Implementation and Monitoring of Provisions on Local Content in the Petroleum Extraction and Production Industry in Kenya
Vision
Effective accountability in the management of public resources and service delivery.

Mission
Audit and report to stakeholders on the fairness, effectiveness and lawfulness in the management of public resources for the benefit of the Kenyan People.

Core Values
Independence
Integrity
Professionalism
Innovation
Team Spirit

Motto
Enhancing Accountability
Foreword by the Auditor-General

In my capacity as the Auditor-General of Kenya, I am pleased to submit to you this performance audit report on the Implementation and Monitoring of Provisions on Local Content in the Petroleum Extraction and Production Industry in Kenya by the Ministry of Energy and Petroleum (MoEP). My Office carried out the audit in line with the Public Audit Act, 2015. Section 36 of the Act mandates me to assess the economy, efficiency and effectiveness with which public money has been expended, pursuant to Article 229 of the Constitution.

Performance Audits together with Financial and Continuous Audits form the three-pillar audit assurance framework that I have established to give focus to the varied and wide scope of audit work done by my Office. The framework is intended to give assurance to stakeholders that public resources are not only correctly disbursed, recorded and accounted for but that they also have a positive impact on the lives of all Kenyans. The overriding goal of our performance audits is to promote delivery of public services of outstanding quality to Kenyans.

The report is tabled in Parliament in accordance with Article 229 (7) of the Constitution. I have remitted copies of the report to the Ministry of Energy and Petroleum. Further, I wish to express my appreciation for the cooperation and assistance afforded to the audit team by the staff of the Ministry.

FCPA Edward R.O Ouko, CBS

AUDITOR-GENERAL

6 September 2017
Source: National Oil Company of Kenya (NOCK)
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DEFINITION OF TERMS

Conservation: Includes preservation, maintenance, sustainable use and restoration of natural and cultural environment.

Energy industry: The sector with fossil fuels (oil, gas and coal), renewable energy and electrical energy as three key sources of primary and secondary energy.

Fossil fuels: Oil, gas and coal as primary sources of energy.

Local community: A sub-county in which a natural resource is exploited.

Local Content: Direct benefits to stakeholders such as local businesses, entrepreneurs and communities through access to business opportunities and diversity of markets, access to capital, technology and productivity, there are wider benefits: increased employment and skills, increased domestic and foreign investment, technology and knowledge transfer from foreign companies, exports and foreign exchange and increased government revenues.

Seismic Testing: This involves mapping the geographical structure beneath the surface.

Upstream activities: Refers to the exploration and production of oil and gas.
Executive Summary

1. This report follows a performance audit conducted by the Office of Auditor-General (OAG), on the implementation and monitoring of the provisions on Local Contents in the petroleum Extraction and production industries, by the Ministry of Energy and Petroleum.

2. The Ministry of Energy and Petroleum (MoEP) has a mandate to ensure adequate, quality, cost effective and affordable supply of energy to meet national development needs while protecting and conserving the environment. The Directorate of Petroleum in the MoEP is the department charged with matters related to implementation of Local Content.

3. Through the Executive Order No. 2/2013, the Ministry was assigned the following functions; Energy policy development, electric power development, oil and other fossil fuels exploration and development, exploration and exploitation of non-convention energy sources such as wind, biogas, solar, geothermal and wood fuel. To enable it deliver on its mandate, the Ministry has a Petroleum Energy Department.

4. There are forty six (46) petroleum exploration blocks of which forty four (44) are licensed inclusive of twenty three (23) to International Oil Exploration Companies (IOEC). However, the exploration blocks are expected to increase to fifty five (55) once nine (9) blocks under relinquishment obligations from several blocks are gazetted.

5. A total of eight (8) exploration wells were drilled between March 2012 and September 2013 to bring to forty (40) exploration wells in the country; of which four (4) wells drilled at Ngamia 1, Etuko 1, Ekales 1 block 10BB and South 1 in block 13T are crude oil discoveries. The fifth well at Paipai in Anza basin showed evidence for natural gas presence. The sixth, seventh and eighth wells, namely Mbawa 1, Kubwa1 and Kiboko 1 were drilled in deep offshore Lamu basin blocks L8, L7 and L11A respectively; of which Mbawa 1 showed natural gas presence.

Audit objective

6. The audit objective was to assess the performance of the Ministry of Energy and Petroleum on the implementation and monitoring of provisions on Local Content in the oil and gas industry. The sub-objectives of the audit were;

   i. To establish the existance of legal and institutional framework provisions for Local Content.

   ii. To establish the measures put in place for the implementation of legislations and provisions of Local Content by the MoEP in the oil and gas industry.

   iii. To establish whether the MoEP has put in place measures for monitoring and evaluation of provisions on Local Content in the oil and gas industry.

   iv. To establish whether the government has identified the shortfall in policy and legislation and the measures put in place to mitigate them.

Scope of the Audit

7. The audit examined implementation and monitoring of provisions put in place for Local Content in the petroleum extraction and production legislation, by the Ministry of Energy and Petroleum from financial years 2010/11 to June 2014.

Assessment Criteria

8. The criteria used was drawn from Operations at the MoEP as governed by the Petroleum (Exploration and Production Act) 2012 and the draft Strategic Plan of 2013-2017. The specific criteria are cited in the findings of the audit in Chapter 4 of this report.

Summary of audit findings

Existing Legal Framework for Local Content.

9. The Petroleum (Exploration and Production Act) 1986 (Revised 2012), provides little detail particularly on questions relating to development and production activities. There is no definition of what “locally available” means and no specific percentage of Local Content is prescribed as per section 9 of the Act. Furthermore, there is no mention of National company direct participation in Local Content operations.

Institutional framework and coordination.

10. The coordination between MoEP and other stakeholders is yet to take effect as there are no clear roles and responsibilities that have been defined, with regard to Policy formulation and operational activities. Furthermore, there are no specific roles outlined for other stakeholders in the implementation of Local Content. The audit also noted that there were no work plans or analysis of quarterly reports on local content by the MoEP, that were provided by the OECs.

Measures to ensure implementation of Local Content.

11. The measures to ensure implementation of Local Content are contained in Section 13(1) on
Local employment and training and section 31(1) Preference to Kenyan goods and services. The audit team established that although these provisions were being implemented the act has not specified the quantities and values to be adhered to by OECs with regards to these provisions. Further many of those employed were unskilled or semi-skilled category.

