

UNIVERSITY OF NAIROBI

INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

**ENERGY RESOURCES AND CONFLICT MANAGEMENT:
A CASE STUDY OF THE EASTERN AFRICA REGION**

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OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF
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01 November, 2017

DECLARATION

This research project is my own original work and has not been presented for an award of a Degree in any other University.

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Signature.....

Date.....

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

Prof. Peter Kagwanja

Signature.....

Date.....

ACKNOWLEDGEMENT

My most sincere acknowledgement goes to my supervisor Prof. Peter Kagwanja for diligently guiding me through this project up to the successful end.

ABSTRACT

This thesis argues that mismanagement of extraction of energy resources (oil and gas) is a source of conflict in African states. The issue that this thesis seeks to address is how the East Africa region can effectively manage its oil and gas resources to mitigate conflict which has bedevilled the African continent termed as a 'resource curse' or leading to the 'Dutch disease'. The overarching objective is to establish the energy resource and conflict management in the Eastern Africa region. The specific objectives of the study are examining the link between oil and conflicts in Africa, the discovery of oil and gas in the Eastern Africa region and the policies which the states in the region need to put in place to mitigate the oil resource curse. The study sought to interrogate the following 1) what is the linkage between oil and conflicts in Africa, 2) what has been the impact of the discovery of oil in the East African region and 3) what policy measures are being put in place to manage the oil and gas extraction so that it does not lead to conflict. The assumptions here are that without proper management of the oil and gas extractives in the East Africa region it will lead to greed and grievances in the population and hence conflict. In addition functionalism theory also informs that if the states in the region do not cooperate in the building of infrastructure to support the extractive industry the costs will be quite huge leading to losses. The academic and policy justification is to explore methods for optimal usage of the oil and gas and add to the existing policy to mitigate the conflict and enhance development in the East African region. The contention here is that oil and gas feeds into the resource curse thesis and thus undermining development, regional and global security. Such perspectives will be interrogated in this study. The hypothesis of this study is that there is a direct link between oil and gas and conflicts in Africa, weak policies have led to under exploitation and management of resources in Kenya and external actors have done much to alleviate resource based conflict. The oil discoveries in Turkana, Kenya, Mtwara gas in Tanzania and Lake Albert oil discoveries could be a source of conflict among the communities in the respective countries, between the communities and the interstate conflict on the construction of oil and gas pipelines in the region. Conflicts impact negatively on development. The study used the eclectic approach of analysing the oil and study conflict using the greed and grievances and functionalism theoretical frameworks to interrogate the conflict and provide policies and recommendations to mitigate the threat. Central to the grievances are the inter-ethnic or horizontal inequality. In addition the functionalism approach addresses the issue of coordination as a key function in state and community organization to mitigate conflict and keep peace and development. It contends that cooperation between the state and the communities enhances public participation in resource management thus conflict is addressed as all the stakeholders can contribute to the sharing of the natural resources in a state. The study has been conducted using desktop review of existing books, articles and periodicals. Key informants in the oil and gas industry and government officers were consulted on the research study and the informing obtained aim to be relevant for academic and policy recommendations. The study outline covered, chapter 1: introduction of the study; Chapter 2 the link between oil and conflicts in Africa; Chapter 3; the discovery of oil in the East African region; Chapter 4, Academic and policy lessons for the East African region, particularly Kenya and Chapter 5 Conclusions and recommendation. The study concludes that illegal oil and gas business underpins communal and ethnic conflicts in the region. Additionally, the weapons inflow empowers the communities and militias for accelerate violent conflicts. The study recommended that one valuable way to mitigate the potential contribution of oil and gas extraction to conflict is to institute clear codes of conduct and standards in relation to social and environmental outcomes.

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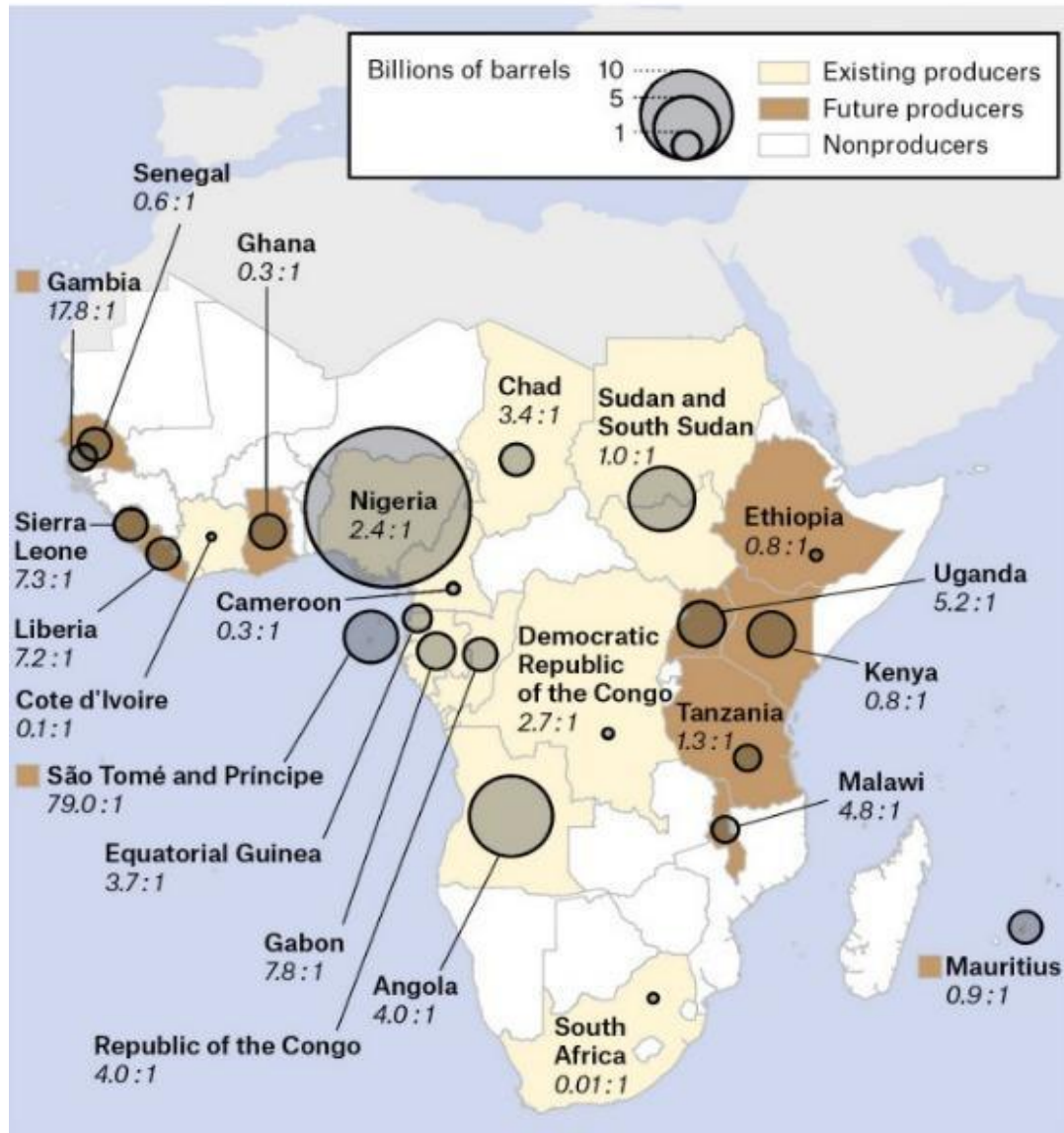
AU	African Union
Bbl/D	Barrels per day
BP	British Petroleum
CBOS	Community Based Organizations
CNPL	Centre for Non Profit Leadership
CSDP	Common Security and Defence Policy
CSR	Corporate Social Responsibility
DRC	Democratic Republic of Congo
EAC	East African Community
EITI	Extensive Industries Transparency Initiative
ELN	The National Liberation Army
EU	European Union
GAM	Gerakam Aceh Merdeka
GNP	Gross National Product
HOA	Horn of Africa
IEA	International Energy Agency
IMF	International Monetary Fund
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
KPMG	Klyneld Peat Marwick Goerdeler
LAPSSET	Lamu Port Southern Sudan Ethiopia Transport
LRA	Lords Resistance Army
MEM	Ministry of Energy and Minerals

MOSOP	Movement for the Survival of Ogoni People
MPSA	Model Production Sharing Agreement
NGO	Non – Governmental Organization
NNPC	Nigerian National Petroleum Corporation
OECD	Organization for Economic Co-operation and Development
OGP	Oil and Gas Producers
OPEC	Organization of Petroleum Exporting Countries
RUF	Revolutionary United Front
SSA	Sub-Saharan Africa
STOIIP	Stock Tank Oil Initially In Place
SWF	Sovereign Wealth Fund
TCF	Trillion Cubic Feet
TFP	Total Factor Productivity
TNOCs	Transnational Oil Companies
TPDC	Tanzania Petroleum Development Corporation
TPPC	Total Petroleum Philippines Corporation
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNITA	National Union for the Total Independence of Angola
US	United States

MAP OF THE STUDY AREA I

Africa's Oil Boom

Oil Reserves and Ratios of Oil Revenues to Tax Revenues for Current and Future Exporters in Sub-Saharan Africa



NOTE: The ratios of oil revenues to tax revenues are derived from comparisons of aggregate national tax revenues (using World Bank data) and projections of oil revenues based on estimated reserves, projected export capacity, and estimated future oil prices.

Figure 1: The Map of Oil Revenue Countries in Africa

Source: Google (2017)

MAP OF THE STUDY AREA II

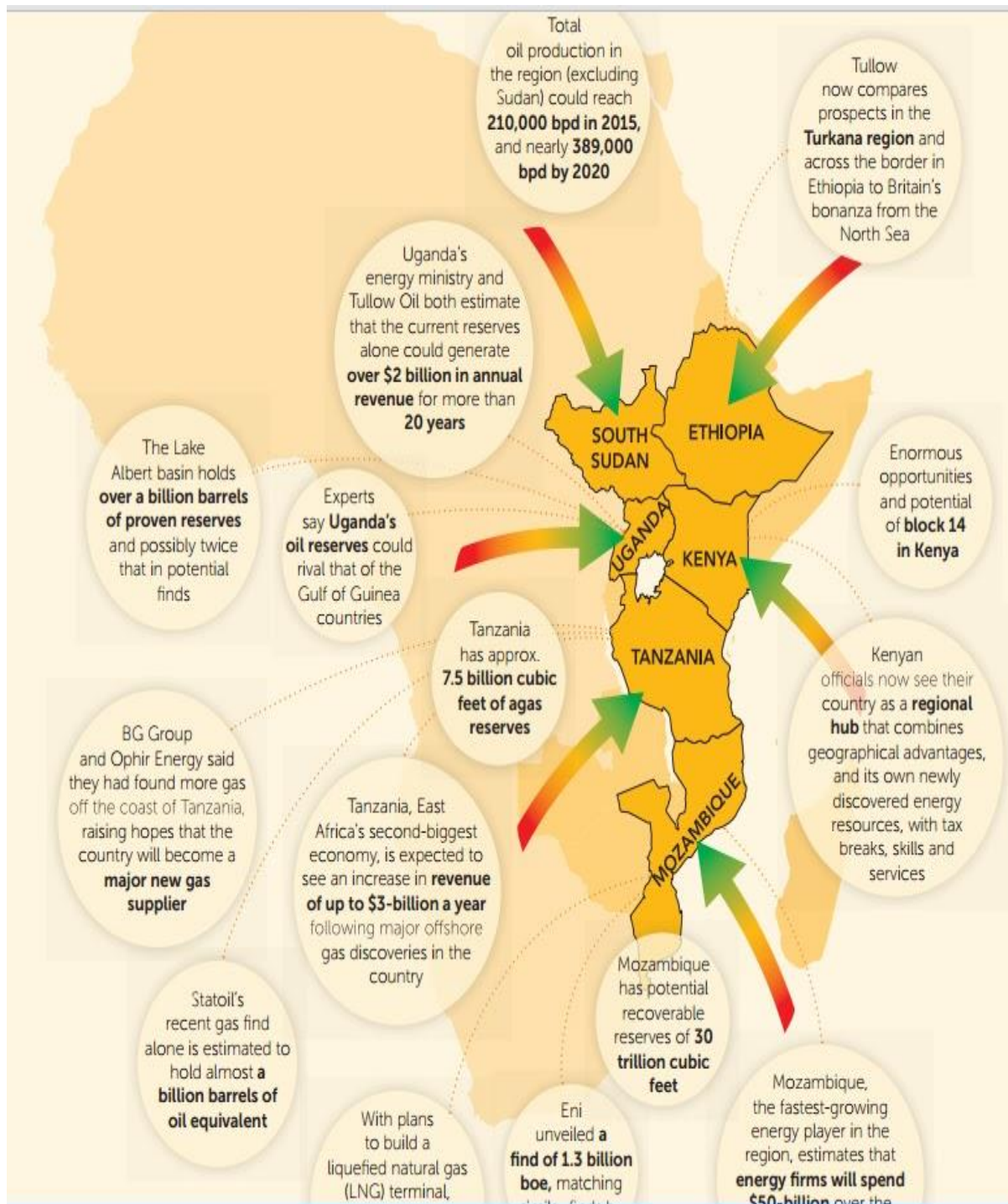


Figure 3: The Map of Oil Revenue Countries in East Africa

Source: Google (2017)

MAP OF THE STUDY AREA I11

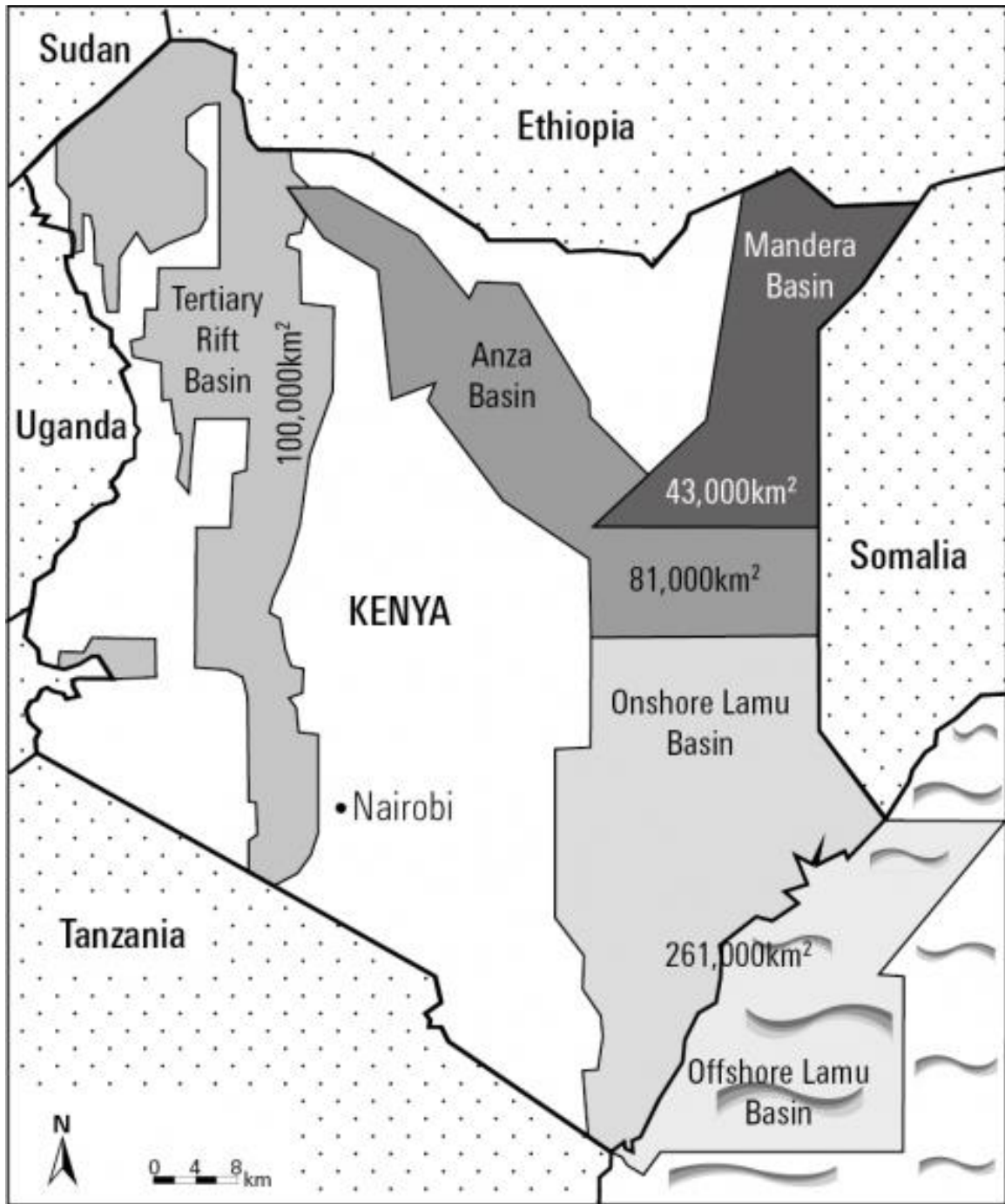


Figure 3: Kenya's Four Hydrocarbon Basins

Source: Google (2017)

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Oil and gas unlike any other energy resource has shaped the history of the world in the past hundred years. Yet too little is still understood of how political and economic power around petroleum, has been shaped by interests principally under control of a selected few nations.

