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Kenya shape downloaded from https://thenounproject.com

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Contribution of the Dutch private sector to inclusive development in Kenya. Case study of Unilever Tea Kenya Ltd., the flower sector and Lake Turkana Wind Power project

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Abbreviations and Acronyms

ADC	Agricultural Development Corporation
AEA	Agriculture Employers Association
AFD	French Development Agency
AfDB	African Development Bank
AFFA	Agriculture, Fisheries and Food Authority
AIC	African Inland Church
AREI	Africa Renewable Energy Initiative
ARFP	African Regional Flagship Programme
ASCL	African Studies Centre Leiden University
BBK	Brooke Bond Kenya Ltd.
BCMS	Bible Churchmen's Missionary Society
BEADOC	British East Africa Disabled Officers Colony
BEB	Directorate-General for Foreign Economic Relations
CBA	Collective Bargaining Agreement
CBI	Centre for the Promotion of Imports from Development Countries
CDC	Colonial Development Corporation
CDC	Commonwealth Development Corporation
CEO	Chief Executive Officer
CIC	Capital Issues Committee
CLO	Community Liaison Officer
COFIDES	Spanish Development Finance Company
COL	Development Countries Committee
COO	Chief Operations Officer
COP	Conference of the Parties
CP	Condition Precedent
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DC	District Commissioners
DC	Development Cooperation
DCK	Dansk Chrysanthemum Kultur
DECP	Dutch Employers Cooperation Programme
DEG	German Investment and Development Corporation
DFG	Dutch Flower Group
DFID	United Kingdom's Department for International Development
DGGF	Dutch Good Growth Fund
DGIS	Directorate General for International Co-operation
DGRB	Directorate General for Bilateral Relations
DIO	Directorate International Organisations (Directie Internationale Organisaties)
DO	District Officers
DRIVE	Developmentally Relevant Infrastructure Investment Vehicle
DTH	International Technical Assistance

EAC	East African Committee
EAP&L	East African Power and Lighting Company
EATTA	East African Tea Trade Association
EIB	European Investment Bank
EKF	Denmark's Export Credit Agency
EPA	European Partnership Agreement
EPC	Export Promotion Council
EPTA	Expanded Programme for Technical Assistance
ERB	Electricity Regulatory Board
ERC	Energy Regulatory Commission
ESIA	Environmental and Social Impact Assessment
ET	Energy Tribunal
EU	European Union
EU-AITF	EU-Africa Infrastructure Trust Fund
EUR	Euro currency
EVD	Dutch Ministry of Economic Affairs
FDI	Foreign Direct Investment
FFS	Farmer Field Schools
FGM	Female genital mutilation
FinnFund	Finnish Fund for Industrial Cooperation
FIPA	Foreign Investment Protection Act
FiT	Feed-in-Tariffs
FKE	Federation of Kenyan Employers
FMO	Netherlands Development Financing Company
FOB	Freight on Board
FPEAK	Fresh Produce Exporters Association of Kenya
FVA	Flower Vendors Association
GDC	Geothermal Development Company
GDP	Gross Domestic Product
GoK	Government of Kenya
GPS	Global Positioning System
GWh	Gigawatt hours
HAK	Horticultural Association of Kenya
HCD	Horticultural Crops Directorate
HFO	Heavy Fuel Oil
HGIS	Homogenous Group of International Cooperation
HIF	Health Insurance Fund
HSE	Health and Safety Executive
ICCF	Interact Climate Change Facility
ICSR	International Corporate Social Responsibility
ID	Inclusive Development
IDE	International Organisation of Employers
IDH	Sustainable Trade Initiative

IDI	Inclusive Development Index
IFHA	Investment Fund for Health in Africa
IFU	Danish Investment Fund for Developing Countries
IGGI	Inter-Governmental Group on Indonesia
ILO	International Labour Organisation
IMF	International Monetary Fund
INCLUDE	Platform on Inclusive Development Policies
IOB	Dutch Policy and Operations Evaluation Departement (Directie Internationaal Onderzoek en Beleidsevaluatie)
IOV	Operations Review Unit
IPG	International Public Good
IPM	Integrated Pest Management
IPO	Initial Public Offering
IPP	Independent Power Producer
IPTA	Investment Promotion and Technical Assistance Programme
ITA	International Tea Agreement
ITC	International Tax Compact
ITC	International Tea Committee
JDA	Joint Development Agreement
JIKA	Nairobi International Airport
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KAM	Kenya Association of Manufacturers
KANU	Kenya African National Union
KARI	Kenya Agricultural Research Institute
KBS	Kenya Bureau of Standards
KEA	Kenya Employers Association
KenGen	Kenya Electricity Generating Company
KEPHIS	Kenya Plant Health Inspectorate Service
KEPSA	Kenya Private Sector Alliance
KES	Kenyan Shilling
KETEPA	Kenya Tea Packers Ltd.
KETRACO	Kenya Electricity Transmission Company
KFC	Kenya Flower Council
KHC	Kenya Horticultural Council
KLFA	Kenya Land Freedom Army
KNBS	Kenya National Bureau of Statistics
KNOCS	Kenya National Occupational Classification Standard
KPAWU	Kenya Plantation and Agricultural Workers' Union
KPLC	Kenya Power and Lighting Company Limited Kenya Power
KPR	Kenya Reserve Police
KRA	Kenya Revenue Authority
KTDA	Kenya Tea Development Authority
KTGA	Kenya Tea Growers Association
KTGA	Kenyan Tea Growers Association

KUPRIPUPA	Kenya Union of Printing, Publishing, Paper Manufacturing & Allied Workers
LANARUA	Lake Naivasha Water Resource Users Association
LAPSSET	Lamu Port South Sudan and Ethiopia Transport
LCL	Less Concessional Loan
LCPDP	Least Cost Power Development Planning Committee
LDCs	Least Developed Countries
LEAD	Local Employment in Africa for Development
LNG	Liquefied natural gas
LTWP	Lake Turkana Wind Power
MASP	Multi-Annual Strategic Plan
MCA	Member of the County Assembly
MD	Managing Director
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MFS	Medefinancieringsstelsel (co-financing system)
MILIEV	Milieu en Economische Verzelfstandiging
MIT	Massachusetts Institute of Technology
MMF	Matchmaking Facility
MNC	Multinational Company
MoEP	Ministry of Energy and Petroleum
MP	Members of Parliament
MPS	Milieu Programma Sierteelt (Environmental Programme Floriculture)
MT	Metric Tone
MW	Megawatt
NABC	Netherlands-African Business Council
NAR	National Advisory Council for Aid to Less Developed Countries
NCCK	National Council of Churches of Kenya
NCP	Dutch National Contact Point
NCW	Netherlands Christian Employers' Union
NEMA	National Environment Management Authority
NFD	Northern Frontier District
NFX	Netherlands Financial Sector Platform
NGO	Non-Governmental Organisation
NHIF	National Hospital Insurance Fund
NIEO	New International Economic Order
NIMF	Netherlands Investment Matching Fund
NIO	Dutch Investment Bank for Developing Countries
NITA	National Industrial Training Authority
NLG	Dutch guilder
Norfund	Norwegian Investment Fund for Developing Countries
NPM	Netherlands Platform for Micro-financing
NSSF	National Social Security Fund
NWEA	Dutch Wind Energy Association

ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OeEB	Development Bank of Austria
ORET	Development-related Export Transactions programme
ORIO	Infrastructure Development Facility
ORIO	Development-Related Infrastructure Facility
PADev	Participatory Assessment of Development
PAWEX	Association for Dutch wind turbine owners
PC	Provincial Commissioner
PCD	Policy Coherence for Development
PERP	Public Enterprises Reform Programme
PFM	Public Finance Management
PIDA	African Union's Programme of Infrastructure Development in Africa
PIDG	Private Infrastructure Development Group
PPA	Purchasing Power Agreement
PPP	Public-Private Partnerships
PPP	Public-Private Partnership
PRG	Partial Risk Guarantee
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PSD	Private Sector Development
PSI	Private Sector Investment Programme
PSOM	Emerging Markets Cooperation Programme
PUM	Netherlands Management Cooperation Programme
PVP	Plant Variety Protection
RE	Renewable Energy
REA	Rural Electrification Authority
REC	Renewable Energy Certificates
RMPCC	Regional Mega Projects Coordination Council
RPS	Renewable Portfolio Standard
RVO	Netherlands Enterprise Agency
SAP	Structural Adjustment Programme
SCADA	Supervisory Control and Data Acquisition
SCDA	Special Crops Development Authority
SDGs	Sustainable Development Goals
SE4ALL	Sustainable Energy for All
SER	Social-Economic Council
SME	Small- and Medium Enterprise
SNV	Stichting Nederlandse Vrijwilligers
SOMO	Centre for Research on Multinational Corporations
SPV	Special Purpose Vehicle
SRHR	Sexual and Reproductive Health and Rights
SSA	Sub-Saharan Africa

STATCOM	Static Synchronous Compensator
SWAp	Sector-wide Approach
TCX	Currency Exchange
TRTA	Trade-Related Technical Assistance
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UoN	University of Nairobi
UPOV	International Union for the Protection of New Varieties of Plants
UTKL	Unilever Tea Kenya Limited
VAT	Value-Added Tax
VMP	Trade Union Co-financing Programme
WARMA	Water Resources Management Authority
WB	World Bank
WBG	World Bank Group
WIBA	Work Injury Benefit Act
WITHALL	Working Committee on Technical Assistance to Low Developed Countries
WoC	Winds of Change Foundation
WRR	Dutch Scientific Council for Government Policies
WTO	World Trade Organisation
WWF	Worldwide Fund for Nature

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This PhD has been my metaphorical intellectual ‘final frontier’ – a five-year mission to explore scholarly literature, to seek out new methods, new evidence. At times, to boldly go where no other junior researcher has gone before! As ever, such a mission would not have been possible without the many supportive people that I had the privilege to cross paths with while conducting this research.

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Summary

I. Introduction

This thesis investigates the potential contribution of the Dutch private sector, and supportive Dutch Private Sector Development (PSD) policies, to inclusive development in Kenya in three sectors: tea, flowers and renewable energy. It is part of a larger research project entitled “Dutch Multinational Businesses, Dutch government and the promotion of productive employment in Sub-Sahara Africa: a comparative study of Kenya and Nigeria”. The project was part of the research agenda of the Knowledge Platform on Inclusive Development Policies (INCLUDE), funded by the Ministry of Foreign Affairs through NWO-WOTRO.

For the purpose of this research, inclusive development (ID) is broadly understood as development that “aims to reduce poverty and inequality”(INCLUDE, 2019b: 5) and it is considered in its economic, socio-cultural, spatial, ecological and political dimensions (Awortwi & Dietz, 2019; Bebbington, 2013; Gupta, Pouw, & Ros-Tonen, 2015). This thesis also acknowledges the importance of distinguishing between inclusive development outcomes and inclusive development processes (INCLUDE, 2013; Islam, 2019; Rocha Menocal, 2017b).

The increased interest in the concept of inclusive development in the last decade, in both academic and political circles, is a result of the recognition that the poorest groups have not benefited enough from economic growth, especially in sub-Saharan Africa (AfDB, 2015; Altaf, 2019; AUC/OECD, 2018; de Kemp & Lobbrecht, 2018; INCLUDE, 2019b). Sustainable and inclusive development is a core principle of the Sustainable Development Goals (SDGs) current global development agenda adopted by all United Nations Member States in 2015 (Gupta & Vegelin, 2016; Osakwe & Moussa, 2017). To achieve ID, as per the SDG agenda, the private sector was identified as one of the main strategic partners (UN, 2015). Based on the growing recognition of the role of the private sector in the development process, many member countries of the Organisation for Economic Co-operation and Development (OECD) have been scaling up their Private Sector Development (PSD) programmes as part of their Official Development Assistance (ODA), among them the Netherlands. The Dutch government has been continuously supporting policies and initiatives stimulating private sector and economic development in developing countries since the inception of its bilateral aid. The main underlying assumption behind the Dutch PSD policies (of 2015 but indirectly, also assumed since the 1960s) was that “with good accompanying policies, economic development and trade are the motor for poverty reduction” (MFA, 2015b) with Dutch companies creating (productive) jobs and promoting CSR in the ‘home’ and ‘host’ country. Nevertheless, the evidence supporting this hypothesis so far has been thin.

The private sector can contribute to inclusive development in a number of ways but its most prominent contribution is in generating (productive) employment and providing corporate social responsibility (CSR) programmes to the communities that they work with (Goris & Vrancken, 2018; Gupta & Vegelin, 2016; Kapstein, 2008; Kolk & Lenfant, 2018; Kontinen & Spierenburg, 2008; Kourula, Pisani, & Kolk, 2017; Osakwe & Moussa, 2017; Porter & Kramer, 2011; Scheyvens, Banks, & Hughes, 2016; UN, 2015; Utting & Marques, 2010). Productive employment is defined as employment yielding sufficient returns to labour to permit the worker and her/his dependents a level of consumption above the poverty line (Szirmai, Gebreeyesus, Guadagno, & Verspagen, 2013). Nevertheless, despite general agreement that the private sector, including multinational companies (MNCs) operating in developing countries, has an important role to play in reducing poverty and inequality, to date an explicit link between the international private sector operations in developing countries and their contribution to inclusive development (in terms of outcomes and processes) has been little explored in academic literature. The discussions that aim at defining this role often fail to adequately consider key contextual, historical, political and institutional aspects and therefore remain inconclusive (Boyle & Boguslaw, 2007; Fortanier & Kolk, 2007; Kolk & Lenfant, 2018; Kolk, Rivera-Santos, & Rufín, 2018; Meyer, 2004; Oetzel & Doh,

2009; Utting & Marques, 2010). Consequently, more research that uncovers the context and underlying dynamics of the international private sector operations in developing countries, especially in Africa, is needed (de Haan, 2015; Kolk, Kourula, Pisani, & Westermann-Behaylo, 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017).

This thesis aspires to make a contribution to reducing these gaps of knowledge by:

- **Firstly,** exploring a possible contribution of the Dutch private sector in Kenya to 5 dimensions of inclusive development (economic, socio-cultural, spatial, ecological and political); both in terms of outcomes and processes.
- **Secondly**, investigating the theorised assumption presented by the Dutch government in their PSD development policies that established a causal mechanism between increased economic collaboration stimulated by development policies (bilateral aid, exports and direct involvement of Dutch private sector in developing countries), and the creation of (productive) employment, thus contribution to inclusive development in developing countries.

This will be done by studying three important economic sectors in Kenya and by analysing their context, their underlying dynamics and their level of inclusiveness. More importantly, challenges for a greater inclusiveness in these sectors and the role of Dutch MNCs and Dutch PSD development policies in this process will also be explored. The case studies for this research were selected from a pool of 57 Dutch MNCs operating in Kenya in 2014, based on the presumed significant contribution of each sector to direct or indirect employment creation in the country. The selected sectors and respective case studies are as follows:

- The tea sector: the case of Unilever Tea Kenya Limited (UTKL) (covered in Chapter 3);
- The flower sector (a sector-wide analysis) (covered in Chapter 4);
- The renewable energy sector: the in-depth case study of Lake Turkana Wind Power (LTWP) project (covered in Chapter 5).

The analysis of the case studies acknowledges that governance, political economy and political settlement factors may play a significant role in shaping development processes and generating and/or exacerbating constraints to achieving inclusive development outcomes (Awortwi & Dietz, 2019; Hickey, Sen, & Bukenya, 2015; Rocha Menocal, 2017a).

