AVOIDING THE DUTCH DISEASE: POLITICAL SETTLEMENT AND INSTITUTIONAL DEVELOPMENT IN KENYA

Humphrey Bwire Nagila

Submitted to the faculty of the University Graduate School

in partial fulfillment of the requirements

for the degree

Master of Arts

in the Department of Political Science,

Indiana University

December 2019

Accepted by the Graduate Faculty of Indiana University, in partial fulfillment of the requirements for the degree of Master of Arts.

Master's Thesis Committee

____

Scott Pegg, Ph. D., Chair

____

Aaron Dusso, Ph. D.

____

John McCormick, Ph. D.

Acknowledgement

This thesis sums up my journey as a graduate student. It has been a long journey and I would like to take this opportunity to thank a few individuals who have been helpful along the way. Thanks to the Indiana University for the opportunity to advance my education. I would also like to thank my committee members, Professors Scott Pegg, Aaron Dusso, and John McCormick for their support and dedication as well as family members and friends who continued to show their support through this journey. Special thanks to my wife Haley Nagila for her continuous support throughout my graduate studies.

Humphrey Bwire Nagila

AVOIDING THE DUTCH DISEASE: POLITICAL SETTLEMENT AND INSTITUTIONAL DEVELOPMENT IN KENYA

Petroleum is undoubtedly one of the most valuable commodities in the world with an annual production worth billions of dollars, and an attempt to relate it to the slow economic performance of a country may seem far-fetched. Studies on sub-Saharan countries that produce oil have often viewed the country's ability to govern oil from an institutionalist lens. This Thesis aims to explore the governance and management of oil resources in African states since this is the focal point between the oil-rich countries and the international community. By using a political settlement framework, I seek to further the "resource curse" discourse by challenging the new institutionalist theory which fails to adequately address the Dutch disease problem. I compare the political settlement between Ghana and Kenya and explore the dynamics of power and politics and how this relationship shapes the functionality of institutions. My analysis of the current political settlement in Kenya that is dynamic in nature, suggests that acceptable levels of elite commitment and bureaucratic capability are unlikely to be reached hence making Kenya prone to the Dutch Disease.

Scott Pegg, Ph. D., Chair

Table of Contents

Chapter I–Dutch Disease and Economic Performance

Introduction

The role political actors play in the governing of a country's natural resources calls for in depth research in order to determine factors that shape natural resource governance (Bebbington, 2013). Several studies have suggested that discoveries of large oil wells could slow down the economic performance of a country, a phenomenon commonly referred to as Dutch disease and named after the effects of The Netherlands' gas discovery in the North Sea. In this thesis, I examine the immediate effects as well as long term consequences of Dutch disease to the economy of a developing country with abundant oil resources. Early symptoms of Dutch disease may be characterized in the financial markets following a large inflow of foreign currency, due to oil discovery.

Dutch disease has been described as "sectoral reallocation of economic resources. Capital and labor are drawn away from agriculture and manufacturing and they flow into the extractive sector" (Pegg, 2009). Following this finding, it is imperative that developing economies which discover large oil deposits and seek to engage in exporting such resources, learn from The Netherlands experience which serves as the basis of the Dutch disease. Following Michael Roll's recommendations, this thesis resolves to study the political settlement effect in managing oil resources for the following reasons (Roll, 2011):

1. It discredits the arguments in new institutionalist theory by advocating for an in-depth understanding of the dynamics of politics and power relations that define how institutions in a country work.
2. It illuminates the intertwined relationship between politics and economic development.

Relationship Between Politics and Institutional Development

In order to understand the relationship between politics and institutional development, awareness of divergent factors that cause different experiences in resource-rich countries is necessary. For example, in order to understand the probability of Dutch disease in Kenya, an in-depth analysis of comparative African politics will be required. I have chosen Ghana as a comparison due to its reputation as a leader in democracy and good governance in Africa. The assumption being, if Ghana cannot overcome Dutch disease, then no country on the continent will be able to. Finally, my choice to conduct a comparative analysis between Kenya and Ghana was inspired by the similarities as well as the differences between these two countries. For example, Kenya and Ghana pose as two economic powerhouses on the eastern and western ends of the continent respectively. Both countries boast some of the most advanced institutions and have some of the largest middle classes on the continent.

Given their similarities, comparing Kenya and Ghana from a new institutional lens may be counterintuitive, as both countries would be expected to govern their oil at almost equal measures; however, the political settlement between the two countries pose striking differences that are worth analyzing. While Ghana's oil started flowing in 2010, Kenya just recently commissioned its first batch of 200,000 barrels for refining in China.

This thesis challenges the new institutionalist argument since it fails to address the critical role of politics in institutional development. As such, the new institutionalist argument fails to discuss factors that influence elite commitment as well as the capability of the state to bring about development. (Khan, 2010; Poteete, 2009). To address this better, this thesis uses the political settlements approach which goes beyond good governance theory and attempts to explore underlying factors that influence development of institutions. According to Di John and Putzel (2009), a political settlement is “the balance or distribution of power between contending social groups and social classes, on which any State is based”.

While several studies that have linked power relations to the development of institutions, Khan's (2010) framework for political settlements lays a better foundation in explain the role of power relations towards institutional development. (Di John & Putzel, 2009). Under the political settlements approach, emphasis is placed on inter-elite bargains as the key factor in determining the development of institutions. As such, studies focusing on natural resource governance that adopted the political settlements framework (Hickey, Abdulai, Izama, & Mohan, 2015a; Hickey, Bukenya, Izama, & Kizito, 2015b; Poteete, 2009) have provided a more comprehensive analysis of the impact of power relations on institutional development, compared to the new institutionalist argument. These studies highlight a common theme that forming coalitions help to shape elite engagement in the development of institutions that govern natural resources. For example, Kenya's pursuit of oil exploration and creating institutions to govern the oil was characterized by intensive inter-elite bargaining. This was evidenced in parliamentary stalemates that prevented Parliament's passage of the petroleum bill. However, when the government eventually received support from the opposition coalition, an amended petroleum bill was quickly passed and provided the president the opportunity to launch the much-anticipated oil export project of his government. Such inter-elite dynamics call for in-depth research and its impact on institutions. Using a political settlement framework, political interests are uncovered, and contributions towards institutional choices for natural resource governance are better understood.

This thesis therefore aims to examine the role of politics and power relations between political leaders and elites. I seek to achieve this goal by answering the question below. Do political settlements shape elite commitment in the development institutions? I examine the political setting in Ghana and compare it to that of Kenya with the aim of predicting the capability of Kenya to govern oil under its current circumstances. My choice of performing a Ghana-Kenya comparative analysis was informed by the fact that both countries are similar in several aspects. For example, both Ghana and Kenya would fall under small scale oil producers as compared to countries like Angola and Nigeria. Secondly, Ghana is a fairly new player in the oil industry making it a fair comparison to a new country seeking to join the oil exporting industry. The chapters in this thesis are organized as follows:

Chapter I reviews substantial literature on resource curse. This chapter aims to explore the role of politics in institutional development (Di John & Putzel, 2009). The chapter also discusses more in-depth political arguments that emphasize the relationship between natural resources and growth while showing how power relations underlie elite interests to institutional development (Poteete, 2009; Khan, 2010). Chapter II explores the Dutch disease and its effect to the economy.

Chapter III of this thesis introduces a conceptual framework based on Khan's framework for political settlements which helps explore the underlying conditions that influence elite commitment and shape institutional development.

In this chapter, I look at the dynamics of Kenya's political settlement by exploring the transformation of this settlement since independence. This chapter further compares Kenya's dynamic political settlement to that of Ghana which appears to have maintained consistency for over two decades. By doing so, I are able to demonstrate how political events shape the political culture in a country. I am also able to demonstrate how electoral competition and patronage have shaped policy choices over the years and how they also help to reveal the changing nature of Kenya's political settlement and its power dynamics.

Chapter IV summarizes the general effect of the resource curse, institutionalism and the political settlement framework and provides concluding remarks. By exploring the oil experience in Kenya and Ghana as well as the political settlements both countries, this chapter concludes that Kenya's dynamic political setting possess a challenge to the development of quality institutions thus posing a greater risk to the managing of oil.

New Institutionalists on the Dutch Disease

Following the Dutch disease paradox in the 1960s, several studies have supported institutionalism by suggesting that the quality of institutions within a resource rich country affects a country's ability to prevent Dutch disease. When a country becomes dependent on its natural resources such as oil, its economic performance tends to slow down, thereby slowing down growth. This is particularly common in developing countries (Mavrotas, Murshed, & Torres, 2011) that export natural resources making them prone to growth failure as well as institutional failure. They allow multinational mining companies to take charge of mineral activities in exchange for foreign capital. To combat this, Acemoglu and Robinson argue that institutions within a country must be centralized to provide essential services such as education, justice and general enforcement of contracts (Acemoglu & Robinson, 2012).

A study by Mehlum, Moene, & Torvik suggests that institutions are a determinant of the resource curse. Their study observes that countries rich in natural resources can either experience economic growth or economic loss depending on the quality of their institutions (Mehlum, Moene, & Torvik, 2006). Therefore, if the institutions encourage efficient production, the country will experience economic growth. Contrary, if the institutions are exploitative in nature, then the country will experience a slow economic growth (Mehlum, Moene, & Torvik, 2006). A centralized institution facilitates innovation and leads to economic growth as evidenced during the Industrial Revolution (Acemoglu & Robinson, 2012). Under this argument, international agencies have sought measures to protect resource-rich countries, particularly in sub-Saharan Africa. One such initiative has been the creation of sovereign wealth funds to offset the dangers of Dutch disease and a strong oversight role for parliaments and civil society in terms of transparency and accountability (NRGI, 2014). However, attempts to establish common patterns of the Dutch disease have led to even more contradictory findings. This is because Dutch disease manifests in different ways depending on the geographical settings and the political settlement (Ross, 2015).

While it may be difficult to point out a single all-encompassing justification for Dutch disease, scholars have made progress toward common explanations for slow economic performance among most oil exporting countries. With lack of effective mining laws, most oil exporting countries experience loss of revenue, slowed economic performance and generally discontented locals. As new players like Kenya seek to join the league of oil exporting countries, the question of whether they will achieve positive results using an alternative progressive approach becomes even more important.

The study by Mavrotas et al. also suggested that developing countries exporting natural resources are prone to growth failures as a result of institutional failure (Mavrotas, Murshed, & Torres, 2011). In this study, Mavrotas et al. presented a model of growth failure with micro-foundations in rent-seeking contests with increasing returns and major innovations on their analysis. Their analysis incorporated two main parts - the first being the fact it is based on theoretical assumptions and the second, that it is one of the few econometric studies into the resource curse that includes analysis over time, as it is a panel data estimation. Institutional quality is measured by the degree of democracy and the quality of governance, therefore, capturing both the effects of how a country is ruled, as well as its polity, with governance having a greater impact on development. To ensure more robust results, the authors use a variety of econometric models to test the same specification. Their findings suggest that both point-source (those with concentrated and capturable revenue patterns such as oil) and diffuse (such as agriculture) natural resource dependence deters the development of democracy and good governance, which in turn hinders economic growth. Their study also suggests that point-sourced economies have a worse impact on governance, which is more important for growth.

