution system, in which Kenya's devolution was based, Steyler (2013) states that twenty years ago the question of devolution arose for very different reasons. Representing the majority of the people, the African National Congress (ANC) party wanted a strong centralized government to undo the ravages of apartheid while the National Party (NP), representing the white minority government, advocated federalism because it feared a strong centre dominated by the ANC. Federalism was never considered, because the idea was disillusioned by the apartheid policy of ethnic-based Bantustans which although they had a measure of autonomy, were aimed to divide and rule the black majority. As a result, the concession was weak provinces which in one province, KwaZulu-Natal where conflict was rampant, served a peace making function, and in another, the Western Cape, provided the NP with some spoils of government (Steyler, 2013).

In examining the questions relating to the number, size and character of devolved units, there are similarities in the problems that both Kenya and South Africa faced, although the solutions have not been the same. South Africa was conscious when drawing the provincial boundaries not to create ethnic enclaves which would repeat the ethnic boundaries of the apartheid Bantustans. Thus, the focal point of demarcation was economic clustering in regional development areas. However, when the boundaries were drawn, seven of the nine provinces had a linguistic majority. The same challenge is experienced in Kenya where the main concern is the demarcation of Counties on the basis of past administrative Districts and along ethnic lines. South Africa, through the recent ANC policy documents aims to reform, rationalize and strengthen provinces by establishing fewer provinces which are functional, economically sustainable, integrate communities on non-racial basis and without ethnic boundaries (Steyler, 2013). However, redrawing of boundaries to ensure non-ethnic provinces would be an impossible task. From this case, the lesson for Kenya is that ethnic concentrations in devolved units cannot easily be avoided but as a result leaders must ensure that the needs of all the ethnic groups are met and through dialogue and reconciliation processes ethnic groups should be encouraged to live peacefully.

In the South African devolution system most minority groups and parties are provided a seat in the municipal council. For instance, in the transition phase (1995-2000) the municipal executive committee had to comprise all parties according to their electoral strength, a practice that continued in the conflict-torn Kwazulu-Natal until 2011. In Kenya, the problem of exclusion of minorities and marginalized groups has been raised. It has been argued that where there is one dominant ethnic group in a County, there is high likelihood that it will dominate the County assembly and executive to the exclusion of minority groups. Thus, there is need to ensure that minority groups in all Counties in Kenya are actively represented.

Conclusion and Recommendations

Conclusion

It is evident that inter-communal conflicts in Kenya have a long history especially during the centralized political systems. These conflicts were mainly triggered by poor governance which resulted in unequal distribution of resources, marginalization of some communities, massive poverty, ethnic politicization, ethnic identity, and inter-communal mistrust among others. Research shows that when a country falls into conflict, it is difficult to stop once impetus has built up. In Kenya, however, it is anticipated that the ongoing institutional reforms such as the introduction of devolved system will stamp out inter-communal conflicts and instead promote national unity. Devolution, for instance, not only brings governance and resources closer to the people but also gives people the control and power in decision-making and determining the direction they want to follow in terms of socio-economic and political development. For devolution to create unity amongst communities in Kenya the government, the public and other key stakeholders must actively participate in concerted efforts to create unity in diversity. This paper recognizes that ethnic and communal relations are social constructions that can be deconstructed, and that leaders at the county and national levels have Constitutional obligations to promote social justice, inter-ethnic harmony, and human rights protection.

This paper recognises its limitations and cautions that the strategies recommended herein are by no means sufficient for devolution to address the challenge of inter-communal conflicts and hostility in Kenya. It is however believed that, if implemented, they would play a vital role in improving ethnic and communal relations. As Lake and Rothchild (2001) aptly assert, managing ethnic conflicts, whether by local elites, the government or international bodies is a continuous process without a final resolution. In Kenya particularly, it must be realized that embracing the devolved system of government is fraught with a myriad of challenges. But all these could be overcome by joining hands and pulling together. For a start, the constitution provides a good framework and operational structure for devolution and hence there is need to implement its provisions to the latter and strengthen them if need be.

Policy and Strategy Recommendations

Given the factors that hinder devolution from combating inter-communal conflicts in Kenya this section attempts to suggest actions that could be undertaken by the government, citizens and all the key stakeholders. The main goal for implementing these strategies is to make the best out of the new governance system especially in promoting inter-communal co-existence. Nonetheless, the suggested recommendations need to be bolstered by field research.

- The Kenyan media needs to have an in-depth understanding of devolution. This is because most people rely heavily on the media for information and general awareness of current affairs. Indeed, the freedom of the media as enshrined in the Constitution gives them the ability to inform the public about global and country's development process. To deter inter-communal conflicts the media Personnel should practice the highest level of professionalism, patriotism, accountability and responsibility. This could be achieved by not circulating or broadcasting materials that have the potential to trigger intra or inter-ethnic animosities.

- Second, the composition of national/County employment and other form of resource-distribution should reflect the regional and ethnic diversity of the nation/County. This means the leadership at the County level as well as other public and civil organizations should fully implement the one-third rule. In addition, County leaders and all Kenyans should adhere to national values and principles as well as Bill of Rights in serving the public. For example, article ten (10) of the Constitution sets out national values and principles such as patriotism, national unity, sharing and devolution of power, the rule of law, democracy and participation of the people which should guide the decisions of leaders/Kenyans towards achieving the national dream as outlined in Vision 2030. Kenyans/leaders should also adhere to the Bill of Rights as provided in Chapter four (4) of the Constitution which prohibit discrimination of marginalized communities and groups.

- Third, there is need to encourage positive dialogue and communication within and between communities in the Counties. If carried out well, incessant community dialogues within Counties will ensure sustained tolerance between communities and tensions are likely to be regularly monitored and promptly addressed. The dialogues should be designed to involve discussions that foster reconciliation by creating platforms for communities to have conversations about tensions and historical injustices both within and across communities. The discussions should have a timeline and encompass people from different ethnic communities who live within the same County. Importantly, the community dialogue processes should involve the County leaders who should present relevant policy measures and strategies that could be implemented to enrich development, unity and peace in the County. Dialogue and reconciliation processes are instrumental in developing sustainable relationships between communities based on mutual respect and trust.

- Fourth, key stakeholders should enforce a sense of national identity and cooperation among Kenyans. Kenyans from different ethnic communities should be encouraged to perceive themselves as co-operators rather than competitors. Research has shown that Kenya is still struggling to come to consensus with itself. For example, some communities are perceived to be contemplating secession from Kenya while others see nationality as competing with, rather than complementing, other forms of cultural identity in the country. Thus, efforts must be enhanced to encourage members of different ethnic communities perceive themselves as part of the national community with one common identity.

- Fifth, there should be political will for devolution to be effective in enhancing inter-communal relations. Successful devolution entails commitment and hard work by all the key stakeholders. For example, even if the security docket is the responsibility of the national government in Kenya, the County leaders have a critical role to play in ensuring there is stability in their Counties. This is because the actions of the devolved units largely determine whether or not there is stability in the grassroots. Therefore, national and county governments must cooperate in ensuring devolution plays its role as a pacification tool.

- Lastly, field research on devolution and inter-communal conflicts in Kenya should be carried out. Devolution presents a critical chance for all regions in Kenya to realize socio-economic and political development and as such there is need for a closer and regular follow-up to assess its achievements and identify areas for improvement. The proposed field research should employ qualitative methods of data collection and analysis so as to achieve a depth understanding of the relationship between devolution and inter-communal conflicts.

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Annex 1.:

Kenya's Ethnic Composition and Counties they Dominate

Province	County	Dominant Ethnic Group	Historical Group
Central	Nyandarua	Kikuyu	Bantu
	Nyeri	Kikuyu	
	Kirinyaga	Kikuyu	
	Murang'a	Kikuyu	
	Kiambu	Kikuyu	
Coast	Mombasa	Waswahili,	Bantu
		Duruma,Giriama, Rabai,	Bantu
		Boni, Digo	
	Kwale	Mijikenda	
	Kilifi	Mijikenda	
	Tana River	Mijikenda	Bantu
	Lamu	Mijikenda	
	Taita/Taveta	Taita	
North Eastern	Garissa	Somali	Cushites
	Wajir	Somali	
	Mandera	Somali	
Eastern	Marsabit	Borana	Cushites
	Isiolo	Turkana	Nilotes
	Meru	Meru	Bantu
	Tharaka-Nithi	Ameru	Bantu
	Embu	Embu, Ameru	Bantu
	Kitui	Akamba	Bantu
	Machakos	Akamba	
	Makueni	Akamba	

Rift Valley	Turkana	Turkana	Nilotes
	West Pokot	Pokot	Nilotes
	Samburu	Maasai	Nilotes
	Trans Nzoia	Sabaot	Nilotes
	Uasin Gishu	Bagisu, Kalenjin	Bantu, Nilotes
	Elgeyo Marakwet	Marakwet	Nilotes
	Nandi	Nandi	Nilotes
	Baringo	Gabra, Kipsigis, Kalenjin	Cushites, Nilotes
	Laikipia	Kikuyu, Meru, Maasi, Pokot, Samburu, Turkana	Bantu, Nilotes
	Nakuru	Kikuyu, Kalenjin	Bantu, Nilotes
	Narok	Maasai	Nilotes
	Kajiado	Maasai	
	Kericho	Kalenjin	Nilotes
	Bomet	Kalenjin	
		Kalenjin	
Western	Kakamega	Luhya	Bantu
	Vihiga	Luhya	
	Bungoma	Luhya	
	Busia	Luhya, Luo, Teso	Bantu, Nilotes
Nyanza	Siaya	Luo	Nilotes
	Kisumu	Luo	
	Homa Bay	Luo	
	Migori	Luo, Kuria	Nilotes, Bantu
	Kisii	Kisii	Bantu
	Nyamira	Kisii	Bantu
Nairobi	Nairobi City	Mixed	Mixed

Source: Bezuidenhout (2012), Akoth (2011)

Mitigating Natural Resource Based State/Investor Conflicts: Oil and Gas in Eastern Africa

Lt. Col. Kibrom G. Tesfay

Introduction

The arrival of multinational mining companies to the Eastern Africa region appears to be a golden opportunity to spur unprecedented growth. New mines open opportunities for jobs, government revenue, and income for local suppliers and possibly even improvements in infrastructure. When the salaries of workers and suppliers are re-invested in the local economy, a multiplier effect provides benefits to a broader society. But the past experiences of many Countries in Africa show that extractive industries often fail to deliver sustainable growth. Instead, countries experience appreciation of real exchange rates, skilled workers are drawn away from other manufacturing industries into the mining sector, and the jobs created are fewer than expected and less matched to local communities. Tax payments take a long time to materialize, and the unpredictable nature of government revenues increases the risk of rent-seeking and corruption. Together these effects can be referred to as the "resource curse" (Bridges Africa, 2012).