II. Contribution to knowledge and practice

The study is timely and relevant to academia and the Sustainable Development Agenda debate for three fundamental reasons:

1. It will contribute to literature on the importance of the international private sector in achieving inclusive development and the role of supportive policies of the 'home' and 'host' country.
2. It will nuance the debate considering the importance of political economy and political settlement in the development processes. The moments when the settlements are negotiated are dynamic processes that involve selected group of strategic actors, including the state and MNCs. Because these processes happen behind closed doors in a rather 'occlusive' way, this study will refer to them as 'occlusive processes'.
3. It will confirm the importance of making a distinction between different dimensions of ID, as well as between inclusive and exclusive development outcomes and processes regarding the private sector development in Kenya, particularly when it involves foreign firms. It will do so by showing that at least in the case of some Dutch firms operating in the tea, flower and renewable energy sectors in Kenya, the private sector is capable of generating inclusive outcomes in economic, socio-cultural, spatial and ecologic dimensions; however, the (political) process that leads to such outcomes is often lengthy and exclusive (and sometimes 'occlusive') in nature.

III. Research questions

The main research question guiding this dissertation is:

What is the contribution of the Dutch private sector operating in the tea, flower and renewable energy sectors in Kenya to inclusive development in that country?

The supporting questions are as follows:

- What were the key factors and processes supporting or constraining the analysed Dutch private sector in Kenya in achieving inclusive development outcomes?
    - What were the key processes and outcomes in the development of the tea, flower and renewable energy sectors in Kenya?
    - What is the nature of these processes and outcomes (are they inclusive or exclusive)?
    - What was the role of the analysed Dutch private sector in these processes?
    - What was the contribution of the analysed Dutch private sector to the achieved development outcomes, particularly through (productive) employment generation and provision of corporate social responsibility (CSR) programmes?
- What was the role of the Dutch government's private sector development policies in supporting the Dutch private sector in becoming more inclusive in their operations in developing countries (and particularly Kenya)?

IV. Research location

Kenya was chosen as the focus country because it has been one of the largest recipients of Dutch aid and investments amongst Dutch partner countries in Africa (Kazimierczuk, Dietz, & Vink, 2016). Kenya is the dominant economic power in the East African region but it is known for its complicated political economy, which is characterized by inseparable links between political and economic interests demonstrated by the deep involvement of politicians in business affairs. Finally, Kenya is known to be one of the African countries that have adopted a rather open national strategic approach in its dealings with multinational companies. Hence, it was interesting to also investigate how such an approach influenced multinational business responses to the policy objective of promoting productive employment and inclusive development in the country (ASCL, UoN, & KAM, 2014).

The field research took place between October–November 2015, June–October 2016, August 2017 and in January-February 2019, in a number of locations within the country, including Nairobi, Limuru, Naivasha, Timau, Kericho and number of locations in the Laisamis constituency.

V. Methodology

In order to understand desired context and mechanisms within each of the sectors, this study applied an exploratory research design with the overarching qualitative method of process tracing, in its both theory-building and theory-testing capacity. To achieve this, process-tracing was combined with case studies, within which 'mixed methods' were used. To assure that the inclusiveness potential of the selected sectors is adequately researched, the process-tracing within the case studies was guided by the approach presented by Dekker (2017), partly merged with the posited by Santpoort, Bosch, Betsema, & Zoomers (2017), and adjusted to the context of the private sector in Africa. Based on their suggestions, particular attention is paid to understanding the context (also historically) in which the private companies operate, acknowledge and describe their interaction with the political, social and economic environments, and how these interactions influence the nature of the outcomes of their operations. Furthermore, the mechanisms and processes that lead to potential inclusivity or exclusivity in each of the analysed sectors are considered. Finally, an attempt is also made to document where and how the jobs are created, and how and why the benefits of the private sector operations are distributed in society. In doing so, this thesis takes the reader on a historical journey through the main stages of Kenyan economy in the 20th and 21st century intertwined with corresponding global development orders as seen through the lens of the three studied sectors: tea, flowers and renewable energy in their respective development processes.

VI. Findings

i. About the contribution of the Dutch private sector operating in the tea, flower and renewable energy sectors in Kenya to the inclusive development in that country

General findings

By using the theory-building process tracing method in the examined case studies in the tea, flowers and renewable energy sectors, this thesis demonstrates that the Dutch MNCs in Kenya are able to contribute positively to economic, socio-cultural, spatial, ecological and even political dimensions of inclusive development. These findings confirm that the private sector has the capacity to play an important role in achieving inclusive development. The nature of the private sector makes it logical that the outcomes of its operations make the greatest contribution in the economic dimension. The shift towards more conscious and sustainable operations (globally but certainly in the Netherlands) has resulted in inclusive outcomes in socio-cultural and ecological dimensions. In some cases, an important event or process led simultaneously to both inclusive and exclusive outcomes.

However, it was observed that the positive outcomes did not happen automatically and did not reach their full inclusiveness potential. They were achieved in economically viable sectors and reached people capable of conducting work in these sectors, living in proximity to the companies or who were able to benefit from them as consumers. Such outcomes rarely accompanied the sectors' development phase (except from LTWP), revealing that time was needed (in all cases), as well as the personal motivation of Managing Directors (all cases) and dedicated internal policies (LTWP) in order to reach such groups. Supportive policies of the 'home' and 'host' country, as well as international pressure were equally important, especially in case of export-oriented firms. This shows the importance of the international private sector in achieving inclusive development, but also the role of supportive policies of the 'home' and 'host' country.

Trade-offs in the political dimension

There were no major trade-offs detected between the outcomes in economic, socio-cultural, spatial and ecological dimensions. Moreover, the spatial inclusion of the neglected area in case of LTWP gave voices to local leaders and politicians leading to an inclusive outcome in the political dimension. Nevertheless, it is in the political dimension where the actual trade-offs were observed. Indeed, it was noted that in the African and Kenyan context, the presence and enforcement of a clear regulatory framework and incentives in the renewable energy sector are vital to attract new investors but not sufficient on their own. What also counts is the possibility to negotiate the terms directly with governments. This is not only symptomatic for the renewable energy sector, but appears to be relevant in other cases too.

‘Occlusive development’

In all studied sectors, nearly all of the identified inclusive outcomes in economic, socio-cultural, spatial, ecological dimensions were proceeded by lengthy and exclusive political processes with active engagement of the studied Dutch companies with the international, national and local governments. These processes were not only exclusive, but also ‘occlusive’ in nature – they happened behind closed doors among groups of carefully selected strategic actors. Hence, I have coined the term ‘occlusive development’. In the studied cases, ‘occlusive’ processes occurred during the initial stage of foreign private sector establishment in the studied developing country. They were exclusive in nature but they constituted an integral and (so far) inseparable part of the development process that led to inclusive outcomes. This relates to the role of personal networks and strategic actors operating in a specific context on an international, national and local level. This finding confirms the importance of making a distinction between different dimensions of ID, as well as inclusive, exclusive but also ‘occlusive’ development outcomes and processes regarding the private sector development in Kenya, particularly when it involves foreign firms.