This study is consistent with a recent World Bank report (Mining & development – World Bank, 2002) on the economic performance of mineral exporting countries in the 1990s. According to this report, countries with medium-sized mining sectors (between 6 and 15 percent of all exports) witnessed their GDP per capita fall at an average rate of 0.7 percent a year over the course of a decade. For countries with large mining sectors (between 15 and 50 percent of exports), their GDP per capita fell by an average of 1.1 percent a year. Finally, countries that have very large mining sectors (over 50 percent of exports) saw their GDP per capita fall by 2.3 percent a year (World Bank, 2002). The sharp fall in GDP is not only catastrophic to the economy but has also proven to make a country prone to civil conflict (Collier & Hoeffler, 2001).

It is worth noting that some researchers have viewed economic growth spurred by natural resources with skepticism. For example, a study by Jean-Philippe C. Stijns showed no significant relationship between natural resource abundance and economic growth (Stijns, 2005). In this study, Stijns sought to determine the relationship between mineral resources and economic growth when one uses actual data about energy, mineral reserves and production. Stijns performed an analysis of partial correlations between land, as well as fuel and mineral reserves and a number of determinants of economic growth. While land is negatively associated with all determinants of economic growth, minerals, coal, oil and natural gas are not. He also found that school attendance is positively correlated with oil, gas, and mineral reserves. Apart from land, the pattern for resource abundance leads to abuse of power through lack of transparency and accountability by the government. This is despite the fact that resource abundance is often associated with other indicators of the rule of law and bureaucratic performance positively. With this complex finding, Stijns suggested a coexistence of both "positive and negative channels" through which natural resources affect economic growth. This led him to conclude that the ability of a country to exploit its resource base depends heavily on the nature of the learning process involved. In their study, Jędrzej Frynas, Geoffrey Wood and Timothy Hinks also argue that a country may experience resource curse effects without experiencing actual resource windfalls. As such, expectations of future resource revenues can be sufficient to escalate effects of the resource curse (Frynas, wood & Hinks, 2017). This study demonstrated negative effects with regards to political stability and governance, and significantly greater macroeconomic volatility. Similarly, Brunnschweiler and Bulte argue that while a negative correlation between a resource variable and institutional quality suggests that resources undermine institutions, absence of decent institutions leaves resources as the "default sector" when nobody is willing to invest in alternative forms of capital (Brunnschweiler & Bulte, 2008). Other scholars that are skeptical of the correlation between natural resources and economic performance have not been successful in determining the true cause of the Dutch disease.

However, countries dependent on mineral exports also tend to exhibit higher levels of poverty as evidenced in oil exporting sub-Saharan countries possibly due to lack of accountability by the government. As a result, these mineral exporting countries become vulnerable to civil conflict (Collier and Hoeffler, 2001).

Chapter II–Effects of Dutch Disease on the Economy

The term "Dutch disease" is a paradox that stems back to the early 1960s in the Netherlands. Discovery of natural gas led to increased profitability in the trading sector hence causing non-oil exports to become more expensive and less competitive. This eventually led to the decline in the growth of the Dutch economy. Since then, the term "Dutch disease" has been used to describe a situation whereby a booming tradable sector adversely affects the performance of other sectors and eventually slows down the performance of an economy. The Dutch disease has been witnessed in many parts of the world and although strongly associated with the discovery of a natural resource, it may occur in any form of sudden revenue such as foreign direct investment.

An early study by W.M Corden and J. Peter Neary sought to explain why an increase in sudden revenue could be disastrous for an economy. They do this by dividing an economy that is experiencing sudden revenue increase into three sectors: the profitable export sector, such as the oil industry and the traditional export sector, such as manufacturing. These two sectors are considered tradable (Corden & Neary, 1982). The third sector would be the domestic retail market which might include areas such as construction and would be considered non-tradable. A resource boom can affect the economy in two main ways; the resource movement effect and the spending effect. Under the resource movement effect, Dutch disease can be triggered in cases of resource allocation (Pegg, 2010). As such, when the tradable sector attracts capital and labor from the non-tradable sector, there will be contraction of the tradable sector due to its reduced use of factors of production. This factor movement will also cause an increased demand for non-tradable goods and consequently an increase in price (Stijns, 2003).

The Spending Effect

Prices for tradable good are typically determined by producer's cartel such as the Organization of the Petroleum Exporting Countries (OPEC). When an economy receives sudden cash flow from say exporting oil products, income levels also increase as would the demand for all goods. If this income is spent on imports, then money supply would be balanced and there would be no impact to the domestic retail market. However, the outcome would be different if the income received is converted into local currency to be spent on the domestic retail market. The key factor determining this outcome is whether the value of local currency relative to a major foreign currency (exchange rate) is fixed by the central bank or floating.

Under a fixed exchange rate economy, conversion of the foreign currency into local currency leads to increase in the country's money supply and due to local demand domestic prices would go up. As a result, a unit of the foreign currency weakens to the local currency (real exchange rate appreciation (Stijns, 2003). On the other hand, if the exchange rate is floating, there would be increased supply of foreign currency which would also increase the value of the local currency. The real exchange rate appreciation in this case however will result from rise in the nominal exchange rate and not rise in the domestic prices as with the case of fixed exchange rate. Appreciation for the real exchange rate in both cases weaken the competitiveness of a country and shrinks the traditional sector in a process referred to as the spending effect. Pegg's case study on Botswana finds that Botswana was successful in avoiding the Dutch disease though a solid framework of managing the exchange rate. For example, the government chose to keep expenditure growth below the rate of revenue growth (Pegg, 2010). Because mineral revenues can be highly volatile, the government established the Revenue Stabilization Fund in 1972 to which would help accumulate reserves (Pegg, 2010). More importantly, Botswana realized the possibility of mineral revenues exceeding its absorptive capacity. In order to avoid the problem of overheating economy, the government created a Public Debt Service Fund in 1972 which enabled it to save the revenue (Pegg, 2010). As the economy focuses on profitable exports, there will be an increase in the demand for non-tradable domestic goods. As a result, resources such as capital and labor shift to the production of domestic goods to meet the increasing demand. Both of these transfers shrink production in the now lagging traditional export sector. These spending effects played out in the oil-rich nations in the 1970s, when oil prices soared, and oil exports rose at the expense of the agricultural and manufacturing sectors. Similarly, higher coffee prices in the late 1970s (after frost destroyed Brazil's coffee crop) triggered a boom in the coffee sector in producers like Colombia at the expense of manufacturing (the lagging tradable sector), as resources were reallocated to the agricultural (non-tradable) sector.

Ghana's Oil Experience

Ghana serves as the ideal case study as it is widely considered Africa's model in democracy. In 2010, former US president Barack Obama's choice of Ghana as his first African destination while in office further illuminates the idea of Ghana as Africa's beacon. At a glance, peaceful coexistence among communities and democratic process such as five consecutive free and fair elections (1992, 1996, 2000, 2004, and 2008) place Ghana above most African countries with regards to good governance (Moss & Young, 2009).

A report by the World Bank shows that in 2017, Ghana's economy doubled its growth rate from 2016, earning it the second fastest growing economy in Africa. ("Ghana's 2018 Economic Outlook" ,2018). Ghana is among the newer oil exporting countries and exports about 120,000 barrels of oil per day (Kopiński et al., 2013). Hydrocarbon reserves in Ghana were first discovered over two decades ago with the establishment of the Ghana National Petroleum Company (GNPC). However, several attempts by the GNPC to explore oil in these reserves showed little success therefore forcing GNPC to seek partnership from international partners. This led to the discovery of the Jubilee Field (deep water oil and gas reserves) in 2007 by Kosmos Energy, a small American exploration company, 60 km offshore. Coincidentally, Ghana was celebrating 50 years of independence from British colonialism, hence the name Jubilee Oil Fields. This discovery was met high expectations such as better infrastructure by the Ghanaian people and the belief that Ghana would transition from third world status to becoming a middle-income country (Gary, 2009; Breisinger et al., 2009). However, like most third world countries, the majority of Ghanaians live below the poverty line with lack of access to clean water, sanitation and electricity ("Ghana: The Waste Land", 2010).

Prior to discovering the Jubilee Field in 2007, Ghana was only producing about 600 barrels per day through the salt pond fields (Manteaw, 2010). However, with commitment and determination to engage in large scale oil exploration, the government initiated the Growth and Poverty Reduction Strategy in 2006 ("Ghana: Poverty Reduction Strategy Paper", 2009). The aim of this strategy was to boost the economy by focusing on five key areas. This included, focus on the agricultural and service industries through better infrastructure as well as good governance. With these government initiatives, Ghana became more attractive to foreign investors and more exploration licenses were granted to international oil companies.

In the case of developing countries that specialize in exporting oil, such as Ghana, a common explanation accepted by scholars is the path of development adopted. Nigeria, for example, adopted a path which focuses on large scale offshore drilling and exporting of crude oil and importing refined oil as a finished product. This became the main economic activity, and the country became entirely dependent on revenues from exporting crude oil (Odularu, 2008). Total commitment to this strategy, however, has failed to reach desired levels of economic performance in Nigeria. The next part of this thesis will examine major factors that slow down economic performance of oil exporting economies, and in the process, develop a case for Ghana's course. With global increase in demand for petroleum, increased oil mining activities have been evidenced, particularly in developing countries. Many of these countries are promised economic growth in exchange for opening up their oil wells to multinational corporations (MNCs). These MNCs also benefit from a wide range of incentives such as tax breaks and security.

Ironically, while accommodating free trade by allowing these corporations to mine the oil, most developing countries continue to receive insignificant revenue sufficient to facilitate economic growth. To better analyze this paradox, Peter G. Warr observes a relationship whereby investment incentives offered to multinational corporations are not proportional to the level of economic development that was anticipated. By focusing on Indonesia, the Republic of Korea, Malaysia and the Philippines, Warr studies the relationship between Export Processing Zones (EPZS) and the host country's economic policies. Warr refers to this relationship as "Resource Enclaves" (Warr, 1989).

Similarly, Ackah-Baidoo observes that most of oil production in oil rich Sub-Saharan Africa takes place in enclave-type environments offshore where pockets often boom in isolation and offer no incentives to the general public (Ackah-Baidoo, 2012). Nigeria's continuous conflict in the Niger Delta region, while producing oil in large scale provides a good example of how isolated large-scale oil enclaves can be. Ghana appears to have taken a different path with a visibly slow structural transformation. This may possibly be attributed to Ghana's slowness in detaching itself from the ideologies of the socialist dictator, Kwame Nkrumah, or simply lack of technical knowhow in the oil industry. Oil exploration in Ghana can be traced back to the 1800s. During this time, the colonial administration in the region was confident about future large-scale discoveries in the future. It was however not until 1966 that the then-administration contracted a Romanian company to drill a well in the eastern part of Ghana along the Keta Basin. The vast majority of developing countries that export oil is featured at the bottom of the UN Human Development Index and are increasingly dependent almost entirely on oil revenues. Reluctance to follow the lead of large-scale oil producers such as Nigeria, Sudan and Angola may have helped Ghana shield itself from factors that promote Dutch disease.

