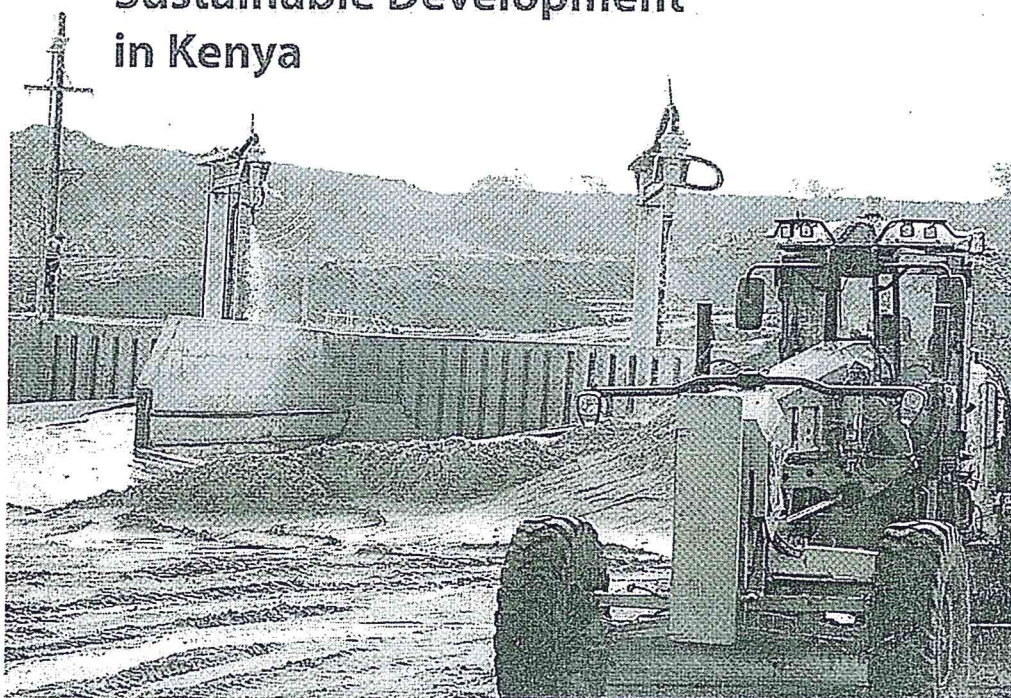




*Empowered lives.  
Resilient nations.*

# Extractive Industries for Sustainable Development in Kenya



**Progress Report**  
**January 2014-August 2014**

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## Acronyms

AfDB – African Development Bank

CIDP - County Integrated Development Plan

CPD - Country Programme Document

DDU – Democratic Governance Unit

DFID - UK Department for International Development

EECCU - Energy, Environment and Climate Change Unit

GoK – Government of Kenya

ICES - Information Centre for the Extractive Sector in Kenya

IEG – Inclusive Economic Growth

KCM – Kenya Chamber of Mines

KOGA – Upstream Oil and Gas Association of Kenya

MoDP - Ministry of Devolution and Planning

MoM – Ministry of Mining

MTPII – Medium Term Plan II

PBCP - Peace Building and Conflict Prevention

UNDAF- United Nations Development Assistance Framework

UNDP – United Nations Development Programme



## Introduction

In 2013, under the auspices of the UNDP Global Programme for Extractive Industries and UNDP Regional Africa Programme for Extractive Industries, the UNDP Kenya developed the “Extractive Industries for Sustainable Human Development” project. The project aims to improve the lives of people living in areas endowed with natural resources by improving governance, economic empowerment, promoting peace and environmental sustainability.

The two-year project (2014-2015) was signed by the National Treasury in November 2013 and implementation began in January 2014. The projects estimated budget is USD 2.8 Million for the two years. The first year of activities is fully funded with USD 1.35 Million USD provided by the UK Department for International Development (DFID) and the UNDP. UNDP funding was made available in the last quarter of 2013 and DFID funding became available at the end of February, 2014. The work plan and activities for 2014 began being implemented in January 2014.

This report provides the status of activities beginning January 1, 2014 through the period of August 30, 2014. It reports only on the activities that were planned for this period and assesses whether progress has been realized. This report is meant to inform various stakeholders including Donors (both internal and external), the Government of Kenya and other relevant partners in the project implementation.