The importance of political economy and political settlements analysis in a historical context

To truly understand the political complexity and ‘occlusivity’, it was necessary to put the analysis of the studied companies in a historical context (Utting and Marques, 2010). Such economic history is clearly influenced by political economy and political settlements that determine whether the goal of inclusive development will be achieved or not. The governing coalition, whose primary objective is political survival (Whitfield & Buur, 2014), would be more likely to implement the necessary changes if faced with pressure from (potentially) powerful groups in society (Awortwi & Dietz, 2019; Bates & Bates, 2005; Berendsen, Dietz, Nordholt, & Van der Veen, 2013; Vlasblom, 2013). The private sector may act as such a powerful group, especially in a country where patronage networks are powerful and extensive, and state and business interests are closely interconnected (Akinyoade & Uche, 2018; Booth, Cooksey, Golooba-Mutebi, & Kanyinga, 2014; Booth & Therkildsen, 2012). Simultaneously, the private sector is subject to the will of this governing coalition. If the interests of these two groups converge, it may lead to important inclusive development outcomes. This demonstrates how important it is to consider political economy and political settlements analysis in a historical context when discussing the operations of the international private sector in developing countries in order to better understand how the effects of their operations can actually spill over to the local economy.

ii. About the role of the Dutch government’s private sector development policies in supporting the Dutch private sector in becoming more inclusive in their operations in developing countries (and particularly Kenya)

Chapter 2 provides a review of Dutch development policies (since the 1949), with attention to the promotion of the private sector development (PSD). It shows continuity in the Dutch approach towards development policies as a way to promote Dutch businesses and export in developing countries. By using the theory-testing process tracing method in the context of the three selected case studies, this thesis further explores a possibility of verifying the main assumption behind the Dutch PSD policy in tea, flower and renewable energy sectors in Kenya. This theorised assumption introduced by the Dutch government in their development policies established a causal mechanism between increased economic collaboration stimulated by development policies and the creation of (productive) employment, thus contributing to inclusive development in developing countries. To confirm the validity of the tested policy assumption, one must identify a precise and direct causal mechanism between Dutch development policies and the contribution of the Dutch private sector to inclusive development in studied sectors in Kenya.

Unfortunately, the data collected does not make it possible to pinpoint a precise and direct causal mechanism between Dutch development policies and funding provided to Dutch firms in the studied sectors and, in turn, their contribution to inclusive development in Kenya. Consequently, it is not possible to confirm the validity of the tested policy assumption. This is a matter of great complexity that requires a more systematic approach that was not possible to adopt in this exploratory study. However, a specific link has been observed between the 'home' policies and the companies operating in the 'host' country: Dutch development policies, among other important factors, did encourage Dutch businesses to invest in developing countries, including Kenya.

The presence of Dutch companies in Kenya in three sectors of high national importance – floriculture, tea and renewable energy – has played a crucial role in the sectors' establishment and development. Their presence directly and indirectly contributed to employment creation in the host country (although often not fully productive employment) and, through their CSR activities (although fragmented or not yet at full capacity), supported, to some extent, the local communities in which they operate. However, in the studied cases (Chapter 3-5), only a few companies benefited from direct financial support through Dutch PSD programmes and mostly in the maturity phase of the sector development. Only LTWP received such support in its development phase. Some of the initiatives funded by the Dutch government in the studied sectors had an important impact on the sector as a whole. For example:

- In the case of UTKL, the Sustainable Trade Initiative (IDH) co-funded the Farmers Field Schools (FFS), which worked towards knowledge transfer and greater inclusion of the smallholder tea farmers.
- In the flower industry, support to the Kenya Flower Council (KFC) to drive an update of the national horticulture standard for flowers and ornamentals (KS 1758 Part 1) was meant to assure a greater environmental inclusion by pushing for more appropriate environmental conditions and safer use of chemicals in the whole sector.
- In the case of LTWP, the direct contribution of the Dutch government to the road construction and upgrade, as well as in the project itself through the loan provided by the Netherlands Development Financing Company (FMO), was not only useful for the wind farm, but also opened up the long-neglected area. In this sense, it contributed to alleviating its territorial exclusion and to economic and political inclusion of some local groups.

It should be noted, however, that none of these initiatives came without a degree of controversy.

VII. Conclusions

To conclude, this thesis broadly defines inclusive development as development that "aims to reduce poverty and inequality" (INCLUDE, 2019b: 5). In the context of three studied sectors (tea, flowers and renewable energy) in Kenya, it is confirmed that inclusive development prompted by the operations of the private sector can contribute to poverty and inequality reduction in its five dimensions (economic, socio-cultural, spatial, ecological and political) but not in its full inclusiveness potential. It is important to remember that private companies operate in a very specific environment and must also adapt to existing circumstances. These systems are not automatically inclusive. Without adequate oversight and assistance, the private sector may simply reinforce these non-inclusive systems. Therefore, full inclusion may not actually be possible in the context of private sector operations (and possibly more generally) as long as development remains market-driven and embedded in neo-liberal ideology.

International pressure, dedicated internal or national policies, as well as the individual motivation of the Managing Directors are crucial for encouraging inclusiveness. Primarily, inclusive outcomes can be achieved if the interests of the private sector and governing coalition converge. This requires lengthy 'occlusive' negotiations between groups of strategic actors, including the private sector. These exclusive and often 'occlusive' processes in the political dimension may ultimately lead to inclusive outcomes (as long as they provide a window of opportunity for the involved actors), but the settlements achieved rarely challenge existing power structures; rather, they reproduce them.

The Dutch PSD policies were important for encouraging Dutch entrepreneurs to invest abroad but its precise contribution to the inclusive development in Kenya was not possible to determine. The history of Dutch development policy provides a number of interesting solutions in terms of how to use a country's knowledge and skills to work in favour of less developed regions in mutually beneficial arrangements to stimulate economic development. Economic diplomacy should thus focus on promoting policies that encourage inclusive development. Moreover, support given to the private sector in developing countries is important, but PSD policies need to be more realistic about what the private sector, in the specific context, can actually do to contribute to a specific dimension of inclusive development in a country. For this to happen, tapping into the actual knowledge of Dutch business(wo)men already experienced in doing business in the country is key, while PSD programmes should establish internal learning mechanisms for their private sector grantees to identify the challenges and on-going dynamics and swiftly adapt to the local context. Finally, such policies and programmes should not operate in a vacuum, but rather holistically support the 'host' county's national government, sectoral organisations, trade unions, and civil society organisations to jointly create a conducive and inclusive business environment.

VIII. Recommendations

Based on this research, the following recommendations are made to the Dutch Government for enhancing the contribution of the Dutch private sector to inclusive development in Kenya and other developing countries:

Practical level:

- Acknowledge that the private sector has the capacity to play a key role in achieving inclusive development as long as the supportive policies of the 'home' and 'host' country are in place. Therefore, concentrate on promotion of policies encouraging inclusive development in 'home' and 'host' countries. The latter can be done through the economic diplomacy efforts of Dutch embassies.
- Provide adequate local support to new Dutch companies entering the Kenyan market from the Dutch embassy, as well as mentorship from other Dutch business(wo)men with experience of doing business in the country.
- Require Dutch MNCs to adjust their business models to account for greater inclusive development outcomes. Such outcomes should include productive employment creation and far more ambitious CSR plans that go beyond current models. The companies should also make internal efforts to deeply understand their local context and stakeholders.
- Recognise the importance of providing support to the private sector in developing countries in its development and maturation period. Support professionalisation and development of national standard compliance mechanisms. At the same time, holistically support Kenya sector's associations, trade unions and forms of national public–private dialogues to strengthen the voice of the private sector and civil society in designing and developing national economic strategies for a more inclusive national system.
- Provide more support to local research and development, as well as public research to promote more inclusive knowledge transfer to challenge the existing power structure in the 'host' country and unlock the inclusivity potential of the sector

Programming level:

- Context and time matter! Historical, social and economic contexts, particularly underlying political economy and power relations, shaped patterns of inclusion and exclusion of the private sector in developing countries. Programmes supporting private sector development should be mindful of these dynamics (including 'occlusive' processes) and appropriately factor them into their planning and expected results. Support for more transparent (currently 'occlusive') process may be needed.
- Integrate appropriate learning mechanisms within PSD programmes, which would allow companies and funders to identify and adjust faster to the best context-specific approach in order to achieve common objectives.
- Enhance efforts to develop a holistic way of assessing the impact of the PSD instruments. Moreover, research analysing the regional concentration of Dutch businesses in developing countries should be conducted to better target under-served areas.
- Provide greater support and incentives for companies that invest in training and promote the development of their employees. Furthermore, provide support to companies that hire people with disabilities (also to increase job opportunities for this group).