According to Dunning and Leslie, the two major supplies of hydrocarbons are oil (petroleum), a combustible fluid that could be developed into petrol and a combustible gas used for fuel and cooking.¹ Energy shortage, or access to oil and gas, is indeed of utmost fears for states in the sub African region or third world countries, given their reliance on this energy sources.

Africa's oil account stretches over dates to numerous decades, in other regions if even over a century. Currently, there are about five hundred oil companies that participate in African hydrocarbon exploration.² The British Petroleum (BP) Statistical Review of Energy, Africa's established oil reserves have developed by approximately over 100 percent since 1990 – increasing from 54 billion barrels at that period to 140 billion barrels at the end of 2012.³

Smith notes that writing that attempts to attend to the connections between energy security and conflict is incomplete. Outside the reading of energy-related conflicts at the strategic political and disputes between states and the extraordinary consideration given in topical

¹Dunning, Leslie, Wirpsa. *Oil and the Political economy of conflict in Colombia and Beyond: A linkages Approach Geopolitics* 9, No 1 (2004) pp 80- 107.

²KPMG, *Oil & Gas in Africa; Reserves, Potential and Prospects in Africa*. (2013), p. 89-90.

³BP. *Statistical Review of World Energy* (London, June, 2012), p. 89.

situations to conflict in oil and gas rich countries, there is an absence of systematic studies.⁴

The developed nations including United States and China keeps relying upon Africa for key resource (raw petroleum and coltan) imports, and Africa as of now records for more than a fourth of China's oil imports today.⁵ Nicholas Shaxson argues that oil and gas exploration grounds of Africa create huge revenues of rents every week, except the rising tide of oil cash is still not advancing security and financial advancement in Africa as it ought to.⁶

Apparently oil and gas resources for improvement in Africa have ended up being all the more a blight than a gift for some developing countries. Experimental studies have demonstrated that oil-dependent nations will probably experience the ill effects of conflicts caused by "grievances" or "avarice"⁷ and which is valid for countries in developing countries in Africa.⁸

Rosellini outlines the suggestions that the oil and gas component omits the nation reduced productive more open to the elements to sudden goods value changes in prices and with an altogether bring down on number of job opportunities. Libya has Africa's biggest confirmed oil reserves, with approximately 44 billion barrels. Its stores are very nearly 25 percent bigger than those of Nigeria (36 billion barrels) and midget those of the third-biggest petroleum-creating African country, Algeria.⁹

⁴Smith, B., *Oil Wealth and Regime Survival in the Developing World: 1960–1999*, American Journal of Political Science, Volume 48, Issue 2, (2004), pp. 232–246.

⁵Gary, Ian and Terry Lynn Karl. *Bottom of the barrel: Africa's oil boom and the poor*, Catholic Relief Services, (2003), p. 19.

⁶Shaxson, Nicholas. *Poisoned Wells*, Associate Fellow, Chatham House Chatham House. (Friday May 18 2007), p. 8.

⁷ Ibid ,p. 8

⁸ Ibid, p. 8

⁹World Energy Outlook, *International Energy Agency*, U.S. Energy Information Administration Report May (2016), p. 9.

The dark substantial ooze today known as petroleum had minimal business intrigue other than as fuel to light the new mineral oil lights, a strategy created in Berlin in 1853 by a German light producer named Stohwasser according to Susan Strange.¹⁰ Latest explorations of oil and natural gas in the Horn of Africa have increased prospects about the role that natural resources can take part in the development in the region and also increase in resource based conflict in the region. There have been natural gas explorations in Tanzania, and oil in Uganda, and Kenya. Oil and mineral exploration continues in Rwanda and Burundi which are suspected to have oil and gas deposits.¹¹ The East African Community countries also have other mineral resources. The correct strategies for managing the hydrocarbon revenue need to be in place to realize full reimbursement from these resources.

Adedeji recognizes the regularly negative part, as far as financial, economic and political, reliance, that strategic resources - eminently oil - have on African states.¹² He further argues that, another matter that arises - the requirement to go beyond the resource bane by breaking down the profound social and financial strengths at the effort behind the portrayed side effects, in order to investigating how the rents may add to dependency of the state to the oil revenue.¹³ Politics instead of basic financial aspects maybe best clarifies the 'resource curse' argument. Gary *et, al.*, opines that three specific instruments through which the resource curse is as far as anyone knows working are frequently recognized: the 'Dutch Disease' system. The negative impact of oil and gas alludes to have huge competitive advantage for the state compensation thus driving the real exchange rate and salary step up.¹⁴ The trade which involves productive areas, particularly industrialized and agribusiness along these lines

¹⁰Strange, Susan (1998), *Mad Money*, (Mancetr City, Manchester University Press, Manchester, 1998), p. 116.

¹¹Ibid, p. 116.

¹²Adedeji, Adebayo. *Comprehending and mastering African conflicts*. (London: Zed Books, 1999).

¹³Gary, Ian and Terry Lynn Karl. *Bottom of the barrel: Africa's oil boom and the poor*, Catholic Relief Services, (2003), p. 76.

¹⁴Gary, Ian and Terry Lynn Karl, (2003), p. 80.

turn out to be less aggressive on the world market. The study observes that in Kenya, while it has been perceived that oil and gas contribute altogether to the social and financial improvement. Endeavors are in progress to survey and fortify the natural approaches and administrative structures, what's more different partners and services endeavor to guarantee establishment of suitable changes to improve sustainable administration of the resources in a country mainly the oil and gas deposits.

1.2 Problem Statement

The African landmass is abundantly blessed with oil and gas resources yet there is still absence of measures to reasonably use and deal with this regular capital. Empirical studies point out that states that are heavily reliant on oil revenues are more prospective to undergo from conflicts driven by 'grievances' or 'greed'¹⁵ and which is principally accurate for states in Africa. Furthermore, mineral deposits abundance coupled with dependency are commonly linked with 'bribery', 'institutional failures', 'rentier states', 'authoritarian rule' and 'poverty'.¹⁶

The economic history of Africa has had profound consequences in shaping the continent. Africa's oil history is only a fragment of this vast historiography, one that needs to be kept in perspective even if it comes to loom larger in the future. It is important to note that despite a lot being written about the geopolitical oil game in East Africa and awareness of its significance, there is still a great deal of misunderstanding about oil politics in Africa, and this is because most works have divorced African oil geopolitics from the technical side.

¹⁵ William Engdahl. *A Century of War: Anglo- American Politic and the New World Order*. (Pluto Press, London, 2004), p. 9.

¹⁶ *Ibid*, p. 9.

It is worth noting that the wider East African countries are endowed with natural resources and minerals with the latest prospecting of hydrocarbons in Kenya, Uganda and Tanzania. However, there is very little body of scholarly material linking oil wealth to intrastate conflict; in addition some disagreement about the manner in which oil causes interstate conflict. The writing on the impacts of hydrocarbons prosperity for interstate difference continues to grow. Based on this background, the study aims to deeply examine the link between oil and conflict in Africa. Specifically the study aims to establish the energy resources and conflict management using a case study of Eastern Africa.

1.3 Objectives of the study

1.3.1 General Objective

The general objective of the study is to establish the energy resources and conflict management using a case study of Eastern Africa.

1.3.2 Specific Objectives

The specific objective of the study will be to:

- i.** Examine the link between oil and conflicts in Africa.
- ii.** Examine the discovery of oil in the East Africa Region.
- iii.** Assess policy and academic lessons learnt in East Africa, particularly Kenya.

1.4 Research Questions

- i.** What is the link between oil and conflicts in Africa?

- ii. What is the impact for the exploration of oil and gas in the Eastern Africa countries?
- iii. What are the policy and academic lessons learnt in East Africa, particularly Kenya?

1.5 Justification of the Study

1.5.1 Academic justification

This study plans to explore methods for promotion usage of the oil and gas and add to the officially existing group of learning on comprehension and using the oil and gas resources to mitigate conflict in the East African region. The professional and public responsibility of academicians is to investigate and create greater understanding of oil conflict in East Africa.

1.5.2 Policy justification

This study plans to add new knowledge and information to policy makers on management of oil resources and emerging governmental issues in Africa and Kenya specifically. This will assist policy developers to better use vital hydrocarbon resources (oil and gas) for the improvement of the general population. What's more this study expects to have the capacity to add to action oriented strategies to upgrade advancement in Africa through successful use of strategic resources by Governments, Multinational Corporations, and the general population in Kenya and Africa.

The argument indicates that the resource curse hypothesis nourishes definite viewpoints on some of the East Africa countries which rely on national mineral deposits struggle nexus that undermines security at three levels globally, regionally and nationally according to Obi Cyril

in his publication *oil as a curse in Africa* conflicts.¹⁷ These insights should be significantly cross-examined. Elsewhere such an examination, the study aims to get to the core of moral idea of oil and gas deposits that disguises, rather than endorses a precise indulgent of the main causes of ferocious struggle of resources in Africa.

1.6 Literature Review

Africa is at present remaining at the edge of awesome opportunities. Achievement will require initiative, straight-forwardness, and responsibility. There is not a viable alternative for open investigation in creating viable and evenhanded policies.

Africa's markets have been at the peak of a worldwide commodity of the oil wave. Extractive enterprises have developed as an intense motor of economic development. Surging interest for natural resources in China and other developing markets has pushed trade costs to new highs, and the blast hints at not subsiding. Africa's petroleum, gas and mineral resources have turned into an effective magnet for outside speculation.¹⁸ With new investigation uncovering much bigger stores than were already known, Africa stands to harvest benefits.

Engdahl states that earnings from hydrocarbons is at the core of the research “resource curse.”¹⁹ The term, initially appeared at the berlin wall was dismantled and the end to the cold war , then within learning facilities and the fourth estate, refers to the progression in which, some sub African countries, the countries that are well endowed with mineral deposits which lead to intra or interstate conflict.

¹⁷ Obi C ,*Oil as the Curse of Conflict in Africa: Peering through the smoke and Mirrors*, Review of African Political Economy, (2010)

¹⁸Reuters. *Miners turn to alternative finance to cut debt as downturn grinds on*, by Nicole Mordant, (September 21, 2015), p. 76.

¹⁹William Engdahl. *A Century of War: Anglo- American Politic and the New World Order*. (Pluto Press, London, 2004), p. 571.

Gilmour argues that the emergence of intra-state clashes or 'new wars' in the world has conveyed a significant number of its economies to the edge of crumbling, making losses and worries, for a considerable length of time due to resource conflicts, such as, countries in west Africa Guinea-Bissau, Liberia, Ivory Coast and Sierra Leone were disabled by internal conflicts and civil strife.²⁰

According to Gilmour, while rough clashes are waning in the Africa except of the recent clashes in South Sudan and DRC, South Sudan, Democratic Republic of Congo and low force clashes surging inside remarkably stable nations, for example, Senegal sends disturbing signs of the conceivable re-emerging of inner clashes because of the oil and gas resources.²¹ These contentions are primarily relied on hydrocarbon resources administration.

Ross contends that inland oil generation builds the likelihood of contention onset by fifty percent. Conversely, seaward generation is not connected with struggle onset. Besides, clashes incline towards oil stores or precious stones which are situated inside the contention area.²² Marshall and Keith likewise sets that when oil stores cover regionally with capable, politically included ethnic gatherings, the ordinary association amongst oil and strife is turned around, and oil misuse has an appeasing impact.²³

Regardless of the fact that these uses are driven by a craving to upgrade cautious limit, the fungibility²⁴ of most military resources makes their store by one nation an inborn threat to its

²⁰Gilmour, J G. *The terrorist threat in North-West Africa: Part One*. Journal of Military and Strategic Studies, 14, (2012), p. 89.

²¹Op. Cit, p. 89.

²²Ross, Michael. *The Oil Curse: How Petroleum Wealth Shapes the Development Prospects of Nations*. (Princeton: Princeton University Press, 2012).

²³Cullen Hendrix and Marcus Noland. *Confronting The Curse: The Economics and Geopolitics of Natural Resource Governance (Washington DC) Peterson institute for international Economics*, (2014), pp 27-48

neighbours. While this danger can be relieved through believable motioning of cautious goal, trustworthy motioning of plan is more troublesome for some oil-trading states.

Gurr argues that the resource conflicts witnessed in the Horn of Africa are closely related. Intra-state conflicts effortlessly spill over other neighbouring countries causing conflict between states, subsequently leading to inter-state conflicts.²⁵ Inter-state conflicts could also lead to intra-state conflicts.

Alao further points that in 1970 oil incomes since 1965 added up to under two billion United States dollars and there was destitution rate of 36 percent; by differentiation in 2000, Nigeria's oil incomes since 1995 added up to US dollars 350 billion and the neediness rate was at 70 percent. These variables are not only the consequence of degenerate rulers taking and it is more unpredictable and more regrettable than that according to Alao.²⁶ Intra-state wars are currently those between or among two or more gatherings inside the universally perceived region of the state.

Henderson reveals that oil organizations are very cheerful to exploit the new concentrate on the Gulf of Guinea, despite the fact that the flimsiness of the area interprets into genuine security and speculation dangers.²⁷ Their exploration in Africa has produced savage rivalry for profits from the newfound oil beds. Another attack of investigation organizations and nations has touched base in the Gulf of Guinea, moving oil-ward countries' geopolitical and geo-sparing premiums in sub-Saharan Africa.

²⁵Gurr, Ted. *Minorities at Risk: A Global View of Ethno-political Conflicts*. Washington, DC: United States Institute for Peace Press, (1993).

²⁶Alao, Abiodin. *Natural resources and conflict in Africa: the tragedy of endowment*. (New York: Rochester Press, 2007), p. 99.

²⁷Henderson, Errol A. *Disturbing the Peace: African Warfare, Political Inversion and the Universality of the Democratic Peace Thesis*. *British Journal of Political Science* 39 (2008): pp. 25-58.

Bahati notes that sub-Saharan part of Africa is an area of very varied energy resources including oil deposits in the Central and Western parts of Angola, Libya, Egypt, Sudan and Southern Sudan, with huge resources of coal deposits in Africa and hydrocarbons. There are also non renewable energy sources mainly in Kenya and also parts of Uganda. Hydro-carbon is the core energy resources, which have dual commercial and local interest in the East African countries.²⁸ Hydrocarbons include combustible fuels and Liquid Petroleum Gas (LPG) and are a resourceful source of energy intended to be used in many other practices of energy including power generation.

In East Africa, similarly to other countries have equal development globally, energy source and resources are separated into two major categories', industrial and household (domestic) energy resources.²⁹ The industrial sources of power are electricity and hydrocarbons which are the types of power sources that are frequently used by states since their accessibility and supply have a greater influence all the population in a country cutting across the society.

The East African region and Kenya in particular has several mineral deposits for example gold, diamond, fluorspar, titanium, gemstones and iron ore. Hydrocarbons have been confirmed through exploration in the region leading to the Kenyan population having high prospects that this resources will not be a source of conflict but enhance development and prosperity in the region.³⁰ For example, the oil discoveries in Turkana could be a source of conflict among communities and between communities and government arising from feelings of entitlement and equitable access to the proceeds of the exploitation.