Exploration has been underway in East Africa for several decades, but the extent of the potential has only become visible in the last few years. East Africa is finally emerging as one of the most important players in the continent's oil and gas industry. Large oil discoveries around Uganda's Lake Albert in 2006 and following gas discoveries offshore Mozambique have dramatically changed perceptions of East Africa, transforming it into an up-and-coming destination for extractive industry investment. Companies that previously only gave the region a passing glance before turning their attention to areas such as the Gulf of Guinea are now rapidly coming to invest in the Rift Valley's potentially vast, untapped reserves.

News of fresh discoveries in Kenya has boosted onshore exploration in the country, though commercial feasibility is still being established. South Sudan already has vast reserves and is increasingly looking to East Africa as an alternative market for its oil products. Meanwhile, there are hopes that both oil and gas could be discovered in Ethiopia in commercially feasible quantities.

Oil and gas developments have placed the East African region into the geopolitical calculations of the major international powers. Oil was central to sustaining and shaping the conflict in Sudan, which the US and the West took a keen interest in. Finding transport and revenue solutions to South Sudan's stranded oil and creating greater, more sustainable economies in East Africa through oil and gas exploitation will be a major objective for Western countries eager to prevent the spread of terrorism, piracy and civil war in the region. But hydrocarbon developments have also raised interest among the rising Asian powers both in terms of new sources of energy, new markets, trading routes and destinations for their investments (Mohamedi, 2013).

East Africa has enormous potential as a market for oil and gas investment. However, it remains a frontier market, and challenges will arise throughout the course of the investment cycle. Without the decades of operational experience enjoyed by their West and North African counterparts, the region's governments and bureaucracies have to learn the demand of the industry quickly. In addition to poor infrastructure, companies have to compete with outdated or non-existent regulations, and a number of competing vested political interests. Local communities are often caught somewhere between excitement at the prospect of new-found oil wealth and fears for their future land rights. This paper analyzes the role of different actors in the mitigation of the oil and gas based conflicts in the region. The paper also examines the challenges and opportunities available in relation to the recent oil and gas discoveries in the region. The paper is divided into five sections. Section one presents the introduction where the purpose, scope and statement of the problem are presented. Section two focuses on conceptual framework of the study, while section three provides an analysis of the challenges and opportunities for mitigating oil and gas based conflicts. Section four outlines approaches to address and manage oil and gas related conflicts. The final section provides conclusions and recommendations of the study.

Focus and Scope of the Study

This paper will address the relationship between the newly discovered oil in Eastern Africa (Uganda, Kenya, Tanzania and South Sudan) and state/investor interactions or relations and the potential for stirring conflict in the region.

The research will examine the East African oil and gas discoveries within the Rift Valley system, mechanisms that have been put in place to guide production and management of the oil fund, environmental impact, relationship with host communities and implications for the development of East Africa. It will also identify how prospects for oil resource can be leveraged as a driver of peace within the member countries of East Africa.

Objectives of the Study

- To examine how oil and gas revenues can boost or spur economic growth in Eastern Africa
- To analyze the likely causes of oil related conflicts
- To analyze how specific laws and policies affect the management of oil and gas in the selected countries

Research Questions

- What are the challenges of making oil a resource for peace rather than conflict in the region?
- What are the root causes of oil related conflicts?
- To what extent are the national and international capacities prepared to address this issue?

Statement and Significance of the Problem

East Africa is one of the few remaining regions in the world with potential for world-class oil and gas exploration. But more often resource abundance and dependence in Africa has been a source of conflict rather than peace and development. The Niger delta in Nigeria is a classic example of poor oil management. Exploitation of oil and gas in this region brought about environmental degradation without appropriate compensation of the local community by the oil companies or the government. This caused violent conflicts that have lasted for decades.

Lack of adequate experts, refining capacity, lack of legal and regulatory framework can lead the expected oil resource in Uganda and Kenya to become a source of conflict rather than peace.

Proper management of oil resource can release funds required for development activities. Enhanced provision of public services can boost the standard of living of the citizens and therefore act as a conflict prevention tool in the Eastern Africa region.

Theoretical Framework

This section examines the literature that informs the study on the nature, approaches and actors contributing to oil based conflicts in the region. There are a number of theories that support the mitigation of natural resources based conflicts. This section also examines the theoretical basis of the resource based conflicts in Eastern Africa.

Resource Abundance

The presence of abundant natural resources may cause the emergence of organized armed groups aiming to take advantage of existing economic opportunities. Collier and Sambanis (2004) argue that many economic opportunities reduce the risk of rebellion while the existence of natural resources in low-income countries combined with polarization of society increase the risks of rebellion. This theory however, fails to identify the underlying conditions that make this happen. It is less informative in fully explaining the causes of conflict in places such as Nigeria and South Sudan. This model has been the foundation of theoretical explanations of the emergence of civil wars. It has however been criticized for ignoring the causes of wars of liberation and downplaying the role of inequality within states. This model also blames rebels for the emergence of civil wars and ignores government oppression and its role in aggravating civil disorder. Resource abundance is not necessarily a cause for conflict since it can boost public reserves to enable the government respond to perceived grievances from the marginalised (Collier and Hoeffler, 2000).

Resource Scarcity

Scarcity is the fundamental economic problem of having unlimited human wants in a world of limited resources. This theory states that society has insufficient productive resources to fulfill all human wants and needs. The theory of resource scarcity holds that groups will engage in conflict when the resources they need most for survival are endangered (Giordano and Wolf, 2005). Fearon (2004) argues that though resource scarcity has an influence on conflicts, it does not cause conflict in isolation. Due to ecological degradation among other factors, there has been a decline in access to water and pasture during dry seasons in places such as the Eastern Africa (Giordano and Wolf, 2005).

Marginalization and exclusion are also aspects of resource scarcity. Marginalization and exclusion refer to degrees of being left out in the process of power and resource distribution. The 'greed vs. grievance' paradigm of conflict tends to blame the victim more than the government whose responsibility is to exploit, manage and distribute resources equitably. Greed refers to opportunistic and selfish appropriation of resources (Collier and Hoeffler, 2000).

Marginalization increases regional inequalities and rural poverty. Unaddressed socio-economic grievances lead to emergence of armed groups as witnessed in the emergence of TPLF/EPRDF against the government of Ethiopia and *Anya Anya* and SPLM/A against the government of Sudan. Other scholars have proposed that armed groups can maintain and prolong civil conflicts out of greed. They hold that lack of access to particular resources can be a significant factor in explaining persistence of civil wars. According to Paul Collier (2000), inequality, repression, ethnic and religious fractionalization, are inadequate to explain emergence of rebellion. In their research on civil wars in Africa, Eltigani and Ateem (2007) found out that conflicts in Africa cannot wholly be explained by ethno-linguistic differences but rather by high levels of poverty, failed political institutions and economic dependence on natural resources. Where the government is unable to listen to grievances from the periphery, armed groups are bound to emerge.

Resource scarcity can also foster social cohesion if the sharing is perceived to be equitable. In Africa this works very well especially when sanctioned by the community so that all have their fair share of the scarce resource. Therefore, people in the community become interdependent and no one wants to break the peace brought about by sharing the scarce resource.

Resources may finance and sustain the government or rebels during conflict, such as was witnessed in Angola (Renner, 2006). On other cases, natural resources are associated with short term wars and more often end with victory for one party. Abundant resources may provide adequate revenues that the government can use to fund its army.

Conflicts occur where there are no institutions and frameworks for conflict management and mitigation. According to Fearon (2004), oil exporting countries are most likely to suffer from civil wars. Buhaug, Gates and Paivi (2009) demonstrate that the presence of certain minerals in conflict zones expand the geography of conflict.

Competition over environmental resources contributes to intrastate conflict. Loss of livelihoods is linked to environmental degradation and resultant competition over access to and ownership of natural resources. Natural-resources-based-conflicts comprise about 40% of all internal conflicts in the past decades (Blake, 2010). Much of previous research on the causal links between competition over natural resources and violent conflict has focused largely on high-value extractive resources such as oil and gas. There has also been growing state interest in securing ownership or long-term use rights for agricultural land and primary resource extraction which has increased attention towards poor people's resource rights and livelihoods (Blake, 2010).

A number of strategies have proved effective in addressing resource conflicts. These include democratic governance, transparent revenue-sharing, corruption control, a stable investment environment, and implementation of international control regimes. It is interesting to note that most of these findings apply to Africa and other developing countries because natural resources do not cause conflict in the developed countries in the same way. It is also important to examine the role of Western Governments and their close allies, private mining companies and private military activities in resource exploitation and conflicts in Africa (Kameri, 2007).