Policy level:

- PSD policies and programmes must become more realistic about the role and limitations of the private sector in national development processes in 'host' countries. Acknowledge that the contribution of the private sector to inclusive development is most pronounced in the economic dimension and may not lead to full inclusion in all the dimensions under the current global economic system. Furthermore, recognise that time is needed to achieve inclusive outcomes.
- Promote and encourage policies enhancing balanced approaches between the government, private sector and civil society. The 'home' and 'host' governments should work towards creating conducive business environments with adequate oversight mechanisms.
- Avoid 'one-size-fits-all' policies. Different sectors face different challenges and actors involved are not a homogenous group. The needs of all actors should be taken seriously to assure full inclusion.
- Conduct more studies testing the underlying assumptions of the PSD policy using the process-tracing method. To cater for the challenges related to data access in the field, the companies that will be considered for such research should be willing to participate from the start. Private companies that benefited from the Dutch government funding should be particularly encouraged to participate in such research.
- Recognise and account for political economy and political settlements factors in Dutch PSD policies planning as well as in the assumptions behind their respective Theories of Change.

Samenvatting

I. Inleiding

Dit proefschrift onderzoekt de mogelijke bijdrage van de Nederlandse private sector en van het ondersteunende Nederlandse Private Sector Development (PSD) beleid aan inclusieve ontwikkeling in Kenia in drie sectoren: thee, bloemen en hernieuwbare energie. Het maakt deel uit van een groter onderzoeksproject getiteld "Nederlandse multinationale ondernemingen, de Nederlandse overheid en de bevordering van productieve werkgelegenheid in Sub-Sahara Afrika: een vergelijkende studie van Kenia en Nigeria". Het project is onderdeel van de onderzoeksagenda van het Kennisplatform Inclusief Ontwikkelingsbeleid (INCLUDE), gefinancierd door het Ministerie van Buitenlandse Zaken via NWO-WOTRO.

In het kader van dit onderzoek wordt inclusieve ontwikkeling (ID) algemeen beschouwd als ontwikkeling die "tot doel heeft armoede en ongelijkheid te verminderen" (INCLUDE, 2019b: 5) en wordt het beschouwd in zijn economische, sociaal-culturele, ruimtelijke, ecologische en politieke dimensies (Awortwi & Dietz, 2019; Bebbington, 2013; Gupta, Pouw, & Ros-Tonen, 2015). Dit proefschrift erkent ook het belang van het maken van onderscheid tussen inclusieve ontwikkelingsresultaten en inclusieve ontwikkelingsprocessen (INCLUDE, 2013; Islam, 2019; Rocha Menocal, 2017b).

De toegenomen belangstelling voor het concept van inclusieve ontwikkeling in het afgelopen decennium, zowel in academische als in politieke kringen, is het gevolg van de erkenning dat de armste groepen onvoldoende hebben geprofiteerd van economische groei, vooral in Afrika bezuiden de Sahara (AfDB, 2015; Altaf, 2019; AUC/OECD, 2018; de Kemp & Lobbrecht, 2018; INCLUDE, 2019b). Duurzame en inclusieve ontwikkeling is een kernprincipe van de huidige mondiale ontwikkelingsagenda voor duurzame ontwikkeling (SDG's) die alle lidstaten van de Verenigde Naties in 2015 hebben aangenomen (Gupta & Vegelin, 2016; Osakwe & Moussa, 2017). Om ID te bereiken, werd volgens de SDG-agenda de particuliere sector geïdentificeerd als een van de belangrijkste strategische partners (VN, 2015). Op basis van de groeiende erkenning van de rol van de particuliere sector in het ontwikkelingsproces, hebben veel lidstaten van de Organisatie voor Economische Samenwerking en Ontwikkeling (OESO) hun programma's voor de ontwikkeling van de particuliere sector (PSD) opgeschaald als onderdeel van hun *Official Development Assistance* (ODA), waaronder Nederland. De Nederlandse regering ondersteunt sinds het begin van haar bilaterale hulp continu beleid en initiatieven die de particuliere sector en de economische ontwikkeling in ontwikkelingslanden stimuleren. De belangrijkste onderliggende veronderstelling achter het Nederlandse PSD-beleid (van 2015, maar indirect ook uitgevoerd sinds de jaren zestig) was dat "met goed begeleidend beleid, economische ontwikkeling en handel de motor zijn voor armoedebestrijding" (MFA, 2015b), waarbij Nederlandse bedrijven van belang geacht werden voor het creëren van (productieve) banen en voor het promoten van Maatschappelijk Verantwoord Ondernemen (MVO) in het 'thuisland' en in het 'gastland'. Desalniettemin is het bewijs dat deze hypothese ondersteunt tot dusver dun.

De particuliere sector kan volgens de literatuur op een aantal manieren bijdragen aan inclusieve ontwikkeling, maar de meest prominente bijdrage is het genereren van (productieve) werkgelegenheid en het aanbieden van programma's voor maatschappelijk verantwoord ondernemen (MVO) aan de gemeenschappen waarmee ze samenwerken (Goris & Vrancken, 2018; Gupta & Vegelin, 2016; Kapstein, 2008; Kolk & Lenfant, 2018; Kontinen & Spierenburg, 2008; Kourula, Pisani, & Kolk, 2017; Osakwe & Moussa, 2017; Porter & Kramer, 2011; Scheyvens, Banks, & Hughes, 2016; VN, 2015; Utting & Marques, 2010). Productieve werkgelegenheid wordt gedefinieerd als werkgelegenheid die voldoende arbeidsrendement oplevert om de werknemer en zijn/haar gezinsleden een consumptieniveau boven de armoedegrens te bieden (Szirmai, Gebreeyesus, Guadagno, & Verspagen, 2013). Ondanks de algemene overeenstemming dat de particuliere sector, met inbegrip van multinationale ondernemingen (MNC's) die actief zijn in ontwikkelingslanden, een belangrijke rol kan en moet spelen bij het terugdringen van armoede en ongelijkheid, is tot op heden in de academische literatuur weinig onderzocht of er een expliciet verband is tussen de internationale particuliere sectoractiviteiten in ontwikkelingslanden en hun bijdrage aan inclusieve ontwikkeling (in termen van resultaten en processen). De discussies die gericht zijn op het definiëren van deze rol slagen er vaak niet in om voldoende rekening te houden met de belangrijkste contextuele, historische, politieke en institutionele aspecten en blijven daarom onduidelijk (Boyle & Boguslaw, 2007; Fortanier & Kolk, 2007; Kolk & Lenfant, 2018; Kolk, Rivera) -Santos, & Rufín, 2018; Meyer, 2004; Oetzel & Doh, 2009; Utting & Marques, 2010). Daarom is meer onderzoek nodig dat de context en de onderliggende dynamiek van de internationale activiteiten van de particuliere sector in ontwikkelingslanden, vooral in Afrika, blootlegt (de Haan, 2015; Kolk, Kourula, Pisani, & Westermann-Behaylo, 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017).

Dit proefschrift wil een bijdrage leveren aan het verkleinen van deze kennislacunes door:

- **Ten eerste** het onderzoeken van een mogelijke bijdrage van de Nederlandse private sector in Kenia aan 5 dimensies van inclusieve ontwikkeling (economisch, sociaal-cultureel, ruimtelijk, ecologisch en politiek); zowel qua uitkomsten als processen.
- **Ten tweede**, het onderzoeken van de theoretische aanname die de Nederlandse regering presenteert in haar PSD-ontwikkelingsbeleid dat een causaal mechanisme heeft verondersteld tussen meer economische samenwerking gestimuleerd door ontwikkelingsbeleid (bilaterale hulp, export en directe betrokkenheid van de Nederlandse private sector in ontwikkelingslanden), en het creëren van (productieve) werkgelegenheid, om daarmee een bijdrage te leveren aan inclusieve ontwikkeling in ontwikkelingslanden.