²⁸Bahati, G. *Geothermal energy in Uganda: Country update*. In International Geothermal Conference, Reykjavik, (2003), p. 89.

²⁹Herick O. Otieno and Joseph L. Awange. *Energy Resources in East Africa: Opportunities and Challenges*, (Perth , Springer, 2006) pp. 2-4

³⁰Ibid, pp. 2-4.

Conflicts have a bearing on development. Conflicts occurring as a result of contests over oil possessions should be dealt with effectively and expeditiously, and therefore the need to have in place on effective conflict management mechanisms to deal with them. Most of East Africa's laws leave out any provisions for the management of conflicts between the contractors and communities and do not even provide for any reference to the affected communities or persons.³¹ There are even no institutions in most African states that have the potential to deal with conflicts associated with petroleum exploration.

Oil related disputes and conflicts, if not well addressed or resolved early according to a thesis by Muigai is likely to lead to, dispute between two individuals. This can likely degenerate to pose a threat to national security, peace and stability.³² Indeed, it has been observed that conflicts over hydrocarbons have been a source of conflict a locally, regionally, national and in the international arena.

There chief approaches to energy resources conflict management are mainly official and unofficial mechanisms. The official approaches include the litigation approaches while unofficial mechanisms include the traditional forms of conflict management such as negotiation, conciliation and mediation initiatives, which is usually non-coercive respectively. Conflicts and disputes are inevitable in the use, access and management of energy resources due to the differing needs and values of various persons and or groups of persons in society in the wake of dwindling resources. The exploration and prospecting of hydrocarbons in some parts of the east African region mainly offshore and inshore has in

³¹ Muigai, K. *Resolving Environmental Conflicts Through Mediation in Kenya*. Ph.D. Thesis, Unpublished, (University of Nairobi, 2011).

³²Henderson, Errol A. *Disturbing the Peace: African Warfare, Political Inversion and the Universality of the Democratic Peace Thesis*. British Journal of Political Science 39, Volume 1, (2008): pp. 25-58.

some has been attributed or potential violent conflict in some of the East African regions such as Turkana in Kenya, Lake Albert in Uganda and Mtwara in Tanzania.³³ Conflict, and more so resource-based ones, has the potential to result in harm to civilians in Kenya mainly women and children and augmented the population of IDPs in a state.³⁴ Furthermore, it has been witnessed that conflicts over hydrocarbons resources can spill over across boundaries for example the Kenya/Somalia dispute and the Sudan and South Sudan border dispute involving the communities across the border.

Inter-country disputes may also arise with regard to shared natural resources in terms of who has access and control over the trans boundary natural resources, for instance, the Elemi triangle between Kenya and South Sudan. The conflicts, if unaddressed, can spiral into violence, cause environmental degradation, disrupt development projects and undermine livelihoods.³⁵ Conflict, and more so the resource-based one, has been a source of conflict in Kenya particularly women and children have suffered and occasioned IDPs in the country.

In regions where the conflicts is persistent, social programmes and economic development have been interrupted. The quality of livelihood and the weakening of political and economic institutions are also likely outcomes. As already pointed out, some of these oil related conflicts can become very complex and polarizing in some cases.³⁶ For instance, there have been complaints from some communities in Turkana area regarding the land issue as well as oil resources, especially in the current era of devolved governments with communities

³³ Muigua, K. *Resolving Environmental Conflicts Through Mediation in Kenya*. Ph.D. Thesis, Unpublished, (University of Nairobi, 2011).

³⁴ Alao, Abiodin. *Natural resources and conflict in Africa: the tragedy of endowment*. (New York: Rochester Press, 2007), p. 99.

³⁵ Muigua, K. *Resolving Environmental Conflicts Through Mediation in Kenya*. Ph.D. Thesis, Unpublished, (University of Nairobi, 2011).

³⁶ Ibid.

wishing to get an equitable share of the resources found in their counties.

It has been persuasively argued that in environmental conflicts where there is high level emotional intensity, several of the early casualties of conflict are tolerance and communication with people stopping to listen to those espousing contrary views and begin associating exclusively with like-minded supporters. Such emotions thus need to be managed effectively to avert full blown conflicts.³⁷ The citizens of a country cannot get meaningfully value from the utilization of the oil resources in an atmosphere of unmanaged conflicts. The need to have conflict management systems in resources based conflicts calls for sustainable management of oil resources in the East Africa region through engaging all the relevant stakeholders.

1.7 Theoretical Framework

1.7.1 Greed and Grievance Theory

The study aims to establish the energy resources and conflict management using greed and grievance theory in Eastern Africa. According to Collier and Hoeffler in a motivating commentary titled Greed and Grievance in civil war, developed two econometric models, namely the opportunity and grievance models, to test competing speculative hypotheses regarding the determinants of internal conflict - greed versus grievance.³⁸

Countries with hydrocarbons for example Angola frequently fight separatist civil wars. Michael Ross identifies patterns found in existing studies, along with a large number of

³⁷ Muigua, K.. *Resolving Environmental Conflicts Through Mediation in Kenya*. Ph.D. Thesis, Unpublished, (University of Nairobi, 2011), p. 208.

³⁸ Collier and Hoeffler. *Greed and Grievance in civil war*, *Centre for the Study of African Economies, University of Oxford*, (Oxford University Press, Oxford Economic Papers, 56, 2004), pp 563 – 595.

African and Asian countries, communities with at least one major oil field in their territory have initiated separatist civil wars in four percent of communities –from the end of the Second World War and 2009, compared to five percent for oil-poor groups.³⁹ Nonetheless, this realistic pattern is baffling when examined from the view of non-oil explanations for civil war tendency.

Michael Ross further posits that two phenomena, Greed and Grievance, have of lately been used to explain conflict commencement among logical analysts. The previous reflects high level conflicts over treasured mineral deposits rents. He further contends that comparative dispossession and the grievance it yields augments conflict.⁴⁰ Fundamental to grievance are conceptions of inequality and communal conflicts and inequality. Character establishment is likewise important to intra-state conflict, as it incapacitates the communal deeds dilemma argues Michael Ross.⁴¹

Latent and dysfunctional conflict can seldom be elaborated by self-indulgence only, however, the greed versus grievance premises are likely corresponding description for the conflict. The self-indulgence rationalization for conflict extent and secessionist conflicts have taken case studies involving states which have experienced conflict, in order to create avenues for hardships founded opinions in computable case studies of countries.⁴² Grievances and level disparities are options to explain why conflicts occur, however not necessary the continuation of conflict. Rodrik notes that it is not only the manifestation of greed or grievance is enough

³⁹ Ross, Michael. *Does Taxation Lead to Representation?* *British Journal of Political Science* 34, (2004): pp. 229-49.

⁴⁰ Ross, Michael. 'Oil, Drugs and Diamonds: The Varying Role of Natural Resources in Civil Wars' in Karen Ballentine and Jake Sherman (eds), *The Political Economy of Armed Conflict: Beyond Greed and Grievance*, (Boulder CO: Lynne Rienner: 2003), pp. 47-70.

⁴¹ Ross, Michael. *Does Taxation Lead to Representation?* *British Journal of Political Science* 34(2004): pp. 229-49.

⁴² *Ibid*, (2004): p. 250.

to cause dysfunctional encounter, akin to formal collapse of institutions.⁴³ The humiliation in the communal treaty is probable in poverty and development disappointment.

In addition to the focus within the greed-grievance spectrum – either by applying the framework to new datasets and estimation techniques or, by disaggregating the various components of greed and grievance and making one element within either framework central to their analyses – a great deal of scholars sought to explore other determinants of conflict, particularly those not afforded the opportunity for analysis by the greed-grievance agenda.⁴⁴

The move beyond greed and grievance evident other than in scholarly studies of conflict in parts of Africa where the Berlin conference of 1884-5 which portioned Africa and occasioned natural resources to be straddled between communities and states which has led to potential conflict when hydrocarbons are discovered in one area.⁴⁵

Olson believes that while greed and grievance are observed as contending opinions, however there other corresponding, ideas. The greed or grievance elucidations is a likely potential for the manifestation of conflict, on the other hand possibly it is not insufficient. The reasons enumerated by the two arguments underwrite to the hazard of conflict yet certain communities and states regardless of circumstances inclined them to conflict, for example vertical inequity, polarization and revenues from the hydrocarbons, do not slide down into conflict.⁴⁶

⁴³Rodrik, Dani. *Where Did All the Growth Go? External Shocks, Social Conflict, and Growth Collapses*, Journal of Economic Growth 4, Volume 4, (1999): pp. 385-412.

⁴⁴Murshed, S. Mansoob and Scott Gates (2005), 'Spatial-Horizontal Inequality and the Maoist Conflict in Nepal', Review of Development Economics 9(1): 121-34.

⁴⁵Alao, Abiodin. *Natural resources and conflict in Africa: the tragedy of endowment*. New York: Rochester Press, (2007), p. 99.

⁴⁶Olson, Mancur (1996). 'Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor', Journal of Economic Perspectives 10(1): pp. 3-24.

Tadjoeddin argues that for the powers at the back also greed or grievance are usually vicious in conflict where the necessity and further attributes are in play, particularly a failing of what Addison and Murshed called the ‘failing of the society rules’⁴⁷. This is akin to the feeble state ability, and by insinuation underprivileged institutional feature to ensure that the resources are shared equitably.⁴⁸ Consequently, even if incomes from natural deposits do create a considerable prize, dysfunctional conflict is not likely to occur if a country has a political and social outline of accepted regulations, both official and unofficial, that oversee the apportionment of funds and the serene resolution of grievances.⁴⁹ Despite large writing in comparative politics and international relations that has highlighted important aspects of oil production that engender a “conflict resource curse,” Scholars have few insights into these key questions about mechanisms, specifically, why governments do not use oil revenues in conflict management particularly in Africa.

1.7.2 Functionalism theory

Functionalism came up amid between War periods and was spearheaded by David Mitrany. As indicated by Mitrany, the universe of the twentieth century was described by developing quantities of specialized issues that could be resolved only by co-operative actions across state borders.⁵⁰ The functional approach that Mitrany created with a specific end goal to accomplish social peace and flourishing is known as functionalism. Coordination is a key conviction of functionalism since this permits humanity to proceed and progress in view of

⁴⁷ Tadjoeddin, Mohammad Zulfan. *Communal Conflicts and Horizontal Inequalities in Indonesia: Dynamics and Consequences*, presented at the IPSK-CNRS Group Meeting on Conflict, LIPI Jakarta, (2003).

⁴⁸ Op. Cit.

⁴⁹ Alao, Abiodun. *Natural resources and conflict in Africa: the tragedy of endowment*. (New York: Rochester Press, 2007), p. 99.

⁵⁰ Mitrany David. *A working peace system*. Chicago: Quadrangle Books. OCLC 504885, (1966), pp. 35.

the information that there have common standards and traits that implies that the community have a common objective and have a subjective stake in accepting and therefore strife is trivial.⁵¹

Mitrany further proposes creation of new international order, in light of the trans-national cooperation amid the period in which Europe was standing up to a significant emergency, Craig figured out how to offer to the functionalist hypothesis contentions for worldwide and additionally regional integration.⁵²Mitrany's fundamental distraction was associated with the productive organization of constrained resources as a vital commence for a sturdy collaboration and for making of what he characterized similar to a working peace framework.

Craig further posits that the European Union is based upon a theory of global relations known as functionalism. The great functionalist way to deal with world request depends on the supposition that states can make a tranquil world society through gradualist and sober minded collaboration with each other in specialized and economic segments of movement. Functionalism offers an option model of global request to the power legislative issues way to deal with universal relations which is normal for authenticity. The thought is to dispose of patriotism which is seen as the underlying driver of war by assaulting national sovereignty.⁵³ Along these lines classic functionalist hypothesis contended that collaboration between states in economic regions, for example, horticulture, oil and gas, will undermine national sway in an anarchic world.

⁵¹ Steven Buigut. *A Fast-Track East African Community Monetary Union? Convergence Evidence from A Co-integration Analysis*, International Journal of Economics and Finance, 3: 1, (2011), pp. 255-261.

⁵²Craig N. Murphy. *The Functional Approach, Organization Theory and Conflict Resolution, in New Perspectives on International Functionalism*, (Londra, Editura Macmillan Press Ltd, 1999), p. 84.

⁵³ Ibid, 84.

Functionalists contend that common trust and propensities for collaboration between governments will probably create through the sharing of discrete open area obligations, or capacities which would incorporate oil resource usage. The focal element of the useful approach is the production of universal offices with constrained and particular forces characterized by the capacity that they perform. Useful offices work just inside the domains of the states that go along with them and don't in this way debilitate state sovereignty.

The main thrust in useful locales is the economy, the earth, or culture issues inside which the parameters of strategic resources fall. While physical meanings of locales are typically given by states trying to reaffirm their limits and to compose into regionally select gatherings, practical conceptualizations of regions radiate from the interchange of sub-national and transnational economic, natural, and social procedures that the states are just mostly ready to control. In this way, the control of spots and the control of streams require distinctive thoughts and instruments relying upon which meaning of locale one utilizes.

Critics of functionalism like Buigut express that functionalism hypothesis was made for an arranged recuperation and remaking in the post-1945 global request. The Anglo-American parentage of the specific offices got incompletely from the United States (US) New Deal demonstrate unmistakably recognized them as organizations of Keynesian intercession.

In spite of the fact that functionalism is broadly recognized as an impact in establishing the post-1945 arrangement of financial, specialized and welfare collaboration, the approach has likewise pulled in feedback. Faultfinders scrutinized the essential presumption that it is conceivable to isolate useful and political issues thus protect useful collaboration from

political disputes between member states.⁵⁴ They contended that peace makes the conditions for useful participation between states, as opposed to useful collaboration making the peace. A few researchers argue that functionalism depended a lot on deterministic confidence in the capacity of specialized answers for resolve political disputes.

The study argues that functionalism, as a testing way to deal with authenticity that takes the state as an extreme center of investigation, tries to take out the state by splitting far from its customarily combined power. One of the central contentions of functionalism is that primary motivation behind why there are wars is the states. For this perspective, states are lacking to meet subject's requests. Notwithstanding this, functionalists affirm that every single national division, potential risks and foes are made by states. That is the reason; states must be taken under control with a definite end strategy to get peace and dependability Africa to upgrade improvement in the country through powerful use of premeditated means such as hydrocarbon revenues. Huge populations of world's underprivileged population reside in regions with substantial deposits of oil, and natural deposits. Regardless of these richness of finite resources(such as, oil, gas, minerals), a significant states have been disposed to be involved in lower degrees of trade and industry.

1.8 Hypothesis of the Study

1.8.1 There is a direct link between oil and conflicts in Africa.

1.8.2 Weak policies have led to under-exploitation of energy resources in Kenya.

1.8.3 External actors have not done enough to alleviate intra-state resource conflicts.

⁵⁴ Steven Buigut. *A Fast-Track East African Community Monetary Union? Convergence Evidence from A Co-integration Analysis*, International Journal of Economics and Finance, 3: 1, (2011), pp. 255-261.

1.9 Research Methodology

The purpose of the study was to appraise and decide how to upgrade development in Africa through compelling usage of energy resources with an attention on Kenya, utilizing both subjective and quantitative research approaches.

The secondary information was gathered through books, diary, articles and periodicals. This helped get what's been done on oil resources from a worldwide, local, national and up to the neighborhood level, this data also helped making new downplaying of positive abuse of strategic resources. The primary information gathering was done utilizing the qualitative research techniques, for the most part the essential information was gathered utilizing key interviews on several interviewees.

The key informants were a sensible number that speaks to the aggregate populace under study. The survey meeting was with key partners in the energy resources industry, for example, petroleum, oil, gas and other relevant resources. Face-to-face meetings were utilized to get more truths and minimize the predispositions. Purposive testing additionally might be utilized to deliver most extreme variety inside a specimen. Members were picked by taking into account their work and involvement in the field of oil and governmental issues. The gathered data information was sorted and dissected utilizing document analysis and thematic analysis strategies, in view of the developing issues under study.