The theory of "Rentier State" coined by economist Hossein Mahdavy, supports the Dutch disease by demonstrating its impact on the economic performance of a country. Yates further builds on the Rentier State Theory by arguing that a slow economic performance of a developing country is a result of its dependence on revenues from exporting oil. It refutes the idea that such countries only experience boom-and-bust cycles of resource dependency, but rather argues that resource dependency is a result of poor management. The Rentier State fails to establish proper mechanisms to manage natural resources resulting in lack of accountability and an inflated economy. The fallacy, however, is the more Rentier States spend unearned revenue in an attempt to develop, the further away they become from actual development. According to Yates, "The decline and fall of oil-rentier states will be the unintended consequence of their regimes living off unearned oil revenues, instead of attending to the genuine developmental needs of their domestic populations" (Yates, 1970).

Ricardo Soares de Oliveira is not pessimistic in the same ways as Yates. Instead, he proposes the term “successful failed states” to highlight the paradoxical nature of the eight oil-rich countries surrounding the Gulf of Guinea. These “petro-states” that hold a tenth of the world’s oil reserves, are viewed internationally as stable and are able to negotiate effectively with oil companies, but are failing to provide necessities, like health care and education, to their citizenry. This poor quality of governance leads Soares de Oliveira to posit that the region will likely not shift to a governance model that encourages accountability from its leaders and elites. That is not to say that the states will fail - Soares de Oliveira predicts their continued economic stability into the future due to the assurances that oil provides despite mismanagement, risk, and other domestic barriers (Soares de Oliveira, 2007). Other counter arguments against Yates’ theory suggests that the gap between developed and developing countries is directly proportional to their ability to accumulate capital since the margin of savings is directly proportional to the increased productivity (Singer, 1950). However, while democratic institutions and policies are necessary, they are not sufficient in avoiding the curse. For example, a summary report published by economist Sébastien C. Dessus suggests that the slow structural transformation in Ghana may be an indication that Ghana may already be experiencing symptoms of Dutch disease (Dessus, 2011). Low levels of oil production may negatively impact Ghana's economy since increase in demand of oil will further increase the price of goods and services. As a result, Ghana's export competitiveness will be impacted.

In the early 1990s Ghana experienced a "mining boom". However, with a shortage of skilled labor as well as appreciation of the (Ghanaian currency) cede, manufacturing became less competitive. Consequently, both Ghana's manufacturing output and GDP declined by about 3 percent over the past decade (Nayda et al., 2015). While Ghana may have succeeded in avoiding an oil mining economy built on financial injections from China as well as multinational corporations, the question of whether or not it will avoid the Dutch disease remains. Dominik Kopiński, Andrzej Polus and Wojciech Tycholiz study attempts to explore this question by asserting that the discovery of oil in Ghana has enabled it to strengthen its 'immune system' by adopting a legal framework. As such, Ghana has witnessed significant improvements in matters of transparency and accountability (Kopiński et al., 2013).

Kenya's Oil Experience

Recently, Kenya has reportedly discovered significant amounts of oil wells in the northern part of the country. For the residents, discovery of oil brings expectations and renewed hope for better living, as well as an end to poverty. However, with such high expectations, Kenya will need to adopt a long-term strategy of managing this precious resource and avoid turning this blessing into a curse that dims the hopes of residents.

Oil in Kenya was first discovered during the pre-independence era by the white settlers. During this time much of the drilling was done within the coastal region but wasn't very productive as the wells only exhibited traces of oil. With 16 wells drilled between 1960 and 1984 (KCSPOG, 2014), the government resolved to establishing the National Oil Corporation of Kenya (NOCK) which would be responsible for advancing the search for oil in Kenya. As a step towards strengthen NOCK, the government enacted laws that to facilitate oil exploration in Kenya. The first law, Exploration and production Act, was enacted in 1984 and sought to govern the oil industry (KCSPOG, 2014). This Act was amended in 1986 to include Production Sharing Contract (PSC) which enabled government to contract drilling and production of oil. As a result, 14 additional wells had been drilled by 1992 but showed no significant deposits of oil (KCSPOG, 2014).

During this period, the government continued investing heavily on oil exploration and research with the intent of discovering hydrocarbon basins. For example, the Lamu basin study that was completed in 1994 suggested the possibility of significant oil deposits although not significantly commercial (KCSPOG, 2014: NOCK, n.d). However, oil deposits were discovered in parts of Turkana County (Patey 2014, 8) by Shell Company but political unrests hampered exploration activities and the well was left undeveloped. This also made Kenya unattractive to contractors seeking to explore oil as onshore drilling in Uganda and offshore drilling in Mozambique proved more lucrative (KCSPOG, 2014). In 2012, Tullow Oil Company found significant oil deposits in the south Lokichar basin which is in Turkana County (Tullow, n.d.). This discovery was seen a major breakthrough in Kenya's oil industry and as a result, about 40 wells were drilled by 2016 (KPMG 2016, 5). President Uhuru Kenyatta's government has prioritized creating measures that will enable Kenya to capitalize on the oil discoveries before the end of his term in 2022. For example, the government had initially planned on constructing a pipeline from Uganda to the port in Mombasa to allow export of oil by sea. However, this plan failed to kick off after failed talks between Kenyan officials and their Ugandan counterparts who opted for a pipeline through Tanzania's port of Tanga (Senelwa, 2016). In response, the Kenyan government announced that it would construct a local pipeline to run from South Lokichar Basin area in Turkana to the port in Lamu covering a distance of about 865 kilometers (Senelwa, 2016; Ndege, 2017).

With this pipeline, Tullow predicts that up to 100,000 barrels of oil per day could be transported Tullow (n.d.), The government's push to expedite oil exports led President Kenyatta, in 2016, to announce that small-scale exports would begin in June 2017. By March 2017, the government had already signed a production contract with Tullow Oil providing for the security and transportation of crude from south Lokichar to the port of Mombasa for export (Otuki, 2017).

The Early Oil Pilot Scheme (EOPS) aims to facilitate economic, physical and logistical development of future oil resources (DPU, n.d.). This program is one of the flagship programs of Uhuru Kenyatta. The EOPS produces approximately 2000 barrels per day from the current upstream petroleum wells and storage tanks (Tullow, n.d.). This scheme is not intended to provide important technical and market information to help fully develop the sector (DPU, n.d.). Tullow has plans to evacuate its stored crude (Tullow, 2017), despite initial delays in awarding the EOPS upstream contracts. President

Kenyatta's efforts to speed up crude oil export timelines seemed to have gained ground, since in May 2017 with China and India committing to purchase crude oil from Kenya (Ndege, 2017). However, a day before the ESOP program was rolled out the government announced its plans to suspend the project. This government action is suspected to have been caused by a lag in implementing the oil bill (Githae, 2017; Letting & Kamau, 2018). Media reports have also indicated that tensions in Turkana prevent Tullow's access to its sites, and that the main Kitale-Turkana road was being blocked by bandit attacks (Achuka, 2017; Githae, 2017). Finally, a statement expressed by the Ministry of Energy and Petroleum (2017): "It is clear that the Government of National Government and the County Government of Turkana need more debate before the first oil is transported to Mombasa" also explains why the EOPS was suspended. After extensive talks with the leaders of Turkana regarding the issue of the revenue-sharing, consensus was eventually reached in May 2018 (Kamau, 2018). On 3 June 2018, Uhuru Kenyatta initiated EOPS and finally began the movement of crude oil by road to Mombasa (Tullow, n.d.).

The EOPS project has raised several questions regarding government's capability to monitor the project. One of the main concerns related to the project is the Environmental and Social Impact Assessment (ESIA) which the law requires should be carried out before a project starts. Tullow Oil on the other hand failed to disclose how EOPS started before ESIA was completed (Makore, 2018). However, the website of Tullow confirms that ESIA was to launch in the second quarter of 2018. Just one month after the start of the EOPS, communities along the Lokichar-Kapenguria road who were protesting blocked the road and causing the EOPS to be suspended for several weeks. Some of the locals' concerns were unemployment among other benefits which prompted the government to set up the Turkana Grievance Management Committee, to resolve all issues surrounding the EOPS (Makore, 2017). The government obviously rushed to get oil rentals and overlooks certain important aspects. The decision to quickly set up EOPS may have been informed by the ruling coalition's goal of winning the next general elections. This is in line with Khan who argues that the need to win elections provides incentives that determine the likely timeline and its capacity of implementation (Khan 2010, 67-68). Given the competitive political clientelist system in Kenya, the excluded horizontal factions are strong thus explaining the short-term strategy of the Jubilee administration. The government's interest is to demonstrate success in the production of oil and as a result gain more votes for the next elections.

Chapter III–Political Settlements and Institutional Development

Political settlements are characterized by an agreement reached between elites with the aim of minimizing violence as well as the winner takes it all nature of conflict. Essentially, countries engaging in political settlements tend to easily shift from autocratic and move towards a democratic mode of governance. In order to maintain power, the ruling coalition suppresses or co-opts with the opposition. Therefore, this kind of political settlement provides very little hope of changing power through a formal electoral process. Other scholars (Kurtz, 2009) have also argued that under such settlements, economic growth is stalled when non-elites are "excluded from effective political participation." An alternative settlement, competitive clientelism manifests when power changes through formal electoral process.

Although each type of political settlement shapes the structure of governance, power relations manifested under political settings are dynamic. This implies therefore that the roles played by coalitions are crucial in determining which path will be taken. For example, Leftwich and Khan argued that the manner in which 'deals' are struck is likely determined by the type of settlement in accordance to the structural balance of power (Leftwich & Khan,2010). Therefore, ruling coalitions may be interested in encouraging political elites to invest in the long-term task of building institutions.

New institutionalists such as Acemoglu and Robinson, and North, Wallis, and Weingast have illuminated the critical role politics play in the implementation of institutions. For example, North et al. explore this topic from a historical institutional perspective using the theory of "limited access orders" (LAO) and their transition to "Open Access Orders" (OAO) (North, Wallis, & Weingast,2009). Under this approach, they argue that power relations in suppressing violence and the implementation of institutions. North et al. suggest in their analysis of OAO that a ruling coalition can exploit its economy in order to create stability as a solution to violence (North, Wallis, & Weingast, 2009, p. 13). In their LAO analysis, the ruling coalition restricts the opposition coalition access to valuable natural resources such oil as well as rent seeking activities (North, Wallis, & Weingast, 2009). According to North et al., if power relations characterized by patronage and the use of force does not lead to effective established institutions that improve governance, they are likely to result in violence. This political dynamic has inspired analysts to adopt the “political settlement” approach in demonstrating the role of power relations and elite commitment in the governance of natural resources (Di John & Putzel, 2009; Poteete, 2009).