Measures in place to transfer skills and technology.

12. The growth of local companies and development of their capacity has been faced with challenges, as there has been no policy directly dealing with the transfer of skills and technology. However, the government through the MoEP is currently developing such a policy.

Delayed Capacity building in Small and Medium Enterprises (SME's)

13. At the time of the audit, the Government was yet to build institutional capacity in the Small and Medium Enterprises (SME's) so as to give them an equal opportunity in tendering of goods and services in the oil sector. Thus the local SME's were not able to competitively compete for tenders thus lose on the benefits arising from the oil exploration and production.

Corporate Social Responsibility (CSR).

14. Although CSR is not a legal requirement for the International Oil Exploration Companies (IOECs), it was established that Tullow Oil B.V Kenya had undertaken various CSR projects, which at the time of the audit amounted to USD 5,000,000.

Government Measures for monitoring, evaluation and follow up of Local Content policies

15. The MoEP has yet to put in place a secretariat or department for monitoring and evaluation of provisions on Local Content. As a result of this the MoEP is unable to identify gaps and weaknesses as well as advise OECs on areas of Local Content to be implemented.

Lack of involvement of host communities.

16. The host community in the exploration and production areas of Turkana have not been adequately represented in decision making, which sometimes created tension between them and the company.

Shortfall in policy and legislation

17. The government has identified the shortfall in policy and legislation and through the MoEP is in the process of developing an Energy Policy and various other legislations in the form:

   a) Energy Bill
   b) National Energy and Petroleum Policy
   c) Revised Petroleum Exploration and Production Bill
   d) Revised Production Sharing Contracts

Conclusions

18. Kenya lacks a policy dealing specifically with Local Content. As at the time of the audit the existing legal framework was not sufficient to support the implementation of Local Content. The Petroleum (Exploration and Production) Act requirements for Local Content are broad statements which are subject to different interpretations. Existence of a policy on Local Content would address the weaknesses in the legal framework.

19. The Petroleum Directorate at the MoEP is the sole implementer of Local Content. National Oil Company of Kenya (NOCK) and Energy Regulatory Commission (ERC) did not have a direct role outlined in the institutional framework.

20. Although the government has put in place measures to revise the current legal and institutional frameworks that would address identified weaknesses, the process had just commenced, however it was not clear when the process would be completed.

21. Due to the lack of a monitoring and evaluation function, the MoEP was not able to analyze the performance of OECs in the implementation of Local Content.

Recommendations

22. Our recommendations on what could be done to ensure effective monitoring and implementation of Local Content are presented in chapter six (6) and are summarized below:

23. To ensure that the country and communities receive a fair share of the accruing benefits, the MoEP should liaise with stakeholders to ascertain the progress of tabling the proposed Energy Legislations published in 2013 that outline key elements of Local Content.

24. To avoid any misunderstandings between all parties involved as well as manage expectations the Ministry should consider the deployment of liaison persons to act as a link between the OECs, the communities and the Ministry.

25. To improve on the quality of local goods and supply, the government should consider building capacity
for local suppliers and have given time lines for transfer of skills and transfer.

26. To build knowledge and skills transfer, the MoEP should collaborate with the Ministry of Education and tertiary institutions to establish courses and vocational trainings pertaining to oil and gas exploration.

27. To ensure implementation of the provisions on Local Content, the Ministry may consider setting up a work plan for monitoring Local Content issues such as employment, training, education and supply of goods and services, through regular field visits, and institute systems to evaluate returns on Local Content activities by OECs.

28. The Ministry should consider setting up reporting and follow up systems that ensure work plans submitted are regular, timely and reliable and place sanctions on non-compliers.
CHAPTER 1

1.0 BACKGROUND TO THE AUDIT

Introduction

1.1 This performance audit was conducted by the Office of Auditor-General (OAG) on the operations of the MoEP on the implementation of the provisions of local content in the extractive industries. The audit was done in collaboration with seven African Organization of English-Speaking Supreme Audit Institutions (AFROSIAI-E) oil and gas producing countries, through facilitation of the International Development Initiative (IDI).

1.2 The Ministry of Energy and Petroleum (MoEP) is a public institution whose mandate is to ensure adequate, quality, cost effective and affordable supply of energy to meet national development needs while protecting and conserving the environment. The Directorate of Petroleum in the MoEP is the department charged with matters related to implementation and monitoring of provision on Local Content.

1.3 Oil was discovered in Turkana County at Block 10BB on 26th of March 2012. The discovery of commercially viable oil has thrust Kenya under sharp focus. Currently twenty three (23) IOECs are at various stages of exploration; some being in the preliminary stages of geological and geophysical data acquisition while others are carrying out exploratory drilling. A further discovery of oil in Block 13T was announced in November 2012 by Tullow Oil Company plc through its subsidiary, Tullow Kenya B.V. Exploration of oil and gas in the country is still ongoing.

1.4 Tullow Oil plc is an independent oil and gas, exploration and production group formed in 1986. The group holds interests in over 150 exploration and production licenses across 25 countries.

1.5 In early November 2013, Tullow Oil Operations in Turkana suffered a two week shutdown due to demonstrations by the local community who protested against exclusion from employment and supply of goods and services as well as other accruing benefits from oil exploration.

Local Content Defined

1.6 Local Content refers to the added value brought to a host nation (or region or locality) through:

- Workforce development (Employment and training of local workforce)
- Developing and procuring supplies and services locally

Companies regard Local Content as a strategic issue and benefit with a direct impact on the business function and continuity.

Best practice actions for achieving local content objectives.

1.7 Best practice actions for achieving local content objectives include:

- Thoroughly analyzing the local context
- Starting early in the project life cycle to consider how and when to intervene
- Taking a long term perspective
- Effectively managing information flows and transparency
- Companies engaged in exploration and production have requirements for Local Content in their regulatory framework which aim to create jobs, promote enterprise development and accelerate the transfer of skills and technologies.
1.8 Lack of implementation of provisions on local content may result in the local community and the greater Kenyan community not having a sense of ownership in the resource as they do not share in the benefits accruing from oil and gas exploration and production.