Report analysis is a type of independent examination in which annals are interpreted by the individual to give voice and interpretation around a research topic. Thematic analysis is a subjective diagnostic strategy for identifying, breaking down and recording patterns themes. It inconsequentially constitutes and portrays the principle evidence set in detail.

A theme catches roughly critical information about the association to the scrutiny discourse and expresses to some level of premeditated response or meaning inside the evidence set. The outcomes gotten are undertaken in the form of frequency tables, narratives, pie charts and bar graphs.

1.10 Study Outline

Chapter 1: Introduction to the Study

Chapter 2: The link between oil and conflicts in Africa

Chapter 3: The discovery of oil in the East Africa Region

Chapter 4: Policy and academic lessons learnt in East Africa, particularly Kenya

Chapter 5: Conclusion and recommendations

CHAPTER TWO

LINK BETWEEN OIL AND CONFLICTS IN AFRICA

2.1 Oil Resource Overview in Africa

The chapter will review literature related to the link between oil and conflicts in Africa. Oil has been identified to have the main hazards of conflict for the reason that of the large revenues generated by oil it offers. This has led to the government and the national economy is exposed to mismanagement of the resources leading to conflict.

Collier and Hoeffler reveal that there is pragmatic data that oil generates circumstances underneath the local conflicts and internal strife's are more likely than in non-petro-states. For example, some studies have established that African States that obtain at least thirty percent of their export incomes from hydro carbons are at the risk of intra conflict than those countries that do not have such rents from oil exports.⁵⁵

Christa and Bulte notes, that specifically, “the ‘median country’ had a ten percent chance of civil war over a decade, whereas the same country as an oil exporter would have an estimated twenty on percent chance.”⁵⁶ While illuminating, that observation is based on international past data and ought to be pragmatic prudently in any country.⁵⁷ Fearon and Laitin observe that the existence of huge oil and gas deposits is not by itself a driver of conflict.⁵⁸ Given the massive amount of tools by which hydrocarbons influences conflict risk, the consequence of

⁵⁵Collier, Paul and AnkeHoeffler. *On the incidence of civil war in Africa*. Journal of Conflict Resolution 46, Volume 1 (2002): pp. 13–28.

⁵⁶Brunnschweiler, Christa N. and Erwin H. Bulte. *Natural resources and violent conflict: Resource abundance, dependence and the onset of civil war*. Economic Working Paper Series 08/78. ETH Zurich, (2008).

⁵⁷Collier, Paul and AnkeHoeffler. *On the incidence of civil war in Africa*. Journal of Conflict Resolution 46, Volume 1 (2002): pp. 13–28.

⁵⁸Fearon, James D., and David Laitin. Ethnicity, insurgency and civil war. *American Political Science Review* 97, Volume 1, (2003): pp. 75–90.

hydrocarbon in a given country is probable due to other factors which mitigate on the conflict in the society.

Smith observes that Africa's oil records stretches over a period of several decades, often mainly after some countries acquired independence or even before independence. Oil reserves exploitation have increased since after the cold war era as improved political environments and liberalism has made it attractive for foreign oil companies exploration of these extractive resources.⁵⁹ Presently, Africa's established oil reserves are still much lower than other regions, of the world however, the crude oil of Africa is of high quality.

Beatty observes that the continent of Africa's significance as an energy provider to the international markets has developed unswervingly since the 1980's.⁶⁰ The countries of Angola, Nigeria, and Libya have much oil which is lighter than the oil produced in the Middle East, and the Americas which are viewed as having higher rents by oil-importing countries and international energy companies according to Raphael and Stokes.⁶¹

Stokes and Raphael further observe that the oil in West Africa has low sulphur content and is less expensive to refine which is admired in the developed countries which has increased the importance of hydrocarbons in Africa.⁶² This affirms the conflict in Libya has an undeviating influence upon the accessibility of high-quality oil in Africa.

West African countries have low consumption of their oils leading to a higher level of its oil exported to the international markets where the rents are shared by a small proportion of the

⁵⁹Smith, B. *Oil Wealth and Regime Survival in the Developing World: 1960–1999*, American Journal of Political Science, Volume 48, Issue 2, (2004), pp. 232–246.

⁶⁰Beatty, Andrew. *World looks beyond Libyan oil as conflict rages*, Agence France-Presse, (27 March 2011); Javier Blas, 'Libya's crisis could be Nigeria's opportunity', Financial Times, 2 March 2011.

⁶¹ Doug Stokes and Sam Raphael. *Global energy security and American hegemony*, (Baltimore, MD: Johns Hopkins University Press, 2010).

⁶²Ibid.

population leading to intra state conflict and ethnic communal strife's. Nigeria is a leading example where the ratio of domestic consumption is lower than what it exports in percentage terms where the exports exceeds export ratios than other oil producing countries.⁶³

Energy Information Administration notes that the instability Nigeria undermines the oil sector with a possibility to surge production in the future if the country takes both formal and informal measures to resolve the internal conflict. The two giant producing countries , Nigeria and Angola who control nearly 85 per cent of Africa's established oil deposits, and are unaccountable for 80 per cent of production due to the economic conflicts.⁶⁴

The world economic situation and prospect observe that, Kenya will became the most recent frontline for latest oil discoveries in the Eastern part of Africa, behind a series of the other oil producing countries which commenced oil exploration in the sixties.⁶⁵ Some western Africa countries have huge reserves which yield high state revenues as anticipated. In Uganda, it is approximated that oil funds of over one billion barrels, approximately 400,000 Bpd. Oil exploration and exports commenced in Ghana in 2011 as other African countries have put strategies to commence production in the eastern African countries mainly in Kenya and Uganda.⁶⁶ These oil exploration potentially append to the obtainable major oil-exporting countries.

Larry diamond argues that oil discovery in some African countries is not good news for countries that lack democracy and the rule of law. He further observes that a few developing countries that depend on incomes from hydrocarbons and gas are democratic states. He

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ World Economic Situation and Prospects 2013, *UN report: Africa's economy rebounding despite global downturn*, (2013).

⁶⁶ Ibid.

further posits that rather than promotion capitalist middle class, rents from oil, when well-ordered by the state, suppresses conflict and the society.⁶⁷

2.2 Causes of Oil Resource Conflicts in Africa

The dependence of natural resources by some developing countries have been a source of conflict or rather face a risk of conflict. The abundance of natural resources in a number of countries in Africa have been attributed to the elites of the state controlling the resources which has been a foundation of conflict as witnessed in South Sudan and Libya.⁶⁸ Imbalanced exploitation of resource in oil rich regions can lead to conflict. Abundant resources of oil in Africa has also led to external intervention leading to widespread conflict as witnessed in Libya and South Sudan.

The study notes that within the academic world, hydrocarbon discoveries has created a source of conflicts, and grievances. This, tied with the international energy concerns from the international elites to protect and the right to use oil revenues, has occasioned to this resource existence at the centre of much of the volatility in some countries with oil resources.

2.2.1 Political instability

Le Billon argues that generally, conflicts are the consequence of want for of both physical and psychological security. “Throughout the world, conflicts are the consequences of the fear of the future, lived through the past”. The “collective fear of the future based on a history of

⁶⁷ Diamond Larry, *In search For Democracy*, (New York Routledge, 2010) pp 294

⁶⁸Lotta Harbom and Peter Wallensteen. *Armed conflict 1989-2006*, Journal of Peace Research 44, no.5, (2007), pp. 623-634.

social ambiguity, due to the let-down of the state to arbitrate justly between or provide reliable guarantee of protection for groups, resulting in developing anarchy and social fractures.”⁶⁹ Ross argues that entrenched, struggles often are triggered due to apprehension of lawlessness and civil insecurity more than modest rivalry for resources. Whenever there is economic instability, the dread for improbability of disorder is lacking, it may be rational to draw a conclusion that rivalry for political power among the elite is driven by competition for resources.⁷⁰ Ross further reveals that even though South Sudan is in political chaos and disturbances inside its political opponents, the unexploited oil resources which are considered to the nucleus of conflict with its counterpart, that is, the Northern Sudan.⁷¹ It is significant to underline that before and immediately after independence, oil acquired an extraordinary connotation among in the Sudan and South Sudan politics, upsetting the character of the society, leading to the conflict in the country and the region.⁷²

2.2.2 Economic challenges

Luckham argues that the contest for economic wealth is a critical issue in conflict, among other issues. Initially, he confers that struggle for resources characteristically lie at the centre or core of the conflict.⁷³ This is caused by the concentration of the great effort for political power in a number of states in Africa.

⁶⁹Le Billon, Philippe. The political ecology of war: Natural resources and armed conflicts. *Political Geography* 20, Volume 5, (2001), pp. 561–584.

⁷⁰Op. Cit.

⁷¹Ross, Michael L. *The natural resource curse: How wealth can make you poor*. In *Natural resources and violent conflict*, eds. Ian Bannon, and Paul Collier, (Washington: World Bank, 2003), pp. 17–42.

⁷²Tony Hodges. *Angola: Anatomy of an Oil State*, Oxford: James Currey and Bloomington and Indianapolis: (Indiana University Press, Second Edition, 2004), p.141.

⁷³Luckham, Robin. *The international community and state reconstruction in war-torn societies*, Conflict, Security and Development, (2004), p.490.

The history and setting of the African countries is attributed to the Berlin conference and the imperialist which has led to different sets of public different stages and economic development, policies in internal and international interactions. Conflicts in Africa have different causes and the solutions are not text book solutions as each country has its own challenges. The possible solutions in the wider African context, to conflicts will have to be settled at the specific country level and also in the regional context.

Oyefusi states that the correlation between the discovery of oil and the occurrence of conflicts is multifaceted.⁷⁴ The current conflicts in the Niger Delta have brought in self-proclaimed groups agitating for conflict in the area, nonetheless, it is critical to verify whether this applies since the southern part of southern Nigeria allege that they do not benefit directly from the proceeds of the oil and also the conflict between the environmentalist and the farmers.⁷⁵

2.2.3 Socials inequality

The perception that oil exploration has been the cause of initializing conflicts in parts of Africa.⁷⁶ This can be attested to the conflict witnessed in the South Sudanese conflict which has mutated and created political and social divisions.⁷⁷ The difficulties of a militia transforming itself into a implementing and functioning state have been huge challenge for South Sudan. The social inequality has been a challenge to South Sudan due to the elite control of the rents from the oil revenues. Oil money subsidized the cost of President Salva Kiir plans to reunite and integrate the ex- foes, latent rivals and warring militia into a

⁷⁴ Oyefusi, A. *Oil and the propensity to armed struggle in the Niger Delta region of Nigeria*. Post-Conflict Transitions Working Paper No. 8. (Washington, DC, 2007).

⁷⁵ Ibid

⁷⁶ International Crisis Group. *God, Oil and Country, Changing the Logic of War in Sudan*, (2003), p.102.

⁷⁷ Karl, Vick. *Oil Money Supercharges Sudan's Civil War*. International Herald Tribune, Global Policy Forum, (2001).

government.⁷⁸

A social cause of oil conflicts is seen, mainly driven by self-indulgence, both from the governments and elites who are connected to the state who harness the proceeds from the oil rents for their own self gains, this causes public resentment from the public of which if the rents are well utilized it will mitigate the conflict situation.⁷⁹ For example, in some African countries which receive rents from the oil the state budget for education, health, social security and housing is less than what is used to procure state machinery to clamp down on the opposition groups.⁸⁰

2.2.4 Environmental degradation

The exploration of oil and environmental challenges has been reported in most parts of Africa. The oil exploration in Nigeria has led to clashes from the locals with the multi-nationals who have capitalized in the oil industry in West Africa as well as in Nigeria. Living standards for the majority of Nigerians, has been affected by the exploration of oil leaving the local populace or the inhabitants have to live in abject poverty owing to environmental degradation caused by oil pollution has led to conflict in the area.⁸¹

The political economy of Africa highlights the contrast between the abundance of oil and other minerals with poverty and conflict in Africa. The conflict among the locals, multinational exploring the hydrocarbon industry and the human rights on environmental

⁷⁸ Large D, China and South Sudan Civil War 2013-2015, African Studies Quarterly/Volume 16 issue 3-4/ December 2016, http://asq.africa.ufl.edu/files/v16a4.Large_HDed_.pdf accessed on 7 March 2017

⁷⁹ Collier, Paul and Venables, Anthony J. *Managing resource revenue: lessons for low income countries*, Conference Paper, (2008), pp. 1-2.

⁸⁰ Karl, Vick. *Oil Money Supercharges Sudan's Civil War*. International Herald Tribune, Global Policy Forum, (2001).

⁸¹ Collier, Paul and Venables, Anthony J. *Managing resource revenue: lessons for low income countries*, Conference Paper, (2008), pp. 1-2.

conflicts has exacerbated the intra state conflict in most African countries.⁸² Some of the countries affected by these conflict include Nigeria, Angola (Cabinda), Sudan and Gabon. Aloa notes that criticisms targeting MNCs in addressing environmental and health apprehensions of local communities has been advocated by the environmentalist and human rights groups which are concerned with the bio-diversity in the areas where there the industries and exploration sites are located.⁸³ The environmental degradation and pollution by the multinationals has led to African population being ravaged by high incidents of cancer, asthma and skin conditions.

Thomas affirms that multi-national corporations (MNC) have been accused by the local populace with working with the elites in the state in, exploitation of the oil and gas industry and also involved in the environmental degradation.⁸⁴ A number of national policies in the Africa states have failed to address the environmental issues and also use the rents for development.

David Large argues that the conflict in South Sudan has led to environmental degradation caused by the spillage of oil due to un-procedural shutting down of the oil rigs when conflict broke out in Unity and Jonglei state. He additionally posits that the oil fields were forced to shut down and also the Adar Yale oilfield has come under attack several. The attacks and abrupt shut down of the oil fields have led to oil leaks causing both environmental degradation and economic loses.⁸⁵

⁸²Nyahn RL. *Multinational Corporations and Their Impact on Rural Community Rights to Land and Natural Resources*. (Sant Anna: University of Italy, 2013).

⁸³Aloa, A. *Natural Resources and the Dynamics of Conflicts and Peace-Building in West Africa*. (Lagos: ECOWAS, 2011).

⁸⁴Thomas C. *The Environment in International Relations*. London: Royal Institute of International Affairs, (2004).

⁸⁵ Large D, China and South Sudan Civil War 2013-2015, *African Studies Quarterly*/Volume 16 issue 3-4/ December 2016, http://asq.africa.ufl.edu/files/v16a4.Large_.HDed_.pdf accessed on 7 March 2017.

2.3 Consequences of Oil Conflicts in Africa

Aloa argues that conflicts associated with the Oil has caused a huge suffering for civilians in the areas either due to displacement or the degradation of the land and air pollution. The Communities in areas close to the exploration sites have suffered death and injuries and other epidemic disease coupled with dysfunctional conflicts as has been experienced in south Sudan and Nigeria.⁸⁶ The 1960 when conflict associated with oil exploration in Africa led to over 10 million people due to the conflicts in Africa, of which the majority are women and children.

Cincotta *et al.*, observes that the critical aspect of oil related conflict in the sub Saharan region is the escalating use of severe violence for the last five decades. The violence has at times purposefully targeted at women and children rather than the militia groups or the entire community. In the resource conflicts in Northern Uganda, South Sudan, Sudan, Liberia, Sierra Leone and Angola, violence has taken atrocious dimension.⁸⁷ Cincotta et al further observes that resource conflict involving oil has led to, latent conflict in the countries where these resources are found some of the conflicts have been dysfunctional while others have led to continued protest on the government.⁸⁸ In some circumstances some scholars have viewed these to be part activities in Africa. Oil resource struggle in the continent of Africa has occasioned loss of economic development and destruction of infrastructure.

Opportunities are usually misplaced either through the incapability of mainly African states to develop their own countries with the rents or through high spending on the factors of

⁸⁶Erich Follath. *Natural Resources are Fuelling a New Cold War*. Energy and Natural Resources. (Spielberg, 2004), pp. 89-99.

⁸⁷Cincotta, Richard, Robert Engelman, and Daniele Anastasion. *The Security Demographic– Population and Civil Conflict after the Cold War*. Washington, DC: Population Action International, (2003).

