

**Research update****Taking off against the wind: impact of the wind mega project on inclusive development in Kenya**

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This ongoing research project assesses the impact of the Lake Turkana Wind Power (LTWP) project on productive employment, as well as its broader social impact through upgraded roads and corporate social responsibility (CSR) activities. The research is part of the INCLUDE research project on 'Employment creation by Dutch multinational businesses in Africa', which is part of the research agenda of the Knowledge Platform on Inclusive Development Policies and funded by the Ministry of Foreign Affairs through NWO-WOTRO. It seeks to inform the ongoing debate about the impact of large renewable energy projects located in remote and so far neglected areas of Africa on inclusive development. Furthermore, it aims to contribute to the political debate currently underway in the Netherlands on how to promote inclusive and sustainable trade and investment between the Netherlands and its partner countries.

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The private sector is increasingly being considered a significant player in shaping the global development agenda. Many countries, with the Netherlands as one of the frontrunners, are shifting their development policies from aid to trade and are looking at how the private sector can play a role in promoting sustainable trade and investment in developing countries. Companies can contribute to (inclusive) development mainly by creating productive employment, as well as through their corporate social responsibility (CSR) programmes. However, in many cases, big investors are also expected to provide necessary infrastructure and social projects, especially in remote areas. Despite overarching agreement on the importance of the private sector, studies on its impact (including of CSR programmes) on inclusive development in developing countries, particularly in Africa, is scarce. This research aspires to close this gap.

The private sector, especially large renewable energy projects located in the remote and so far neglected areas of Africa, may have even a bigger role to play in the (inclusive) development of the continent. [Dietz \(2016\)](#) predicts that in the rest of this century Africa will be divided again into '*Afrique utile*' and '*Afrique inutile*'. '*Afrique utile*' will be concentrated around the big cities, mining zones, game reserves, and export agricultural enclaves, while '*Afrique inutile*' – the neglected Africa – will be comprised of the depopulated peripheries, lacking in investment and government presence and characterised by warlordism and chaos. In such places, 'containment' becomes the best that governments can do, while caring for refugees in vast refugee camps – that is, unless these areas suddenly become '*utile*' as producers of green energy: hydro, solar or wind.

And this appears to be happening right now in Northern Kenya, where the Lake Turkana Wind Power (LTWP) project – a high-profile 310 MW renewable energy project – is currently being implemented. With a budget of €620 million it is the largest private investment in Kenya and one of the ongoing mega projects in the country. LTWP is located on the south-east side of Lake Turkana in Marsabit County, one of the most remote, underdeveloped and poor regions of Kenya – a region that so far has been seriously neglected by the government and investors. The area is characterised by a harsh climate conditions, widespread poverty, mistrust towards foreigners and outsiders, ethnic conflict, and complex local politics.

Once completed, LTWP will be Africa's largest wind farm capable of delivering 18% of steady and clean energy to the national grid. It is being appreciated and supported by both Dutch and Kenyan governments

(among others). It has been chosen as a private sector flagship project for Vision 2030, Kenya's key long-term development blueprint, and is a member of the Regional Mega Projects Coordination Council (RMPPCC). It also fits well with the Dutch policy 'from aid to trade', with the energy sector being identified as one to explore for possible Dutch investment in Kenya. Furthermore, the project has gained international acclaim by winning, among others, the title of the African Renewables Deal of the Year (IJ Global Awards 2014 Europe & Africa) and the Power Deal of the Year 2014 (Africa Investor).



Photo: A. Kazimierczuk, 2016

The people living in Kenya's northern, neglected arid and semi-arid lands, like Marsabit County, have long experienced economic and political marginalization. The LTWP mega-project has the potential to generate inclusive development by providing direct and indirect (productive) employment opportunities both locally and on a national level. During the construction phase and upon completion in July 2017, the project will also deliver many economic spillovers and additional benefits through road upgrades, increased security, local development, and CSR activities. Nevertheless, this type of initiative can also easily be used by those in power for personal gain or to feed into the complicated political-ethnic demagoguery in the region.

In its nearly 10-year development phase, the project has faced many challenges. In 2012, the World Bank [withdrew its support](#) for the project over a number of concerns, including Kenya's capability to absorb all the electricity produced. Some representatives of local communities have alleged that the project violates the community land rights and that the land was acquired without adequate consultations ([Danwatch Report 2016](#)). [De Volkskrant \(2015\)](#) also raised the issue that the wind park has increased tensions between rivaling pastoralist groups, who all claim to have rights to the land and thus to the benefits the

project will bring. Sarima village, which is located in the wind farm, has experienced significant growth in its population as a result of the project. Initially, a small village of about 500 nomadic Turkana, it now has a 'cosmopolitan' population of 1,500 people with many *manyattas* (nomadic semi-permanent huts) being rented to non-Turkana people coming from different parts of the country in search of work. The influx of hundreds of workers has been associated with some negative impacts, such as 'cultural contamination' (alcohol consumption, commercial sex), the spread of disease, increased demand for natural (already scarce) resources and community conflicts.