Motivation for the Audit

1.9 The Auditor General authorized the audit after having considered the following:

i. There has been public outcry by the local community in the areas around the extractive industries regarding; inadequacy of land compensation, influx of people buying land, lack of sensitization regarding oil exploration and its effects on livestock grazing zones, displacement of households, lack of training and employment opportunities.

ii. Implementation of Local Content at the early stages of oil exploration in the country will minimize the negative experiences that some oil producing countries have undergone in the sharing of accruing benefits in oil exploration and production.

iii. The recommendations will help the Ministry of Energy and Petroleum in addressing local content issues which will go a long way in aiding achievement of Vision 2030 as oil and other mineral resources are part of the flagship projects of the first medium term plan targeted at achieving economic growth rate of 10% by 2012 (however, this is yet to be achieved).

iv. Parliamentarians and the general public would be concerned with the distribution of benefits accruing from the exploitation and production of petroleum products in the country.
CHAPTER 2

2.0 DESIGN OF THE AUDIT

Objectives of the Audit

2.1 The audit objective was to assess the performance of the Ministry of Energy and Petroleum on the implementation and monitoring of provisions on Local Content in the oil and gas industry. The sub-objectives of the audit were:

i. To establish the existing legal and institutional framework provisions for Local Content

ii. To establish the measures put in place for the implementation of legislations and provisions of Local Content by the MoEP in the oil and gas industry

iii. To establish whether the MoEP has put in place measures for monitoring and evaluation of provisions on Local Content in the oil and gas industry.

iv. To establish whether there is a shortfall in policy and legislation and measures put in place to mitigate them

Scope of the Audit

2.2 The audit examined implementation, monitoring and evaluation of provisions put in place for Local Content in the petroleum extraction and production legislation by the Ministry of Energy and Petroleum from financial years 2010/11 to June 2014. The key components of the audit will include provisions in the legislations relating to controls put in place to monitor implementation of the provisions, specifically;

• National company direct participation
• Employment of Kenyan nationals
• Procurement of goods and services from national suppliers
• Education, training, knowledge transfer and supplier development
• Benefits to the local/host community local content

Limitation of Scope

2.3 The audit was limited to the operations of Tullow Oil B.V and its affiliates, being the only company that struck commercially viable oil deposits.

2.4 The audit did not consider Local Content of other companies currently engaged in oil and gas exploration.

2.5 The audit also focused on only upstream activities in the oil and gas sector.

Assessment Criteria

2.6 The criteria used was drawn from Operations at the MoEP as governed by the Petroleum (Exploration and Production Act) 1986 (Revised 2012) and the draft Strategic Plan of 2013-2017. The specific criteria are cited in the findings of the audit in Chapter 4 of this report.

Methods Used to Gather Audit Evidence

2.7 The team conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of supreme Audit Institutions (INTOSAI) and audit policies and procedures established by the Office of the Auditor General Kenya (OAG –K). The methods used to gather audit evidence are outlined below:

Documentary Review


2.9 Further, The team also reviewed the MoEP past audit reports, the memorandum of understanding between Tullow Oil Company PLC and the MoEP, review of reports on best practices of local content in the extractive industries as well as documentation provided by Tullow Oil B.V.

Interviews and physical verification

2.10 In order to obtain information regarding the status of oil exploration in Kenya as well as understanding the role of the Ministry in implementation of Local Content, the team interviewed the Senior Superintending Geologist from MOEP. To gather information on the activities of oil companies operating in Turkana County and the expectations of the
County government with regards to Local Content, the audit team interviewed the Minister of Environment and Natural Resources as well as the Chief Officer.

2.11 The audit team, interviewed employees of Tullow on the ground in Lodwar and Lokichar including the Field Stakeholder Engagement Supervisor, Communications Coordinator and the Public Affairs Advisor, who furnished the team with information on actual implementation of Local Content on the ground including employment and procurement records and a list of contractors working in collaboration with Tullow.

2.12 To verify on-site operations of Tullow, the audit team visited and inspected the project site (Ngamia-1) located at Lokichar and interviewed employees to ascertain their experience and working conditions with the company.

2.13 To collect information on National Content, the team visited the Tullow Kenya Headquarters located in Nairobi and interviewed senior employees on the operations and setup of the company.

2.14 To understand the impact of implementation of Local Content on the inhabitants of the County, we interviewed the Programme Coordinator of a local Community Based Organization (CBO) - Turkana Development Organization Forum (TUDOF) an organization dealing with Governance and Democracy, Capacity Building and Land Issues, with presence in the entire County. TUDOF is an affiliate of Turkana Network Resource Governance Hub, an umbrella body consisting of 17 CBOs that have joined together to campaign for benefits to local communities.

2.15 Each of the six sub-counties in Turkana has a District Advisory Committee which acts in an advisory capacity on issues of human and land rights, conflict resolution, employment and procurement. Consisting of local representatives, this board acts as a link between the Local Community and the oil companies to ensure transparency, equity and fair representation as well as a bottom-top approach to local issues. To understand the operations of the Advisory committee, we interviewed the Secretary of Turkana South in Lokichar.

2.16 Tullow has partnered with the Catholic Diocese of Lodwar to implement the education component of their Corporate Social Responsibility (CSR) project. The diocese is responsible for bursary and secondary education funds. The team interviewed the Chancellor and Organization Development Advisor who are involved in the disbursement of these funds to verify this operation.

2.17 Finally, the team interviewed the National Environmental Management Authority (NEMA) Environmental Officer for the County who is responsible for ensuring that environmental guidelines are adhered to and whether the oil exploration companies undertake mitigation measures against environmental degradation.
Chapter 3

3.0 DESCRIPTION OF THE AUDIT AREA

Background Information

Ministry of Energy and Petroleum

3.1 The Ministry of Energy and Petroleum is a public institution whose responsibility is to ensure adequate, quality, cost effective and affordable supply of energy to meet national development needs while protecting and conserving the environment.


3.2 The Ministry of Energy and Petroleum’s Mandate as per the Executive Order No. 2/2013 of May, 2013 on the Organization of the Government of the Republic of Kenya of which listed the Oil and gas exploration is the department responsible for upstream activities.

3.3 Through the Executive Order No. 2/2013, the Ministry was assigned the following functions; Energy policy development, electric power development, oil and other fossil fuels exploration and development, exploration and exploitation of non-convention energy sources such as wind, biogas, solar, geothermal and woodfuel. To enable it deliver on its mandate, the Ministry has a Petroleum Energy Department. The Ministry of Energy and Petroleum (MoEP) Organogram is as shown in appendix I.