⁸⁸ Ibid.

violence which are non-productive and thus cripples the economy.⁸⁹ The sub Saharan African has generally been perceived as a potential for investors in the oil industry due to the lack of proper accountability and citizenry involvement in the policies of sharing the oil rents thus leading to dysfunctional conflict.

The World Bank report has observed in its reports that violent secessionist movements are usually more prone to countries that valuable mineral and natural deposits, with oil being particularly precarious. Some of the examples include the Sudan and the South Sudan and Darfur conflict, Katanga area in parts of Zaire or Congo and Angola. The rebel leaders have usually exaggerated the gains that they will accrue from governing the resources.. This overestimation is among the strategic leadership as was witnessed in the secession of South Sudan from Sudan of which the country has been in a perpetual cycle of conflict both internally and externally.⁹⁰

The European Union in its responsibility to protect has intervened on areas of conflict to protect the sources of energy which are critical to development of the society industries and economies of the developed countries. European Union has launched a number of missions in Africa to ensure that oil resources conflicts do not disrupt the flow of energy resources in Europe.⁹¹

The study notes that the correlation of policy mechanism and natural resources is important to be put in place of the rent-which accrues from oil resources and the issue of governance.

Ballentine and Nitzschke suggest that, the connections in the oil industry and particularly

⁸⁹ Collier, Paul and Venables, Anthony J. *Managing resource revenue: lessons for low income countries*, Conference Paper, (2008), pp. 1-2.

⁹⁰Collier, Paul, and Jan Dehn. *Aid, Shocks, and Growth*. Policy Research Working Paper 2688. World Bank, Washington, D.C. Processed, (2001).

⁹¹Berdal, M. R. and Malone, D. *Greed and Grievance: Economic Agendas in Civil Wars*, (Boulder, Lynne Rienner Publishers, 2000).

explorations of oil and gas and the integrity of state institutions are usually not in tandem in most developing countries: the fiscal revenue earned by states are used for the development of the community and thus latent and open conflict occur as the people become disfranchised.⁹²

Keen identifies some ethnic groups in parts of the Niger delta who have been in perpetual dysfunctional conflict to the extent of some of them openly supporting armed groups enhancing the conflict in the area. This has been construed as a form of dispute against an indifferent government. The government of Nigeria has been accused maladministration and embezzlement of oil revenues thus the populace latent conflict has transformed into full blown conflict and even some of the community members supporting criminal groups.⁹³

According to Boohene and Peparah, argues that an gradually universal global economy, amplified rivalry over the right to use to oil has turned out to be a basis of international strains and would in the coming years develop into a significant conflict driver. Roberts's main discussion is that of 'greed not grievance' argument implicitly made by Roberts is overly over simplified.⁹⁴ He further discusses that that oil is but one demonstration of a fundamental grievance in the oil producing countries about political inequality within the state.⁹⁵

In South Sudan the oil revenue conflict has led to power being controlled by a few men with guns. This culture has led to wide militarization predicated on the expectation of the

⁹² Ballentine, K. and Nitzschke, H. *The political economy of civil war and conflict transformation*, Berghof Handbook, Berghof Research Center for Constructive Conflict Management, (2005).

⁹³ Keen, D. *The Economic Function of Violence in Civil Wars*, Oxford, Oxford University Press, (1998).

⁹⁴ Amuzegar, Jahangir, *Managing the Oil Wealth: OPEC's Windfalls and Pitfalls*, (London, Tauris Publisher, 2001), p. 1-22.

⁹⁵ *Ibid*, p. 1-22.

government yielding to the oil rent to the different militia groups. The oil revenue amounting to 98 percent of the state revenue, allowed the elite to control the rents and the state security instead of benefiting the populace. Africa's development is endangered by oil related conflicts. Dysfunctional conflict is increasingly the central causes of poverty in Africa, hence displacement of community in search for greener pastures,. The effects of armed conflict cut across all the spectrum of the economy from the elite to the lower class of the society.⁹⁶

Armed conflict has an economic impact as physical interference it breeds, and denies admittance to other strategic resources or markets.⁹⁷ Oil fuelled conflicts destroys national socio-economic wellbeing of the communities, markets and trading stock assurance across a broader region. The interstate conflict as was witnessed in South Sudan jeopardises stability in the region due to internal displacement of the communities.

The study notes that oil conflicts have critically dented most of Africa's infrastructure both social and communication infrastructure. Conflicts leads to reduction in investment as was recently witnessed during the intra-state conflict in Sudan and South Sudan which also lead to intra state conflict and most of the investors fleeing South Sudan and also the creation of refugees in Kenya and Uganda.

⁹⁶Amuzegar, Jahangir, *Managing the Oil Wealth: OPEC's Windfalls and Pitfalls*, (London, Tauris Publisher, 2001), p. 1-22.

⁹⁷Ballentine, K. and Nitzschke, H. *The political economy of civil war and conflict transformation*, Berghof Handbook, Berghof Research Center for Constructive Conflict Management, (2005).

2.4 Remedies of Link between Oil and Conflicts in Africa

Collier and Dehn argues that since of the various uses of the hydrocarbons and the products and its performance in Africa's economic and social wellbeing, there has been a great demand internationally for the petroleum goods. The price of oil keeps on increasing in the international market as countries population expands and the desire to develop associated with industrial growth has led to oil and gas to be priced.⁹⁸ Countries in developed countries can be associated with oil conflict in order to ensure steady supply of the product to power heir industries and machines.

Africa's oil-resource-rich countries should utilize their rents effectively to ensure the latent and dysfunctional conflicts are addressed through value-added series of mineral dispensation and manufacturing.⁹⁹ However, in states or regions with inadequate practical and guiding capability, checks and balances on resource bonuses can be a demotivation for bribery. The policy intended to manage these resources should involve the population and address the underlying relationship between oil resources and conflict.¹⁰⁰

A recent United Nations (UN) report of 2000, indicate that a number of armed conflict in a number of African countries have been linked with natural deposits and oil and diamond in particular.¹⁰¹ Current literature on abundance of resource and dysfunctional conflict as witnessed since the 1990's indicates a correlation between resources and conflict.¹⁰²

⁹⁸Collier, Paul, and Jan Dehn. *Aid, Shocks, and Growth*. Policy Research Working Paper 2688. World Bank, Washington, D.C. Processed, (2001).

⁹⁹Amuzegar, Jahangir, *Managing the Oil Wealth: OPEC's Windfalls and Pitfalls*, (London, Tauris Publisher, 2001), p. 1-22.

¹⁰⁰ Ibid, p. 1-22.

¹⁰¹Collier, Paul, and Jan Dehn. *Aid, Shocks, and Growth*. Policy Research Working Paper 2688. World Bank, Washington, D.C. Processed, (2001).

¹⁰²Berdal, M. R. and Malone, D. *Greed and Grievance: Economic Agendas in Civil Wars*, (Boulder, Lynne Rienner Publishers, 2000).

According to Collier and Hoeffler, interstate conflicts associated with oil and gas are stirred either by greed or grievance. The theory indicates that the rebel movements are stimulated by greed, which is most probably so obvious a predication for conflict.¹⁰³

The study argues that in distinct contrast, grievance is mainly rooted due to latent conflict and is emphasised through relative scarcity, social omission and unfairness, due to societal structure which does not represent the will of the people. The grievances of the society might be exacerbated by grievances of insufficient compensation of the locals who are displaced from the oil exploration sites as has been witnessed in Uganda and parts of Mtwara in Tanzania and Turkana County in Kenya, where the population is displaced to allow for the construction of the midstream and downstream sectors with employment opportunities.

The discovery of oil and gas exploration elevates the optimism and prospects of the populace, local communities, and the MNCs that have enough money for the extraction of the oil resources will change the life of the people in the country where the revenues will benefit the population. The local population usually expect immediate raising of standard of living with the declaration of the finding of oil and also expects employment in the industry as was witnessed in Turkana in Kenya.¹⁰⁴ The high hope is likely to lead to latent conflict if the government does not lay out clear policies on the revenue distribution and how the community will benefit.

¹⁰³Collier, Paul, and Jan Dehn. *Aid, Shocks, and Growth*. Policy Research Working Paper 2688. World Bank, Washington, D.C. Processed, (2001).

¹⁰⁴Jensen, N. and L. Wantchekon. *Resource wealth and political regimes in Africa*. *Comparative Political Studies* 37, no. 7, (2004), pp. 816–41.

2.5 Conclusion

Based on the literature reviewed, the chapter notes that a further causes of inter-communal struggle emanate partly from sharing of profits received from the Multinational Corporation (MNC): job creation and other social amenities. The local population lack the expertise to fill in the positions for skilled labour and thus are employed on manual jobs which are not well paying

The reviewed literature highlights the significant concerns of the methodology of authority espoused by a country's establishments which have suddenly have rents from hydrocarbons. State policies and the use of resources is therefore an important factor or contributor of resentment brought about by oil resources.

Functionalism the conceptual framework is where states have to cooperate, in times of refinery and the rest, the oil passages. Managing the expectations of oil revenues, such as in Kenya, the government has been doing a great deal to prepare for revenues from oil production. The country is anticipating the creation of an SWF, which has been highly publicized, and a draft bill is available that the public can access.

CHAPTER THREE

IMPACT OF THE DISCOVERY OF OIL IN THE EAST AFRICA REGION

3.1 Current Oil Discovery Situation in the East Africa Region

This chapter reviewed the impact of the oil discovery in the East Africa region. In the recent past rounds of hydrocarbon exploration in East Africa has seen key oil discoveries in Uganda and Kenya and huge gas accumulations in Tanzania. East Africa is hyped as an emergent hydrocarbon provinces of the 21st Century.

Exploration for oil and gas in East African region countries began in the early 1900 by colonial Britain, but serious interest and concerted efforts begun after in 1989. Multinational corporations (MNCs) began prospecting for hydrocarbons in the region mainly due to liberalization in the industry. Presence of oil deposits was initially discovered in Uganda in the early 2000.¹⁰⁵ Discoveries were also made in Turkana, Kenya wells which were of commercial proportions.

Yabs reveals that when it comes to East Africa, the recent oil discovery has made the regions a hub of investment activities as internal companies approach the region for business.¹⁰⁶ The multi-nation companies are now in a hurry to benefit from the oil pie in East African region. This has thus resulted to offshore exploration of the coast of Kenya leading to territorial dispute between Kenya and Somalia. In Tanzania the off shore exploration has also led to dispute between the islands of Zanzibar and Pemba with the Main Land Tanzania on the revenue sharing of the resource.¹⁰⁷

¹⁰⁵KPMG. *Oil and Gas in Africa: Reserves, Potential and Prospects in Africa*. Full Sector Report, (2013), p. 89.

¹⁰⁶Africa Development Bank, Quarterly Report, (May, 2013).

¹⁰⁷Yabs J. *Potential Effect of Oil and gas in the east African countries*, International Affairs and Global Strategy ISSN 2224-574X (Paper) ISSN 2224-8951 (Online) Vol.28, 2015, www.iiste.org

3.1.1 Kenya

In the case of Kenya, the first recorded oil exploration well was drilled in 1960. In view of the fact that then, almost 30 wells were later drilled with no commercially significant discoveries.¹⁰⁸ The study observes that when Ngamia 1 well drilled in 2012 and made a momentous oil finding that Kenya began attainment of significant potential as an oil producer. Several explorations have been subsequently been done, with other discoveries and some with no economic benefit oil and gas. Kenya's potential hydrocarbon basins are : the Tertiary rift, Anza, Mandera, and Lamu. The Lamu basin extends to the Indian Ocean. The contemporary policy and legal framework for hydrocarbon exploration in Kenya are being developed to include existing and proposed laws and revenues distribution policy, after the discovery of the oil deposits in the country both inshore and offshore.¹⁰⁹

The exploration of hydro carbons in the northern part of Kenya has enticed the consideration of diverse stakeholders in the oil industry at all levels including the local community. In Kenya, the oil exploration begun in immediately after the cold war era, in the Turkana County which has made the county a frontier of the next oil fields in the country. The oil discovery in northern Kenya is professed to be a sanctification for Turkana County and the country as whole with its potential to spur economic growth. The hydrocarbon midstream sector appeals to diverse economic prospects ranging from large to small businesses, has elicited groundwork for development for example roads railways and oil pipelines and offers employment opportunities for both skilled and unskilled labour.

¹⁰⁸ Rift Energy Report: Overview Of Upstream Oil And Gas Industry In Kenya http://www.riftenergycorp.com/database/files/library/Overview_of_upstream_oil_and_gas_industry_in_Kenya.pdf accessed on 12 March 2017

¹⁰⁹ Oil Exploration In Kenya: Success Requires Consultation, Assessment Of Community Perceptions Of Oil Exploration In Turkana County, Kenya August 2015 © CORDAID https://www.cordaid.org/media/medialibrary/2015/09/Turkana_Baseline_Report_DEF-LR_Cordaid.pdf accessed on 12 March 2017

The Turkana oil exploration activities is also related with adverse consequences such as of environmental degradation, loss grazing land and communal further losses include economic exclusion for example inaccessibility skilled jobs for the locals who can only access unskilled labour, security challenges to the communities in the region according to Non-Governmental Organizations (NGOs) in Kenya.¹¹⁰

The Turkana community on the discernments of oil exploration by the Tullow company range from hopefulness to hostility according to J. Schilling et al.¹¹¹ The author further observes that in the areas Lokwamosing and Lopii, the ethnic community in the region have optimisms and reservations on the oil exploration in the area. A significant number of the community are hoping for employment in the industry and infrastructure development such as water hospitals, roads, and education. Some have the perception that “where there is oil, there are conflicts”. In Nakukulas, Tullow has been viewed as an intruder or even an enemy in the community. Some community members describes the situation as dire “on one side is the local cattle rustling enemy [Pokot] and on the other is the oil company”. The conflict in community between Nakukulas community and the MNC which has occasioned in the community erecting disrupting traffic to and from Tullow sites.

The Daily Nation newspaper highlighted of demonstrations by the locals and storming of the oil exploration sites, which led to looting and destruction of property.¹¹² This has occasioned Tullow to suspending its drilling activities for several weeks owing to the fragile security situation. A major concern in Kenya’ is that institutional weaknesses have to be resolved as

¹¹⁰ Kituo Cha Sheria; *Impact of Oil Exploration on the Turkana Community*, (2015).

¹¹¹ J. Schilling , R. Locham, T. Weinzierl, J. Vivekananda, and J. Scheffran., *The nexus of oil, conflict, and climate change vulnerability of pastoral communities in northwest Kenya*, Copernicus Publications on behalf of the European Geosciences Union. <http://www.earth-syst-dynam.net/6/703/2015/esd-6-703-2015.pdf> accessed on 15 March 2017.

¹¹² Daily Nation, Tullow Halts drilling after job protest Monday ,Sammy Lutta and Bernard Namunene, (28 October 2013)

the country prepares to earn rents, the accessibility of oil exploration revenue, which is usually be a blessing, may translate into a curse if the resources in not well managed leading to conflict. In Kenya, it might become a absurdity of the plenty and adopt the usual character of conflict states associated with petro-State, as distinguished by Terry Lynn Karl.¹¹³

The study observes that Kenya as a country is trying to put up policies to address these institutional weakness through Devolution. Devolution is anticipated to address existing challenges, on resource revenues sharing with the central government for example the oil revenue distribution, in order to for to avoid the resource curse in Kenya.

Kenya is developing strategic infrastructure (roads and pipelines) from the oil exploration sites upto the ocean outlet as a prospective oil pipeline corridor for Kenya's production, but with the intent of the neighbouring countries use of the facilities in future and current output. The Kenya government has committed over thirty billion US dollars in the Lamu Port, Lamu and South Sudan, Ethiopia Transport corridor (LAPSSET) venture with the sole purpose of connecting Kenya Uganda, Ethiopia and South Sudan, through a progression developmental infrastructure in the region.¹¹⁴ The LAPSSET strategic policies are to develop the current port in Lamu into several berth harbour, with a new oil refinery together with the satellite towns of along the LAPPSET corridor to be improved as strategic hub for connectivity to the northern part of the country.¹¹⁵ LAPSSET project has also envisioned development of a

¹¹³ Terry Lynn Karl, *Ensuring Fairness: The Case for a Transparent Fiscal Social Contract, Initiatives for Policy Dialogue* (Working Paper Serious, 2006).