While Khan’s primary focus is elite incentives and their influence in shaping institutions with the aim of controlling natural resource, he explores further the role of politics in shaping the governance of natural resources. For Khan, the political settlement approach provides a better explanation of how institutions are created based on the distribution of resources by the ruling coalition (Khan 2010, 4). Works in Africa (Guichaoua, 2012; Poteete, 2009; Ovadia, 2016) and Latin America (Bebbington, 2012, Thorp et al., 2012) on the role of elite contestations and elite interests in defining the direction and shape of natural resource governance are consistent with Khan’s. The LAO’s framework is different from Khan’s political settlement approach. The former places emphasis on how power relations dictate the formation of more competitive and efficient forms of democratic governance focusing on how institutions grow and function over time (Hickey, 2013). Khan (2010) on the other hand, is keen on the balance of power between competing groups as fundamental to understanding elite commitment with regard to institutional choices. Concerning clientelist political settlements, Khan emphasizes the role of power relations and patronage politics as key in shaping elite, institutional processes and outcomes. Therefore, in comparison, the political settlements approach offers a stronger framework than LAO's in explaining the role of power relations in institutional development.

In order to understand the impact of political settlements institution development, it is important to analyze elite commitment in natural resource governance (Hickey, 2013). This context helps to demonstrate how specific actors and their interests help shape the process of developing an institution. For example, Poteete's study focused on the impact of political settlements in shaping elite commitment to institution development in Botswana (Poteete, 2009).

Poteet argues that Botswana's success story can be attributed to a stable ruling coalition who distributed rent-seeking opportunities to elites that were committed to progressive policies and likely to resist violence. Her study demonstrates how inter elite competition is vital in the commitment of political coalitions to develop institutions and provide good governance to natural resources (Brinkerhoff, 2000; 1999). According to Khan, competition for rents usually results in situations that negotiated institutional arrangements within political coalitions are developed and implemented because ruling elites envisage that their interests of staying in power will best be served upon ratification. The Structure of the Ruling Coalition and Elite Commitment to Resource governance as well as the organization of power within the ruling coalition is important in shaping elite commitment to resource governance (Khan, 2010).

The criteria used to distribute power also dictates how deals and bargains will be struck. Distribution of power can either be horizontal (elites outside the ruling coalition) or vertical which refers to power of various factions within the ruling coalition (Khan, 2010). According to Khan, “these relational dynamics are important for understanding the likely horizon of the ruling coalition and its capacity for implementation” (Khan 2010, 64). As such, a weak horizontal power creates a sense of security to the ruling coalition who will then seek to make long term decisions. Therefore, the ruling coalition’s interests play a key role in shaping levels of elite commitment to institutional development (Hickey et al., 2015a). However, strong opposition from the excluded coalitions can diminish the long-term decisions made by the ruling coalition, forcing them to adopt short term interests in order to secure power.

Khan also notes that the ruling coalition plays a key role in ensuring that power of factions within is consolidated. This helps the ruling coalition implement its mandate effectively (Khan, 2010). However, Hickey et al. caution about the dangers of having stronger factions within the ruling coalition (Hickey et al., 2015a; Hickey et al., 2015b; Asante, 2016; Abdulai, 2017). When this happens, ruling coalition capability to enforce is diminished as the ruling elites turn their focus to contain policy resistance by strong lower level factions. This kind of elite interaction is particularly evidenced among emerging resource-rich countries (Hickey et al., 2015a; Hickey et al., 2015b; Asante, 2016; Abdulai, 2017). Under clientelist settlements ruling elites can either oppress or assimilate powerful groups when building their coalitions. Such bargaining will also play a key role in shaping elite commitment toward institutional development. Under competitive clientelist settings, electoral turnovers are likely to occur and as such, politicians are forced to discretionarily allocate rents and provide preferential access to natural resources in order to retain power (Levy 2014, 40). For Example, Hickey et al. study the case of Uganda's and Ghana's oil deals.

The fact that Uganda has a dominant party enabled it to secure a better deal as it was able to repress opposition coalition. Consequently, politicians were able to engage in long term decisions toward institution development. However, due to competitive clientelist settlement, Ghana's bargain capacity was undermined by the politicization of the issue resulting in a lower deal (Hickey et al.2015a, 28). This study illuminates a previously mentioned idea that elite commitment to institutional development is heavily influenced by the nature of coalitions, as well as the manner in which deals are struck (Bebbington, 2013; Thorp et al., 2012). Timing of when to exploit resource revenue is also critical. According to political scientist Benjamin Smith, ruling coalition that are oil based, tend to last longer than is often assumed. Smith contrasted two oil-rich states, Iran and Indonesia, during the 1960s and 1970s. In this study it was observed that while the shah of Iran fell ignominiously in 1979, Indonesia's president, Suharto, lasted nearly two decades longer (Smith, 2007). President Suharto's durability may be resulting from a broad-based supporting coalition that is crucial in surviving political crises. On the other hand, the Shah of Iran's fall may be as a result of overdependence of oil-based patronage from the beginning because it is an easier course (Smith, 2007).

Political Coalitions and Elite Commitment to Oil Governance

Khan's approach of political settlement illuminates the competition between elites to develop policies that support good governance of oil in Kenya. As argued before (Gyimah-Boadi & Prempeh, 2012) inter elite competition as well as the ruling coalition have a strong influence on the level of political will to govern the oil. This idea enables us to identify incentives at the national level that shape policy commitments since according to Khan, ruling elites seek to establish stability as access to oil determines how groups cooperate or fight the coalition in power (Khan, 2010). Khan's argument also illustrates how coalitions are formed by striking deals that form the basis for institutional development. The power relations discussed here is important in understanding the interests of political elites as they campaign for national participation in oil governance and seek to distribute rents and patronage networks (Di John & Putzel, 2009). Elite commitments are characterized by ever changing interests and therefore studying inter elite bargain helps understand these interests and how they lead to institution development (Brinkerhoff, 2000; Watts, 2012; Bebbington, 2013). These elites are political actors or state bureaucrats who have the authority to allocate and distribute resources as well as those with authority to negotiate on behalf of others such as civil society groups (Di John and Putzel, 2009).

When it comes to natural resource governance, Poteete argues that elites must include all stakeholders such as civil societies in their decision making (Poteete, 2009). Brinkerhoff's framework is particularly important in demonstrating how elite commitment shape institutional development (Routley, 2012). Applying this framework to Kenya's political settlement, I can predict that that oil governance in Kenya will be based on the short-term interests of the ruling coalition. Given the nature of power relations (Booth et al., 2014; Khan, 2010), political elites may have incentives to secure oil rents and ensure that their authority is maintained. As such, governance of oil in Kenya will be in a manner that appease different groups that hold power. Kenya's patron-client characteristic also indicates that the ruling coalition could offer economic and social gains to the general public in order to gain electoral favors (Khan, 2010).

Ghana's Political Settlement

Unlike Kenya, Ghana's political settlement is characterized by two political parties which appear to be highly stable. Dominik Kopiński, Andrzej Polus and Wojciech Tycholiz attribute Ghana's success to the country's stable political system, a robust and diversified economy, and a strong civil society (Kopiński et al., 2013). After a series of political instability in the 1970s, the National Defense Council (NDC), under the leadership of Jerry Rawlings, redefined Ghana's political settlement by facilitating competitive clientelism following the return of multi-party politics in 1992 (Oduro et al., 2014). During this period, Ghana's political settlement was characterized by two main political parties; NDC and the New Patriotic Party (NPP) under the leadership of Adu Boahen. These political parties, just like the case in Kenya have been affected by ethnicity. For example, the NPP has at times been associated with the Ashanti tribe while NDC has been associated with the Ewe and the north. Rawlings, an Ewe by tribe, is on record referring to Ewe region as his stronghold on Election Day (Nugent, 2001). Although ethnicity has been evidenced within these parties, cabinet appointments under the NDC administration has been inclusive to other ethnic communities. For example, John Atta Mills, an Akan from the Fante tribe, was handpicked NDC presidential candidate to succeed Rawlings. NPP also demonstrated cross ethnic inclusivity after the 2000 election by appointing a Muslim as a vice-president for the first time in Ghana's history. Just like Kenya, inter party factions have been controlled by powerful politicians. In the mid-1990s, the NPP was divided into two camps; one led by Adu Boahen and the other led by John Kufuor. While the two politicians both hail from the Akan communities, they receive nationwide support within the NPP party. As a result, John Kufuor secured the 2008 presidency though support from delegates that represented areas that did not traditionally support the party. Ghana's political settlement as presented in this case illuminates the fact that ethnicity plays a less significant role in Ghana's politics as compared to individual leadership. This is in contrast to Kenya's political setting where individual leaders and ethnic background have equal influence. Party politics in Ghana is also based on ideology rather than ethnicity. For instance, the NPP since inception has always advocated for the free market. While in opposition, the NPP has pushed for tax reforms and growth of the middle class. When in power, they have consistently focused on property ownership. This policy has often been criticized by the NDC as one that facilitates social marginalization. The NDC on the other hand has branded itself as an advocate for social democracy. With such ideologies, inter-party competition has been characterized by adherence to democratic rules and as a result, both the NPP and NDC have consistently respected election outcomes for the past two decades. Successive peaceful turnovers have seen Ghana praised as a beacon of democracy in Africa (Radelet, 2010). Party governance have also witnessed several candidates from within contesting for leadership positions and unlike Kenya, such contests have often ended on a conciliatory note between winners and losers. It is often tradition in Kenya for candidates who lost in such contests to either appeal against the decision or leave the party altogether for a new one. Under Ghana's political settlement, elite bargaining process is intense, and members adhere to the established rules in exchange for political power. This level of democracy combined with issue based party agenda and economic policy-making have contributed towards establishing successful economic growth.

However, Ghana's political settlement has been criticized by some for failing to address critical issues such as structural transformation, socio-economic equality and institution-building (Oduro et al., 2014). Others (Gyimah-Boadi and Prempeh, 2012; Keefer, 2007) have argued that even under a multi-party system, Ghana has failed to eliminate clientelistic politics. With only two major political parties, elections are typically tightly contested and tend to frequently change from one party to another. Such high electoral turnovers force the ruling party to politicize public bureaucracy and personalize policy-making and elections. As a result, the country experiences significant employment turnover, with critical institutions such as the finance ministry struggling to maintain autonomy especially around election period. Public funds also tend to be spent in huge amounts thereby undermining economic growth (Killick, 2008).

Ideological differences between the NDC and the NPP however have shaped oil governance in Ghana. The NDC generally focuses on the stake for the state with regards to oil contracts while the NPP viewed foreign investment as key in developing the oil mining sector.