3.4 The vision of the Ministry is “affordable quality energy for all Kenyans” while its mission is “To facilitate provision of clean, sustainable, affordable, reliable and secure energy services at least cost while protecting the environment”

Ministry of Energy and Petroleum Institutional Framework

3.5 Under the Fourth Schedule of the Constitution of Kenya 2010, the Ministry of Energy and Petroleum, on behalf of the National Government, is responsible for energy policy and regulation of electricity and gas reticulation while County Governments are responsible for planning and development of electricity and gas reticulation and regulation.

3.6 The institutional structure of the energy sub-sector comprises of the Ministry of Energy and Petroleum (MoEP), Energy Regulatory Commission (ERC), National Oil Corporation of Kenya (NOCK), Private Sector actors and energy service users/customers.

3.7 The key stakeholders of the Ministry of Energy and Petroleum are as listed in appendix II.

Petroleum and Gas Exploration in Kenya

3.8 There are forty six (46) petroleum exploration blocks of which forty four (44) are licensed inclusive of twenty three (23) to International Oil Exploration Companies (IOEC). However, the exploration blocks are expected to increase to fifty five (55) once nine (9) blocks under relinquishment obligations from several blocks are gazetted.

3.9 A total of eight (8) exploration wells were drilled between March 2012 and September 2013 to bring to forty (40) exploration wells in the country; of which four (4) wells drilled at Ngamia 1, Etuko 1, Ekales 1 block 10BB and South 1 in block 13T are crude oil discoveries. The fifth well at Paipai in Anza basin showed evidence for natural gas presence. The sixth, seventh and eighth wells, namely Mbawa 1, Kubwa1 and Kiboko 1 were drilled in deep offshore Lamu basin blocks L8, L7 and L11A respectively; of which Mbawa 1 showed natural gas presence.

3.10 On 26th of March 2012, it was announced that oil was discovered in Block 10BB, a further discovery of oil in Block 13T was announced in November 2012 by Tullow Oil Company PLC.

Petroleum exploration

3.11 To sustainably exploit the recent discoveries of commercial oil, the MoEP and its stakeholders through its Draft Strategic Plan of 2013-2017 has identified the targets to be met in the planning period as;

i. Strengthen NOCK as the Governments agency in participation in blocks where commercial discoveries of oil and gas have been made
ii. Establish a geochemical and petro physical laboratory
iii. Establish a national petroleum data center
iv. Establish a drilling services unit
v. Sub-divide and create new petroleum exploration blocks
vi. Enhance primary data acquisition, analysis and interpretation in the open blocks to make them attractive to investors
vii. Enhance partnership in data exchange to reduce cost in exploration and access to new technology
viii. Develop skills and enhance Local Content in fossil resources exploration and production through training and technical collaborations

General administration and support services on petroleum exploration

3.12 The objective of the program is to support and improve efficiency in service delivery. The policies and legislations to be effected include:

i. Review of the feed in tariffs policy to encourage private investment in the energy sector
ii. Review of competitive PSCs
iii. Legislation to govern proposed petroleum special economic zones and petroleum trading hub to encourage investment and private sector participation, environmental laws for the upstream sector
iv. Review of existing legislations on licensing of petroleum businesses, licensing of petroleum retail businesses, licensing of refining businesses, licensing of petroleum logistic facilities & businesses and licensing of petroleum road transportation businesses.
v. Review of energy (petroleum pricing) regulation, 2010 to accommodate emerging issues in the sector
vi. Review of National Oil Corporation (NOCK) Act to be the Government agency in maintenance of national petroleum strategic reserve
vii. Develop legislation to promote and enforce efficiency in energy supply and adoption of energy efficiency technologies and practices
viii. Finalization of the Energy Bill 2013
ix. Development of a policy on management of commercial discoveries of petroleum resources.

Policies and Strategies

3.13 The government has embarked on developing policies and Strategies to ensure the implementation and monitoring of local content, and put time lines on the period of implementation in the short and long Term to end by year 2030, the year by which the development blueprint should have been completed. The policies and strategies being developed include:

i. The government through the MoE & P has committed to develop and implement local content policy;
ii. Government to develop and implement education framework for human capital development to build knowledge and technical capacity in the energy and Petroleum Sectors;
iii. Establish capacity building programs in conjunction with local industries associations, local training institutions and international institutions
iv. Develop and implement legislation for energy and petroleum industry linkages for capacity building
v. Develop and implement legislative framework to priorities the utilization of locally available goods, services and human resources
vi. Ensure the investor and contractors in the energy and petroleum sector comply with local content requirements as specified in the policy and legislation
vii. Establish a local contents development and monitoring unit

Statutory Provisions for Local Content in the Petroleum Act 2012

3.14 Section 9 General terms and conditions of petroleum agreements provides that;

(1) Notwithstanding any other written law and subject to this Act, there shall be implied in every petroleum agreement an obligation on the contractor –

(f) Conduct petroleum operations in accordance with sound professional and technical skills and adopt measures necessary for the conservation of petroleum and other resources and protection of the environment and human life;

(g) Give preference to the employment of and training of Kenyan nationals in petroleum operations;

(h) Give preference to the use of products, equipment and services locally available;

(i) Indemnify the government against all claims made by third parties, in respect of any injury, damage or loss caused by, or resulting from, the conduct of any operations carried out by the contractor or sub-contractors pursuant to the provisions of any petroleum agreements.
3.15 **Section 13 Local employment and training** provides that:

(1) The contractor, its contractors and subcontractors shall, where possible, employ Kenya citizens in the petroleum operations, and until the expiry or termination of this contract, shall train those citizens. The training programme shall be established in consultation with the Minister.

(2) In addition to the obligation under sub-clause 13(1) and commencing on the effective date, the contractor shall for the purposes of section 11 of the Act contribute or hold to the order of the Ministry a minimum of ................. thousand U.S. dollars per year for the Ministry training fund established under section 11(1) of the Act. The contractor’s obligation hereunder shall be increased to a minimum of ................. thousand U.S. dollars per year commencing with the adoption of the first development plan under sub-clause 20(3).