Livelihood-based Conflicts and Development

Revenue-producing resources such as minerals and oil cause the most problems, often called the "resource curse". The paradox is that countries with abundant natural resources often have less economic growth than those without. Dependence on a few sources of revenue typically discourages diversification, leads to overheating of the economy and increases volatility of prices and revenue (Bridges Africa, 2012). South Sudan was depending on oil to meet 98% of its annual expenditure before the shutting down of the oil pipeline in 2012. Agriculture in South Sudan has been neglected and most of the food consumed in urban areas is imported. If well managed, the oil in South Sudan can be a substantial asset for peace building, reconstruction, livelihood, security, governance reform, and security improvement.

Even when conflict gives way to fragile peace, control of natural resources and their revenues often stays in the hands of small elite and are not used for the development of the country. Therefore, it is recognized that transparent, equitable, and inclusive governance of natural resources is vital to the consolidation of peace and prevention of renewed violence and that it is a fundamental precondition for successful post-conflict reintegration, reconstruction and development (Bridges Africa, 2012).

The underlying development problems around oil and gas are not inherent in the resource itself. Rather, it is the state/investor relationship that determines the levels and intensity of conflicts around natural resources in the developing countries in general and in Africa in particular. There is always a contradicting interest between the investors such as international oil companies who try to maximize their share of revenue from extractive industry and the state who also ideally work towards the benefit and interest of the society.

It is critical for governments in the developing countries to recognize that natural resources are public assets that belongs to and should be used for the benefit of the citizenry rather than considered as goods that should be used by the government officials for personal interests.

In oil and gas extracting countries, the general public perception is that the country collects large amounts of money from royalties, taxes, and contract signature bonuses, and that the governments mismanage such revenues or that the revenues benefit only a small part of the population. This is true in most oil extracting African countries and it is the major source of conflict in the continent. It is not really about the resource abundance or resource scarcity but it is how the governments work and engage with the International Oil Companies (IOCs) and how the revenues from the extractive industry are managed.

Challenges & Opportunities for Mitigating Oil Based Conflicts

Challenges

Weak Institutional Capacity

Over the past few decades experience show that most petroleum- producing and -exporting countries in Africa failed to maximize the domestic content of value added from the discovery and exploitation of their oil and gas resources. Moreover, most of these natural-resource exporting developing countries performed poorly in the management of their economies and in economic growth and development. The poor economic growth and development outcomes have been the subject of much debate among analysts and policymakers. Inadequate capacity and institutions to initiate and implement appropriate social and economic policies were important elements of the challenges that these countries faced in managing their economies.

The challenges of capacity-and institution-building for new and emerging oil- and gas-producing countries such as in East Africa are complex and must be well understood. This is essential for the design of appropriate strategies not only to maximize the net benefit of the exploitation of their hydrocarbon resources but also, more importantly, for them to have a broader-based sharing of the gains from the exploitation of their finite oil and gas resources. The capacity of new and emerging oil- and gas producing countries such as Uganda and Kenya, to organize a greater share of their wealth will depend critically on the quality of their human capital and institutions and effective participation in the knowledge economy largely through their domestic education and training infrastructure. In addition, the degree of success in achieving the goal of a broader-based sharing of the gains from the exploitation of their hydrocarbon resources will depend not only on generating the quantity, quality and diversity of skills needed in the operation, management and regulation of the oil and gas industry but also on the other sectors of the economy (Bressand, 2011).

Many scholars agree that oil production in countries with weak institutions, where the reserves are located in regions populated by marginalized groups that carry strong grievances, are more vulnerable than others to violent conflict (Ross, 2010).

In Kenya, the government is trying to address institutional vulnerabilities through Devolution, a process aimed at empowering local governments to better attend to local needs. Devolution though, is in its initial stages of implementation and it is too early to judge its success. Devolution is expected to address existing challenges, particularly concerning oil governance, which will need to be put in place in order for Kenya to avoid the resource curse (Vasquez, 2013).

The phenomenon of the brain drain and weak institutions have compounded the problem of the increase of financial capital and weakened the effort at capacity- and institution-building and inadequate development of the oil and gas industry required in enhancing the domestic content of the emerging oil-extracting East African countries. Skilled labour and investment capital go to countries with good infrastructure, high-quality human capital and strong institutions that ensure economic and political freedom and security of life and property.

The more important rationale is the policy context of providing a framework for effective and efficient policy choices to eliminate the problems associated with inadequate domestic capacity and weak institutions that manifest in low value added and the resource curse from oil and gas development and production.

The emerging oil- and gas-producing countries in Eastern Africa must recognize that a large share of the value added from the discovery and exploitation of oil and gas by multinational oil companies in developing countries will flow abroad in both the short and the medium term to pay for imported skilled labour, technical services and production inputs as well as for service payments to the foreign owners of the investment capital in this inherently capital-intensive industry (Bressand, 2011).

Lack of Transparency

Accountability and transparency in the management of public resources is critical in ensuring positive development results especially when significant natural resource wealth such as oil and gas are present. As many scholars outlined clearly, having rich oil and gas resources is not in itself a problem or an obstacle for development in African countries. While there are often clear linkages between resource abundance, on the one hand, and conflicts and relative underperformance, on the other hand, the real issues include fragile institutions, poor policy choices, inappropriate government practices, and inappropriate utilization of resources, especially inefficient investment of revenues (AfDB, 2009).

The allocation of oil or mining rights to companies by governments around the world is often at risk of being compromised by serious corruption, which brings with it a chain of consequences from entrenched poverty and development failures to political instability and armed conflict. Even where a country has adopted competitive bidding and taken some steps towards public disclosure of the revenues that flow to the state from oil, gas or mining, there is still a risk that corruption could take new forms, such as the abuse of the licensing process to favor companies controlled by government officials or their substitutes (Global Witness, 2012).

In addition to efforts to improve revenue visibility, governments need to improve transparency in the allocation of oil and gas licenses. The capacity to negotiate contracts is still held up in secrecy and underhanded dealings. An 'open' bidding process has little meaning if its outcomes are decided away from the scrutiny of legislators, civil society groups and the public, or if the executive can override or ignore the rules in order to hand valuable public assets to companies whose beneficial ownership is not clear (Global Witness, 2012).

The lack of clarity about how oil and gas revenues will be distributed once generated can create misinterpretations and false expectations that may eventually lead to conflict if the local population fails to enjoy the fruits of hydrocarbon development (Ross, 2010).

Contract negotiations and fiscal-system design for hydrocarbon exploration and development are extremely complex issues and are often misunderstood by host governments. Problems associated with negotiations and fiscal-system design may not manifest themselves until years or decades after contracts are signed; in many situations, the problems appear only once production starts.

Lack of transparency can cause problems for all stakeholders; governments, citizens, investors and shareholders. Governments must strive for transparency in such a way that it does not undermine the government's bargaining position. Lack of transparency is one of the causes of runaway speculation and finger-pointing similar to what was seen with the Chad-Cameroon pipeline project a few years ago and recently with Uganda's exploration efforts near Lake Albert in Western Uganda. However, transparency can backfire when information is misunderstood, misquoted or misrepresented for some political or ideological agenda (Bressand, 2011).

In Uganda for instance, public attention has focused on the lack of transparency surrounding the oil contracts between private companies and Uganda's government. These deals, known as production sharing agreements (PSAs), have not yet been made fully public. Campaign groups have called for these contracts to be made transparent on the basis that it is an essential precondition to ensure that citizens can benefit from the extractive industries. In February 2010, a Ugandan court dismissed a freedom of information petition to access information on the oil deals, citing 'national security' as justification. Despite the lack of transparency surrounding these deals, the UK campaign group Platform has obtained and released draft copies of Heritage's 2004 Exploration Area 3A PSA, and Dominion's 2007 Exploration Area 4B PSA (Global witness, 2010).

The external policy environment also encourages over-dependence on petroleum, overly-centralized power, and even rent-seeking just by pursuing business as usual. For instance, if an oil company makes a less than transparent deal with a government, or pays secret bonuses that cannot be traced, then it will be very difficult to assess their contracts, know what revenues actually accrue to governments from petroleum and judge whether the proportion accruing to countries is fair. It also makes it very difficult to hold governments accountable for their revenue management. Moreover, as numerous studies have shown, powerful oil companies, whether foreign or domestic, come to play an unbalanced role in the decision-making of oil-exporting countries. This permits them to design laws and manipulate legal structures in their favour (Gary and Karl, 2003).

Limited Refining Capacity

For all of Africa's oil resources, refining capacity on the continent remains limited and as a result, countries like Angola and Nigeria export crude oil, only to import refined oil again later at an additional cost. Problems in the refining industry on the continent include corruption, poor maintenance, theft, and other operational problems. In some countries, conflicts have at times also interrupted the flow of crude into the refineries and forced them to shut down. Subsidies have also contributed to low capacity utilization at refineries. In Nigeria, for example, current subsidy schemes lead producers to sell crude overseas rather than to local refineries and therefore add to increasing volumes of refined product imports, which present an enormous cost to the economy (kpmgafrica, 2013).

For more than 30 years Kenya has been the energy entry port for the East African region. The port of Mombasa is the hub for fuel imports that are distributed as far afield as Rwanda, Burundi and the eastern DRC, covering a region where the daily demand for oil stands at around 120,000 barrels per day. Diesel supply for generator use has been a large part of this trade, giving Kenya a strong hold over the economies of its neighbours. When Kenya erupted into violence in early 2008 following disputed elections, disruption to transport caused severe shortages of diesel in Uganda while the price of petrol trebled in less than a week. Landlocked Uganda has long been beholden to Kenya's ageing oil refinery at Mombasa for its supply of petroleum products transported by ship from the Middle East, but even without major disruption of the kind experience in 2008 this refinery now struggles to cope with high regional demand for fuel. High transportation costs for imported fuel is the principal cause for Uganda's expensive energy prices (Anderson and Browne, 2011).