These differences in governance and the extent of autonomy between Ghana's national oil company and the Ghana National Petroleum Corporation (GNPC) demonstrate how key institutions have been shaped by successive regimes. Some studies have focused on understanding the role of party politics and the political Economy of Ghana's oil (Mohan, et. al., 2018). More particularly, this study focuses on the limited impact of oil exploitation in Ghana despite the country's strong democratic values and internationally recognized oil governance legislation. The study concludes that the general inter elite competition undermines Ghana's potential to maximize its benefits on oil exploration (Mohan, et. al., 2018)

Kenya's Political Settlement

This section discusses the essence of the Kenyan political settlement from independence to the present day. This provides a historical account of inter-elite relationships of power that form the basis for institutional and political choices in Kenya. In other terms, this section discusses the various factors that contribute to Kenya's current dynamic political settlement and patterns that thus make political power essential in influencing political engagement in policy choice.

While Ghana seems to enjoy competitive clientelism, Kenya appears to have maintained a dominant settlement that stems from the colonial period and based on regional and ethnic lines (Widner, 1992). Prior to gaining independence, there was political competition that led to bargains and compromises among ethnic elites that represent different regions of the country. After independence, these elites institutionalized themselves by controlling economic activities and political processes in their respective regions. For instance, elites under KADU party that was led by former president Moi controlled the political and economic activities of the Coastal, Western and Rift Valley regions. To date, their families have continued to dominate the political scene within these regions and even at the national level. Although modern day politics in Kenya has led to some families losing political influence, they continue to have economic influence though resources they acquired with the support of the post-colonial government. For example, with vast areas of land, such elites are able to control the economic process within their regions and beyond.

The central and parts of the eastern provinces of the country were under the control of KANU party and although Luo Nyanza was initially part of KANU, a bitter fallout between President Jomo Kenyatta and Vice President Jaramogi Oginga split the party into two different regional along ethnic lines. Jaramogi eventually resigned from KANU and established an opposition party KAU. As such both President Kenyatta and Jaramogi continued to lead their elites in consolidating their political interests in their respective regions. Today, their families continue to dominate Kenya's politics at the national level as evidenced in the 2017 general elections that was bitterly contested by Uhuru Kenyatta and Raila Odinga, sons of Kenyatta and Odinga respectively. The post-independence political settlement in Kenya involved elite bargains along ethnic lines where deals were struck with the aim of enabling individuals to acquire political power and remain influential within their region. This settlement continues to dominate the current political setting and shape Kenya’s institutions. Despite, acquiring a new constitution in 2010, elites continue to use ethnicity in order to preserve the factors for political bargains that shaped independence politics. Consequently, the institutions in Kenya are often characterized as semi - autonomous and excessively weakened. For example, after each general election, the elites that lose elections have always questioned the credibility of the elections body; Independent Elections and Boundaries Commission (IEBC) and often pushed for the firing of the election commissioners. They will typically justify their protests using a famous slogan “watu wetu”, Swahili for our people, to suggest that a particular region/ethnicity has been marginalized. The elites that were in conflict during the independence period used the same slogan to push for their agenda. Unfortunately, the successors of these elites have remained in conflict as the battle to maintain power. The stability of institutions in Kenya is based on who among the elites is included in the instruments of power.

Kenya from 1964 to 1978

After independence, the British colony left Kenya under a federal constitution with a highly structured multi-party system that included cooperation between central government and local authorities. This system was known as the Majimbo and was opposed by Kenya's first black president Jomo Kenyatta. He appeared to have favored a democratic single party system and a unitary state where the supreme authority was the leader (Oyugi, 1992). And this approach has influenced Kenya's political settlement to date. Kenyatta exploited clientelism to establish a one-party state through a pseudo parliamentary, multi-party system, by awarding promotions to public positions and state resources from those willing to switch to the Kenya National Union (KANU) (Barkan, 1994). Kenyatta's change ultimately culminated in Kenya's African Democratic Union (KADU) breakup, when the group entered Kanu in 1964 and its members named to the cabinet. It was also around the same period that white settlers who were worried about the future of the country had fled and sold their properties. The government helped the new KANU and KADU leaders to acquire large parcels of land in settlers or in the White Mountains.

Another way of ensuring exclusive market access to the elites was by use of state machinery. Trade control were masked by campaigns of Africanization, which included the promulgation of the 1967 import, export and essential supplies Act (Bedasso, 2015).

This is the basis of modern Kenya's patronage politics (Wanyama & McCord, 2017) where a single party can divide the nation along ethnic and political lines for patronage reasons. Kenyatta rejected institutional control via the party in order to maintain Personal Control (Kanyinga, 1995) shortly after these divisions. He formalized clientelism as an instrument for Kenyans engaging in political processes. The state and the citizens were connected by a hierarchy of customer networks, which Kenyatta led and as a result, mechanisms of political power and growth were extracted from a network of lower ranking elites (Barkan, 1984).

With the introduction of the concept of "constituency operation," Kenyatta legitimized the patronage system and encouraged members of parliament to initiate self-help initiatives in the constituency as a way of "practical" politics. The interest of lawmakers was in turn measured by their ability to attract development resources to the electorates (Okumu & Holmquist, 1984). At the same time, the President urged people to ask local politicians for development projects. This process indicated that it was imperative for lawmakers to commit to political infrastructural projects in order to succeed in both local and national elections. By channeling state resources via networks of elites, only politicians with State patrons could win elections (Wanyama & McCord, 2017). This first era of dynamic clientelism was marked by the involvement of many parties vying for power and influence around the leader; who in turn contained them by creating political stability (Wanyama & McCord, 2017). In the 1970s, Kenyatta transitioned into authoritarian clientelism, which implied that a strong governing coalition followed the leader and ensured that his orders were complied with. This also meant that different parties' consumer practices were accepted as long as Kenyatta's dominance was not threatened (Barkan, 1992). Kenyatta attracted, supported and inspired politicians who wanted to develop political mileage instead of undermining it. His aim was to consolidate political authority by choosing and maintaining patronage tools. He also changed alliances with various clientelists for political advantage while at the same time escaping some form of dissent (Wanyama & Okumu, 2017). During this period, Kenyatta's Kikuyu community produced majority of elites that benefited from his regime (Booth et al., 2014).

Kenya from 1978 to 2018

After succession of President Kenyatta by his vice president Daniel Moi in 1978, Kenya witnessed a transition to authoritarian settlement. Under the Moi regime, state resources were openly transferred from privileged groups to form the power base of the Kenyatta regime. This was done by manipulating all of the country's political spaces and repressing all of the Kenyatta regime networks. As a result, politicians from the rift valley region specifically the Kalenjin community were elevated to the center of economic and political power. Elites, particularly in the Kenyan Asian community, were customary in securing public contracts with elites in the Moi coalition (Booth et al., 2014). Consequently, centralization, authoritarianism and a deterioration of national institutions increased. An attempted coup in 1982 led to the evolution of a totalitarian government (Wanyama & McCord, 2017). The patronage networks and state equipment that connected Moi directly to the local level also increased. In contrast, the sovereignty of other political power centers was drastically reduced. This meant centralization of state apparatus and constant interference with civil society groups in order to reduce their influence on local politics. For example, local NGOs were deregistered or coopted

(Kanyinga, 1995). The dominant client coalition of Moi ensured that his authority was revered by all means. When the multi-party-political system was introduced in 1992, there was little impact on the political settlement because the ruling coalition was too powerful for the weak opposition party groups in the periphery (Wanyama & Okumu, 2017). KANU, president Moi’s party, lost its election in 2002 to a united opposition coalition, the National Rainbow Coalition (NARC). This came as a testimony to Khan’s assertion that 'authoritarianism is usually overcome by weaker marginalized parties' (Khan 2010, 6).

President Mwai Kibaki's endorsement through a memorandum of understanding provides a perfect scenario on how an alliance is created. NARC was formed from 2002-2018, after exempted political parties discovered that their fracturing played an important part in their electoral failure in 1992 and 1997 general elections. To address this problem, 14 political parties, two powers, and a dissident KANU party merged to form a grand coalition, NARC. The binding agreement of the Party was that, if achieved, government positions would be allocated to the coalition's leading players and Kenya’s Constitution would be amended with the aim of achieving economic growth and good governance (Anyang-Nyongo, 2007). A government under Kibaki signaled a change from repressive to cooperative clientelist ruling coalition. This consists of governing coalitions characterized by political entrepreneurs ' leadership who bring together enough groups to attain power at the lowest cost (Khan, 2010).

As a leader of an alliance, the control of Kibaki was not as consolidated as its predecessors. He was also relatively liberal with regards to governance, which allowed senior government officials to do their job independently. Kibaki has also been credited for opening up the political domain for public discussion. However, like his predecessors, his regime was marked by corruption in key sectors. A blend of ethnicity and patronage was the basis for the recruitment of officials to fill high-ranking public posts (Masime & Kibara, 2003). Under Kibaki's cabinet ministers serving in more powerful dockets such as finance and security came from the same region as the president (Booth et al., 2014). Also under Kibaki's regime, the country's election body was compromised through clientelism. One of the most important steps Kenya has ever made is perhaps the constitutional review process, which was meant to weaken the presidency through the transfer of power (Anyang–Nyongo, 2007; Wanyama & Okumu, 2017). Kibaki's shortcomings were attributed to the growing strength of the ruling coalition's lower factions, making it hard for the president to fulfill his commitments.

In view of the pyramid structure of customers ' organizations, the stronger the lower factions, the more challenging it is to implement certain rules. Implementation requires greater collective action and the distribution of rents to many or all lower-class groups to ensure their cooperation (Khan 2010, 65). It is for the same reason that bribery in the Kibaki government was rampant. Booth et al. attribute this to Kibaki's decision to turn east as donors from the west were critical of his approach to fighting corruption (Booth et al., 2014). Although there were internal conflicts with his coalition, there was little resistance from within. This aspect encouraged Kibaki to concentrate on long-term planning and growth projects (Khan 2010, 65). In his first term, all economic sectors expanded. He embraced a liberalized economic approach that enabled people to take part in economic activities without any significant restrictions.

The state has also initiated major infrastructure projects such as new highways and reconstruction of old ones (Booth et al., 2014). The second term of Kibaki began in 2007 after a heavily contested presidential election. Although Kenya's economy had strengthened during his first term in office, Kikuyu political leaders from within his community felt excluded. Criticisms have arisen regarding alleged regional development imbalances and disparities (Booth et al., 2014). This provided the basis for the bloody violence that followed the contested election outcome in 2007. The NARC governing coalition eventually fell apart and was replaced by new alliances. The post-election unrest in 2007 came to an end following intervention by the international community. The National unity coalition (PNU) mediated a power sharing deal between Raila Odinga's faction, the Orange Democratic Movement (ODM) and Kibaki's new party. As such, the constitution was amended to allow Kibaki and Raila serve in a coalition government as president and prime minister respectively. However, this did little to change the status of the cooperative political settlement of clientelists.