Dit zal gebeuren door drie belangrijke economische sectoren in Kenia te bestuderen en door hun context, hun onderliggende dynamiek en hun niveau van inclusiviteit te analyseren. De uitdagingen voor een grotere inclusiviteit in deze sectoren en de rol van Nederlandse MNC's en het Nederlandse ontwikkelingsbeleid voor PSD in dit proces worden onderzocht. De casestudies voor dit onderzoek zijn geselecteerd uit een totaal van 57 Nederlandse MNC's die in 2014 in Kenia actief waren, op basis van de veronderstelde bijdrage van elke sector aan de directe of indirecte werkgelegenheid in het land. De geselecteerde sectoren en respectievelijke casestudies zijn als volgt:

- De theesector: aan de hand van Unilever Tea Kenya Limited (UTKL) (behandeld in hoofdstuk 3);
- De bloemensector (een sectorbrede analyse) (behandeld in hoofdstuk 4);
- De sector hernieuwbare energie: de diepgaande *casestudy* van het Lake Turkana Wind Power (LTWP) -project (behandeld in hoofdstuk 5).

De analyse van de casestudies erkent dat factoren van bestuur, politieke economie en de uitkomsten van politieke onderhandelingen (*political settlements*) een belangrijke rol kunnen spelen bij het vormgeven van ontwikkelingsprocessen en het genereren en/of verergeren van beperkingen voor het bereiken van inclusieve ontwikkelingsresultaten (Awortwi & Dietz, 2019; Hickey, Sen, & Bukenya, 2015; Rocha Menocal, 2017a).

II. Bijdrage aan kennis en praktijk

Deze studie is actueel en relevant voor de wetenschap en het debat over de agenda voor duurzame ontwikkeling om drie fundamentele redenen:

1. Het zal bijdragen aan de literatuur over het belang van de internationale particuliere sector bij het bereiken van inclusieve ontwikkeling en de rol van ondersteunend beleid van het 'thuisland' en het 'gastland'.
2. Het zal het debat nuanceren, gezien het belang van politieke economie en politieke onderhandelingen in de ontwikkelingsprocessen. De momenten waarop over de politiek-

maatschappelijke controverses wordt onderhandeld, zijn dynamische processen waarbij een geselecteerde groep strategische actoren is betrokken, waaronder de staat en multinationals. Omdat deze processen op een nogal 'occlusieve' manier achter gesloten deuren plaatsvinden, zal deze studie ze 'occlusieve processen' noemen.

3. Het bevestigt het belang van het maken van onderscheid tussen verschillende dimensies van ID, alsook tussen inclusieve en exclusieve ontwikkelingsresultaten en processen met betrekking tot de ontwikkeling van de particuliere sector in Kenia, vooral wanneer het buitenlandse bedrijven betreft. Dit zal worden gedaan door aan te tonen dat de particuliere sector, althans in het geval van enkele Nederlandse bedrijven die actief zijn in de sectoren thee, bloemen en hernieuwbare energie in Kenia, inclusieve resultaten kan genereren in economische, sociaal-culturele, ruimtelijke en ecologische dimensies; het (politieke) proces dat tot dergelijke resultaten leidt, is echter vaak langdurig en exclusief (en soms 'occlusief') van aard.

III. Onderzoeksvragen

De <u>belangrijkste onderzoeksvraag</u> bij dit proefschrift is:

Wat is de bijdrage van de Nederlandse particuliere sector die actief is in de thee-, bloemen- en hernieuwbare energiesectoren in Kenia aan inclusieve ontwikkeling in dat land?

De <u>ondersteunende vragen</u> zijn als volgt:

- Wat waren de belangrijkste factoren en processen die de geanalyseerde Nederlandse particuliere sector in Kenia ondersteunden of inperkten bij het bereiken van inclusieve ontwikkelingsresultaten?
    - Wat waren de belangrijkste processen en resultaten bij de ontwikkeling van de thee-, bloemen- en hernieuwbare energiesectoren in Kenia?
    - Wat is de aard van deze processen en resultaten (zijn ze inclusief of exclusief)?
    - Wat was de rol van de geanalyseerde Nederlandse private sector in deze processen?
    - Wat was de bijdrage van de geanalyseerde Nederlandse particuliere sector aan de bereikte ontwikkelingsresultaten, met name door (productieve) werkgelegenheid te genereren en door het aanbieden van programma's voor maatschappelijk verantwoord ondernemen (MVO)?
- Wat was de rol van het ontwikkelingsbeleid van de Nederlandse overheid bij het ondersteunen van de Nederlandse particuliere sector om inclusiever te worden in hun activiteiten in ontwikkelingslanden (en met name Kenia)?

IV. Locatie van het onderzoek

Kenia is gekozen als focusland omdat het een van de grootste ontvangers is geweest van Nederlandse hulp en investeringen onder Nederlandse partnerlanden in Afrika (Kazimierczuk, Dietz, & De Vink, 2016). Kenia is de dominante economische macht in de Oost-Afrikaanse regio, maar staat bekend om zijn gecompliceerde politieke economie, die wordt gekenmerkt door onafscheidelijke verbanden tussen politieke en economische belangen, die gekenmerkt worden door de diepe betrokkenheid van politici bij zakelijke aangelegenheden. Ten slotte staat Kenia bekend als een van de Afrikaanse landen die een vrij open nationale strategische benadering hebben gevolgd in hun betrekkingen met multinationale ondernemingen. Daarom was het interessant om ook te onderzoeken hoe een dergelijke benadering de reacties van multinationals op de beleidsdoelstelling van het bevorderen van productieve werkgelegenheid en inclusieve ontwikkeling in het land beïnvloedde (ASCL, UoN, & KAM, 2014).

Het veldonderzoek vond plaats tussen oktober-november 2015, juni-oktober 2016, augustus 2017 en in januari-februari 2019 op een aantal locaties in het land, waaronder Nairobi, Limuru, Naivasha, Timau, Kericho en een aantal locaties in Laisamis in het zuidwesten van het noord-Keniase Marsabit.

V. Methodologie

Om de context en mechanismen binnen elk van de sectoren te begrijpen, paste deze studie een verkennend onderzoeksontwerp toe met de overkoepelende kwalitatieve methode van *process tracing*, zowel in zijn theorie-vormende als in zijn theorie-testende capaciteit. Om dit te bereiken is *process-tracing* gecombineerd met *case studies*, waarbij gebruik is gemaakt van *'mixed methods'*. Om ervoor te zorgen dat het inclusiviteitspotentieel van de geselecteerde sectoren adequaat wordt onderzocht, werd de proces-tracering binnen de casestudies geleid door de aanpak van Dekker (2017), gedeeltelijk samengevoegd met die van Santpoort, Bosch, Betsema en Zoomers (2017) en aangepast aan de context van de particuliere sector in Afrika. Op basis van hun suggesties wordt bijzondere aandacht besteed aan het begrijpen van de context (ook historisch) waarin de particuliere bedrijven opereren, hun interactie met de politieke, sociale en economische omgevingen en hoe deze interacties de aard van de resultaten van hun operaties hebben beïnvloed. Verder wordt gekeken naar de mechanismen en processen die leiden tot mogelijke inclusiviteit of exclusiviteit in elk van de geanalyseerde sectoren. Ten slotte wordt ook geprobeerd te documenteren waar en hoe de banen zijn gecreëerd en hoe de voordelen van de activiteiten van de particuliere sector in de samenleving worden verdeeld en waarom dat zo is. Daarbij neemt dit proefschrift de lezer mee op een historische reis door de belangrijkste stadia van de Keniaanse economie in de 20e en 21e eeuw, verweven met overeenkomstige mondiale ontwikkelingen, gezien door de lens van de actoren in de drie bestudeerde sectoren: thee, bloemen en hernieuwbare energie in hun respectievelijke ontwikkelingsprocessen.