## Country Context

The Government of Kenya (GoK), recognizing the importance of the new discoveries and the economic potential of these natural resources, has prioritized Oil and Other Minerals in its Vision 2030 and Medium Term Plan II (MTP II). Under the Economic Pillar in the MTP II, the seventh priority includes Oil and other Minerals and lists over 20 projects that the Government of Kenya will implement during the 2013-2017 timeframe. During the first half of 2014 the Government of Kenya has focused its work on updating relevant legislation and policy. Specifically, the Draft Mining Bill, the Draft Energy Bill and Draft National Energy Policy have been developed during the first six months of the year.

The United Nations (UN) System in Kenya has aligned its programming with Government of Kenya priorities through the new United Nations Development Framework (UNDAF) 2014-2018. Under Strategic Result Area 3 for Inclusive and Sustainable Economic Growth, UN Agencies have

agreed to support the extractive sector. The expected output is an extractive sector that is technically strengthened to apply measures that protect the environment, generate employment opportunities particularly for women, youth and marginalized groups, and invest in community development and social services. Emanating from the UNDAF, the UNDP Country Programme Document (CPD) for 2014-2018 has similarly prioritized activities to ensure sustainable human development for communities endowed with natural resources.

The extractive sector is complex and includes a number of different stakeholders. Development partners meet monthly through a Donor Technical Working Group to ensure activities are coordinated and aligned. Private sector is also working to harmonize Corporate Social Responsibility efforts through the Upstream Kenya Oil and Gas Association (KOGA) and Kenya Chamber of Mines (KCM). A number of think tanks, academic institutions, civil society organisations and media are also involved in activities aimed at improving human development in the extractive sector. For this reason the African Development Bank (AfDB) launched the Information Centre for the Extractive Sector in Kenya (ICES) in December 2013.

The UNDP Kenya began in January 2014 within this complex, yet potential-filled environment. By achieving the project outcomes, the project hopes to improve livelihoods in affected communities.

### Collaboration with the Government of Kenya

The project was signed by the National Treasury in November 2013, as per the guidelines set out by the Government of Kenya regarding development assistance. However, in March 2014 the National Treasury issued a letter to the Ministry of Mining requesting that the Ministry of Mining become the primary implementing partner for the project. According to UNDP rules and procedures, the implementing partner is entrusted with the implementation of all agreed upon project activities defined in the project document in consultation with UNDP.

While the Ministry of Mining is the primary implementing partner, several other government bodies are involved in the implementation of the project. These include the Ministry of Energy and Petroleum, the Ministry of Devolution and Planning, the Ministry of Industrialization, the National Environmental Management Authority, the Ministry of Interior and the Office of the Attorney General. During the first year of project implementation, the planned activities were to



be effected in four counties selected according to human development criteria, geographical and natural resource diversity. The project was designed to work closely with the County Governments of Turkana, Kitui, Kwale and Taita Taveta. The Ministry of Mining shall assist in coordinating all the government stakeholders for implementation of the project. This was to be done through a National Steering Committee and a Technical Steering Committee. A Project Coordinator is also being hired within the Ministry of Mining to coordinate the activities planned for implementation. At the start of Quarter 3 it is expected that the implementation modalities for the National Steering Committee, Technical Steering Committee and the 2014 Work Plan will be validated and put in place. Also, the Project Coordinator will be hired.

## Project Summary

The project has three main output components and activities as indicated below. However the DfID contribution was earmarked for specific activities as highlighted and whose implementation progress is illustrated in the next section. The three project areas with outputs and activities are outlined below:

- 1. Participatory decision-making fora established to institutionalize participation and inclusion of communities in decisions on extractive industries, to safeguard rights and promote collaborative engagement between communities, government and private sector.**

Activities under this output include:

- (i) Capacities in Extractive Industries Developed:**

This would be achieved through the implementation of the following activities:

- i) support the development of capacities of communities by raising awareness and enhancing their participation in Extractive Industries projects*
- ii) develop information dissemination mechanisms through training of media personnel*

*iii) support capacity development for regulation of artisanal and small-scale mining*

*iv) conduct a collaborative leadership training for leaders on conflict-sensitive approaches to extractive industries*

**(ii) Dispute Resolution Mechanisms in Extractive Industry established through:**

*a. support the establishment of dispute resolution mechanisms to address conflicts between communities and private companies or within communities over extraction activities*

**2. Public institutions, the private sector and civil society have systems to ensure transparent, accountable and inclusive management of revenues from extractive industries.**

Activities under this output include:

**(i) Extractive Industry Partnerships developed and maintained by:**

- i. organizing Private-Public-Dialogue (PPD)*
- ii. conducting a review of experiences with community investment funds in other countries*
- iii. building on Corporate Social Responsibility (CSR) initiatives of extractive companies and enhancing capacities of SMEs in Extractive Industry*