Even after the promulgation of the new Constitution in 2010 that allowed more checks and balances to the government, President Kibaki was still dominant (Booth et al., 2014). Rent-seeking was nonetheless relevant on both sides of the coalition government and with the discovery of oil in the North of Kenya most politicians rushed to purchase blocks of land within that region (Booth et al., 2014). The coalition government lasted from 2008 to 2013, after which new elections saw the Jubilee government come to power.

The triumphant Jubilee government was an alliance of two major political parties, which comprised two ethnopolitical groups: Kikuyu and the Kalenjin tribes. President

Kenyatta; Kikuyu heading the National Alliance Party (TNA) and Deputy President William Ruto, a Kalenjin supporting the United Republican Party (URP). There are, however, 11 factions in all in this alliance (Booth et al., 2014). The International Criminal Court concluded and charged both members for instigating tribal conflict in the 2008 post-election crisis, but the charges were eventually withdrawn (Booth et al., 2014). Uhuru Kenyatta perpetuated the patronage system as he took power. In view of the new Constitution's requisite that the Cabinet be chosen from members outside parliament, members and ethnic groups close the President and his deputy were considered for various government positions. Those selected are loyalists, just like their predecessors (Booth et al., 2014, p. 21). As predicted, corruption case became rampant under this regime due to the intensified rental competition under the patronage system. In the cabinet of the President there have been numerous cases of alleged corruption since 2013. For example, in 2015, the Petroleum and Power minister and three other cabinet secretaries were suspended for alleged corruption (Nalubega, 2015).

There have also been other major scandals concerning close allies like the National Youth Scandal, in which the Minister for National Devolution was linked to the loss of over USD 7.5 million (Kenya Today, 2015). The Deputy President has on numerous occasions been painted as the face of corruption in Kenya (Brunton, 2018). In fact, community leasing seems to be gaining some leverage since it is an important feature of Kenya's governance (Brunton, 2018; Topguy360 Kenya, 2018). In August 2017, general elections were also characterized by civil unrest and tensions. The opposition leader who was also the main rival of Uhuru declared that the state had manipulated the polls and sued the government at the Supreme Court for breach of the constitutional requirements of the technical processes (BBC, 2017). Interestingly, the courts ruled on behalf of the opposition and directed a reelection within 60 days. However, days before the fresh elections, Raila declared he had withdrawn because of grave concerns over the electoral body. Following these reversal, new elections were conducted, and Uhuru Kenyatta was declared president for the second term. Raila delegitimized Uhuru's presidency by inciting violence and even self-declaring the people’s President. This led to civil unrest within the country (Burke, 2018).

Following Khan's framework to political negotiations, the President reached an unofficial agreement with the opposition leader that was referred to as the handshake arrangement to contain the opposition and create stability (Onyulo, 2018; AFP, 2018). These handshake talks were private between the president and the opposition leader therefore leaving no record of the deal that was struck. Several speculations have been made about the handshake with some claiming that the shake of hands was not intended to end hostilities between the two sides, but to exchange the goods of government (Warah, 2018). The polls in Kenya are key illustrations of the vote definition in stable political settlements as explained by Khan.

According to Khan, elections are a platform to measure the institutional forces of rival coalitions (Khan 2010, 68). Therefore, elections are effective when institutional power on the ground reflects and the opposing coalitions have a tacit rule of law that lets losers embrace outcomes without confrontation. According to this view, the 2017 polls in Kenya were ineffective because the rule of law was not observed and therefore created a temporary period of anarchy. Nevertheless, with the "handshake agreement," the ruling coalition managed to regain unity in the short term. The "handshake agreement" has significantly undermined the factions within the ruling coalition by including the main opposition party in the governance. With a weakened and divided opposition, I predict a change from competitive clientelism to a dominant party. Some of the predominant characteristics of the dynamic clientelist structure in Kenya include absolute presidential power, strong vote rivalry and politics of patronage. The next section addresses these features in detail. My goal is to highlight the manner in which company policy affects political decision-making which helps pave the way for the analysis of important factors influencing the Kenya oil governance.

Ethnic Competition

Since the general elections in 2003, elections in Kenya have become highly competitive. This is consistent with Khan's claim that elections provide a platform for evaluating political strength among opposition coalitions (Khan 2010, 68). Inevitably, losing parties are prevented from participating in decision making with regards to governance (Bedasso, 2015; Mueller, 2011). Ethnicity also plays a crucial role. For example, if the loser has enough resources to challenge the winner, the country can easily fall into anarchy, as evidenced in Kenya. On three occasions, Raila Odinga disputed the legitimacy of the polls citing strong reasons. With the ruling coalition's holding power (significant support from the excluded ethnic communities) and ability to contain conflict, it continues to strike deals that promote political stability (Khan, 2010).

The opposition is always, however, a threat and the ruling coalition appears to be weak in its strength, which is affected by political spending to win elections (Mueller, 2011). An important feature of Kenya's political competitiveness is the difference in resource allocation for ‘partisan strongholds’ with the goal of increasing electoral support. Since independence, ethnic voting and partisanship have been exacerbated by a patronage policy that contributes to the unequal allocation of resources to areas with high electoral support. It appears to be a buyoff for current voter loyalties and a political support arrangement (Booth et al., 2014; Wanyama & McCord, 2017). Mueller claims that ethnicity is a central determinant of Kenya's national capital distribution (Mueller, 2011). Politics (in Kenya) is by and large viewed as a winner-take-all race with a goal of gaining access to the national economic resources.

Although the Constitution of Kenya includes specific provisions aimed at promoting equality through allocation of public resources and political appointment of all 42 ethnic communities, the country continues to struggle with ethnic marginalization. According to Mueller ethnic bloc voting is a threat to Kenya's multi-party democracy, as was witnessed in the post-election violence, and unfortunately the citizens appear to have accepted this as a way of life. As mentioned above, electoral rivalry and coalition-building were exacerbated and sustained by clientelist politics. The Kenyan constitutional requirement to mandate the five-year term also enforces the need for political survival and therefore push politicians to meet their supporters ' short-term demands (Mueller, 2011). Pressure from the voters can shape politicians' commitment to service delivery who have the goal of reelection (Bratton, Bhavnani, & Chen, 2012; Whitfield, 2011).

The ongoing political tension may be helpful to explain the link between institutions and allocation of public resources. Under the current competitive clientistic relationship, two dominant political parties built along ethnic lines maintain their power through the distribution of socio-economic rewards to their supporters (Bedasso, 2015; Booth et al., 2014). As such, political parties have been converted into the platforms whereby elite supporters are rewarded by offering top government positions after winning elections (Bedasso, 2015; Booth et al., 2014; Topguy360 Kenya, 2018). The downside of such an approach is while the ruling coalition neglects public office appointments using a merit-based criterion, qualified personnel are left out therefore contributing to brain drain and poor economic performance (Booth et al., 2014). As previously mentioned, the competitive nature of elections in Kenya provide politicians the opportunity to concentrate on broad-based growth. For example, most Kenyans believe that Kibaki's shared government as a result of the 2007 disputed elections presidency played a key role in developing the financial and political sector (Booth et al., 2014).

The current Jubilee administration has also carried out ambitious projects in the fields of education and nutrition (Booth et al., 2014). However, corruption continues to plague the country. Patronage based system was present in Kenya before independence (Bedasso, 2015) and prevailed as the preferred method of governance until 2003. However, over the past decade, market for lease across sponsorship networks has become increasingly attractive. With the discovery of oil, such patterns are expected to intensify (Booth et al., 2014, p. 33). Kenya's democratic governance initiatives continue to focus on patronage-led politics and influencing the dynamics of wealth distribution and government expenditures to facilitate political short-term gains (Bedasso, 2015).

With a relatively new constitution, there has been improved checks and balances of the government, more liberal economy, and protection of civil society groups as well as the media. As a result, the country has achieved a stable political settlement which enables clientelists to engage in heavy electoral competition and political patronage.

Ultimately, the systemic complexity of Kenya's dynamic clientele's government approach poses a challenge to the productivity and execution of initiatives, as it aims to pursue short-to medium-term targets in growth essential industries (Whitfield, 2011; Whitfield, Therkildsen, Buur & Kjær, 2015). Important decision-making bodies like the senate are therefore poor mainly due to the presidential hegemony (presidency) which favors the latter. The patron-client dynamic is repeated as leaders try to expand and retain their coalitions to secure power as well as maintain status quo (Mueller, 2011).

Chapter IV–Conclusion

This thesis highlights the importance of good governance in fostering economic development and more importantly in managing a country's oil reserve. The ability of institutions to facilitate good economic performance is highly dependent on the political settlement of a country and the ideas shared by elites that shape the functionality of institutions.

By shifting the focus from the institution lens of good governance to the role of political settlements, I are able to examine how ruling coalitions and regimes affect the governance of natural resources such as oil. Ghana's competitive clientelistic political settlement appears to have established stability in the country. However, the country still struggles with economic growth. I focus on the important role that political elites play in the good governance of natural resources, and how power relations among elites shape the development of institutions.

As discussed in this thesis, the quality of these institutions is directly influenced by the political settlement of a country which establishes the incentives and ideas that shape the behavior of elites. From the institutional lens perspective, Ghana in West Africa appears to lead toward success in avoiding the Dutch disease through adoption of a more progressive approach. The Ghanaian government has established rules and regulations governing the oil industry yet despite these regulations, Ghana continues to experience slow economic performance. A study (Adams et.al., 2019) on Ghana's economic performance indicated that Ghana's membership of Extractive Industries Transparency Initiative (EITI) and policies set up to manage petroleum are insufficient to avert the resource curse. Their study recommends that institutional factors such as the quality of institutions, quality and effectiveness of government, and accountability must also be reinforced.

Until these factors are effectively detected and addressed, an outcome indicating Dutch disease may be inevitable (Adams et. al., 2019). The study advocates for deeper understanding of the intertwined macro-level factors that lead to the Dutch disease. Similarly, I find little evidence that good governance reforms based on transparency and accountability is effective in helping a country avoid Dutch disease. Kenya's challenge to manage its oil cannot be solved by the new institutional framework of good governance (EPWG, 2018; KCSPOG, 2018). The 'good institution' framework fails to sufficiently cover the Dutch disease as well as provide measures to prevent its occurrence. By looking at difference case studies I find it necessary to advance research beyond the 'good governance' framework and examine other factors that may contribute to the Dutch disease such as how political settlements shape the development of institutions (Ayanoore, 2017).

As discussed in this thesis, Kenya's competitive political settlement has been critical in the development of institutions through building of coalitions and striking deals. I use Khan's political settlements framework, particularly with regards to the distribution of power between political elites to determine how inter elite relations influence the governance of oil in Kenya. For example, the establishment of legislation to protect the oil industry demonstrates an intense inter-elite bargain and deal making within Kenya's political settlement that is characterized by elite opportunities to create political loyalty through rental distribution. This oil governance and legislative processes is consistent with Khan's proposal that institutional development originates from the power distribution within a political settlement. In countries with competitive clientelist settings such as Kenya, winning elections is so important that politicians adopt policy initiatives which enable them allocate resources to powerful factions that either challenge or help sustain their power.