¹¹⁴ Kenya Vision 2030 flag ship projects

¹¹⁵ Ibid

railway line, and road networks to the regional capitals for ease of the transportation of goods and commodities.¹¹⁶

The LAPSET project has had its share of conflicts due to latent and dysfunctional conflict in the region. According to the Economist magazine Kenya's plan opening up of corridors for exports has exposed the latent conflict in the region this has led to competition to the extent that each country wants to develop its corridor negating the functionalist theory of sharing of the common user facilities among countries to enjoy economies of scale .¹¹⁷

The study notes that the Ilemi Triangle is an area of potential Oil conflict, between Kenya and Ethiopia, Ilemi Triangle the area approximately 400 kilometres in triangular area in three ways from where Kenya, Ethiopia and South Sudan borders meet.

3.1.2 Uganda

Uganda announced that economic feasible oil deposits were found in the Albertine rift of Western Uganda in 2006. This area is on the western part of Uganda's bordering the Democratic Republic of Congo (DRC) and is approximately 1300 kilometres from the coast. To date about 20 oil wells have been discovered in the area. The estimated reserves in place are about five billion barrels of STOIP (Stock Tank Oil Initially in Place). The estimated

¹¹⁶ The Economist (2012) Pipeline poker: East Africa is in danger of throwing away part of its new-found oil wealth <http://www.economist.com/news/middle-east-and-africa/21578402-east-africa-danger-throwing-away-part-its-new-found-oil> accessed on 15 March 2017

¹¹⁷ Ibid.

barrels of recoverable oil equivalent are approximately 1 billion barrels. Currently less than 40 per cent of the Albertine Graben has been evaluated according to Kabanda¹¹⁸

Kathama and Shannon argue that oil exploitation in Uganda will be influenced by a number of challenges on security issues. Oil reserves straddle the border of Uganda and the DRC, aggregating which is a likely source of conflict between the two countries. There has been rising tensions as the two militaries of Uganda and DRC are deployed close to the border.¹¹⁹ The other argument which will also bring conflict in the area is between the oil explorers and the environmentalists who argue that the oil reserves are positioned close to the wildlife protected areas and environmentally sensitive regions. This is a latent conflict which requires to be addressed in order to diffuse the tension between the MNC and the environmentalist as has been observed in the Niger Delta.

Kathman and Shannon also argue that Uganda has a high birth rate and its urbanization process is not in tandem with the population growth. He further posits that the average youth in Uganda are less than sixteen years who are likely to be involved in violence to pressure for socio-political grievances according to the CIA fact book 2016.¹²⁰ The strain of rural-urban migration related to oil infrastructure development may worsen the situation behind the youth civil strife.

¹¹⁸ Kabanda, M. *An overview of Uganda's oil and gas sector*. Ministry of Energy and Mineral Development. Petroleum Exploration and Production Department, (2012).

¹¹⁹ Jacob Kathman and Megan Shannon, Oil Extraction and the Potential for Domestic Instability in Uganda, *African Studies Quarterly*, Volume 12, Issue 3 | Summer 2011 Published by the Center for African Studies, University of Florida <http://www.informationclearinghouse.info/uganda-oil.pdf> accessed on 15 March 2017.

¹²⁰ CIA, Fact Book Uganda, (2016).

The study notes that oil is exploited by states who have huge resources to finance oil exploration by construction of infrastructure to support the oil industry. However, dysfunctional conflict can lead to parties in the conflict target the infrastructure development to sabotage the government or state. The conflict in south Sudan has witnessed militia groups targeting. The infrastructure to support the oil industry are usually easy targets for parties in a conflict to target thus leading to economic sabotage. This has been witnessed in the conflict in Libya where parties to the conflict targeted the oil industry infrastructure to sabotage the other party to the conflict. Nigeria has also witnessed similar attacks by the rebel groups in the south particular the Movement for the Emancipation of the Niger delta (MEND).¹²¹

The study notes that squatters are also likely to move into the area seeking compensation or employment from the oil company. The presence of squatters has already generated animosities among the inhabitants in parts of Uganda near the shores of Lake Albert according to Kathama and Shannon.¹²² The building of the factory inland is contrary to the functionalist theory whereby states need to cooperate on issue of common usage. Uganda should consider partnering with either Kenya or Tanzania to construct an oil refinery closer to the coastal area as it will have more comparative advantage than an inland refinery.

3.1.3 Tanzania

Tanzania oil and gas began in 1952 and has been going on since, until the discovery of natural gas along the coast of Tanzania in Songo Songo Kilwa district in Lindi region. The

¹²¹ CNN. *Nigerian Militants Claim Bomb Attack on 'Major' Oil Pipeline*. (Cable News Network , 2009).

¹²² Jacob Kathman and Megan Shannon , *Oil Extraction and the Potential for Domestic Instability in Uganda* , African Studies Quarterly , Volume 12, Issue 3 | Summer 2011 Published by the Center for African Studies, University of Florida <http://www.informationclearinghouse.info/uganda-oil.pdf> accessed on 15 March 2017.

discovery of gas in Mtwara Region, bordering Lindi, at Mnazi Bay has been hailed as one with economic prospects due to the closeness of the Dar es Salaam port. The viability of the discoveries prompted on-shore and off-shore exploration.¹²³

The large quantity of gas resources in Tanzania has invariably raised the optimism and hopes of the citizens, local communities, the state and the MNC that offer the essential services for surveys, extractions, and deliveries of oil and gas. The Tanzania government expects huge and steady proceeds, the local population expect a positive change on their livelihood from the proceeds of gas, local communities in Mtwara area hope to see instant debt from the poor socio-economic situation, while MNCs maximum investments returns according to Raphael Ndibwa in his master dissertation¹²⁴

Bocoum notes that major natural gas discoveries in on the back of each other in the recent past, have placed Tanzania's gas prospective steadily in the limelight of Multinational companies in the oil industry. The country's capacity to herald a natural gas prospect will centre on its capability to develop the essential infrastructure.¹²⁵ However, the country still might be overwhelmed by the MNCs strategic interest and the local population seeking for quick prospects from the gas found in their area.

Tanzania has tried to overhaul its legislation and updating the regulatory of the oil and gas industry which has been necessitated by the major discoveries since 2011. In the core of apprising the supervisory structure, the Tanzania government is determined to spell out monetary terms and ensure that the country's gas deposits are exploited for the advantage of

¹²³ Abdallah Katunzi and Marius Siebert, Tanzania Oil and Gas Almanac, Dar es salaam, Friedrich-Ebert-Stiftung, (2015) pp 12 <http://library.fes.de/pdf-files/bueros/tanzania/12551.pdf> accessed on 15 March 17

¹²⁴ Marcelin Raphael Ndimbwa, *Natural Gas Conflict in Tanzania and the Impacts to the Population in Mtwara Municipality*, Master Thesis Norwegian University of Life Sciences Faculty of Social Sciences (2014) Department of International Environment and Development Studies

¹²⁵ Bocoum B. *AfDB The Mineral and Energy Sectors and Stages of Economic Development: A Comparative Input-Output Analysis- Economic research papers No. 59* (2000).

the people of Tanzania and not where the resource is found.¹²⁶ Tanzania is also drafting new laws in the production sharing of oil and gas between the national government and the locals where the gas has been discovered.

The government of Tanzania publicised a number of changes to oil and gas guidelines, however, unclarity and the possibility for deferrals in executing policies present substantial doubt for the MNCs. Model Production Sharing Agreement (MPSA) and The National Gas Policy Act (NGPA) have provided guidelines in the sharing of the gas revenue from its region among them the Mtwara gas exploration.¹²⁷

In understanding the consequences a possible tricky situation if the same inconstant may appear in both greed and grievance interpretations in the case of oil in Tanzania, especially in reviewing the Mtwara gas exploration. Local community and state interest enter both explanations, but the forecasts are adequately dissimilar to be obvious. Collier and Anker argue that local community and state divisions are cross-cutting, the single fractionalization events should be controlled by our degree of communal fractionalization. Arriving via preferences, both local community and state fractionalization would surge the risk of conflict, and should be controlled by the people's actions of polarization.¹²⁸

The study observes that information awareness in the oil and/or gas industries is important for underpinning openness and culpability in the value chain of the both extractive and mining industries in Tanzania, especially now when the country is the Extractive Industries

¹²⁶UNECA. *New Sources of Capital for the Development of Africa's Mineral resources: Tapping the Capital Market*, (1999).

¹²⁷Op. Cit.

¹²⁸ Collier and Hoeffler. *Greed and Grievance in civil war*, *Centre for the Study of African Economies*, University of Oxford, Oxford University Press, Oxford Economic Papers 56 (2004), pp 561-595

Transparency Initiative (EITI) executing policy.¹²⁹

3.1.4 South Sudan

The secession by South Sudan and its referendum in 2011 led to the country being the newest nation globally on 9 July 2011. South Sudan has substantial oil treasure, which if meritoriously can drive development in the country to high levels, and offer the foundation for development in the long term according to the World Bank report of 2016.¹³⁰

South Sudan is mainly dependent on oil for foreign exchange, with the revenue accounting for almost the whole of its exports, and approximately sixty per cent of its Gross Domestic Product (GDP). The existing reserve approximations, indicate that oil production may decrease in the long term and to become insignificant in the next 50 years.

The study notes that inter-state and intra-state conflict, in South Sudan is destabilisation the country and thus development gains achieved since independence wilted as conflict continues unabated in the country. Lack of conflict perseverance and an agenda for peace the country's development and fortunes are vulnerable. A mixture of a hubris arising from when the country got independence to date and a surplus of foreign exchange destined the country's political elites made some disastrous blunders, including the shutting down their national oil production six months after independence because of border conflict with the northern Sudanese. The development of the South Sudan oil sector has been entangled with violent conflicts.¹³¹

¹²⁹Adam Smith International Tanzania Extractive Industries Transparency Initiative Validation Report Final (May 2011).

¹³⁰ World Bank Report, 2016

¹³¹ Laura M. James, *Fields of Control: Oil and (In)security in Sudan and South Sudan*, (Small Arms Survey, 2015).

In South Sudan, oil exploration has been a factor that has influenced the conflict between President Salva Kiir and Riek Machar as the resources is being used to support each other military.¹³². Both parties to the conflict are eager to destroy the oil fields if they cannot use them or use the rents of the oils to finance the conflict

China has also been involved in the conflict in South Sudan as Chinese investors are among the leading companies prospecting for oil in South Sudan. China relation with South Sudan has been confronted by the rapid and violent conflict in South Sudan. China is engaging IGAD and the neighbouring countries to find peaceful solutions to the conflict in South Sudan. China is using both bilateral and multilateral negotiations as well as engaging the western countries mainly the United States and the EU member states to resolve the resource conflict in South Sudan which has been occasioned by two leaders Machar and Kirr fighting for the control of the rents from the oil fields.¹³³

3.2 Effects of Oil in the East Africa Region

The study notes that the East coast of Africa is after all promising as an important regions in the oil and gas industry. Huge oil deposits in Uganda's Lake Albert region, Turkana in Kenya and consequent gas discoveries in Mtwara Tanzania have radically altered the landscape of the oil industry in the East Africa region, converting it into a flourishing target for extractive Multinational corporation venture. MNC that had given the region a fleeting peek before spinning their care to the Gulf of Guinea are now promptly coming to terms with the Rift Valley's potentially massive, unexploited oil deposits

¹³² Ibid.

¹³³ Ibid

The presence of oil and gas that could be commercially exploited was confirmed in western Uganda around Lake Albert, Turkana in North Western Kenya and gas in Mtwara, Tanzania. These discoveries were in addition to confirmed presence of oil in Southern Sudan.¹³⁴ The East African countries of the northern corridor transport system of Kenya Uganda and Rwanda, had formed an alliance to improve on the road and rail network from Mombasa, Nairobi, Kampala, Kigali and Goma.¹³⁵ Although Uganda is still not sure whether it requires to partner with Kenya in the development of the corridor The southern corridor transport system is scheduled to commence from the port of Dar-es-Salaam, Morogoro, Tabora and on to Kigoma and hence to Burundi.

The discovery of significant quantities of oil in the East African region has ushered in natural resource wealth in the recent past.¹³⁶ Oil discoveries in Uganda and Kenya followed by offshore discoveries of gas in Tanzania has been ushered in a region with hopes for natural resources in hydrocarbon. The rift valley budding hydrocarbon across East Africa has been the topic of concentrated attention. The Great Rift Valley runs through EAC region from the Ethiopian highlands to the north to Lake Malawi in the south. Aerial surveys including satellite images, and geological exploration have indicated the possibility of more discoveries of oil and gas along these rift valley faults. The western part of the Rift Valley running from, Lake Tanganyika through Burundi, and on to Lake Albert in Uganda contain Albertine Graben Rocks where oil has been discovered.¹³⁷ Scholars have also seen an invasion of international MNCs prospecting for oil in the East African region.¹³⁸ The industry progress in

¹³⁴Yabs J, Potential Effect of Oil and gas in the east African countries, International Affairs and Global Strategy ISSN 2224-574X (Paper) ISSN 2224-8951 (Online) Vol.28, 2015, www.iiste.org.

¹³⁵Africa Development Bank. Quarterly Report, (2013).

¹³⁶May, M.R.E. *Investing in Oil and Gas* , 5th Edition, (New York. McGraw-Hill, 2010).

¹³⁷Ibid.

¹³⁸Africa Development Bank, Quarterly Report, May 2013.

the region has been overrated through a number of re-writes before it has been fully exploited.

The Multi-National Companies (MNC) position toward East Africa has changed considerably since the first discoveries of oil reserves in Uganda came to light.¹³⁹ In addition to Uganda, Kenya and Tanzania, which already have ample hydrocarbon resources, it will be important to address the future of neighbouring countries such as Ethiopia and Somalia, which have largely underestimated potentials and prone to conflict .

The north western part of Kenya particularly in the Turkana region has been surveyed to have commercially exploited oil deposits. There seems to be the same oil basing in the borders of the three countries of Kenya, Southern Sudan and Ethiopia.¹⁴⁰

The study notes that East Africa is at a critical turning point in its development trajectory. The discovery of commercial viable reserves of crude oil (in Uganda and Kenya) and natural gas (in Tanzania) may cause the countries to become rent seekers as the MNC bring in new incomes to the region. East African countries are presently trying to draft and implement new legislation, policies and infrastructure in this sector. Appropriate mechanism are required in the region to mitigate resource conflict and the resource curse as has been experienced in other parts of Africa. East Africa may miss the opportunity to use these revenues to promote inclusive growth and the greed and grievances sets in occasioning to resource conflict.

3.3 Challenges of Oil Resources in the East Africa Region

East Africa has a massive prospective market for oil and gas venture. Nonetheless, it

¹³⁹ Robertson, Charles. *The Fastest Billion: The Story Behind Africa's Economic Revolution*. Renaissance Capital, (2012).

¹⁴⁰ KPMG Africa, *Oil and Gas in Africa*, (2013).

continues to be a frontline market. Devoid of the periods of functioning familiarity appreciated by other oil and gas economies, the country prospecting for oil should appraise on the oil industry to reap maximum profits.¹⁴¹ Beside the incomplete infrastructure in the region, the MNC and the regional governments have to come up with regulations in the oil industry and borrow from other successful countries internationally, and reduced the hostile vested interests from the political elites who might derail the good policies.

The local communities in the region mainly from the East African countries are sometimes caught between enthusiasm at the vision of fresh oil wealth and suspicions for their communal lands which are mainly grazing areas. It is only South Sudan where production of oil has started while in the other countries in the eastern Africa region production has not started. Uganda's unveiled its oil reserves in 2006, however it has been preoccupied, with prolonged debates and deferrals to the production schedule and also the transportation issue to the coastal area.. MNC are focussing on other new discoveries in Tanzania and Kenya which elevates the cost of oil stock in Ugandan.¹⁴² The countries in the region appreciate their own distinctive undercurrents, there are a series of corresponding issues.