VI. Bevindingen

i. Over de bijdrage van het Nederlandse bedrijfsleven in de thee-, bloemen- en duurzame energiesector in Kenia aan de inclusieve ontwikkeling in dat land.

Algemene bevindingen

Door gebruik te maken van de methode voor het opsporen van processen in de onderzochte *case studies*, de sectoren thee, bloemen en hernieuwbare energie, toont dit proefschrift aan dat de Nederlandse multinationals in Kenia een positieve bijdrage kunnen leveren aan economische, sociaal-culturele, ruimtelijke, ecologische en zelfs politieke dimensies van inclusieve ontwikkeling. Deze bevindingen bevestigen dat de particuliere sector de capaciteit heeft om een belangrijke rol te spelen bij het bereiken van inclusieve ontwikkeling. De aard van de particuliere sector maakt het begrijpelijk dat de resultaten van haar activiteiten de grootste bijdrage leveren aan de economische dimensie. De verschuiving naar bewustere en duurzamere bedrijfsvoering (mondiaal maar zeker in Nederland) heeft ook geresulteerd in inclusieve uitkomsten in sociaal-culturele en ecologische dimensies. In sommige gevallen leidde een belangrijke gebeurtenis of proces tegelijkertijd tot zowel inclusieve als exclusieve resultaten.

Er werd echter opgemerkt dat de positieve resultaten niet automatisch plaatsvonden en hun volledige inclusiviteitspotentieel niet bereikten. Ze werden bereikt in economisch levensvatbare sectoren en bereikten mensen die in deze sectoren werk konden verrichten, in de buurt van de bedrijven woonden of ervan konden profiteren als consumenten. Dergelijke resultaten gingen zelden gelijk op met de ontwikkelingsfase van de sector (behalve in het geval van LTWP), waaruit bleek dat er tijd nodig was voordat resultaten konden worden geboekt (in alle gevallen), terwijl tevens de persoonlijke motivatie van algemeen directeuren van groot belang bleek te zijn (in alle gevallen). Daarnaast werd in het geval van LTWP gezien dat er specifiek intern beleid is geweest om groter positief effect te hebben bij diverse lokale bevolkingsgroepen in de omgeving van de windenergieturbines. Ondersteunend beleid van het ‘thuisland’ en het ‘gastland’, evenals de internationale druk op de bedrijven waren belangrijk, vooral in het geval van exportgerichte bedrijven. Dit toont het belang van de internationale particuliere sector bij het bereiken van inclusieve ontwikkeling, maar ook de rol van ondersteunend beleid van het ‘thuisland’ en het ‘gastland’.

Trade offs in de politieke dimensie

Er zijn geen grote *trade offs* (de uitwisseling van voor- en nadelen) gevonden tussen de uitkomsten in de economische, sociaal-culturele, ruimtelijke en ecologische dimensies. Bovendien gaf de ruimtelijke integratie van het verwaarloosde gebied van Zuidwest Marsabit in het geval van LTWP een stem aan lokale leiders en politici, wat leidde tot een inclusief resultaat in de politieke dimensie. Desalniettemin is het in de politieke dimensie waar de daadwerkelijke *trade offs* werden waargenomen en waar resultaten werden geboekt ten koste van transparantie. Er werd zelfs opgemerkt dat in de Afrikaanse en Keniaanse context de aanwezigheid en handhaving van een duidelijk regelgevingskader en stimulansen in de sector van de hernieuwbare energie essentieel zijn om nieuwe investeerders aan te trekken, maar dat ze op zichzelf niet voldoende zijn om tot inclusieve processen en resultaten te leiden. Wat ook telt, is de mogelijkheid om rechtstreeks met overheden over de voorwaarden te onderhandelen. Dit is niet alleen symptomatisch voor de sector van de hernieuwbare energie, maar lijkt ook in andere gevallen relevant.

‘Occlusieve ontwikkeling’

In alle bestudeerde sectoren werden bijna alle geïdentificeerde inclusieve resultaten in economische, sociaal-culturele, ruimtelijke, ecologische dimensies voorafgegaan door langdurige en exclusieve politieke processen met actieve betrokkenheid van de bestudeerde Nederlandse bedrijven bij de internationale, nationale en lokale overheden. Deze processen waren niet alleen exclusief, maar ook 'occlusief' van aard – ze vonden plaats achter gesloten deuren tussen groepen zorgvuldig geselecteerde strategische actoren. Daarom heb ik de term ‘occlusieve ontwikkeling’ bedacht. In de bestudeerde gevallen vonden ‘occlusieve’ processen plaats in de beginfase van de vestiging van een buitenlandse particuliere sector in het bestudeerde ontwikkelingsland. Ze waren exclusief van aard, maar ze vormden een integraal en (tot dusver) onafscheidelijk onderdeel van het ontwikkelingsproces dat tot inclusieve resultaten leidde. Dit heeft betrekking op de rol van persoonlijke netwerken en strategische actoren die opereren in een specifieke context op internationaal, nationaal en lokaal niveau. Deze bevinding bevestigt het belang van het maken van onderscheid tussen verschillende dimensies van ID, evenals het onderscheiden van inclusieve, exclusieve maar ook ‘occlusieve’ ontwikkelingsresultaten en -processen met betrekking tot de ontwikkeling van de particuliere sector in Kenia, vooral wanneer het buitenlandse bedrijven betreft.

Het belang van een analyse van politieke economie en politieke onderhandelingen in een historische context

Om de politieke complexiteit en ‘occlusiviteit’ echt te begrijpen, was het nodig om de analyse van de bestudeerde bedrijven in een historische context te plaatsen (Utting en Marques, 2010). Een dergelijke economische geschiedenis wordt duidelijk beïnvloed door de politieke economie en politieke onderhandelingen die bepalen of het doel van inclusieve ontwikkeling wordt bereikt of niet. De regeringscoalitie, waarvan het primaire doel politieke overleving is (Whitfield & Buur, 2014), zou eerder de noodzakelijke veranderingen doorvoeren als ze onder druk komt te staan van (potentieel) machtige groepen in de samenleving (Awortwi & Dietz, 2019; Bates & Bates, 2005; Berendsen, Dietz, Nordholt,

& Van der Veen, 2013; Vlasblom, 2013). De particuliere sector kan als zo'n krachtige groep optreden, vooral in een land waar patronagenetwerken krachtig en uitgebreid zijn en staats- en zakelijke belangen nauw met elkaar verbonden zijn (Akinyoade & Uche, 2018; Booth, Cooksey, Golooba-Mutebi, & Kanyinga, 2014; Booth & Therkildsen, 2012). Tegelijkertijd is de particuliere sector onderworpen aan de wil van deze regeringscoalitie. Als de belangen van deze twee groepen samenkomen, kan dit leiden tot belangrijke inclusieve ontwikkelingsresultaten. Dit toont aan hoe belangrijk het is om de analyse van politieke economie en politieke onderhandelingen in een historische context te beschouwen wanneer we de operaties van de internationale particuliere sector in ontwikkelingslanden bespreken, om beter te begrijpen hoe de effecten van hun operaties daadwerkelijk positief kunnen afstralen op de lokale economie.

ii. Over de rol van het ontwikkelingsbeleid van de Nederlandse overheid bij het ondersteunen van de Nederlandse particuliere sector om inclusiever te worden in hun activiteiten in ontwikkelingslanden (en met name Kenia).