Uganda hopes to soon get rid of its dependency on imports through its recent oil discoveries. In terms of crude petroleum, despite early pressure from the companies involved to export all its crude unrefined, Uganda has determinedly rejected this advice and pushed hard to develop its own refining capacity, if necessary entering commercial partnerships with countries whom its western allies might not favour, such as Iran. It is very evident that oil discoveries have strengthened Uganda's position in negotiations with international partners. Uganda is pushing on with its ambitious plans after shifting from its first proposed production base: the idea of a mini-refinery as part of an "Early Production Scheme" towards developing its own full-fledged refinery complex (Anderson and Browne, 2011).

While there is little local refining, currently Mombasa processes only one-third of the crude oil the region demands. Plans are under discussion for a refinery in Southern Sudan and for upgrades at Mombasa. But even if these alternative developments are realized, Uganda still holds a key position in the regional domestic energy market. As

Uganda alone has more untapped energy than it or the region can use, the pipeline is still going to be required. With an estimated production lifespan of between 25 and 30 years, Uganda's confirmed oil reserves already more than justify the commercial cost of building a pipeline either to Mombasa in Kenya, or Tanga or Dares Salaam in Tanzania. Such a project would be the largest undertaken in Africa since the oil pipeline between Chad and Cameroon was launched in 2000 (Anderson and Browne, 2011).

According to Anderson and Browne (2011), those who favour such a scheme argue that integrating infrastructure throughout the East African Community (EAC) is essential to bringing down costs, but recent power struggle over pipeline development in the region does not bode well. The 351 kilometre pipeline extension from Eldoret to Kampala, for example, first agreed between Uganda and Kenya in 1995, has not yet begun and looks unlikely now to materialize. The Ugandan government, perhaps watchful of its experience in early 2008 and suspicious of the rent-seeking that characterizes large-scale projects in Kenya, is busy exploring alternatives. Oil might be shipped across Lake Victoria to Mwanza, it has been mooted, with Mwanza then developed as a hub to take oil to the Tanzanian coast. While transaction costs would undoubtedly be lower in Tanzania than in Kenya, it is not clear whether such a scheme would be viable.

In their initial plans to commercialize Uganda's new-found oil reserves, Heritage and Tullow promoted a simple mini-refinery of 4,000 barrels per day to supply just the local market and to feed a small power station. These companies wanted the majority of the crude to be exported to the coast, perhaps by rail initially until the completion of a 1,300 kilometre pipeline to the Mombasa refinery. With the changed nature of the original pipeline, the Libyan construction company Tamoil proposed that the pipeline should have a reverse flow system, with the direction switched once production started in Uganda's fields. However, it was realized that these modifications had apparently more than quadrupled the cost of the pipeline (Anderson and Browne, 2011).

Anderson and Browne (2011), further demonstrated that Kenya's trade flows are obviously fragile and vulnerable in the new pattern suggested by the region's oil rush. In Kenya there is accordingly both an air of optimism and of frustration with the latest hydrocarbon developments. But without oil of its own, Kenya will depend upon maintaining its position as a trade hub, and it has focused its attention on both the flow of oil from South Sudan and the export of Uganda's recent oil finds. With the economic integration of the East African Community underway, Kenya is therefore working hard to reinforce its regional position by adding a second port at the small island town of Lamu that it hopes can service the needs of its two oil-rich neighbours, Uganda and South Sudan.

The idea of bringing pipelines out of Sudan and Uganda to join to the south of Lake Turkana, and from there to run across the semi-arid wastes of northern Kenya to a new port at Lamu first emerged in 2009. Since then, the development of the "Lamu Basin" as a "transport corridor" and "industrial hub" has materialized into a set of firm plans, known locally as the "LADJUKI corridor" _ an acronym for "Lamu-Addis Ababa-Juba-Kigali". Feasibility studies have now been completed by a Japanese company for the development of a commercial "free" port in the stream behind Lamu island; and for a variety of linked projects including a standard-gauge railway line to run between Lamu and Juba; an oil pipeline from Lamu to Moyale on the Kenya-Ethiopian border, and on to Lokichoggio beside Lake Turkana; an oil refinery, new road networks, a new airport and the expansion of three towns along the railway line to serve as commercial hubs. These are the most ambitious plans ever drafted for the economic development of any part of Eastern Africa (Anderson and Browne, 2011).

Despite the exploration success several factors have impeded the flow of oil. Uganda is land locked so to sell its oil it has to ship it to the coast. Gaining access to the larger Kenyan and Tanzanian product markets may be a longer term option but they themselves have plans to supply their indigenous demand and in any case that would take time since infrastructure has to be build. Other factors have slowed down negotiations between the state and the companies such as, controversies over the terms of the production sharing agreements and disputes over taxation (Mohamedi, 2013). These most likely will be resolved over time especially since Uganda will come under more pressure to produce oil as other competitors, such as Kenya, come on the market and potentially delay pipeline construction to the coast. The coming of oil revenues threatens to worsen some of the longer term political economic trends seen in Uganda (Mohamedi, 2013).

Geographical Location of Oil and Gas in the Region

Each of the countries in Eastern Africa has had at least one border dispute with a neighbor. These disputes are mainly over territorial claims, and are most frequently caused by the lack of clearly defined and marked boundaries, the availability of trans-boundary resources, and security-related matters. At present the hottest border spots are on the Ethiopia-Eritrea border, the Eritrea-Djibouti border, the Somalia-Ethiopia-Kenya borders, the Sudan-Kenya border, the Uganda-DRC border, the Sudan-Chad-CAR-DRC-Uganda borders and the Kenya-Uganda border. In the second level of disputes are the Tanzania-Mozambique, Tanzania-Malawi, Tanzania-Uganda, Uganda-Rwanda and the Kenya-Ethiopia borders (Okumu, 2010).

The borders of Kenya and Ethiopia with Somalia are the most insecure in the region, being populated by Somali-speakers who have, since the 1960s, nursed irredentist tendencies that have resulted in border and insurgency wars. With increased exploration for hydrocarbons in north-eastern Kenya and the Ogaden region of Ethiopia, both predominantly occupied by Somali-speakers, their common borders with Somalia present a continuing but evolving security challenge. Although secessionist and irredentist tendencies are currently low due to Somalia's internal problems, there are fears in Nairobi and Addis Ababa that continued marginalization of the Somali regions will sow the seeds of further radicalization and escalate insurgencies. One such insurgency is currently being mounted by the Ogaden National Liberation Front (ONLF) in Ethiopia, a movement suspected to have links to Islamist militias in Somalia. Elsewhere in the region, a similar situation has emerged around the Tutsi populations spreading across the DRC, Rwanda, and Uganda. The Rwandan invasions of eastern DRC in 1998 and 2009, in the guise of protecting the Tutsi population or pursuing the former ge´nocidaires, have more recently been reinterpreted as being functional to the exploitation of the Congo's mineral riches (Okumu, 2010).

Borderlands where mineral resources are being explored or exploited are experiencing increasingly frequent disputes over land claims, delimitation disputes, lawlessness, security alerts, and bitter political exchanges between governments. Recent examples include the Albert Basin across the Uganda-DRC border, the Elemi Triangle that is contested by Kenya, South Sudan and Ethiopia, and Migingo Island in Lake Victoria under contestation between Kenya and Uganda. Border conflicts in such areas seem bound to escalate if local communities are denied the opportunities to benefit from exploitation of the natural resources in their locality. Exclusion, or anxiety about its possibility, can easily fuel increased illegal and criminal cross-border activities, and might provoke support for insurgencies feeding on local grievances relating to political marginalization and exclusion.

The recent border dispute within Eastern Africa that has drawn keen attention was the determination of the boundary between North and South Sudan in the Abyei area. Drawing a firm North-South border is one of the biggest challenges facing Sudan, as the line has implications for the control of oil-rich areas. The delimitation and demarcation has been a divisive issue in both the south and the north, with several groups, notably the Dinka Ngok and the Misseriya, expressing suspicions that the governments in Khartoum and Juba have manipulated local populations to promote their respective interests. Although the Permanent Court of Arbitration issued a ruling in July 2009 that placed the oil wells in the north, tensions have remained in the border area. In an area where border politics are already inflamed by long-standing disputes over the grazing rights of the so-called Misseriya "Arabs", the question of an equitable sharing of oil wealth has added a further dimension to an already volatile situation (Okumu, 2010).

According to Anderson and Browne (2011), this oil rush is already having a direct impact on the geopolitics of the eastern Africa region, with the future of South Sudan's oil economy after the referendum and the planning for Uganda's oil to enter the production phase being the most immediate issues of concern. The reorientation of the oil flows from South Sudan and Uganda is likely to substantively alter political relations between these countries and neighbouring Kenya, where there is a scramble going on to secure investment in the infrastructure that might allow the Kenya economy to benefit from this oil extraction. In Tanzania, too, the off-shore prospects have raised hopes of a brighter economic future, with heavy Chinese involvement already apparent in a overhauling of the railway and harbours infrastructures. For Ethiopia, Somaliland and Puntland, excitement about oil prospects have been quietened by fears of increased conflicts since oil here is located in disputed zones where military and guerrilla activity threatens the development of the industry.

There is anxiety that the "oil rush" in eastern Africa may fuel economic and political conflicts in the region. It is remarkable that the vast majority of the most significant oil fields so far identified lie in troubled border areas and disputed territories _ the Abyei sector of Sudan, the Ilemi Triangle and northern Kenya, the Lake Albert Basin, the Ogaden, and the Sool region between Somaliland and Puntland. All these areas are marked by longstanding and unresolved international disputes, and even in the more peaceable Tanzania there are unresolved tensions between the mainland and Zanzibar over hypothetical royalties for the as yet undiscovered oil in and around the islands (Anderson and Browne, 2011).