**(ii) Supply Chain Analysis:**

*a. carry out supply chain analysis of SMEs inform their capacity as suppliers to Extractive Industries*

**3. Legal, policy frameworks and institutional capacity is in place to effectively support sustainable management of the extractive sector.**

Activities under this output include:

**(i) Completion of Extractive Industry assessments and studies:**



- a. undertake studies on artisanal and small-scale mining to identify the economic and job creation potentials
- b. *conduct a study on existing legislation, policy and formal and informal mechanisms for community participation and environmental sustainability*
- c. undertake socio-economic studies and assessments to inform evidence based policy formulation and implementation in the extractive sector
- d. *carry out conflict risk analyses to identify drivers of conflict, peace capacities, traditional and non-traditional dispute resolution mechanisms*

(ii) Institutional capacity developed:

- a. support the capacity of government institutions to carry out monitoring and enforcement of environmental standards, laws and regulations; as well as capacity to develop policy and legal frameworks on the decommissioning of mines



*Poor mining techniques of mazerus in Kwale*



## Progress towards Project Activities Supported by DFID

***Output 1: Participatory decision-making fora established to institutionalize participation and inclusion of communities in decisions on extractive industries, to safeguard rights and promote collaborative engagement between communities, government and private sector.***

**Activity 1 Output 1:** Support the Development of Capacities of Communities for conflict resolution and accountability mechanisms

Scheduled Timeframe: Quarter 3

Status: On Track

### Description of the activity

A national consultation workshop on extractive industries to be held from the 15<sup>th</sup> to the 19<sup>th</sup> of September, 2014 in Naivasha.

Activity	UNDP Unit	Partners	Donor	Budgeted Amount
Support the development of capacities of communities, including rights organizations, women's advocacy organizations and minority groups, by raising awareness and enhancing their participation in decision-making, dialogue for conflict resolution and accountability mechanisms	DGU PBCP	Ministry of Mining, County Governments, Community, Civil Society, Private Sector	DFID	\$20,000.00

### Results:

1. During the workshop the development of the curriculum content on CSOs capacity building training covering collaborative leadership, decision making, conflict prevention and advocacy skills will be reviewed.
2. Develop the schedule for the capacity building trainings in the three selected counties (Kwale, Turkana and Kitui).
3. Initial visits been undertaken in the target Counties of Turkana, Kwale and Kitui.

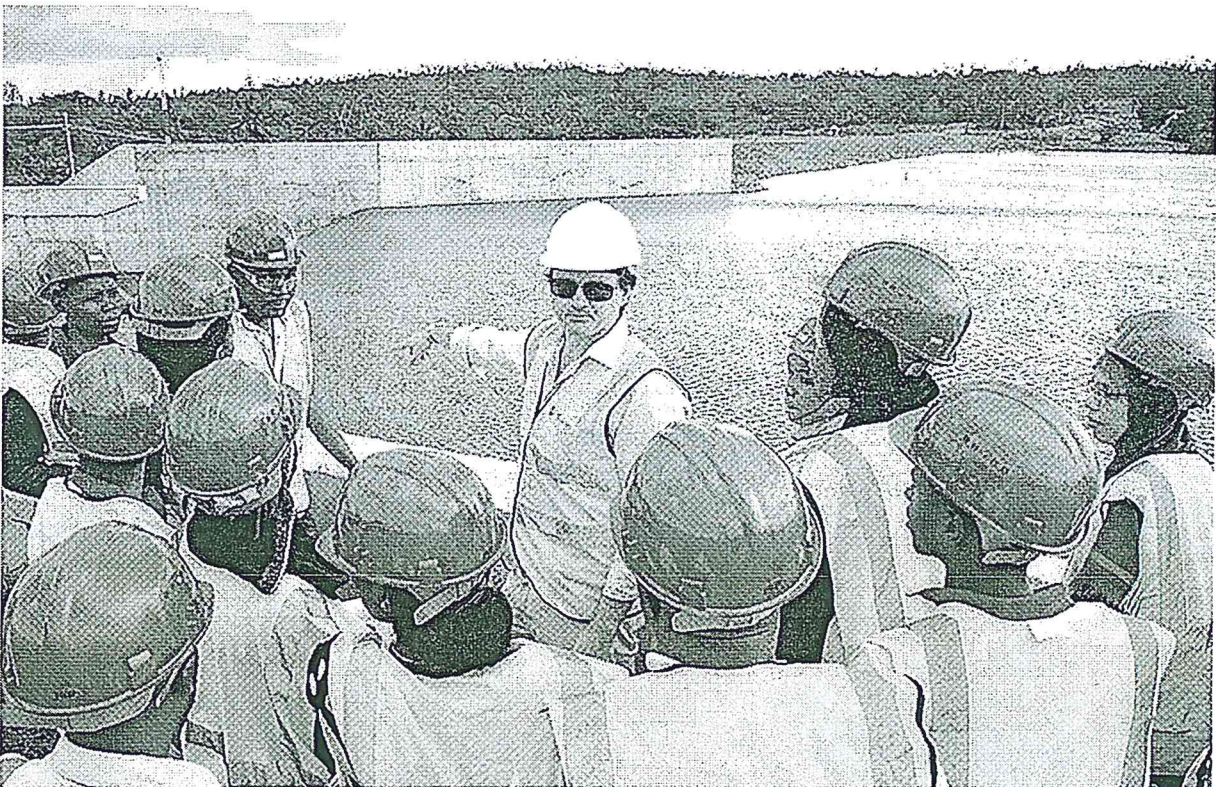
Challenges:

The delay in implementation was occasioned by the process of negotiating the buy in by all stakeholders.

**Activity 2 Output 1:** Develop information dissemination mechanisms of communication in counties

**Scheduled Timeframe:** Quarter 2 and Quarter 3

**Status:** On Track



*Base Titanium conducts a site visit with journalists as part of a training session in the extractive industry in Kwale County, Kenya.*



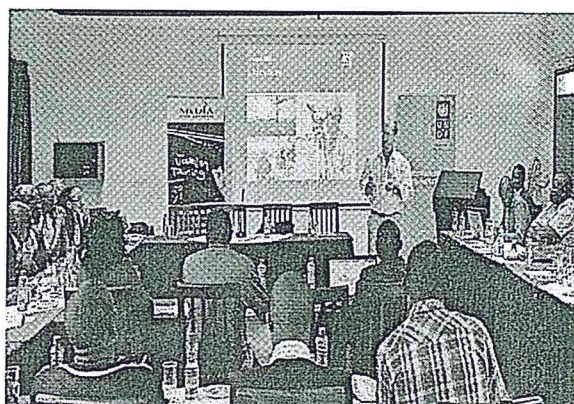
Description of the activity:

This was led by UNDP's Communication Team and it involved a partnership with the Media Council of Kenya. The activity organized three county level trainings for local journalists on the extractive sector. It also involved the training of editors in Nairobi to ensure those reporting on Extractive Industries understand the extractive process and can accurately report on issues concerning communities and human development. Other partners involved in this training were the Ministry of Mining, Ministry Energy and Petroleum, Kenya Upstream Oil and Gas Association and companies working in the extractives who participated in the panel discussions and allowed tours at their facilities.

Activity	UNDP Unit	Partners	Donor	Budgeted Amount
Develop information dissemination mechanisms to population in general, as well as targeting the communities in counties with oil, gas and mineral resources, over the extraction life-cycle, using traditional and non-conventional systems of communication.	COMM	Media Council of Kenya, KOGA, Ministry of Mining, Ministry of Energy and Petroleum	DFID	\$40,000.00



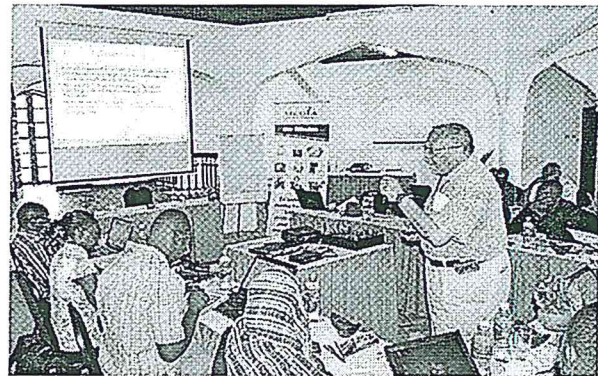
*Victor Bwire – MCK awards a certificates, Kitui*