The dynamics of the political settlement in Kenya are also very important in managing their relationships with the elites because politicians gather votes to win elections. The new institutionalism argument is that institutional efficiency is the key to preventing "the Dutch disease (Acemoglu and Robinson, 2013) such governance debates go further to explain changes in resource management across resource-rich countries. Recent institutional theories tend to focus on institutions rather than the dynamics of power relations behind them. My findings highlight weaknesses in the effectiveness of the good institutions argument in explaining the relationship between oil and economic performance (Poteete, 2009; Hickey et al., 2015a; Hickey et al., 2015b). The main short coming of the good institution argument is that it fails to demonstrate how effective institutions that help resource rich countries prevent the Dutch disease are established in the first place. It appears that the question of how institutions are developed can better be addressed by exploring the dynamics of inter elite power relations.

The government's strategy to co-opt coalitions could be a major factor in avoiding the Dutch disease however, concerned about the government's capacity to govern oil have been raised. These include the government's decision to ignore environmental factors as well as engaging local communities. Khan argues that states with centralized institutions do not work as they should in competitive clientelist system (Khan, 2010). While this study did not go extend to evaluate the quality of institutions, I concur with

Karl (2007) that politics plays a critical role in shaping the kind of institution likely to govern Kenya's oil industry. This framework creates a good background to improve substantive research within the field of the natural resource governance (Hickey et al., 2015a; Hickey et al., 2015b). While I agree that it is important to study the factors impeding institutional growth, understanding elites' behavior in institutional development is imperative.

With regards to the resource curse, attempts by the government to coopt the opposing coalitions demonstrates a significant step towards avoiding the curse. This is consistent with Poteete's argument which attributes Botswana's success to politicians who created stable coalitions by distributing rent-seeking opportunities to elites who were likely to oppose policies that would lead to developmental outcomes, as opposed to achieving the same through violent means (Poteete, 2009).

While this thesis did not go beyond to assess the quality of the institution, I find that that politics plays a very important role in shaping the development of an institution intended to govern Kenya's oil industry. However, while the political settlement approach has helped point out major weaknesses in the good governance argument, it does not demonstrate how elite' interests shape institutional development. For example, in Kenya's case, the government may have been informed by the thought that the local government does not have the ability to manage large sums of revenue which could potentially lead to the Dutch disease. I therefore contend that analysis regarding natural resource governance can only be useful if the elite interests are factored, which this thesis has not achieved.

In this thesis, I conclude that the development of quality institutions occurs under a consistent political settlement. While Ghana continues to struggle with economic challenges, its consistent political settlement has been crucial in the development of quality institution as well as strong legislation to govern its oil. This is in contrast to Kenya's dynamic system which suggests difficulty in developing quality institutions to govern its oil. I therefore recommend to Kenya to adopt a consistent political settlement that will enable politicians create long term policies which will be fundamental in developing quality institutions. Using this as a starting point, further studies on countries with similar political settlements as that of Kenya can be done with the aim of identifying how they can transform rent-seeking behaviors into productive growth. The adoption of this approach within the context of natural resource governance has created knowledge for strengthening significant arguments of the political settlement framework.

References

Abdulai, A. (2017). Competitive clientelism and the political economy of mining in Ghana.

Acemoglu, D. and Robinson, J. (2012). Why Nations Fail: The Origins of Power, Prosperity and Poverty (New York: Random House)

Acemoglu, D., & Robinson, J. A. (2013). Economics versus politics: Pitfalls of policy advice.Journal of Economic Perspectives, 27(2), 173-92.

Achuka, V. (2017, June 29). Oil export plan in limbo as Tullow threatens to pull out of Turkana oil fields. Standard Digital, Retrieved on October 10, 2019 from https://www.standardmedia.co.ke/business/article/2001245230/oil-export-plan-in-limbo- as-tullow-threatens-to-pull-out-of-turkana-oil-fields.

Ackah-Baidoo, Abigail. (2012). "Enclave Development and 'Offshore Corporate Social Responsibility': Implications for Oil-Rich Sub-Saharan Africa." Resources Policy, vol.37, no. 2, pp. 152–159.

AFP. (2018). with a handshake, Kenya leaves behind divisive poll. Daily Nation. Retrieved on October 10, 2019 from https://www.nation.co.ke/news/politics/Uhuru-Kenyatta-and-Raila-Odinga-handshake/1064-4379964-os1fhtz/index.html

Anyang'Nyong'o, P. (2007). A leap into the future: a vision for Kenya's socio-political and economic transformation. African Books Collective.

Asante, E. P. (2016). Oil, Subnation al-National Power Relations and Ideas (Doctoral dissertation, University of Manchester).

Avalos, Nayda et al. (2015). "Papua New Guinea and the Natural Resource Curse." Comparative Economic Studies, vol. 57, no. 2, pp. 345–360.

Yanoore, I. (2017). Oil Governance in Ghana: Exploring the Politics of Elite Commitment to Local Participation (Doctoral dissertation, University of Manchester).

Ayelazuno, Jasper. (2014). "Oil Wealth and the Well-Being of the Subaltern Classes in Sub-Saharan Africa: A Critical Analysis of the Resource Curse in Ghana." Resources Policy, vol. 40, pp. 66–73.

Ayensu, K. B. /Darkwa, S. N. (1999): The Evolution of Parliament in Ghana. Accra: Sub-Saharan Publishers.

Barkan, J. D. (1992). The rise and fall of a governance realm in Kenya. Governance and politics in Africa, 167-192.

Barkan, J. D., & Okumu, J. (Eds.). (1984). Politics and public policy in Kenya and Tanzania (p.71). New York: Praeger.

BBC. (2017). Kenya presidential election cancelled by Supreme Court. Retrieved on October 10, 2019 from https://www.bbc.com/news/world-africa-41123329

Bebbington, A. (2013). Natural resource extraction and the possibilities of inclusive development: politics across space and time. The University of Manchester.

Bedasso, B. E. (2015). Ethnicity, intra-elite differentiation and political stability in Kenya. African Affairs, 114(456), 361-381.

Booth, D., & Golooba-Mutebi, F. (2014). How the international system hinders the consolidation of developmental regimes in Africa. Developmental Regimes in Africa Project Working Paper, 4.

Brinkerhoff, D. W. (1999). Exploring state –civil society collaboration: policy partnerships in developing countries. Nonprofit and Voluntary Sector Quarterly, 28 (1_suppl), 59-86.

Brinkerhoff, D. W. (2000). Assessing political will for anti-corruption efforts: an analytic framework. Public Administration and Development: The International Journal of Management Research and Practice, 20(3), 239-252.

Brunnschweiler, C., & Bulte, E. (2008). The resource curve revisited and revised: A tale of Paradoxes and Red Herrings. Journal of Environmental Economics and Management, 55, 248-264.

Brunton, S. L. (2018). Beating the resource curse: Transparency in Kenya's upstream oil and gas sector (Doctoral dissertation, Stellenbosch: Stellenbosch University).

Bryman, A. (2016). Social research methods. Oxford university press.

Burke, J., (2018). Kenya's opposition swears in Raila Odinga as 'people's president. The Guardian. Retrieved on October 10, 2019 from https://www.theguardian.com/world/2018/jan/30/kenyas-opposition-to-swear-in-raila-odinga-as-peoples-president

Collier, Paul, and Anke Hoeffler. (2002). "On the Incidence of Civil War in Africa." The Journal of Conflict Resolution, vol. 46, no. 1, pp. 13–28.

Corden, W. Max, and J. Peter Neary. (1982). “Booming Sector and De-Industrialization in a Small Open Economy.” The Economic Journal, vol. 92, no. 368, pp. 825–848.

Di John, J., & Putzel, J. (2009). Political settlements: Issues paper.

Environmental Management and Co-ordination Act 1999 (Ke) Retrieved from http://extwprlegs1.fao.org/docs/pdf/ken41653.pdf

Dessus, Sébastien. (2011). “The Challenges and Opportunities of Ghana’s Offshore Oil Discovery.”

Hickey, S. (2013). Thinking about the politics of inclusive development: Towards a relational approach.

Hickey, S., Abdulai, A. G., Izama, A., & Mohan, G. (2015a). The politics of governing oil effectively: A comparative study of two new oil-rich states in Africa.

Hickey, S., Bukenya, B., Izama, A., & Kizito, W. (2015b). The political settlement and oil in Uganda.

Githae, W. (2017a, February 25). Petroleum bill at the center of Turkana Politics. Daily Nation, Retrieved from https://www.nation.co.ke/news/politics/petroleum-bill-now-at-centre-of-turkana-politics/1064-3827672-4u5xmqz/index.html

Gyimah-Boadi, E., and Prempeh, H. K. (2012). ‘Oil, politics, and Ghana’s democracy’, Journal of Democracy 23(3), 94-107.

Kamau, M. (2018). Uhuru, Nanok agree on how to share oil billions. Standard Digital, Retrieved on October 18, 2019 from https://www.standardmedia.co.ke/business/article/2001281026/uhuru-nanok-agree-on-how-to-share-oil-billions

Kanyinga, K. (1995). The Changing Development Space in Kenya. Markets, Civil Society and Democracy in Kenya, 69.

Kanyinga, K., & Walker, S. (2013). Building a political settlement: The international approach to Kenya's 2008 post-election crisis. Stability: International Journal of Security and Development, 2 (2).

Keefer, P. (2007). The Resilience of Clientelism and the Political Economy of Growth-Supporting Policies in Ghana. Washington, DC: The World Bank.

Kenya Today. (2015). finally, devolution CS Anne Waiguru resigns. Retrieved on October 10, 2019 fromhttps://www.kenya-today.com/news/devolution-cs-ann-waiguru-resigns.

Khan, M. (2010). 'Political settlements and the governance of growth-enhancing institutions'. Mimeo.

Killick, T., (2008). 'What drives change in Ghana? A political economy view of economic Prospects'. In E. Aryeetey and R. Kanbur (eds.), the Economy of Ghana: Analytical Perspectives on Stability, Growth and Poverty (pp. 20-35).

Kurtz, M. J. (2009). 'The social foundations of institutional order: Reconsidering war and the "Resource curse" in Third World state building'. Politics & Society, 37(4), 479-520.

Leftwich, A. (2010). 'Beyond institutions: Rethinking the role of leaders, elites and coalitions in the industrial formation of developmental states and strategies. Forum for Development Studies 37(1), 93-111.

Letting, J., & Kamau, M. (2018, May 13). Which way for the early oil project? Standard Digital. Retrieved from https://www.standardmedia.co.ke/business/article/2001280173/which-way-for-the-early-oil-project.

Levy, B. (2014). Working with the grain: Integrating governance and growth in development strategies. Oxford University Press.