The oil industry in the Eastern Africa region is found in one cluster however, this has brought challenges to the MNC engaging in the oil and gas. The MNCs wish to have the oil new producing countries to operate with the interoperability of the MNC in the oil sector sin order to support the infrastructure of the industry.¹⁴³ The deficient of established roads, rail and pipeline system to support the regions hydrocarbon industry has been an impediment and which has led to conflict among the countries in the region on the infrastructure development as each country develops its own against the functionalist theory. There should be

¹⁴¹ KPMG Africa. *Oil and Gas in Africa*, (2013).

¹⁴² Ibid.

¹⁴³ Ibid.

complimentary investment in the exploration in the, production of oil and gas to maximise on the common user facilities in the region. The challenges faced by the oil industry in the region offers opportunities for regional development both in the infrastructure sector and commercial sector.¹⁴⁴

The study notes that grand strategies are being put in place in Kenya, in which the government has approved deals with its neighbours on the infrastructure linking it to the coastal area of LAMU. The Lamu port will be a major development that will link Kenya and the neighbouring states. South Sudan is anxious to have different routes for its oil-export to reduce dependence on one route.

The study observe that in East Africa, while the environment offers largely better environments for trade, important tests might occur. Instances of antagonistic groups wield inconsistent impact over government policy, political volatility mainly during the initial explorations of hydrocarbons are likely to hinder vital reforms, treaties are subject to doubt or intermittent change, basics groundwork are deficient in some of the areas where explorations is on-going, or protest groups by communities impede operations.

The study notes that functionalism theory perspective is important, since in order for the East African countries to effectively exploit their oil, they need systems. Effectively functioning systems much be out in place, since on their own their oil utility systems , will not handle the hydrocarbon process flow between any given two or three states, and some of this system that must be set up to function so as to optimise the oil include refinery, water, electrical systems, infrastructure, technology transfer among many other.

¹⁴⁴KPMG (2013) *Oil and Gas in Africa: Reserves, Potential and Prospects in Africa*. Full Sector Report, p. 89.

3.4 Future of Oil in the East Africa Region

McKinsey observes that it is clear that the impetus to substitute fossil fuels with domestic energy sources, is gathering momentum. Consequently, MNCs in the oil sector need to evaluate their strategic schemes, recognizing options that oil could become irrelevant in the future as new sources of energy are developed. For example, a high number of households in sub-Saharan Africa are not connected to the power grid.¹⁴⁵ The chance for MNC in the hydrocarbon companies in Africa to reinvent them to provide this commodity in order to lower carbon emission and act on global warming.

The balanced course of progressive information concerning oil and gas discoveries indicates the commercial opportunities that exist in East Africa region. The East African countries are moving towards production with the exception of south Sudan which is commercially exporting its crude oil. However, East Africa continues to be a multifaceted functional environment. The threats to conflicts are not are slightly higher in the region. The MNC should traverse these encounters fluctuating in the pendulum from partisan vulnerability to infrastructure security.

3.5 Conclusion

East Africa has a substantial hydrocarbon deposits which would assist in accelerating progress in the continent if harnessed strategically. While new sites for explorations are discovered, they are not uniformly spread within the East African region. Volatility of oil prices are a great task for Africa; they denote a prospect which the continent has to embrace as it joins the oil exporting countries internationally.

¹⁴⁵ McKinsey Global Institute, McKinsey Sustainability & Resource Productivity Practice. *Resource Revolution: Meeting the World's Energy, Materials, Food, and Water Needs*. McKinsey & Company, November 2011.

Bearing in mind of the existing reservations supplies in energy, there is need for strategies to create an organization in the region to ensure constant supply of the commodity. The volatility of the oil and gas prices coupled with environmental issues, Africa should not solely depend on the revenues from the industry. Other alternative sources of energy are being mooted which will compete with high oil prices.

CHAPTER 4

POLICY AND ACADEMIC LESSONS IN EAST AFRICA, PARTICULARLY KENYA

4.1 Introduction

This chapter analysed the findings, interpretation and a presentation of statistics in line with the goals of the study – to establish the energy resources and conflict management using a case study of Eastern Africa.

4.1.1 Purpose of the study

This study aimed to answer; what is the link between oil and conflicts in Africa? What is the impact for the discovery of oil in the East Africa Region? What are the policy and academic lessons learnt in East Africa, particularly Kenya? This study plans to add new knowledge and information to policy makers on management of oil resources and emerging governmental issues in Africa and Kenya specifically. This will assist policy developers to better use vital oil and gas resources.

4.1.2 Participant response

The participants were obtained from the 100% (30) key participants initially targeted.

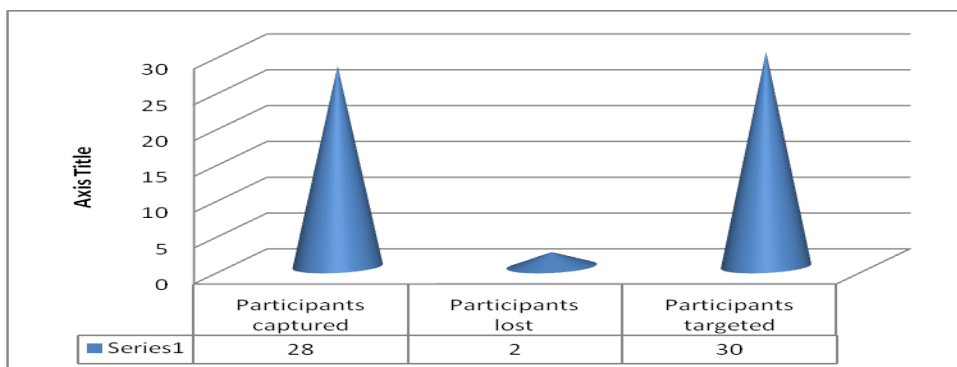


Figure 1: Participant rate of response

Figure 1 shows that the study was about to successfully capture 28 (95%) of the respondents, out of a total of 30 (100%), this number of participants ensured that the sample size remained as close to the original size as possible.

4.1.3 Gender

The study found the participant gender as shown in figure 2.

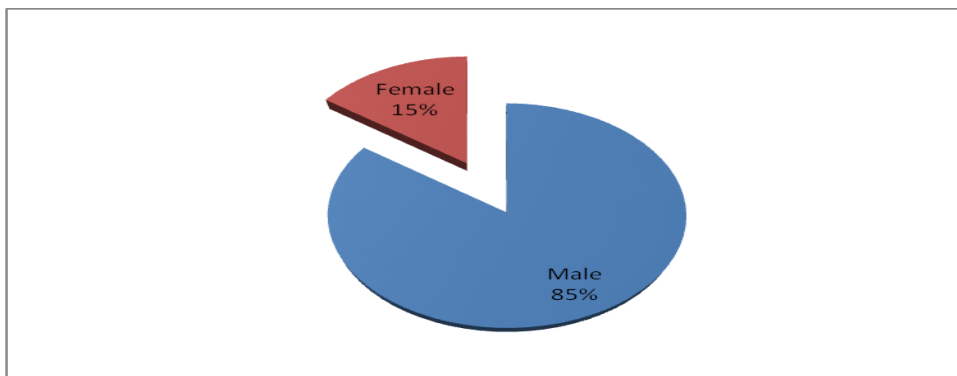


Figure 2: Participant gender

Figure 2 on the gender of participants was males (85%) and females (15%) respectively. The study therefore found that there were more males in this area than females – making it a male dominated industry.

4.1.4 Age of participants

The informants gave their age, as shown in table 1.

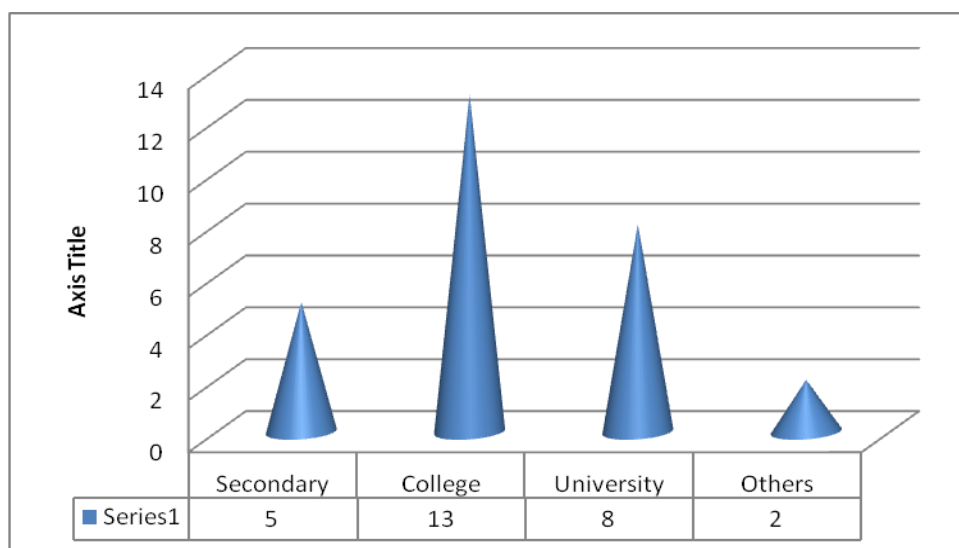
Table 1: Age of the respondents

Age	Frequency	Percent (%)
Below 30	5	18
30-39	7	25
40-49	9	32
50-59	7	25
Total	28	100

The participant age group (s) in years was as below 40-49 (32%), 30-39 (25%), 50-59 (25%) and below 30 (18%) respectively. This is an indication that most of the responded were mature in age, and had been practising their trade within the oil and gas industry.

4.1.5 Education level

The participants indicated their education in figure 3.



The figure 3 shows that majority of the participants education level was college (13), university (8), secondary (5) and others (2) respectively. This is an indication that most of the participants in the industry were learned and were thus very enlightened when it came to matters of oil and gas.

4.1.6 Awareness oil and conflicts in Africa

The respondents were asked to specify their awareness of oil and conflicts in Africa.

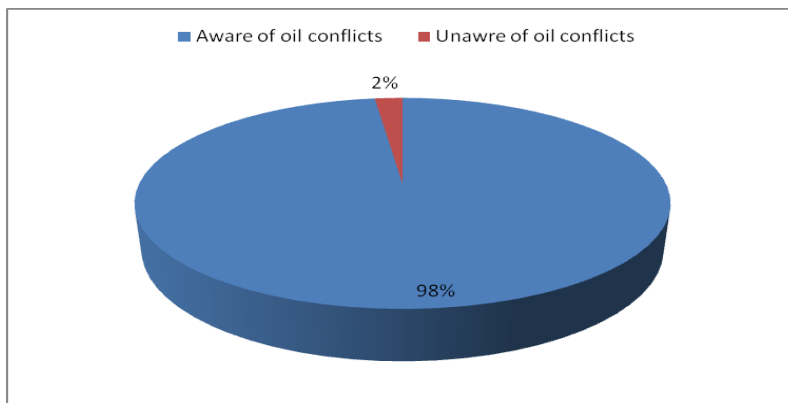


Figure 4: Awareness level

The figure 4 indicates that 27 (98%) of the respondents were very much aware of the concept of oil related conflicts; while only 1 (2%) were quite unsure of its true definition.

4.2 Link between Oil and Conflicts

4.2.1 Oil embargos

The chosen participants were asked to rate and respond to their knowledge on linkage between oil and conflicts. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28

participants (100%) was as follows, strongly agree (75%), Agree (14%), and finally Undecided (11%).

The study found that majority of the participants (90%) stated that a major link between oil and conflicts is in the oil embargo or sanctions. They also exposed the multifaceted interdependence amongst and between domestic politics and economics, international politics and economics on the hydrocarbons issues.

Oil resources in some African states have been linked to conflicts in a number of oil producing countries over the last ten years, due to greed and grievances thus stimulating armed conflicts. Proceeds from the exploration of oil and gas are not only used for sustaining militaries and buying arsenal but also for private fortification. This has become an impediments to tranquillity as leaders use armed militia to control of the oil industry.¹⁴⁶

4.2.2 Fragile states

The chosen participants were asked to rate and respond to their knowledge on linkage between oil and conflicts. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (65%), Agree (15%), Undecided (15%) and finally Disagree (5%).

The study findings from (80%) of the participants showed that when militia clashes yields fragile peace, over oil and gas revenues if shared partially for economic development by the elites. In South Sudan control of the oil rent has been in the hands of a few elite.

¹⁴⁶ Alao, A, *Natural resources and conflict in Africa: the tragedy of endowment*. (New York: Rochester Press. 2007)

In this regards, the study found from (20%) of the participants that rogue leadership styles results in oil related conflicts. An example is noted where Sudan oil was controlled by the leadership at the expense of the local communities in south Sudan and Darfur region. This was compounded by the MNC from the China only interested only in the oil from the country.

China has been in the forefront of infrastructure development in Africa which has endeared it many African countries at the expense of the exploitation of the natural resources. A number of people from South Sudan believe that China's assistance in this regard principally benefited the north of Sudan, leading to the marginalisation that drove the South's war for independence.

In South Sudan, oil has been an significant factor in the economic and military conflict between President Salva Kirr and Riek Machar who both largely depend the oil fields in to strengthen their armed struggle. The oil has become a significant issue in South Sudan. Riek Machar is supported by the Nuer militia who are located close to the oil fields in Unity state and the Upper Nile oilfields. Riek Machar wants to shut down the oilfields if he cannot get rent from the oil fields.¹⁴⁷

The conflict management under IGAD tried to address the role of oil and oil revenue in the IGAD mediated peace agreement of 15 August 2015. The ensuring of accountability and transparency in the oil revenue still remains challenge as the Economic and financial management's agreements still remain vague.

¹⁴⁷ James L, *Fields of control: Oil and (in)security in Sudan and South Sudan*, Small Arms Survey, HBSA working paper No. 40(2015)

4.2.3 Economic disparities

The chosen participants were asked to rate and respond to their knowledge on linkage between oil and conflicts. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (85%), Agree (10%), and finally Undecided (5%).

The majority of the participants (90%) stated that oil related conflicts are fuelled by many factors, key among them being economic inequality and social-economic disparities. The economic disparities between the South Sudan elite and the masses has led to animosity between two communities the Nuer and the Dinkas. The conflict between South Sudan and the Sudan has been aggravated by the distribution of the oil revenues since the country was a unitary country and after the South Sudan got independence. The Comprehensive Peace Agreement on the sharing of the rents from the hydrocarbon has been an issue since 2011.¹⁴⁸

The south Sudanese thought that by gaining independence they will have developments plans from the rents of the oil. President Salva Kirr is reported to have confirmed that “the oil money underwrote the efforts to unite the country and the government largely squandered the opportunity oil”. This has made South Sudan Development plan to be shelved and the oil revenue is not flowing to the average citizens but instead it has been captured by the elites.¹⁴⁹

The study thus infers that economic disparities in the East African region is a likely source of

¹⁴⁸Battaile, Bill. Sudan after the Referendum Economic Update and Challenges. World Bank presentation to the USIP Meeting 10 February 2011 Washington, DC. USA, (2011).

¹⁴⁹ “When got power we forgot what we fought for and began to enrich ourselves at the expense of our people” Letter from President Salva Kirr to 75 former South Sudan officials 3 May 2013

conflict when not well managed as observed in Batoro in Uganda, Mtwara in Tanzania and recently in Turkana Kenya.

4.2.4 Distribution and control of oil assets

The chosen participants were asked to rate and respond to their knowledge on linkage between oil and conflicts. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (97%), Agree (2%), and finally Undecided (1%).

The majority of the participants (99%) blamed the competition for oil and gas control, as one of the underlying causes of conflicts in the African region. The participants further revealed that revenues from energy are key to these conflicts.

The control of the oil assets and locals feel the need for employment and be involved in the management of the resource has been at the centre of conflict in Kenya, Uganda, Tanzania and South Sudan. The Turkana in Kenya opine that they should have more control of the employment in the oil industry and also seeking higher distribution of the oil rents which has been a contentious issue with the government of Kenya. In Uganda recently the King of Batoro arrested for trying to evict Ugandans who had come to seek for employment in the Energy industry in Uganda. The SPLM and the SPLM-IO are fighting for the control of oil wells in the unity and Upper Nile states.

4.2.5 Environmental destruction

The chosen participants were asked to rate and respond to their knowledge on linkage between oil and conflicts. The response scale was 1 = strongly agree, 2 = Agree, 3 =

Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (95%), Agree (4%), and finally Undecided (1%).