There is also a maritime border dispute between Somalia and Kenya. The Kenyan government concluded a license awards in newly delineated deep water blocks along the undefined Kenyan-Somali maritime boundary. At least six offshore blocks fall in the contested area. International arbitration is the usual way to resolve these sorts of disputes but Somalia lacks a central government authority to ratify an agreement. This further exacerbates the activities of the Al-Shabab irregular guerrillas from Somalia, which Uganda, Kenya, Burundi and Ethiopia have expended many troops and resources to control. Also emanating from Somalia are pirates, although this activity has been greatly reduced with the help of international forces (Mohamedi, 2013).

Lack of Effective and up-to-date Legal and Regulatory Framework

In some African countries, oil and gas management is governed by rules, regulations, and other command-and control mechanisms that stipulate what people can do and what they cannot do. The legal systems, which are either concessionary or contractual, have been developed mostly to address the rights and obligations of host governments and of private investors (Tordo, 2007). Regulations place conditions and requirements on the use of oil and gas resources, and establish sanctions, fines, fees, and other charges for non-compliance. However, the enforcement of these rules, regulations, and mechanisms has been insufficient and ineffective. Many countries lack or have inadequate policies and legal frameworks for managing oil and gas resources. Other countries have unstable policy frameworks. Quite often, laws do not meet the requirements of international organizations in terms of transparency, accountability, and other good governance criteria (AfDB, 2009). In some countries, the oil and gas sector has been driven by annual ministerial policy statements on the budget. Yet the importance of the sector in the African economy requires that a long-term planning approach for oil and gas development be adopted (AfDB, 2009).

On the ground, this lack of regulation has real impacts and consequences. No environmental assessments are in the public domain. On paper there are corporate social responsibility brochures and people employed to implement social consultations. Local populations are anxious to understand whether oil and natural gas revenues will add valuable capital for modernizing, or whether they will distort and destroy an already fragile economic situation.

The management and allocation of these generated revenues and a broader discussion of the implementation of sustainable development policies and projects are also weak and inadequate.

According to the Sikika Executive Director, Mzee Kiria, in Tanzania, the whole value chain of gas and oil exploitation must be supported by transparent and participatory processes and the country should suspend issuance of new licenses until the government find credible answers to these issues. From 24 September 2012 new licenses in Tanzania have been suspended. But the Tanzania Petroleum Development Corporation (TPDC) had announced that the Fourth Tanzania Deep Offshore and North Lake Tanganyika Licensing Round have been launched on 25 October 2013, during the 2nd Tanzania Oil and Gas Conference and Exhibition, in Dar es Salaam, Tanzania (Mutch, 2012).

Kenya is still in the initial stages of building a new institutional framework, which might be a good time to start designing mechanisms for managing future oil and gas revenues in order to avoid the mistakes of other oil-producing countries. Parallel to the adoption of Devolution, Kenya has engaged in the upgrading of the two main laws that govern the oil and gas sector: the Petroleum (Exploration and Production) Act and the Energy Act of 2006. According to Vasquez (2013), both pieces of legislation are in the process of being revised by the government, with the help of the World Bank. The Petroleum Act regulates the negotiation of oil contracts between the government and the oil companies, and the Energy Act sets the rules that govern the country's energy industry, including the controversial distribution of oil and gas revenues. Until now, oil and gas exploration licenses were given by the Ministry of Energy as part of bilateral negotiations with companies, in a process largely criticized by the civil society for its lack of transparency. The government has expressed its intention to improve and modify it by incorporating in revised laws participatory bidding processes for granting hydrocarbon licenses (Vasquez, 2013).

Lack of experience in dealing with oil companies and oil contracts has also thrown up political problems in the region, as governments have struggled to get to grips with the costs of development and the financial benefits to be accrued from oil finds. The majority of the exploration concessions awarded have been issued under PSAs, and in both Uganda and DRC this has already led to some controversy with the realization that the initial deals stuck by the governments have brought smaller returns than was anticipated, without sufficient investment being available to fully develop the industry (Anderson & Browne, 2011). As reports from International Alert and Global Witness have highlighted, Uganda lacks an up-to-date legal and regulatory framework for the industry. The current Petroleum Law dates back from 1986, and is less sophisticated than similar statutes in Kenya and Tanzania. Given proposed levels of investment, and the neo-patrimonial character of the Ugandan state, the weakness of the regulatory arrangements suggests that problems of rent seeking and corruption may continue (Anderson & Browne, 2011).

To update and expand its legislation, the Ugandan government is introducing a new Petroleum (Exploration, Development, Production, and Value Addition) Bill which will, among other things, include provisions for the development and production of oil and natural gas. Accompanying this Bill is the "Petroleum Revenue Management Bill" that will include provisions for management of revenues accruing from the industry (Global witness, 2010).

While the government of Uganda confirms its commitment to transparency in the oil and gas sector in the National Oil and Gas Policy, these high standards have not been implemented in practice.

Therefore, most of Eastern Africa countries have no regulatory frameworks in place for oil and mineral resources exploitation. Or if they have, they are weak, inadequate and there is a miserable lack of determination to implement them.

Lack of Local Expertise/Professionals in the Area

Local-content development requires a critical mass of skills and competencies. It is common knowledge that developing countries tend to invest less in education than developed ones. In some cases, the curriculum can contribute to disempowering the people by producing skill sets that do not serve the country's needs. Part of the challenge in Nigeria stems from widespread unemployment of youths, especially university graduates, because they are not properly educated for the jobs that exist in the country. Developing countries must set their economic priorities first and then design the right academic programs and curricula to meet such needs. While the oil industry needs engineers and geophysicists as well as economists, accountants and lawyers, it also needs skilled craftspeople and technicians. In all professions, employees must be properly trained and certified so that they can deliver the quality of services demanded (Bressand, 2011).

Bressand (2011) argue that delivery of local content will be enhanced only by a competent local workforce, and countries must make the development of such a workforce a priority in order to have sustainable economic growth. To this end, the Nigerian Content Division introduced the on-the-job training program, whereby trainees are placed at industry project sites to obtain hands-on training. The Nigerian Content Division also introduced mandatory training hours in Engineering Studies contracts in order to fill the gap between skilled workers and demand in the sector. While much remains to be done to increase human capacity for local-content development, the steps taken so far are admirable (Bressand, 2011).

The current supply of skills required by a tough, well-integrated oil and gas sector in Eastern Africa is inadequate. The disconnection between what is produced and what is required, is evident in the bulk of foreign skilled labor currently used in the petroleum industry. Labor migration to the developed economies has worsened the problem of skill shortage in the region. Significant local content requires investment in high-level technical workforce training. Providing well-educated labor for the economy and the downstream oil and gas industry is a major challenge to all stakeholders in emerging oil- and gas-producing countries. This requires more funding by both the public and private sectors and other stakeholders in the education sector. Oil and gas investment projects require new skills that must be provided competitively if the industry is to be competitive (Ibid).

Opportunities

The current status of oil and gas exploration in East Africa, which has about 28 prospective sedimentary basins, over 37 international oil and gas companies are licensed in the region and that an estimated 3.5 billion barrels of oil and 3 trillion cubic feet of natural gas have so far been discovered in the East African region (oil in Uganda and Kenya and natural gas in Tanzania). The implications of these discoveries include the improvement of the region`s profile due to the commercial viability of these resources, the opportunity to develop sound oil and gas policies, economic growth and development as a result of the region`s transformation into an exporter of oil and gas, capacity building in terms of technical training of oil experts, and infrastructure development and enhancement (ISS and HSF Seminar, 2012).

The current development of oil and natural gas in Eastern Africa region has contributed to the increase in the importance of Africa as a source of energy for the United States and the West in general. The benefit for Africa has been the rise in oil prices that has created an inflow of petrol dollars into Africa`s oil-producing economies (ISS and HSF Seminar, 2012).

According to Vasquez (2013), oil and gas discoveries, once quantified, could come at the right time to usher in an era of transformation for Kenya by providing financial resources, investments and hopefully generating new direct or indirect job creation not only in the production areas, but also in neighbouring regions. This could be an enormous contribution to carry out the strong commitment to reduce Kenya's deep-rooted inequalities and ethnic rivalries, as stated by the 2010 constitution. The new constitution includes an explicit recognition of diversity and of the rights of minorities and marginalized communities, and a realization of the need to test new mechanisms for improving gender based differences.

For the governments and people of Eastern Africa, the oil finds could have a number of major opportunities. There is significant potential for a rise in government revenues, which if judiciously used and accompanied by a progressive and stable regulatory and tax environment, could fund non-oil infrastructure construction and the reduction of external debt. Sufficient supplies of indigenous fuels would enhance economic growth with more economical supplies and energy security. The direct investment and economic benefits of oil development are fairly limited due to the relatively light investments needed produce the resource and lack of indigenous oil services industry requiring imports of the technical equipment. However, over time as the regional oil industry develops and if the International oil companies are ready to invest in local content and capacity, the oil industry has the potential to have a deeper economic impact on the region. Moreover, a pipeline system connecting the various supplies from South Sudan, Uganda, Ethiopia and Kenya along with regional processing and distribution systems would also enable greater regional integration and economic interdependency (Mohamedi, 2013).

According to Mohamedi (2013), the income and economic benefits of natural gas developments are also enormous. A portion of the gas will be sold into the domestic market and overtime this could even lead to gas being distributed around the region through a network of interconnected pipelines. If priced appropriately and accompanied by a suitable power sector regulatory environment it could fuel an efficient and clean power system. That would also lead to substantial private and foreign investment into building power sector distribution and generation capacity. With virtually entire populations in countries like Tanzania and Mozambique without access to regular and stable electricity, the benefits of a gas fuelled power are enormous for the people of the region. The impact on the local industries would also be enormous. Power itself would release huge economic gains but direct supply of gas into mining operations, agro-business, and fertilizer production would spread the benefits to other sectors which support substantial portions of the populations. If gas supplies are integrated into a regional grid, the benefits of large growing common market in East Africa Community would enhance each country's own economic development.