3.16 **Section 31 Preference to Kenyan goods and services** provides that:

(1) The contractor, its contractors and subcontractors shall give preference to Kenyan materials and supplies for use in petroleum operations as long as their prices, quality, quantities and timeliness of delivery are comparable with the prices, quality quantities and timeliness of delivery of non-Kenyan materials and supplies.

(2) The contractor, its contractors and subcontractors shall give preference to Kenyan contractors for services connected with petroleum operations as long as their prices, performance and timeliness are comparable with the prices, performance and timeliness of non-Kenyan service contractors.

(3) The contractor, its contractors and subcontractors shall provide supplies and services from bases in Kenya where practicable.

(4) The contractor shall—

(a) On or before the beginning of each calendar year to which it applies, submit to the Minister a tentative schedule of the contemplated service and supply contracts with an estimated value exceeding the equivalent of .......................U.S. dollar per contract, to be let during the forthcoming calendar year, showing the anticipated tender date and approximate value and the goods and services to be provided;

(b) for contracts with an estimated value exceeding the equivalent of .......................U.S. dollar per contract, undertake to select its contractors and subcontractors from adequately qualified companies by means of competitive bidding or by another appropriate method in accordance with good international petroleum industry practice;

(c) as soon as practicable after their execution, provide to the Minister a copy of each contract, requiring a payment in a currency other than Kenya Shillings and a brief description of the efforts made to find a Kenyan supplier or service contractor;

(d) the minimum amount specified under this sub-clause 31(4) may be changed from time to time by mutual agreement.

**Provisions put in place for Local Content in the Production Sharing Agreements (PSA)**

3.17 The PSA is the basis of the contract signed between the Ministry and Oil Exploration Companies (OEC). They detail the agreements and obligations of the Government and the OECs.

3.18 However the PSA is subordinate to the laws of Kenya and in the event of a change of law the parties shall make necessary adjustments to restore the status quo.

**Provisions put in place for Local Content in the Draft National Energy policy (February 2014)**

1. **Energy Resources Benefits Sharing Policies and Strategies:**

3.19 Article 66(2) of the Constitution requires that investments in property shall benefit the local Communities and their economies. The Draft National Energy policy (February 2014) states that there is a challenge of lack of a framework for sharing of benefits from exploitation of energy resources with the local communities. The draft has put up the following policies and procedures on energy resources benefits sharing:

i. The National Government shall ensure equitable sharing of accruing benefits from the exploitation of energy resources between the National Government, County Government and the local community where the resource is domiciled.

ii. Some of the benefits accruing from the exploitation of energy resources include
provides that:

iii. This policy has developed framework which shall form the basis for sharing the benefits. One of the benefits to be equitably shared is the government share of profits accruing from energy natural resources. These shall be shared as follows:

(a) National government 75%
(b) County government 20%
(c) Local community 5%

iv. The five percent share for the local community will be delivered through the County Government with written records as a trustee.

II. Local content

3.20 As a developing economy, there is need to develop local talent and capacity in energy resource exploitation and infrastructure development. It is also important that opportunity is availed for provision of services and goods by locals in the exploitation of natural resources and infrastructure development. Challenges cited in the draft with regards to local content include; inadequate mechanism for technology transfer, inadequate local skills and know-how in the exploitation of natural resources and infrastructure development.

3.21 The draft policy has come up with the following strategies on local content:

i. Government shall enhance manpower, technical capacity and local content in energy related projects.

ii. Establish programmes in conjunction with local industry associations, local training institutions and international institutions

iii. Encourage partnerships between local and foreign enterprises.

3.22 The Draft Energy and Petroleum Policy being developed by the Ministry of Energy and Petroleum has identified the challenges with the current legislation as:

i. Absence of local content development policy;

ii. Inadequate legislation for technological and knowledge transfer;

iii. Inadequate development of local skills and know- how in the exploitation of natural resources and infrastructure development;

iv. Inadequate legislative requirements for collaboration between foreign investors in energy sector and local investors;

v. Absence of legislative framework to priorities utilization of locally available goods and services;

Sources of Funding by the Ministry of Energy and Petroleum

3.23 The MoEP receives budgetary allocations from Treasury through the normal budgetary allocations. Further, they receive funding from Appropriation in Aid (AIA) and donor funding. Between the years 2010-2014, the Ministry received Ksh 9,535 Million and spent Ksh 8,225 Million as shown in the table below:

Table 1: MoEP's Sources of Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Total allocation (Kshs Million)</th>
<th>Actual expenditure (Kshs Million)</th>
<th>Variance (Ksh Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>2,282</td>
<td>2,054</td>
<td>228</td>
</tr>
<tr>
<td>2011/12</td>
<td>2,432</td>
<td>2,249</td>
<td>183</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,467</td>
<td>2,093</td>
<td>373</td>
</tr>
<tr>
<td>2013/14</td>
<td>2,354</td>
<td>1,829</td>
<td>524</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,535</td>
<td>8,225</td>
<td>1,308</td>
</tr>
</tbody>
</table>

Source: OAG analysis of ministry documents
Chapter 4

4.0 FINDINGS OF THE AUDIT

Existing Legal Framework for Local Content

4.1 Operations of oil production and exploration are currently governed by the Petroleum (Exploration and Production Act) 1986 (Revised 2012) and is the fundamental law governing upstream activities in Kenya.

4.2 This vests ownership of hydrocarbons in the hands of the Kenyan government and grants significant powers over the sector to the MoEP. Day to day responsibility for the sector lies with the Petroleum Energy Department in the Ministry, which is the sole implementing agency of Local Content.

4.3 The Petroleum (Exploration and Production) Act 2012 specifies matters relating to Local Content that should be adhered to by exploration and drilling companies:

i. **Section 9 General terms and conditions of petroleum agreements** provides that: Give preference to the employment of and training of Kenyan nationals in petroleum operations and give preference to the use of products, equipment and services locally available;

ii. **Section 13 (1) Local employment and training** provides that: The contractor, its contractors and sub-contractors shall, where possible, employ Kenyan citizens in the petroleum operations, and until the expiry or termination of this contract, shall train those citizens.

iii. **Section 31 (1) Preference to Kenyan goods and services** provides that: The contractor, its contractors and sub-contractors shall give preference to Kenyan materials and supplies for use in petroleum operations as long as their prices, quality, quantities and timeliness of delivery are comparable with the prices, quality quantities and timeliness of delivery of non-Kenyan materials and supplies.