The study found that (99%) of the respondents stated that in the East African region has only experienced oil-related activities through the oil refinery plants in Mombasa and Dar es salaam as well as accidents due to the transportation oil hinterland over the roads and pipelines. The exploration of hydrocarbons exposes the region to other levels that would require adequate preparation. South Sudan is already expressing environmental degradation due to the conflict in the region which has led to oil spillage and leakages because of the fighting amongst the warring factions.

4.3 Discovery of Oil in the East African Region

The chosen participants were asked to rate and respond to their knowledge on discovery of oil in the East African region. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree.

4.3.1 Exploitability of oil and gas

The outcome from a population of 28 participants (100%) was as follows, strongly agree (80%), Agree (15%), and finally Undecided (5%). The study found that (89%) of the respondents were in agreement that many petroleum systems within East Africa have proven to contain multi-billion barrels in surrounding countries. At the crossroads for infrastructure build-up in East Africa (Kenya Uganda, South Sudan, Tanzania, Burundi) and that major oil companies now scrambling to gain a foothold position. The remaining (11%) of the responds

The study also state that majority of the respondents (99%) reported that towards the end of 2012, Kenya come into the East African oil prospect after the discovery of viable oil deposits in Turkana. Thus, Kenya's role as an economic regional hub for East African has been elevated by the discovery of crude oil and more importantly its potential position as an oil exporter.

4.3.2 Oil Resource Driven Cross-border oil issues

The outcome from a population of 28 participants (100%) was as follows, strongly agree (80%), Agree (15%), and finally Undecided (5%). Most respondents (80%) stated that the latest importance developed out of the regions oil discoveries, and offshore gas findings in Mtwara, Tanzania. The study found that under cross border oil issues,; in the case of Kenya, the offshore oil exploration in the Indian ocean has led to Somalia suddenly claiming part of Kenya's maritime border, leading to dispute which is at the moment under discussing at the International Court of Justice.

In addition, the study found that the discovery of deposits of oil in the Albertine region closer to the Democratic Republic of Congo (DRC) border has led to border conflicts between Ugandan and DRC. The study further found that there was possibility of potential conflicts in the district where oil deposit have been found and the national government, on revenue sharing, such as the case of Turkana in Kenya.

Soares notes that the regional closeness of confirmed oil and gas reserves and the proximity of closely conflict region of the Middle East has attracted a wide diversity of oil MNCs to Kenya; these included Tullow Oil, Africa Oil, British Petroleum Group, and Total.¹⁵⁰

¹⁵⁰ Soares, de Oliveira, *Oil and Politics in the Gulf of Guinea* (C Hurst & Co, March 2007).

4.3.3 Economic impact

The study aimed to understand economic impact of oil discovery, the outcome from a population of 28 participants (100%) was as follows, strongly agree (80%), Agree (15%), and finally Undecided (5%). In reviewing issues of oil discoveries, a total of (70%) of the respondents stated that the timing and complexity of developing oil and gas reserves will have a significant impact on the amount and economic impact of local content. Upstream projects generally present the earliest opportunity for maximizing local content in new-producing countries. Despite having commercially viable amounts of oil and gas reserves that could generate significant windfalls, the reasonable expectations of stakeholders in Uganda and Tanzania should be radically different. The study found that infrastructure build-up in the East African region, has been a source of conflicts, as the countries are in the process of setting up oil pipe lines in the region, which may have a potential of uplifting the economy of East African region.

4.3.4 Revenue distribution

The chosen participants were asked to rate and respond to their knowledge on discovery oil in the East Africa region and the oil revenue distribution. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (97%), Agree (2%), and finally Undecided (1%).

The study notes that (89%) of the respondents found that several countries in Eastern Africa expect to receive significant revenues from their recently discovered oil and gas reserves. Responsibly extracting and developing these reserves to promote inclusive economic development is the greatest challenge for policymakers managing these energy sectors. Beyond developing the reserves, policymakers have the additional challenge of managing the

expectations of other stakeholders in the oil and gas projects.

4.4 Policy and Academic Lessons Learnt in East Africa, Particularly Kenya

4.4.1 Policy Lessons

The chosen participants were asked to rate and respond to their knowledge policy and academic lessons learnt in East Africa. The response scale was 1 = strongly agree, 2 = Agree, 3 = Undecided, 4 = Disagree, and 5 = strongly disagree. The outcome from a population of 28 participants (100%) was as follows, strongly agree (65%), Agree (15%), Undecided (15%) and finally Disagree (5%).

The study found that (79%) of the participants indicated that there was a resource policy vacuum when it came to effective administration of oil and gas resources in East Africa, which has a wide range of natural deposits. Nonetheless in the midst of this great oil wealth Africa is a irony of poverty and protracted social violence.

The study found that a key fundamental or root issue in oil generated intra state conflicts in Africa is the multi-ethnic issue, like ethnic realization, multi-ethnicity is a natural setting contained by most African nation-states. Even though, the dual related circumstances have been totally exploited and neglected by the foreigner and some of the African elites have used ethnicity for their selfish interest leading to communal conflict for example the Nuer and Dinka Conflict in South Sudan. These situations usually result to prolonged conflict situation that has dominated some countries in the region. In this case, the indigenous game is chiefly played amongst the majority groups afflicted by a majority supremacy complex, while the subgroups have to ceaselessly fight for fair treatment.

The higher level of dependence on the oil resources has been observed to increase the possibility of conflict; oil and gas is susceptible to price volatilities leading to crisis, secondly the dependence on a mono resource elevates this resource to be an object of political tussle. For example the case of South Sudan has led to the oil conflict being a source and catalyst of political struggle as the communities or the political groups in the country fight for the control of the oil fields.

Resource conflict are not restricted to local conditions. The external structure of demand also plays a critical role. Powerful importing countries which require energy for their development have intervened in Africa armies either openly or incidentally by support belligerent factions. China, the United States and some European countries have been involved in conflict where oil and other hydrocarbons are being extracted leading to protracted conflicts. The intervention of the international organizations like the United Nation have not adequately addressed the protracted conflict. The East African countries should be wary of the external factors which might directly or indirectly influence the resource conflicts.

The study also observed that probability of conflict will also hinge on non-resource features for example the broad-spectrum of development, relations between similar groups for example in Kenya, the Turkana and Pokots conflict on the county boundaries and the Nuer and Dinka on the control of oil well in the South Sudan Unity state and the Jonglei state. The topographical and demographical factors as well as the over-all quality of state bodies and agencies. Does the state have institutions/agencies have the capability to mitigate conflict or put structures to address the conflicts before they occur? Kenya and Tanzania were observed in the study that they are trying to put up policies and structures to manage the hydrocarbon

resources recently discovered in the two countries. South Sudan still faces institutional gaps to manage the resource conflict in the country

4.4.2 Academic Lessons

One of the conspicuous aftermaths of oil melees and conflict in African has been domestic war or violence. Numerous countries in Africa have been pulled into the theatre of wars. For example, Nigeria has been embroiled in oil and ethnic conflict leading to the violence descended into civil war in parts of Nigeria.

The Democratic Republic of Congo (DRC) civil war which broke out immediately after independence has reduced the country to vile dictatorships for a long period. Currently it has the longest serving peacekeeping force in Africa.¹⁵¹ Conflicts resulting from oil related tensions and struggles usually plunge countries into economic disarray.

4.5 Conclusion

The study found that oil-dependent nations are probable likely to undergo conflict motivated by ‘grievances’ or ‘greed’ mainly in sub-Saharan Africa. Based on the literature reviewed, the study notes that the conflicts in the East African region are distinctive in the government policy. Most countries in the East Africa region are currently grappling with policy issues that will effectively address grievances and greed.

¹⁵¹ Boohene, R., & Peprah, J. A. (2011) *Women, livelihood and oil and gas discovery in Ghana: An exploratory study of Cape Three Points and surrounding communities*. Journal of Sustainable Development, 4(3), pp. 185–195. DOI: 10.5539.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Chapter five sums up the major findings - based on objectives and hypotheses of the study, it acts as the final and ultimate verdict on the issues addressed in the research. In addition it recommends areas for further study; in as far as the objective to establish the energy resources and conflict management using a case study of Eastern Africa is concerned.

5.2 Summary of Findings

The East African region and Kenya in particular is endowed with deposits of oil and gas. The study found that oil resources are potential conflict generators with the variety of investors following different interests which end up being incompatible. It need not be highlighted that the struggle for access, procedure and organization of natural resources in the region have resulted in vicious conflicts among local nationals and even tension between states, and often ensuing into loss of human lives as well as destruction of property.

This is bound to become more severe with the entry of oil and gas exploration and mining in the region if the concerned states do not act on time to put in place more effective mechanisms to manage these conflicts. Conflicts impact negatively on development. Conflicts occurring as a result of contests over natural resources should be dealt with effectively and expeditiously, and there is therefore a need to have in place on effective conflict management mechanisms to deal with them.

The study found that a participant rate of about 28 (95%) figure 1 shows that the study was about to successfully capture 28 (95%) of the respondents, out of a total of 30 (100%), this number of participants ensured that the sample size remained as close to the original size as possible. The study found that there were more males in this area than females – making it a male oriented area.

The study observed that some parts of East Africa oil conflict hugely dislocated the economy by severing oil production, to almost nil. This was witnessed in the conflict between Juba and Khartoum and also between the warring factions of President Salva Kier and the opposition leader group of Riek Macher.

The study found that the current conflicts have networks between the oil resources trade, international financial flows, and armed conflict due to most of these groups or states financing the conflict through arms purchase. Curtailing and dealing with these arms flow international organizations has been used in the conflict resolution for policy-makers and the UN Security Council. Efforts have been made to curtail the arms flow which continue to fund conflict through numerous incentives for example boycott on black diamond or embargoes on oil revenues that fuel conflict.

On application of Greed and grievance theory, the study found that this theory seems to be directed more critically toward third world countries. The so-called “resource wars” in Angola, Sierra Leone, and the Democratic Republic of the Congo (DRC) have significantly shaped current scholarly and policy perspectives on the role that economic factors, particularly rebel exploitation of natural resources, play in contemporary armed conflict.

The study infers that the issue of shared infrastructure system in the East Africa region, is now in the process of being actualized so as to allow the region to channel all its oil and gas resources into a common export and import regime, and thus enhance the economic bargaining power of various countries in the region.

5.3 Conclusion

The study concludes that oil and gas related conflicts - these conflicts advocate, struggling for governance over oil infrastructure or the delivery of oil revenues is significant factors. While local community divisions may be likely to fuel conflict and, it is a potential conflict owing to the large proceeds or rents from the industry.

The study further concludes that devoid of the guarantee of oil and gas resources, many of these conflicts would ultimately fizzle out for lack of funds to sustain militia and some militaries at the expense of the local population.

The study concludes that international community involvement in the East Africa oil economy, particularly in South Sudan, the resource conflicts and security has increased with the growing economy of conflict.

The study finally concludes that the main issue in contention in the Eastern African states in as far as energy is concerned is the huge exploitation of the hydrocarbon industry by MNCs, in partnership with the state and little or no regard for the people welfare and the ecology of the exploration site. The communities are left in squalor, neglect, abject poverty and absence of basic amenities .

5.4 Recommendation

Based on the findings, the study recommends the following;

5.4.1 Regulation Policy in Exploitation of Oil and Gas Resources

The economy has appeared first from the exploration of the hydrocarbon opportunities by all stakeholders within the country and in the international arena. The study thus recommends proper laws should be out in place avoid, deter and stop people acting as expensive brokers to oil explores through unfair business practices, thus therefore should be proper policy to regulate the oil exploitation. In this breadth, the local communities are pawns who are used by master and elites both at nationally and globally. However some local communities have been able to carve a niche as sub bunkerers, and as a result the government should be on high alert to stop some of these agents even if it means by the use of military force.

5.4.2 Involve Youths in Oil and Gas Skills Education

The government should involve their youths in civic education, in the management of oil resources, this education should be directed mostly at the youths, who are often used to cause the conflict. The MNCs with the expertise of the oil industry should train more youth on the skills to manage the new enterprise in the hydrocarbon industry.

5.4.3 Consult Oil and Gas Stakeholders

Involved stakeholders should have clear maps and boundaries, so as to avoid further intra-state politics – which could be fuelled by the resources competition. The control of resources should be all inclusive and the local communities be consulted and resources shared to all at the local level and the citizens. The citizens of the country and social institutions to be consulted on sharing of oil revenue for the mutual benefit of all.

5.4.4 Equal revenue distribution

The study recommends equal and fair distribution of oil and gas proceeds, amongst the all the concerned actors, without any fear or favour. Revenue sharing and distribution will alleviate the greed and grievances of the country. Botswana shares the revenues of the rents from the mineral deposits and have managed to mitigate conflict in the country.

5.5 Areas of Further Research

5.5.1 Helping Fragile States Recover From Oil Conflicts

Reserved benevolence to states without strong institutions has increased to allow for the states to exploit their resources and also provide relevant skills at private and voluntary organizations and universities has increases to allow the developing countries to develop their resources. However, this should be critically analysed as states and even some institution have their interest first which due to the lack of the financial muscle most sub Saharan countries will accept this philanthropic gesture only for the MNCs to benefit from this venture.

5.5.2 Local Skills in Oil Exploration

Local content and skills has recently been seen as a political imperative to extract more rent from the value chain, but often these are conceived without concern for how they affect the economics of the projects. Local content could be recast as an economic imperative that seeks to maximize domestic participation in the sector, but not to the detriment of the project and the total revenues to be received by the government.

5.5.3 Sharing Oil Revenues

Several countries in Eastern Africa expect to receive significant revenues from their recently discovered oil and gas reserves. Responsibly extracting and developing these reserves to promote inclusive economic development is the greatest challenge for policymakers managing these energy sectors?

Appendix 1: Structured Questionnaire

Introduction

The study intends to establish the energy resources and conflict management using a case study of Eastern Africa. The personal information section is optional - this study is purely for academic purposes only. It is my request that you please give a verbal consent to be a participant in this study, before beginning anything. Thank you for taking time on the study, fill in the questionnaire interview appropriately.

Part A: Personal Information

1. Participant's age?.....

18-29 [] 29-39 [] 40-59 [] 60 and above []

2. Occupation?.....

3. Organization?.....

4. Designation?.....

5. Duration in office?.....

a. Below 1 year

b. 1 - 5 years

c. 5-10 years

d. 10-15 years

e. 15-20 years

f. 20 and above years

6. Are you familiar with the energy resources?.....

Yes [] No []

7. What are some examples of the energy resources available in the East African region?

.....

.....

.....

.....

.....

Part B: The energy resources and conflict management using a case study of Eastern Africa

For each of the **statements**, please indicate the extent of your agreement or disagreement by placing a **tick** in the appropriate box and **explain** your reasons accordingly. The response scale is as indicated below:

1 = strongly agree, 2 = agree, 3 = undecided or Neutral, 4 = disagree and 5 = strongly disagree respectively.

No.	Questions	Response Scale				
		Strongly agree	Agree	Undecided or Neutral	Disagree	Strongly disagree
		1	2	3	4	5
8.	There is a general link between oil and conflicts in Africa.					
		Reasons				
9.	There are various factors enhancing the link between oil and conflicts in East Africa.					

No.	Questions	Response Scale				
		Strongly agree	Agree	Undecided or Neutral	Disagree	Strongly disagree
		1	2	3	4	5
10.	That Oil resources in Africa, play a crucial role in the development of the continent.					
11.	There are many challenges facing the effective exploitation of oil resources in East Africa.					
12.	There is evidence that oil creates conditions under which domestic conflicts and civil war are more likely than in non-petro-states.					
13.	Countries, whose economies are dependent on natural resources such as oil and minerals, face a very high risk of conflict.					
14.	East Africa's oil-resource-rich countries have tremendous opportunities to change this picture by combining sustained growth with strong human development.					
15.	Land disputes and local community relations present the primary onshore security considerations for oil and gas operators.					

No.	Questions	Response Scale				
		Strongly agree	Agree	Undecided or Neutral	Disagree	Strongly disagree
		1	2	3	4	5
16.	East Africa is finally emerging as one of the most significant players in the continent's oil and gas industry.					
17.	Final remark?					

THANK YOU FOR PARTICIPATING

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