Revenue from oil and gas can considerably support EAC countries to scale-up the level of investment in agricultural science, technology and innovation. Research and Development (R&D) in the agricultural sector is underfunded and revenue from oil and gas can be used to strengthen the capacity of R & D institutions to embrace cutting-edge technologies in agriculture that are high yielding per unit area of land, ecologically friendly and resilient to erratic climatic conditions. Some of the key intervention areas for consideration include support for establishment of science, technology and innovation hubs and centres of excellence in areas of agriculture and food security. The setting up of agro-based industries (using revenue from oil and gas) in rural areas will spur economic development and enlarge employment opportunities. Adoption of efficient and cutting-edge water harvesting and utilization technologies (including irrigation), community participation in oil politics and economy, and interregional cooperation in natural resources exploitation and minimization of related conflicts are some areas where oil and gas can also support.

Management of Oil and Gas Based Conflicts

Resource booms can be helpful, but they can also be harmful. Norway, a relative newcomer on the oil scene, has used the benefits from North Sea petroleum to earn the highest place on the United Nations Development Program's list of best development performers. Thus, the country where people live best, according to a wide range of economic indicators, is an oil exporter. This means that the underlying development problems around oil and gas are not inherent in the resource itself.

What matters for determining whether the poor will benefit over the long run from oil and natural gas exploitation is how revenues are raised, what percentage remains inside the producing country, and how these revenues are utilized. Whether countries succeed in turning oil revenues into long-term benefits for their people ultimately depends on the quality of oil and gas regulatory frame work and public policy. The successful management of any mineral-based economy is generally difficult, but petroleum may be the hardest resource to utilize well. Countries dependent on oil exports seem particularly vulnerable to policy failure (Gary and Karl, 2003).

According to Gary and Karl (2003), the complexity of managing oil and gas revenues well is compounded by several factors. Mainly, most developing counties lack the type of political institutions necessary for counteracting rent seeking. Democratically accountable executives, efficient civil services and tax authorities, independent legal systems, active and informed civil societies and open and transparent policy-making processes are not in place. Furthermore, because profits are so huge in oil, even healthy pre-existing economic activities can be quickly disrupted and replaced by the growing reliance on petrodollars. It is easier to import food than to produce it if a government has the cash, and it is far simpler to buy technological know-how than develop it. Thus, the fiscal advantage of petroleum can actually serve as a handicap, hindering the development of other productive activities. Thus, rather than being able to use oil revenues to complement other economic activities, oil exporters find that they are stuck in a permanent extractive phase, until their oil runs out.

If oil and gas revenues are not well managed, conflicts could ensue, particularly in light of historic inequalities and ethnic differences, and in a context of unsettled border conflicts and easy access to arms. At the moment, while exploration works are ongoing to determine if Kenya's oil and gas reserves have commercial value, conflicts are most likely to develop at a regional and local level, where the exploration works are taking place. There have already been some instances of these types of disputes and in the future, when oil and gas revenues start to flow, conflicts may take on a more national scope (Vasquez, 2013).

With the current process of extracting oil and gas in the Eastern Africa region issues revolving around land are sensitive and potentially volatile and need to be handled carefully. In particular land acquisition, compensation arrangements, resettlement of displaced people and alternative livelihoods. Failure to address these issues in totality and substantially, means that the existence base will weaken and affect the income patterns of people. In particular, agriculture will be the most affected.

Role of International Oil Companies

Partnerships are better understood against the background of past experiences of engagement with communities and governments by International Oil Companies (IOCs). In the history of IOC involvement in new petroleum-producing countries, a number of vehicles have been used to attempt to share some of the wealth created. The progression of Shell Petroleum's role in the Niger Delta illustrates a more general evolution in strategies and trends that has informed many of the contemporary approaches to partnership. In the 1960s, Shell's early strategy was defined by a "community assistance" approach, based on a corporate generosity motivated by the needs of the local communities as the company perceived them. Characterizing this period as "one-time gifts" with a lack of community involvement, Idemudia (2010) comments that "the results were school blocks built by Shell Petroleum Development Company (SPDC) that were never used, renovated hospitals without doctors and water pipes that functioned for only a few days after construction" (Idemudia, 2010).

This strategy began changing in the mid-1990s, sparked by a number of crises and conflicts. By 1997, Shell had evolved a new approach described as "community development" rather than community assistance. This approach focused on securing community participation, partnering and building local capacity to ensure sustainability and a multiplier effect. This revised approach placed more emphasis on the partnership between the company and stakeholders. The consistency between the business-case logic of "win-win" and the appreciation that no stakeholder can solve problems alone created the path for the emergence of partnerships (Idemudia, 2007).

This evolution of engagement took place in the wider context of a transformation in the corporate social responsibility movement. Historically, in the early development stages, many new petroleum-exporting economies failed to give adequate attention to the social aspects of the petroleum sector, a disregard that had the greatest negative political and economic ramifications for the government, the oil and gas industry, and society as a whole. Advocating a holistic approach in addressing social issues, laws and policies alone are insufficient to manage social and environmental standards. It requires reputable IOCs to achieve a high level of collaboration. Many features of the extractive industries make partnerships an avenue especially worth exploring: capital intensity, technology dependence, multinational company involvement, a high number of stake-holders, high risk, and, naturally, the role played by government, the private sector and communities (Bressand, 2011).

Based on Global Witness' research over the last 15 years across numerous oil rich but desperately poor countries globally, two main issues seem to predominate. Firstly, all companies involved in bidding rounds for oil licenses, or that hold oil licenses should fully disclose their ultimate beneficial owners. This level of transparency provides government and the public with the opportunity to begin to dispel suspicions that government officials may be benefitting illicitly from the allocation of oil licenses. Additionally, the terms of all licenses and contracts should be published to make it easier for the appropriate authorities and the public to determine that the terms of a contract are not unduly favourable to a company (Global Witness, 2012).

Global Witness (2012) further argues that foreign companies should not go into partnership with local companies in any case where there is reason to suspect that the local company's beneficiaries may include government officials who are taking advantage of their positions to enrich themselves. If a multinational company enters into an oil or mining joint venture with a local company in a developing country, knowing that the latter's ultimate beneficiaries are likely to include corrupt government officials, then the result could be that the latter makes substantial profits from the work of the multinational companies without making any significant contribution to the venture itself.

Large oil companies usually have the financial capacity to devote reasonable funds for the adoption of the latest internationally recognized social and environmental safeguards. Pressure from their stakeholders to do so is probably their strongest incentive. Then there is a layer of smaller oil players, known as 'juniors', whose financial capacity is more limited than their larger counterparts, and whose adherence to the latest international regulations is not always as systematic. Some of these juniors are not publicly traded so that they do not have the investor pressure of majors to abide by the latest rules. The majority of oil companies doing exploration in Kenya at the moment are the smaller companies. On average, these small companies have a relatively short-term horizon because they expect to be acquired by their larger sisters once they find reserves, so that their commitment to the local population is temporary. Like the small companies, Chinese national oil companies, which are increasingly present in Eastern Africa, also have a reputation for less stringent social, environmental and labor safeguards (Shankleman, 2009).

Compared to the other small companies, Tullow Oil is the biggest international oil operator in Kenya in terms of acreage and market capitalization. Tullow holds the largest market value among Kenya's small oil players, at around U$S9.5 billion, followed by the two Canadian companies Africa Oil, with U$S2.5 billion and Taipan Resources with $23 million. Although a small global player when compared to Total's U$S116 billion market value, Eni's U$S60.5 billion, or BG Group's U$S40.5 billion, Tullow's impression in East Africa is strong and is growing through time with its oil discoveries. Following discoveries in Uganda, Ghana and most recently Kenya, Tullow has grown from a relatively small and little known oil company to a strong East Africa player. Due to its growing reputation in the region that Tullow managed to sell three giant fields in Uganda in 2011 to France's Total and China's CNOOC, in spite of a tax fight hanging over the company from the time Heritage Oil was Tullow's partner in those fields (Anderson & Browne, 2011).

Tullow's operations are themselves not free of conflict. The company's increased exploration and production activity in Kenya has been opposed by pastoralist communities of Lake Turkana, who complain that oil exploration interferes with the land they use to feed their cattle (NG'Asike, 2013). Oil exploration works had been delayed in Turkana due to disagreements with pastoralist communities. There were calls for a slowdown of oil exploration while additional consultations were carried out with local communities. Tullow reassured the local population that only a small and restricted portion of their land was being affected by oil exploration.

In response to community unrest, Tullow is intensifying its corporate social responsibility programs not only in Kenya, but throughout East Africa. In 2012, the company disclosed in its corporate responsibility report payments it made to eight governments in sub-Saharan Africa. The disclosure was unusual in Africa's oil business, where secret deals between governments and companies are the norm rather than the exception, and it came as part of the requirements set by the international, multi-stakeholder, anti-corruption Extractive Industries Transparency Initiative (EITI) to which Tullow's main producing country, Ghana, is a signatory. Although Tullow's disclosures fell short of full EITI obligations, it is a welcomed first step towards expanding transparency in Africa's extractives industry, in the hope of reducing both corporate and government corruption (Vasquez, 2013).