Analysis of the Existing Legal Framework

4.4 The Act provides little detail particularly on issues relating to development and production activities.

4.5 A contractor is required to give preference to locally available goods and services, however there is no definition of what “locally available” means and no specific percentage of Local Content is prescribed as per section 9 of the Act. Furthermore, there is no mention of National company direct participation in Local Content operations.

4.6 The Act does not provide for community participation in Local Content. CBO’s under the umbrella body of TUDOF campaign for the interest of the community Tullow Oil has also set up community advisory boards that act as a liaison between the company and the community.

4.7 A review of the Draft Strategic Plan indicated that the Ministry acknowledged that there are challenges in addressing local content in the Petroleum (Exploration and Production) Act, Cap 308 as well as the Model PSCs currently in use.

4.8 The requirements of some of the provisions in the Act such as the training levy are negotiated between OECs and the Ministry at the time the contracts are signed. Therefore, each OEC may have a different set of requirements to adhere to.

4.9 To address the inadequacies in the current legal provisions the Government through the MoEP is in the process of enacting several new legislations and policies. The drafts were ready and awaiting inputs from stakeholders and debate in Parliament before being enacted/Gazetted. The draft documents are;

i. National Energy Bill
ii. National Energy and Petroleum Policy
iii. Revised Petroleum Exploration and Production Bill
iv. Revised Production Sharing Contracts

4.10 It is expected that once the new legislations and policies are discussed and gazetted they will address the current inadequacies identified in the Local Content.

The Institutional Framework and Coordination between MoEP and other Stakeholders to enhance Local Content

4.11 The Draft Strategic Plan (2013-2017) MoEP has a Petroleum Directorate that is tasked with coordination of upstream and downstream petroleum operations including the development and review of policies, legal, regulatory and contractual framework as well as capacity development. This Directorate is also
responsible for the negotiation and regulation of PSC’s.

4.12 In line with this, the Directorate is also mandated to ensure buildup of Local Content capacity in line with national policy goals. However, the Local Content function within the directorate has not yet taken effect and no clear roles and responsibilities for Local Content have been defined.

4.13 The Ministry is the sole implementing agency of Local Content however, there has not been a specific secretariat established to oversee implementation of Local Content in the oil and gas industry. In the absence of a secretariat ensuring accountability was difficult.

4.14 There are no specific roles outlined for other stakeholders in the institutional framework in the implementation of Local Content. The stakeholders within the petroleum industry were identified as the National Oil Company (NOCK) and Energy Regulatory Commission (ERC).

4.15 As of the time of the audit the MoEP had no specific requirements for a work plan for Local Content. Interviews with the Ministry officials revealed that OECs are required to submit quarterly reports of their Local Content activities to the Petroleum Directorate. However, the audit team did not find any evidence of analysis being carried out from the reports. Lack of analysis means that the MoEP is unable to identify gaps and weaknesses as well as advice companies on areas of Local Content to be implemented.

Government measures to cover implementation of Local Content

4.16 Under the Petroleum (Exploration and Production) Act 2012 measures have been put in place for employment of Kenyan Nationals:

Section 13 (1) Local employment and training

provides that: The contractor, its contractors and sub-contractors shall, where possible, employ Kenyan citizens in the petroleum operations, and until the expiry or termination of this contract, shall train those citizens.

4.17 In the last two years, Tullow Oil B.V has sponsored 25 Kenyan nationals through the British Council to undergo various postgraduate courses in highly specialized courses on the oil and gas industry in leading universities. In the year 2014/2015, Tullow committed to sponsor a further 30 students.

4.18 The Petroleum (Exploration and Production) Act provides for a training levy to be paid annually by OECs. Analysis of financial statements indicated that over a three year period from 2010/2011 to 2012/2013 a total of Kshs 633,616,246 had been remitted to the Ministry as training levy as shown below;

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount in Kshs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/2011</td>
<td>71,018,500</td>
</tr>
<tr>
<td>2011/2012</td>
<td>257,566,212</td>
</tr>
<tr>
<td>2012/2013</td>
<td>305,031,534</td>
</tr>
<tr>
<td>Total</td>
<td>633,616,246</td>
</tr>
</tbody>
</table>

(App. USD 7 Million)

4.19 The Ministry officials indicated that the training to the stakeholders was done, however the list of beneficiaries of the training was not availed to the audit team.

4.20 A review of the MoEP documents revealed that training fees remitted by oil companies for the financial year 2012/2013 amounted to approximately Kshs 305 Million. Further information on; how much was expected on training from the various oil companies; how much had been remitted and whether the government had been facilitating these trainings was not availed.

4.21 The Ministry of Energy and Petroleum Draft Strategic Plan (2013-2017) has a program on local manpower development and fossil fuel (hydrocarbon) resource exploration, development and production. The strategic plan states that 26 officers are to be trained by the end of the financial year 2013/14.

4.22 The Government through the Ministry of Education is yet to develop contents for training on Oil exploration, drilling and processing in tertiary and higher institutions of learning. The lack of content means the institutions are yet to start training programs that would in future give graduates an equal chance in employment opportunities in the oil sector. Currently, most of the jobs held by Kenyans are of unskilled and semi-skilled categories.

Employment/training plans

4.23 Tullow employment records as at February 2014 showed that there was a total work force of 2,811 employees. There were 2,510 Kenyan nationals representing 89 %. Employees of various cadres are as indicated in the table below;
4.24 Under the Petroleum (Exploration and Production) Act measures have been put in place for local procurement of goods and services:

Section 31 (1) Preference to Kenyan goods and services provides that; The contractor, its contractors and sub-contractors shall give preference to Kenyan materials and supplies for use in petroleum operations as long as their prices, quality, quantities and timeliness of delivery are comparable with the prices, quality quantities and timeliness of delivery of non-Kenyan materials and supplies.

4.25 Tullow is a project coordinator company that relies more on contractors and sub-contractors for its operations. The contractors as at the time of audit were categorized into:

- Camp provider
- Civil works providers
- Logistic Services
- Security providers
- Seismic Providers

4.26 Tullows expenditure on local supplies has been increasing over the period under review. In 2011 the company spent Ksh 2 Billion which rose to Ksh 2.6 Billion and Ksh 3.8 Billion in 2012 and 2013 respectively. The highest expenditure was reported in Camp provision which accounted for 38% of the total in 2013.