Makore, G., (2018). The Early Oil Pilot Scheme: A Litmus Test of Kenya's Oil Governance. Retrieved October 18, 2019 from https://citizensdailyupdates.com/the-early-oil-pilot-scheme-a-litmus-test-of-Kenya's-oil-governance/2/

Manteaw, S. (2010) "Ghana's EITI: Lessons from Mining" Ghana Policy Journal, Vol. 4, pp 96-105.

Mavrotas, G., Murshed, S. M., & Torres, S. (2011). Natural Resource Dependence and Economic Performance in the 1970-2000 Period. *Review of Development Economics*, *15*(1), 124–138.

Mehlum, H., Moene, K., & Torvik, R. (2006). Institutions and the Resource Curse. The Economic Journal, 116(508), 1–20.

Mining and Development - World Bank. (2002). Retrieved from http://siteresources.worldbank.org/INTOGMC/Resources/assetforcompetitveness.pdf.

Moss, Todd J., and Lauren Young. (2009). "Saving Ghana from Its Oil: The Case for Direct Cash Distribution." Center for Global Development.

Mueller, S. D. (2011). Dying to win: Elections, political violence, and institutional decay in Kenya. Journal of Contemporary African Studies, 29(1), 99-117.

Nalubega, F. (2015). Kenyan Energy Minister Suspended Over Pipeline Deal. Oil in Uganda. Retrieved October10, 2019 from http://www.oilinuganda.org/features/international/kenyan-energy-minister-suspended-over-pipeline-deal.html

Ndege, P. (2017, May 2). China, India Swoop on First Barrels of Kenyan Oil. Climate Change News, Retrieved on October 18, 2019 from http://www.climatechangenews.com/2017/05/02/china-india-swoop-first-barrels-Kenyan-oil/

North, D. C., Wallis, J. J., & Weingast, B. R. (2009). Violence and social orders: A conceptual framework for interpreting recorded human history. Cambridge University Press.

NRGI (2014). Natural Resource Charter. Second edition. New York: Natural Resource Governance Institute.

Nugent, Paul (1999): Living in the Past: Urban, Rural and Ethnic Themes in the 1992 and 1996 Elections in Ghana. Journal of Modern African Studies 37 (2): 287-319.

Odularu, Gbadebo O. (2008). "Crude Oil and The Nigerian Economic Performance." Research Gate.

Oduro, F., Awal, M. and Ashon, M. A. (2014). 'A dynamic mapping of the political settlement in Ghana'. ESID Working Paper 28. Manchester: Effective States and Inclusive Development Research Centre.

Okumu, J. J., & Holmquist, F. (1984). Party and party-state relations. Politics and public policy in Kenya and Tanzania, 45-69. Onyulo, T., (2018). Unexpected truce between president, bitter rival brings hope to Kenyans. The Washington Times. Retrieved on October 10, 2019 from https://www.washingtontimes.com/news/2018/mar/28/uhuru-kenyatta-raila-odinga-call- truce-kenya-heal-/

Otuki, N. (2017, March 14). Tullow signs agreement to start exporting Turkana oil. The Business Daily, Retrieved on October 18, 2019 from https://www.businessdailyafrica.com/news/Tullow-signs-agreement-to-start-exporting-Turkana-oil/539546-3850160-6q5fgez/

Oyugi, W. O. (1994). Uneasy alliance: party-state relations in Kenya. Politics and administration in east Africa, 153-192.

Patey, L. (2014). Kenya–An African oil upstart in transition. *The Oxford Institute for Energy Studies.*

Pegg, Scott. (2006). "Can Policy Intervention Beat the Resource Curse? Evidence from the Chad-Cameroon Pipeline Project," African Affairs, 105, 418: 1-25.

Pegg, Scott. (2010). "Is There a Dutch disease in Botswana?" Resources Policy, Vol. 35, No. 1, pp. 14-19.

Poteete, A. R. (2009). Is development path dependent or political? A reinterpretation of mineral dependent development in Botswana. Journal of Development Studies, 45,544-571.

Radelet, S. (2010). 'Success stories from "emerging Africa", Journal of Democracy 21(4), 87-101.

Roll, M. (2011). Fueling the World – Failing the Region? Oil Governance and Development in Africa's Gulf of Guinea (pp.208-224).

Ross, Michael L. (2015). "What Have We Learned about the Resource Curse?" Annual Review of Political Science, vol. 18, no. 1, pp. 239–259.

Routley, L. (2012). Developmental states: a review of the literature.

Senelwa, K. (2016, August 6). Kenya, Uganda to Lose on Oil Exports. The East African, Retrieved on October 18, 2019 from https://www.theeastafrican.co.ke/business/Kenya--Uganda-to-lose-on-oil-exports-/2560- 3334718-yay5hez/index.html

Soares de Oliveira. (2007). Oil and politics in the Gulf of Guinea. Columbia University Press.

Singer, H. W. (1950). "The Distribution of Gains between Investing and Borrowing Countries."The American Economic Review, vol. 40, no. 2, pp. 473–485.

Stijns, Jean-Philippe. (2003). "An Empirical Test of the Dutch disease Hypothesis Using a\Gravity Model of Trade."

Stijns, Jean-Philippe C. (2005). "Natural Resource Abundance and Economic Growth Revisited." Resources Policy, vol. 30, no. 2, 2005, pp. 107–130.

Thorp, R., Battistelli, S., Guichaoua, Y., Orihuela, J. C., & Parades, M. (2012). The developmental challenges of mining and oil: Lessons from Africa and Latin America. Palgrave Macmillan.

Topguy360 Kenya. (2018, 10 November). Olekina brings the senate to a standstill, says all Kenyan politicians are corrupt [video file]. Retrieved from https://www.youtube.com/watch?v=IgQ7p0gKzzc.

Tullow Oil. (n.d.) East Africa: Kenya. Retrieved on October 18, 2019 from https://www.tullowoil.com/operations/east-africa/kenya.

Warr, and Peter G. (1989). “EXPORT PROCESSING ZONES: The Economics of Enclave Manufacturing | The World Bank Research Observer | Oxford Academic.” Philosophical Transactions of the Royal Society B: Biological Sciences, The Royal Society.

Wanyama, F. O., & McCord, A. G. (2017). The politics of scaling up social protection in Kenya.

Warah, R., and (2018) MATING RITUALS: Fault lines in the donor-NGO relationship. Elephant. Retrieved on October 10, 2019 from ngo-relationship/

Watts, M. J. (2012). A tale of two gulfs: Life, death, and dispossession along two oil frontiers. American Quarterly, 64 (3), 437-467.

Widner, Jennifer (1992): The Rise of a Party-State in Kenya. Berkeley: University of California Press.

Whitfield, L., Therkildsen, O., Buur, L., & Kjær, A. M. (2015). The politics of African industrial policy: A comparative perspective. Cambridge University Press.

Yates, Douglas A. (1970). “The Rise and fall of Oil-Rentier States in Africa. “New Approaches to the Governance of Natural Resources.

(2006). “Ghana: Poverty Reduction Strategy Paper—2006 Annual Progress Report”, www.imf.org/external/pubs/ft/scr/2009/cr09237.pdf.

(2010). “Ghana: The Waste Land.” World Policy, World Policy, 29 July 2010, worldpolicy.org/2010/07/29/Ghana-the-wasteland/.

(2018, March 5). Ghana's 2018 Economic Outlook Positive but Challenges Remain. Retrieved fromhttp://www.worldbank.org/en/news/press-release/2018/03/05/ghanas-2018-economic-outlook- positive-but-challenges-remain.

Curriculum Vitae

HUMPHREY BWIRE NAGILA

Accomplishments

Received "Best Team Player" recognition from DuCharme McMillen and Associates, Inc.

Awarded "CRS Most Valuable Player" for the quarter period of July to September 2015 at Navient

Elected "Employee of the Month" for the month of December 2015 at Navient

Achieved "100% Quality Average" in the month of October 2015 at Navient

Established a buddy system for Navient, which encourages agents to pair up and motivate each other to succeed every day resulting in my team's jump to top performance

Consistently meet or exceed production and quality standards as measured by the Navient performance metrics from date of hire.

Experience

June 2017 to Present Compliance Analyst, *DuCharme McMillen and Associates, Inc.* Indianapolis, IN

Support the Sales/Use Compliance function by processing multi-state sales/use tax returns for DMA clients as well as resolving notices and completing monthly reporting

August 2016 to June 2017 Collect, analyze, and process data for the timely completion and filing of sales/use tax returns, as well as monitor, review, and resolve jurisdictional tax notices

Complete month end reporting (bank reconciliations, Year to Date tracking, etc.)

[Promotion] Collection Supervisor, Servicing Call Center, *Navient* Indianapolis, IN

Provided effective supervision, leadership, guidance to staff to ensure that all goals and objectives were met, including conducting monthly one-on-one meetings and annual performance review cycles.

August 2015 to August 2016

Maintained knowledge of all programs/projects the inbound unity supports provided by internal and external sources. Summarized and updated staff on all activities.

Participated in all aspects of personnel management, including setting realistic goals and timeframes to complete assigned tasks and interviewing and hiring of appropriate candidates.

Received and responded promptly and accurately to all customer inquiries and complaints via telephone that escalated to the supervisory level.

September 2014 to August 2015

[Promotion] Collection Team Lead, *Navient*
Indianapolis, IN

Worked with the Collections Supervisor to conduct interviews for new hires

Ensured all required workloads were being completed according to defined procedures, at the level of quality required, and within allotted time frames

Reported to Collection Supervisor employee performance issues/ concerns within team

Monitored calls and audit work performance within queues regularly, reporting results to Collection Supervisor

Collections Specialist, *Navient*
Indianapolis, IN

Communicated with defaulted student loan borrowers by telephone (inbound and outbound) to ensure full repayment or arrange acceptable payment arrangements and provided excellent customer service.

Assisted borrowers with resolving student loan debt through loan consolidation, loan rehabilitation, or cash collection when appropriate.

Problem solved and performed due diligence functions to ensure compliance with all Federal Regulations while always adhering to the Fair Debt Collection Practices Act as well as all bankruptcy and collection laws, both state and federal

February 2012 to April 2014	Personal Banker, *Old National Bank* Indianapolis, IN Managed client portfolios of consumer lending; analyzed financial information obtained from clients to determine strategies to meet their financial objectives; helped clients fill out loan applications Served as a liaison between clients and credit department; partnered with credit department to identify consumer credit worthiness and credit reports Cross-sold consumer deposit products that assisted in retaining and expanding the relationship with new and existing clients Worked with customers to open new checking and/or savings accounts; set up credit and debit card services and personal lines of credit. Went over negative transactions, assessed fees, claimed bad debts and closed delinquent accounts

<u>Education</u>

December 2019	Master of Arts in Political Science	*Indiana University, Indianapolis*
January 2012	Bachelor of Science in Political Science and Economics	*Manchester University*