Regional Approach to the Management of Oil and Gas

There is relatively little oil trade among African countries. Reducing transport costs within the continent is a key to stimulating trade. Estimates indicate that shipping a car from Japan to Abidjan, Côte d'Ivoire, for example, costs $1,500, whereas shipping the same car from Addis Ababa, Ethiopia, to Abidjan costs $5,000 (EIA, 2004). In general, each additional day a shipment is in transit is equivalent to an extra 0.8 percentage point increase in applied tariffs. Africa needs to devote more resources to regional infrastructure. Such investment is also necessary to enhance domestic competition in an integrated regional market such as the Eastern Africa region. The other key area relates to strengthening cross-border cooperation. The cost of crossing a border in Africa can be equivalent to the cost of traveling more than 1,000 miles inland, whereas in Europe the cost is equivalent to traveling 100 miles. African countries could also cooperate in a range of other areas, such as energy, water resources, research and education, environment management, and the prevention and resolution of regional conflicts (AfDB, 2009).

Boundary disputes in Eastern Africa are common and pre-date the discovery of mineral resources, but they have certainly been intensified by the recent outbreak of explorations. Border incidents, such those over the Rukwanzi and Migingo Islands in Lakes Albert and Victoria, are a harbinger of trans-boundary conflicts, as the states fail to provide for the basic needs of their fast growing populations. There are no established or functioning regional mechanisms yet in place to address such conflicts. Besides the need for states to strengthen their governance structures and for leaders to wisely use national resources for the benefit of the population, bodies such as the AU, the Inter-governmental Authority on Development (IGAD) and the EAC also need to build or strengthen their capacities to handle trans-boundary disputes in the region. These institutions, along with the governments, should take proactive measures of delimiting and demarcating borders in the region as a conflict prevention measure (Okumu, 2010).

Uganda seems to be supporting Kenya's pipeline proposal, Lamu Port-South Sudan-Ethiopia Transport project that will have even more support if South Sudan and Ethiopia sign on. If four governments can agree, they will benefit in the long term through regional processing and distribution systems that could enable greater regional integration and economic interdependency, as a region. Therefore, working together to build integrated pipelines could release Ugandan and South Sudan oil and give economies of scale advantages to Kenyan infrastructure including ports and other facilities. Therefore, the discoveries of oil and gas in the region could bring greater regional collaboration, facilitated through the enlargement of the East African Community, power and energy sharing projects between countries, and a boost to regional investment.

Role of Individual States in Managing Oil and Gas

The individual states in the Eastern Africa region have the responsibility to work on maximizing oil and gas resource revenues and benefits and managing the resources in order to avoid oil and gas related conflicts for current and future generations in their respective countries. The following are key elements that require the states' critical involvement.

Legal and Regulatory Frameworks

Fundamental to attracting meaningful investments and developing beneficial relationships for all stakeholders is the need to have sound legal and regulatory frameworks in which oil and gas projects are designed, negotiated, implemented, and managed. This entails having appropriate and reasonable investment guidelines, taxation systems, environmental guidelines, labor laws, and enforcement mechanisms. In addition, in order to attract investment to the oil and gas sector, laws, regulations, and policies governing the industry should be clear, complete, transparent, accessible, flexible, and practical. Legal processes must be quick and remedies efficient and effective. Stability of fiscal contract terms is also essential. Also, a consultative process should be institutionalized to ensure periodic dialog with operators to ensure that regulations are technically feasible and cost-effective (AfDB, 2009).

Contractual Agreements

This is a crucial stage where the government has to ensure that the contracts reflect state interest and support environmental principles and sustainable extraction. Furthermore, the social responsibility of the companies has to be well expressed in the contracts in order to guarantee that communities will directly benefit from exploitation of the resources. The contracts also have to ensure the participation of local companies and investment of part of the revenues back in the country. In Africa, experiences and better practices that lead to equitable distribution of oil and gas revenues are gradually gaining momentum. In order to succeed, countries need to equip themselves with appropriate expertise, and with facts and data that can argue in favor of the state interest (AfDB, 2009).

Oil and gas companies inevitably have better access to information on their specific business than African governments do. This information gap is sometimes compounded by an "agency" problem, which may occur when a deal is struck between the representative of a company and the representative of a country. Companies are in a better position to ensure that their representatives are acting in the interests of the company; whereas it is difficult for governments to ensure that their representatives are acting in the interests of the country. The information gap and the agency problem, combined, reduce the benefits that countries derive from their resources. These information problems can be addressed through an auction. Auction is an attractive option in a simple environment, since competition between firms will secure both efficiency maximization of net revenues and maximum net transfers to the government. Auctions also have the great advantage of ensuring transparency, if conducted properly. A well-conducted auction vastly reduces the scope for government officials to put private gain before national interests (AfDB, 2007; Collier, 2007).

Revenue Transparency and Accountability

According to Africa Development bank (2009), in oil and gas extracting countries, the general public perception is that the country harnesses large amounts of money from royalties, taxes, and contract signature bonuses, and that the governments mismanage such revenues or that the revenues benefit only a small part of the population. Sometimes this is a confirmable perception, but not always. Regardless of the actual status, the perceptions can be more informed, and management of oil and gas can be improved significantly if the government and the companies decide to participate in public accountability and transparency initiatives. Some of these initiatives include the Extractive Industries Transparency Initiative (EITI), the African Peer Review Mechanism (APRM), and Publish What You Pay (PWYP) (AfDB, 2009).

Allocation of Revenues from Oil and Gas

It is a function of governments to define the priority sector where the oil and gas revenues will be allocated. The choice or combination of choices the government makes has to be based on sound information on resource reserves, future prices, and rates of return, as well as on the political economy of the country at the time of the decision.

Some countries such as Norway and Middle Eastern countries have successfully used their oil wealth to stimulate growth for poverty reduction. They have done this by putting taxes on the extraction of natural resources and channeling the profits to poverty-reducing investments. This may include allocating certain oil resource revenues for marginalized groups often those living near the oil fields themselves or people from the oil-bearing communities (AfDB, 2009).

It is critical to use oil resources to develop a more diversified economic structure. Some policies are helpful in fostering diversification. These include establishing a conducive business environment and providing sufficient incentives to invest in non-oil sectors. A conventional measure is to use the tax system to assist the development of non-oil sectors. In addition to tax policy, there is also need for structural reforms, including financial sector and administrative reforms, to facilitate the diversification of economic activity. In many oil dependent African economies, there is a large scope to reduce the burdens imposed by heavy regulation and an often corrupt bureaucracy, which, in addition to strengthening the financial system, would help create a more level playing field and decrease barriers to entry (Collier, 2007).

In the producing areas, traditional competition for scarce natural resources such as land and water will most likely increase with the arrival of oil and gas developments in Eastern Africa. Unless the governments give priority to resolve the hundreds of land disputes that undermine the development of their countries, oil and gas could become one more topic on the list of grievances such as in Kenya. Thus, the government must be committed to resolve these contentious issues on time (Vasquez, 2013).

There are increasingly active civil societies that are trying to have a say in the formulation of hydrocarbon laws and in the development of the institutional framework. But there are still many complaints about the lack of transparency and of sufficiently participatory mechanisms around the design of the hydrocarbon institutional framework. In theory, the new hydrocarbon laws under discussion are expected to introduce transparent and participatory frameworks to ensure that oil revenues are equitably and efficiently shared with sub-national governments, and that oil operations are efficiently monitored at the local level.

According to Vasquez (2013), Kenyan civil society is becoming increasingly connected with peers in Tanzania, Mozambique and particularly Uganda, following natural gas and oil discoveries in those countries. In some cases, various incidents in neighboring nations that are also in the process of developing their respective hydrocarbon industries contributed to create alarm bells in Kenya. Such is the case with a series of corruption scandals linked to oil in Uganda and involving highranking government officials, at a time when long parliamentary debates were being held in that country around hydrocarbon laws.

Oil production has not yet started in Kenya, but local communities' grievances are increasing. Kenya should consider the prompt establishments of grievance mechanisms in the producing areas to ensure those voices are heard. The existence of grievance mechanisms would go along with Kenya's 2010 constitution, which puts much emphasis on the need to develop a more inclusive society through increased participation, and the recognition of diversity, of the rights of minorities, and of marginalized communities. In the absence of these mechanisms, communities in producing areas typically resort to action when they feel they are not getting enough benefits from oil and gas developments in their regions. Turkana has already seen a glimpse of this when local youths blocked a main road and disrupted traffic to protest over what they considered to be discriminatory hiring by the oil company Tullow, who they said sidelined them when it came to employment (Vasquez, 2013).

As oil exploration in Kenya moves forward with increasing success, the introduction of clear and participatory oil revenue allocation policies and of effective grievance mechanisms becomes imperative to avoid future disputes. Kenya's civil society representatives need to be trained and educated on oil and gas-related issues so that they can monitor operations and develop their own judgment *on* oil related issues. They could be also instrumental in contributing to community participation for defining an investment agenda to be funded with oil and gas resources.

Political will is a key to ensure that a country`s natural resources became a tool for national economic empowerment through well thought-out and comprehensive policies. therefore, if the Eastern Africa countries wanted to avoid the 'resource curse` syndrome, the governments and stakeholders should develop sound policies to guide the formulation of new legal, regulatory and institutional frameworks. This should entail ensuring transparency and accountability, as these are the key factors that greatly influence proper governance and fair distribution of natural resource proceeds. It is critical for governments to recognize that natural resources are public assets that belongs to and should be used for the benefit of the citizenry rather than considered as goods that should be used at the government's discretion (ISS and HSF Seminar, 2012).

Conclusions and Recommendations

Conclusions

Oil and gas resource endowments are a source of wealth and can be expected to support growth and development if well managed. This involves converting the wealth into physical and human capital, increasing and sustaining economic growth, and alleviating poverty. The successful pathway to fully harnessing the benefits of oil and gas resource wealth in Africa is mainly dependent on good institutions and good governance, trade links, sound economic policies, and heavy investments in exploration technology, legislative framework, and human capital development.