4.27 According to the interview with Tullow officials, the company looks for tangible commitments to long term investments with local companies to participate either as sub-contractors or suppliers of goods and services.

Measures in place to transfer skills and technology to local companies and develop their capacity

4.28 Part of the challenge in procurement of local goods and services by OEC has been to meet the specifications set by the contractors. To address the shortcoming, the government through the MoEP is developing a policy skills transfer through:

i. capacity building for local suppliers to be undertaken in collaboration with local industry associations, local training institutions and international institutions, and have given time lines for the transfer;

ii. Develop and implement legislation for energy and petroleum industry linkages;

iii. Develop and implement legislative framework to prioritize the utilization of locally available goods and services;

iv. Ensure investors and contractors in energy and petroleum sector comply with local contents requirements as specified in the policy and legislation; and

v. Establish a local content development and monitoring unit

4.29 The Petroleum (Exploration and Production) Act 1984 (Revised 2012) Section 31 Preference to Kenyan goods and services provides that. The contractor, its contractors and sub-contractors shall give preference to Kenyan materials and
supplies for use in petroleum operations as long as their prices, quality, quantities and timeliness of delivery are comparable with the prices, quality quantities and timeliness of delivery of non-Kenyan materials and supplies. However, as at the time of the audit the Government was yet to build institutional capacity in the Small and Medium Enterprises (SME’s) so as to give them an equal opportunity in tendering of goods and services in the oil sector. Thus the local SME’s are not able to competitively compete for tenders thus lose on the benefits arising from the oil exploration and production.

Corporate Social Responsibility (CSR)

“Corporate Social Responsibility (CSR) is the continuing commitment by organizations to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large” Lord Holme and Richard Watts,

4.31 A review of the Petroleum (Production and Exploration) Act, Production Sharing Contracts and the Companies Act Cap 486, revealed that OEC’s are not legally obliged to provide the community with any social investment in terms of local content and benefits sharing. However, according to interviews with the Ministry staff, OECs are required to spend a minimum of $5,000 USD on CSR projects for the host community annually.

4.32 Although there is no legal requirement, Tullow Oil has a longstanding CSR policy to maximize sustainable development opportunities for host nations as well as share prosperity with the host community (Tullow Oil CSR Report 2014). The company spent USD 5,000,000 to undertake several projects in education, agriculture, health, water and infrastructure development as shown in table 3 below.

Table 3: Summary of social investments by Tullow BV Kenya (upto 2014)

<table>
<thead>
<tr>
<th>Block</th>
<th>10 BB</th>
<th>13 T</th>
<th>10 BA</th>
<th>12 A</th>
<th>12 B</th>
<th>10 A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Education</td>
<td>188,266</td>
<td>188,266</td>
<td>221,868</td>
<td>125,600</td>
<td>-</td>
<td>-</td>
<td>724,000</td>
</tr>
<tr>
<td>Water &amp; Wash</td>
<td>588,401</td>
<td>588,401</td>
<td>694,799</td>
<td>274,400</td>
<td>-</td>
<td>-</td>
<td>2,146,000</td>
</tr>
<tr>
<td>Health</td>
<td>283,333</td>
<td>283,333</td>
<td>283,333</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>850,000</td>
</tr>
<tr>
<td>Livelihood</td>
<td>640,000</td>
<td>640,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,280,000</td>
</tr>
<tr>
<td>Total ($)</td>
<td>1,700,000</td>
<td>1,700,000</td>
<td>1,200,000</td>
<td>400,000</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
</tr>
<tr>
<td>KES ( Million)</td>
<td>144</td>
<td>144</td>
<td>102</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>425 M</td>
</tr>
</tbody>
</table>

Source: Tullow Quarterly Report to the MoEP
I. Education

4.33 Under education, review of documents indicated that the company in collaboration with the Catholic Diocese of Lodwar was to spend up to Ksh 75 Million during the financial years 2012-2014 on Bursaries for the Turkana Education Program. This bursary scheme focuses on primary education for needy children that is only accessible to the Turkana Community.

4.34 Similarly there is a Bright Students Fund that is only accessible to the members of the Turkana Community that are about to attend Secondary school. This scheme caters for all expenses that might be incurred by the students including tuition and upkeep. So far approximately Ksh 24 Million has been spent in the last two years.

4.35 Being that the extractive industry is relatively new in the Country, there is a dire shortage of trained professionals in the sector. Tullow Oil in collaboration with the British Council has setup a scholarship scheme ran from the Headquarters, which is accessible by all Kenyan Nationals. This scholarship focuses on graduate and postgraduate courses inclined towards the extractive industry and are intended to build local capacity in the sector. Between the years 2011-2013, twenty-five (25) individuals have benefited from the scheme to study both at local and international institutions. In the current financial year the scholarship scheme has been expanded to cater for thirty more students.

4.36 Tullow has also provided 200 solar lanterns in 2014, to support Class 8 students in 40 primary schools to be used where there is no electricity supply in homes and schools. The solar lamps were to be handed over to the next group of examination candidates.

II. Water

4.37 Turkana County is an arid and semi-arid (ASAL) region. It suffers from water scarcity and the general water mass available-Lake Turkana is saline. The rivers that traverse the County are all seasonal and rely on intermittent rains. Generally, the soils are sandy and do not retain water for long periods of time. The recent discovery of water reserves in the County has raised hope of availability of sufficient water not just for the County but the entire country.

4.38 There is an overreliance on boreholes for both domestic and animal use. To mitigate against this, Tullow in collaboration with Red Cross and World Vision, have drilled several boreholes and truck water to community water tanks especially in areas where they have intense operations.

4.39 Between 2012 and 2013, Tullow has budgeted for Ksh 99 Million in the current financial year for provision of those services, benefiting national and local companies.

III. Livelihoods

4.40 Reliance on pastoralism often puts communities at risk of extermination of their herds due to prolonged drought and lack of veterinary extension services. In a bid to diversify this reliance on pastoralism, the government and other stakeholders have implemented projects focusing on agricultural practices such as irrigation, fishing and poultry production.

4.41 Tullow has budgeted for Ksh 90 Million for irrigation projects, poultry production and improvement of seeds to be used by farmers. It is expected that these measures will provide for alternative livelihoods especially during periods of prolonged drought.