*Robert Gerrits - Tullow Oil presents at the editors training*



*Journalists trained on safety in Kwale*



*Joe Kadhi – USIU making a presentation on Media Ethics*

### Results:

- Four trainings of journalists and editors concluded in Kwale, Kitui, Lodwar and Naivasha.
- A total of 120 journalists and editors have been trained with an average of 25 per region representing all media houses and sections (print, radio and TV) attending.
- Communication officers from the selected counties also took part in the training with representation and participation from relevant ministries from the county governments.
- Instant impact resulting from the trainings as the journalist generated stories on the extractive industry in different local media platforms. Below are links to select stories; Daily Nation [Link](#) [Link](#) The Standard [Link](#) The Star [Link](#) KNA [Link](#)
- Commitment from NTV to produce and screen a high level extractive industry feature and conduct an exclusive interview with the Minister for Energy and Petroleum David Chirchir
- The Business Daily newspaper has offered a weekly opinion piece on the extractive industry in Kenya. Dr. Odote one of our facilitators will initially make regular contributions to this column.
- Industry players committed to making information readily available to both local and national journalists to reduce the existing information gap.
- Trained journalists committed to upholding ethical principles in reporting on extractive industry.



### Challenges:

- Scanty and inadequate access to information by journalist on extractives in Kenya
- Poor relations and coordination between the national and county government
- There is need for more funds to carry out dissemination to the general public through media and IEC material.
- Lack of a centralized location / resource center on extractives in Kenya.
- Lack of specialization by journalists in Kenya

### Planned Activities for way forward after the media trainings

- Media Monitoring - To be able to evaluate the impact of the trainings, there is need to conduct a short term media monitoring and evaluation of content from media sources on extractives (before and after) the trainings.
- Documentation – For enhanced awareness and outreach, we aim to produce a short documentary on the extractive industry in Kenya and also publish a manual for journalist using the content derived from the trainings. These can be used for reference and as resource materials.
- Information Dissemination – Support the Ministry of Mining to develop a communications strategy to ensure more efficient dissemination of information. Lack of information was a major complaint from journalist during the trainings.

**Activity 3 Output 1:** Support capacity development for regulation of artisanal and small scale mining at national and local level

Scheduled Timeframe: Quarter 2 and Quarter 3

Status: On Course

### Description of the activity:

A study was to be conducted on existing legislation, policy and formal and informal mechanisms for community participation; This study on community would focus on the engagement of Tiomin/ Base Titanium in Kwale to inform nationwide community engagement frameworks and guidelines;

The study will also cover on the impact of extractive sector development on women, in particular on land rights and tenure security, gender-based violence, and income-earning opportunities.

Activity	UNDP Unit	Partners	Donor	Budgeted Amount
Support capacity development for regulation of artisan and small scale mining at national and local levels	IEG	Ministry of Mining; County Governemet, KCM	DFID	\$30,000

Results: The consultant is on board to carry out a study on artisanal mining in Taita Taveta County; during this study, IEG shall identify the different groups of small-scale artisanal miners in the county. Other than the study, plans are underway to conduct a training on the safe use of explosive in mines, as well as procure protective gear and equipment for the miners. This is to be done in collaboration with the County Government.

Field Visits scheduled for Taita Taveta on that week beginning September 15, 2014 to meet the different stakeholders and artisanal miners and plan for a workshop to build capacities of the small scale / artisanal miners.

Challenges: None

**Activity 4 Output 1:** Support the establishment of dispute resolution mechanisms

**Scheduled Timeframe:** Quarter 2 and Quarter 3

**Status:** On Course

Description of the activity:

This activity is being led by UNDP's Peace Building and Conflict Prevention unit. The activity involves supporting development of ADR mechanism for use in conflict resolution in extractive industries interactions especially between companies/investors and host/local communities in the 3 Counties of Kitui, Kwale and Turkana.



Activity	UNDP Unit	Partners	Donor	Budgeted Amount
Support the establishment of dispute resolution mechanisms, including ADRs, to address conflicts between communities and companies or within communities over extraction activities.	PBCB, DGU	Interior and Coordination, CSOs, Judiciary, Parliament	DFID	\$70,000

### Results:

1. Initial consultations held with the Judiciary and Commission on Implementation of the Constitution with a view to anchor the this activity in the larger framework of developing and institutionalizing the ADR mechanism in the Kenya justice system in line with the spirit of article 159(2) and (3)
2. Through the Extractives Project, UNDP will support a stakeholders consultative forum on application of ADR in Extractives dispute resolution framework in mid-September 2014
3. Preliminary processes have been completed for commissioning of a Pilot Study on ADR contemporary application and efficacy in in at least two Counties

### Challenges:

- There is scanty documented information about ADR mechanism in the Country
- Consultative processes among the institutional stakeholders is slow paced