Natural gas will link Mozambique and Tanzania to the global economy and geopolitical systems. It holds a lot of attractiveness for companies and natural gas purchasing countries. East Africa as a supply source is favored because it is outside the Persian Gulf and all the geopolitical baggage that has for both the West and the East. It is also another significant step in the ability of China to diversify its gas dependence from the Middle East, Russia and Asia. For private natural gas companies, it provides a source of resources that are perfectly geographically placed. Natural gas supplies can be targeted at India, China, the increasingly gas short Persian Gulf region and when Europe recovers or falls short of gas it can also be supplied from East Africa. Natural gas from Eastern Africa is competitive and can compete in multiple markets and provide companies and governments a sufficient cushion for global price alignments and reduce gas prices (Mohamedi, 2013).

Historically, oil and gas resource endowments in Africa have *not* yielded positive economic and development results for many countries. The experience has been more positive recently, and there are encouraging signs of better management and governance (AfDB, 2009).

The oil and gas developments in the region will not be without complications. There are sufficient pitfalls and existing conditions that could lead to the same outcomes we have seen in other parts of Africa and the world. Oil and gas could very well solidify and harden those distortions and problems. At the same time there are sufficient reasons that the outcomes in this region could be different, part of it related to relatively stable political institutions and resolutions of deep conflicts (Mohamedi, 2013).

Future oil and gas management in Eastern Africa must be based on deepened reforms, expanded energy access in support of the Millennium Development Goals (MDGs), increased domestic value-added, transparency, and a long-term vision. The key international oil revenue management initiative, the EITI, is concerned with the generation of revenue and not the use of revenue. There is a need for transparency and accountability all along the supply chain and on the spending side. A lot of revenue leakage occurs during the building of infrastructure and execution of other government projects. However, without government will, effective oil revenue management will never happen. Public dialog and local management of resources with inclusion of civil society is also crucial, as is a political and social contract for managing oil revenues, based on democratic participation and transparent economic governance. The success of such governance will depend on political stability, government legitimacy, a long policy horizon, high domestic savings and, in particular, powerful non-oil political constituencies (AfDB, 2009).

Although the exploration of oil and gas in East Africa is at its young stage, it is no doubt that the countries in the region such as Uganda and Kenya are at the brink of experiencing a massive economic growth taking into account the amount of oil discovered in their respective region. It is thus envisaged, that the Governments of the region, through their relevant Ministry and agencies, need to develop sound policies and comprehensive legal, institutional and regulatory framework that will prove the countries gain from the upstream activities. This will also ensure accountability and transparency in exploration activities which will play a key role in fair distribution of resource produced as envisaged under their Constitutions and also aid in influencing proper governance.

Policy Recommendations and Implementation Strategy

- The oil exploiting countries in Eastern Africa should remove legal and extra-legal obstacles to transparent disclosure and monitoring of the oil sector. This would include removing non-disclosure clauses in production sharing agreements. Collaborate with citizen groups monitoring the management and allocation of oil wealth. This could include the development of revenue oversight mechanisms involving both government and civil society in the management and allocation of oil revenues. Include oil revenues in the national budget. End the practice of oilbacked loans until effective measures for oil revenue and budget transparency are in place. Allocate revenues to priority social sectors, most especially education, health, and the development of capable institutions. Collectively consider the inclusion of oil revenue transparency as a key governance deliverable.

- Governments in the region must increase transparency and accountability around bidding processes and the issuing of natural resource contracts. Both the international community and individual countries should agree to deepen and broaden transparency measures and agreements to cover the issuing of licenses for resource extraction.

The following specific recommendations constitute the backbone of sustainable management of the oil and gas sector in the region:

- *Develop and improve legal and regulatory frameworks*: Fundamental to attracting meaningful investments and developing beneficial relationships for all stakeholders is the need to have sound legal and regulatory frameworks in which oil and gas extracting projects are designed, negotiated, implemented, and managed. This requires having appropriate and reasonable investment guidelines, taxation systems, environmental guidelines, labor laws, and enforcement mechanisms.

- *Build up human, institutional, and technical capacity in relevant policy ministries and institutions:* There is a need to strengthen capacity in the oil and gas sector in most resource-rich countries. This is particularly urgent for weak and post-conflict countries, as well as for countries that have only recently started exploiting and exploring for extractive resources. Strengthening the capacity of these countries will help them guard against the mistakes of others, improve chances that the extractive resources will be properly managed and that revenues can contribute to the sustainable development of the country.

- *Enhance governance and promote transparency and accountability in the development and management of oil and gas sector:* Oil and gas can contribute to sustainable development only if revenues derived from their exploitation are properly managed and used primarily to support development priorities. Promoting good governance, transparency, and accountability in the management of oil and gas revenue should be at the center of the government's involvement in the sector.

- *Involve private investment in the sector*: While addressing the challenges associated with the oil and gas sector such as governance, legal and regulatory frameworks, capacity, and so on, the states in the region should proactively support private investment and be more engaged in the sector.

- The International oil companies should Support the international campaign by publicly disclosing, in a disaggregated, regular and timely manner, all net taxes, fees, royalties and other payments made to the Eastern Africa states, at any level, or to local communities, including compensation payments and community development funding. Work collectively to support processes that will develop a level of playing ground for revenue disclosure. Observe universally accepted human rights standards. This is especially important in relation to the security of oil installations, treatment of workers and local populations and the protection of the environment.

- The World Bank and the IMF, regional development banks, export credit agencies and other international bodies should systematically promote an international norm of openness. Public accountability in the allocation of licenses should be mainstreamed into their lending and technical assistance portfolios.

- Regional economic blocs and mechanisms such as Common Market for Eastern and Southern Africa (COMESA), EAC, IGAD and ICGLR can likewise play a key supporting and coordinating role, and are urged to become more proactive in the oil and gas sector, notably through the following actions: Promote regional integration in the exploitation of oil and gas; Promote regional infrastructures (such as oil and gas pipelines) for sustainable exploitation of oil and gas; Promote regional economies of scale in the sector, especially with focus on the downstream industry (for example, refineries); Encourage countries to adhere to principles of good governance and transparency initiatives for revenue management; Promote regional sharing of experiences; Promote intra-regional trade in the oil and gas sector; and Promote the use of regional experts in the sector.

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Highlights of the Key Messages in the Issue Briefs

This fact sheet is a quick reference guide regarding issues discussed in the two papers. The key messages include:

Devolution and Inter-Communal Conflicts in Kenya

- Devolution in Kenya is the cornerstone of the new constitution and represents a fundamental transformation of the State and society from previously highly centralized political system which was mainly characterised by poor governance, unequal distribution of political and economic resources, powerful executive, and marginalization of some communities, and massive poverty which in turn triggered perennial inter-communal conflicts in the country.
- Devolution is believed to promote public participation in public affairs and decision making as well as bring governance closer to the people. It is expected that this will ensure that the government responds expeditiously to the pressing needs of the people (including security needs) and that the citizens can collaborate and choose the type of leadership they want. It is also hoped that devolution will ensure fair distribution of resources and development across the country. Thus, devolution is considered to lower inter-communal conflicts in Kenya.
- However, even with public participation there are some genuine concerns that devolution might not necessarily combat inter-communal conflicts in Kenya. For instance, devolution is feared to provide a niche for major communities to take up leadership thereby leading to ethnic balkanization and further exclusion of minority groups within the Counties. It is also argued that devolution may promote the growth of regional identities and secessionism tendencies that advocate for legislations harmful to other regions and country's sense of unity.
- Some scholars and policy makers argue that closer governance as provided by devolution may perhaps fail to lower the incidence of inter-communal conflicts. For instance, it is reported that political leaders may take advantage of the subsidiarity principle and use local institutions to expand their powers and manipulate them for personal and their ethnic's interests. Such corrupt and

nepotistic deeds are likely to encourage inter-communal conflicts within the County. Lack of clarity on the functions of devolved institutions and national government may also hinder devolved units from combating inter-communal conflicts.

- Given the factors that hinder devolution from combating inter-communal conflicts in Kenya, there are proposed actions and strategies that could be undertaken by the government, citizens and all the key stakeholders. These actions include: ensuring that the County employment and other forms of resource-distribution reflect ethnic diversity of the people living within the County; ; media houses ought to provide accurate and adequate information on devolution as the vast majority of Kenyans rely heavily on them especially because they neither expect nor receive accurate information from political leaders; there is need to encourage positive dialogue and communication between communities living within a county. The main goal for implementing these actions and strategies is to make the best out of the new governance system especially in promoting inter-communal co-existence.

- Field research on devolution and inter-communal conflicts in Kenya should be carried out. Devolution presents a critical chance for all regions in Kenya to realize socio-economic and political development and as such there is need for a closer and regular follow-up to assess its achievements and identify areas for improvement. The proposed field research should employ qualitative methods of data collection and analysis for an in depth understanding of the relationship between devolution and inter-communal conflicts.

Mitigating Natural Resource Based State/Investor Conflicts: Oil and Gas in Eastern Africa

- The oil and gas is a double-edged sword meaning that it can be used to promote peace or conflict and it has a significant influence in ensuring peace and stability
- It is a function of governments to define the priority sector where the oil and gas revenues will be allocated.
- The arrival of mining multinational companies to the Eastern Africa region appears to be a golden opportunity. New mines bring jobs, government revenue, and income for local suppliers and possibly even improvements in infrastructure. When the salaries of workers and suppliers are re-invested in the local economy, a multiplier effect provides benefits to a broader society.
- Resource scarcity can also foster social cohesion if the sharing is perceived to be fair. In Africa this works very well especially when sanctioned by the community so that all have their fair share of the scarce resource. Therefore, people in the community become interdependent and no one wants to break the peace brought about by sharing the scarce resource.
- In oil and gas extracting countries, the general public perception is that the country collects large amounts of money from royalties, taxes, and contract signature bonuses, and that the governments mismanage such revenues or that the revenues benefit only a small part of the population.

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