IV. Health

4.42 Apart from the Lodwar County Hospital, there are only Health dispensaries serving the entire County. Due to the expansiveness and poor road network in the County, there is need to construct new hospitals in the sub-counties.

4.43 Tullow in collaboration with the County Government intends to construct a Referral Hospital on the outskirts of Lodwar, with sufficient land for expansion. Two other hospitals will be constructed in Lokichar and Lokori. Tullow has budgeted Ksh 72 Million in 2014, towards this venture.

Government Measures for monitoring, evaluation and follow up of Local Content policies

4.44 According to best practice adopted by other oil producing regions it is a requirement to have a Monitoring and Evaluation framework set up to ensure the implementation of Local Content. As at the time of the audit the MoEP was yet to put in place such a framework. The absence of a framework hinders effective monitoring and evaluation by the MoEP of activities pertaining to Local Content.

MoEP is yet to deploy Personnel to Ensure Implementation of Local Content in Turkana

4.45 The state shall procure the permanent posting in Lodwar/Lokichar of; a suitable representative from MoEP, a suitable labour officer, a
suitable representative from the Ministry of Industrialization and Enterprise Development and a suitable social officer by deadline of 31st December 2013. However, as at the time of the pre-study documents reviewed by the audit team revealed that none of these officials had been publicly appointed. The delay of the deployment of the officers hinders effective communication between the company and the local community on potential benefits brought about by discovery of oil in the region. In addition the absence of the key officers affects monitoring of implementation of local content by the oil exploration companies.

Lack of involvement of local community in operations of Tullow Oil Company in Turkana

4.46 Interviews with Ministry officials and Tullow employees revealed that in early November 2013, Tullow Oil Operations in Turkana suffered a two weeks shutdown due to demonstrations by the local community who complained that they were not being considered for employment and procuring of supplies and services. For instance, the company had invited for tenders for delivery of 2,000 transport vehicles. However, the tender was cancelled without award despite locals having borrowed loans to buy vehicles but later the company hired vehicles from suppliers outside the county.
Chapter 5

5.0 CONCLUSIONS

5.1 Kenya lacks a policy dealing specifically with Local Content. As at the time of the audit the existing legal framework was not sufficient to support the implementation of Local Content. The Petroleum (Exploration and Production) Act requirements for Local Content are broad statements which are subject to different interpretations. Existence of a policy on Local Content would address the weaknesses in the legal framework.

5.2 The Petroleum Directorate at the MoEP is the sole implementer of LC. NOCK and ERC did not have a direct role outlined in the institutional framework.

5.3 Although the government has put in motion measures to revise the current legal and institutional frameworks that would address identified weaknesses, the process had just commenced, however it was not clear when the process would be completed.

5.4 Due to the lack of a monitoring and evaluation framework, the MoEP was not able to analyze the performance of OECs in the implementation of Local Content.

Chapter 6

6.0 RECOMMENDATIONS

To achieve the requirements of Local Content, we recommend to the MoEP:

6.1 To ensure that the country and communities receive a fair share of the accruing benefits, the MoEP should keep track on the progress of tabling the proposed Energy Legislations published in 2013 that outline key elements of Local Content.

6.2 To consider the deployment of liaison persons to act as a link between the OECs, the communities and the Ministry to avoid any misunderstandings between all parties involved as well as manage expectations.

6.3 To improve on the quality of local goods and supply, the government should consider building capacity for local suppliers and have given time lines for transfer of skills and technology.

6.4 To build knowledge and skills transfer, the MoEP should collaborate with the Ministry of Education and tertiary institutions to establish courses and vocational trainings pertaining to oil and gas exploration.

6.5 To consider setting up a work plan for monitoring Local Content issues such as employment, training, education and supply of goods and services, through regular field visits.

6.6 To consider setting up systems for the evaluation on returns on Local Content activities by OECs.

6.7 To consider setting up reporting and follow up systems that ensure work plans to be submitted by OECs are regular, timely and reliable and places sanctions on non-compliers.
APPENDICES

Appendix I: The MoEP Organogram

The Petroleum Directorate will be charged with:-

- Development and review of policies, legal, regulatory and contractual framework for spearheading upstream and downstream petroleum operations
- Overall coordination of upstream and downstream petroleum operations
- Negotiation and regulation of Product Sharing Contracts (PSC)
- Advising on change of administration in active Product Sharing Contracts
- Capacity development in the areas of petroleum Geosciences, Petroleum Engineering, Petroleum Economics, Petroleum Accounting, Petroleum Resource Appraisal and Management, Procurement Techniques
- Enforcement of Environmental Protection and management regulations in liaison with NEMA
- Ensuring buildup of local content capacity in line with National policy goals
- Development of an oil and gas master plan for exploration development, production and marketing of the produced oil and gas
- Developing modalities and strategies for licensing of blocks in bid rounds and custodian of all PSCs.

Appendix II: The Stakeholders of the Ministry of Energy and Petroleum

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Oil Corporation of Kenya (NOCK)</td>
<td>In charge of petroleum exploration and marketing</td>
</tr>
<tr>
<td>Energy Regulatory Commission (ERC)</td>
<td>Protects interests of consumers, investors and other stakeholders by enforcing the provisions of the energy Act.</td>
</tr>
<tr>
<td>Energy Tribunal</td>
<td>Arbitrates on disputes between ERC and Aggrieved stakeholders</td>
</tr>
<tr>
<td>Other Ministries and departments</td>
<td>Implementation of projects, resource mobilization &amp; facilitation and the development of the necessary institutional, legal and regulatory framework in the energy sector.</td>
</tr>
<tr>
<td>Development partners (Foreign governments, financial institutions, exploration companies etc.)</td>
<td>Provide both financial and non-financial resources towards development of the energy sector</td>
</tr>
<tr>
<td>Parliament</td>
<td>Enacting laws and representing the greater Kenyan community Providing local resources as land.</td>
</tr>
<tr>
<td>Ministry of Environment (NEMA)</td>
<td>Protecting the environmental Impact Assessment</td>
</tr>
<tr>
<td>County Governments</td>
<td>Enacting County Bills relating to energy and mobilizing the community</td>
</tr>
</tbody>
</table>

Source: MoEP Service Charter
CONTACTS

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