Local *manyatta*, Ngurnit (Photo: A. Kazimierczuk, 2016)

Development of the region and employment creation are among the most urgent and tense issues surrounding the project. So far, the pre-existing infrastructure gap has been partly filled with the help of international stakeholders. The Dutch government (through the African Development Bank) [co-funded](#) construction and the upgrading of a 200 km access road. The Spanish government is supporting the Kenyan government and Kenya Electricity Transmission Company (KETRACO) to fund the construction of 428 km of high voltage transmission lines (with fibre-optic cables) that will deliver the LTWP electricity to the national grid. Underdevelopment of the area is further tackled by the CSR programme, channeled through [the Winds of Change \(WoC\) Foundation](#). Enhancing employability in the region through improved access to education and skills development for the labour market is the top priority of the foundation. The funds (a minimum of €500,000 each year for the next 20 years) will be spent based on the plan drafted with extensive input from communities. Already various community projects are being implemented, including many water projects supporting local schools and dispensaries. The local communities have

high hopes and expect the LTWP to entirely fill the development void. Managing these expectations will be a big challenge.

The LTWP project is the only private employer in the area. Since the beginning of construction, almost a thousand local people have been hired at some point in time. The local community has priority in terms of job allocation. However, lack of education and skills only allows them to acquire basic jobs. Some inhabitants have argued that local politics and nepotism have played a role in job distribution. As a result, local recruitment is now centrally coordinated by the human resources manager of LTWP, who works with the community leaders to ensure equitable distribution among the community members in the project area. The problem with most of the jobs offered to local people is that they are low-skilled and short-term jobs. In terms of permanent jobs (upon completion), security is one of very few possibly areas for locals to be employed in, as skilled jobs (civil engineers or wind assessment experts) will likely have to be filled from elsewhere.

The economic spillover effects of the project are already visible in the area. The upgraded road has had a major impact on the communities located along the road (and in its proximity). It has improved accessibility and opened up the area for many new economic activities. Trade is flourishing, with many people coming from other parts of Kenya to purchase animals on the local market. There is a regular bus (every two days) connecting the local town Loiyangalani with the county capital Marsabit, which also transports dry fish and meat to be sold in the city and exchanged for other foodstuff and goods. Trade activities are also taking place in local *manyattas*. The availability of foodstuff and goods has increased dramatically. M-Pesa shops, bars, 'hotels', and even highly perishable [mirra](#) (the stimulant leaves and stems of the *Catha edulis* tree) are now available in almost every town in the area. With cash available from employment (even short-term employment) provided by the LTWP, money is available and circulating in the local economy. The impact of these things is considerable: many people are supporting a number of other community members, opening or upgrading shops, going back to school and increasing their savings by purchasing animals. The quality of food and goods available has also increased the quality of life of many families, especially children for whom, in some cases, the daily food intake has doubled. In addition, the project has substantially improved the security of the area, which used to be marred by recurrent inter-ethnic violence. The possibilities for further economic and social (inclusive) development in the area are numerous and the upgraded infrastructure and security are providing a real incentive for potential investors.



Photo: A. Kazimierczuk, 2016

Daring to invest in such a remote and complex area means that the investor has to continuously monitor the progress and adequately foresee the consequences of its presence. The LTWP management was able to navigate successfully through the initial phase of the project, regardless of the many challenges. This is very much the result of the long-term presence of some of the key project staff and their careful work with local communities. However, the completion of the wind farm will be just the beginning of their (at least) 20-year presence in the region. What is becoming of utmost importance for LTWP is to ensure that local trade activities and the security situation are maintained beyond the construction phase of the project. Furthermore, if development takes place in the years to come, the area will be exposed to new challenges, such as increased numbers of people and animals, and, consequently, will have a greater need for improved veterinary services, among other things. There will be greater pressure on already scarce resources. In such a fragile and complicated area, this may trigger the re-emergence of inter-ethnic violence if not handled well.

Africa is currently experiencing a number of similar green energy mega-projects. Examples of such investments in Kenya and other parts of Africa have shown that it is extremely challenging to work with the local population and generate (inclusive) development. The case of LTWP shows that the arrival of a mega-project in a forgotten and previously neglected part of Kenya can contribute to the (inclusive) development of the region by changing its status from 'neglected' to a 'defended' area, with enough security forces and enough 'care for the local people' to ensure that the project does not fail due to violence or sabotage. However, this is an extremely complex and fragile process that must be managed with great caution by carefully selected and dedicated individuals. If successful, the LTWP project will be a pioneer in terms of transforming a part of 'neglected' Africa into 'utile' Africa, but this is entirely dependent on the way that the company interacts with and includes the local population and dynamics in the process.

The following interesting questions have emerged during the research:

- How can a renewable mega project be successfully implemented in a remote and so far neglected African setting and contribute to its inclusive development?

- What is the role of a new infrastructure project (that provides a road and simple job opportunities) as a stimulus for local inclusive development?
- How can a private investor create productive employment and inclusive development in an 'un-productive' and largely underdeveloped area in Africa?
  - Is the securitisation of investments an opportunity to create local and consistent forms of employment in remote and troubled areas?
- To what extent can and should a private investor/sector be expected to take over the role of the (local) government?

These questions will be explored further as the analysis of a number of semi-structured interviews held in 2016 (with the management of the LTWP, community liaison officers, members of local communities, and local and national officials) progresses.