Hoofdstuk 2 geeft een overzicht van het Nederlandse ontwikkelingsbeleid (sinds 1949), met aandacht voor de bevordering van de ontwikkeling van de private sector (PSD). Het toont continuïteit in de Nederlandse benadering van ontwikkelingsbeleid als een manier om Nederlandse bedrijven en export in ontwikkelingslanden te promoten. Door de methode van het traceren van processen te gebruiken in de context van de drie geselecteerde casestudies, verkent dit proefschrift verder de mogelijkheid om de belangrijkste aanname achter het Nederlandse PSD-beleid in de thee-, bloemen- en hernieuwbare-energiesectoren in Kenia te verifiëren. Deze door de Nederlandse regering in haar ontwikkelingsbeleid geïntroduceerde theoretische veronderstelling gaat uit van een oorzakelijk mechanisme tussen meer economische samenwerking gestimuleerd door ontwikkelingsbeleid en het scheppen van (productieve) werkgelegenheid, om aldus bij te dragen tot inclusieve ontwikkeling in ontwikkelingslanden. Om de validiteit van de geteste beleidsaanname te bevestigen, moet men een nauwkeurig en direct causaal mechanisme identificeren tussen het Nederlandse ontwikkelingsbeleid en de bijdrage van de Nederlandse particuliere sector aan inclusieve ontwikkeling in de bestudeerde sectoren in Kenia.

Helaas maken de verzamelde gegevens het niet mogelijk om een nauwkeurig en direct causaal mechanisme vast te stellen tussen het Nederlandse ontwikkelingsbeleid en de financiering die wordt verstrekt aan Nederlandse bedrijven in de bestudeerde sectoren, en op hun beurt hun bijdrage aan inclusieve ontwikkeling in Kenia. Bijgevolg is het niet mogelijk om de geldigheid van de geteste beleidsaanname te bevestigen. Dit is een kwestie van grote complexiteit die een meer systematische aanpak vereist die niet mogelijk was in deze verkennende studie. Er is echter een specifiek verband waargenomen tussen het 'thuisbeleid' en de bedrijven die actief zijn in het 'gastland': het Nederlandse ontwikkelingsbeleid moedigde Nederlandse bedrijven aan om te investeren in ontwikkelingslanden, waaronder Kenia.

De aanwezigheid van Nederlandse bedrijven in Kenia in drie sectoren van groot nationaal belang – thee, bloemen, en hernieuwbare energie - heeft een cruciale rol gespeeld bij de vestiging en ontwikkeling van de sectoren. Hun aanwezigheid droeg direct en indirect bij aan het scheppen van werkgelegenheid in het gastland (hoewel vaak niet volledig productieve werkgelegenheid) en ondersteunde, via hun MVO-activiteiten (hoewel gefragmenteerd of nog niet op volle capaciteit), tot op zekere hoogte de lokale gemeenschappen waarin zij actief waren en zijn. In de bestudeerde gevallen (hoofdstuk 3-5) profiteerden echter slechts enkele bedrijven van directe financiële steun via Nederlandse PSD-programma's en meestal in de volwassenheidsfase van de ontwikkeling van de sector en niet in de beginfase. Alleen LTWP ontving een dergelijke ondersteuning in de ontwikkelingsfase. Een deel van de door de Nederlandse overheid gefinancierde initiatieven in de bestudeerde sectoren heeft een belangrijke impact op de sector als geheel. Bijvoorbeeld:

- In het geval van UTKL heeft het Sustainable Trade Initiative (IDH) de Farmers Field Schools (FFS) medegefinancierd, die hebben gewerkt aan kennisoverdracht en grotere inclusie van de kleine theeboeren.
- In de bloemenindustrie was de steun aan de Kenya Flower Council (KFC) om de nationale tuinbouwnorm voor bloemen en sierplanten op te schalen (KS 1758 deel 1) bedoeld om een grotere integratie van het ecologische milieu te waarborgen door te streven naar geschiktere milieuomstandigheden en veiliger gebruik van chemicaliën in de hele sector.
- In het geval van LTWP was de directe bijdrage van de Nederlandse overheid aan de aanleg en modernisering van wegen en in het project zelf via de lening van de Nederlandse Ontwikkelingsfinancieringsmaatschappij (FMO) niet alleen nuttig voor het windpark, maar opende het ook het lang verwaarloosde gebied. In die zin heeft het bijgedragen tot het verlichten van territoriale marginaliteit en tot betere economische en politieke integratie van enkele lokale groepen.

Er moet echter worden opgemerkt dat geen van deze initiatieven zonder enige mate van controverse kwam.

VII. Conclusies

Concluderend definieert dit proefschrift in het algemeen inclusieve ontwikkeling als ontwikkeling die "tot doel heeft armoede en ongelijkheid te verminderen" (INCLUDE, 2019b: 5). In de context van drie bestudeerde sectoren (thee, bloemen en hernieuwbare energie) in Kenia, wordt bevestigd dat inclusieve ontwikkeling als gevolg van de werking van de particuliere sector kan bijdragen tot verlichting van de armoede en vermindering van ongelijkheid in haar vijf dimensies (economisch, sociaal-cultureel, ruimtelijk, ecologisch en politiek), maar niet ten volle. Het is belangrijk om te onthouden dat particuliere bedrijven in een zeer specifieke omgeving opereren en zich ook moeten aanpassen aan bestaande omstandigheden. Deze systemen zijn niet automatisch inclusief. Zonder voldoende toezicht en hulp kan de particuliere sector deze niet-inclusieve systemen eenvoudig versterken. Daarom is volledige inclusiviteit wellicht niet mogelijk in de context van activiteiten van de particuliere sector (en mogelijk meer in het algemeen) zolang de ontwikkeling marktgestuurd blijft en ingebed is in de neoliberale ideologie.

Internationale druk, toegewijd intern of nationaal beleid en de individuele motivatie van de directeuren zijn cruciaal gebleken om inclusiviteit te stimuleren. In de eerste plaats kunnen inclusieve resultaten worden bereikt als de belangen van de particuliere sector en de regeringscoalitie samenkomen. Dit vereist langdurige 'occlusieve' onderhandelingen tussen groepen van strategische actoren, waaronder de particuliere sector. Deze exclusieve en vaak 'occlusieve' processen in de politieke dimensie kunnen uiteindelijk leiden tot inclusieve resultaten (zolang ze de betrokken actoren een kans bieden), maar de bereikte politieke compromissen vormen zelden een uitdaging voor bestaande machtsstructuren; ze reproduceren ze eerder.

Het Nederlandse PSD-beleid was belangrijk om Nederlandse ondernemers te stimuleren om in het buitenland te investeren, maar de precieze bijdrage aan de inclusieve ontwikkeling in Kenia was niet goed vast te stellen. De geschiedenis van het Nederlandse ontwikkelingsbeleid biedt een aantal interessante lessen voor het gebruik van de kennis en vaardigheden van een land om ten gunste van minder ontwikkelde regio's te werken in wederzijds voordelige regelingen om de economische ontwikkeling te stimuleren. Economische diplomatie moet zich dus concentreren op het bevorderen van beleid dat inclusieve ontwikkeling stimuleert. Bovendien is steun aan de particuliere sector in ontwikkelingslanden belangrijk, maar het PSD-beleid moet realistischer zijn over wat de particuliere sector in de specifieke context daadwerkelijk kan doen om bij te dragen aan een specifieke dimensie van inclusieve ontwikkeling in een land. Om dit te laten gebeuren, is het essentieel om gebruik te maken van de feitelijke kennis van Nederlandse zakenmannen en -vrouwen, die al ervaring hebben met zakendoen in het land, terwijl PSD-programma's interne leermechanismen moeten integreren voor hun particuliere sector om de uitdagingen en de voortdurende dynamiek te identificeren en snel aan te kunnen passen aan de lokale context. Ten slotte mogen dergelijke beleidsmaatregelen en programma's niet in een vacuüm opereren, maar moeten ze de nationale regering, sectorale organisaties, vakbonden en maatschappelijke organisaties van het 'gast'-land holistisch ondersteunen om gezamenlijk een gunstig en inclusief ondernemingsklimaat te creëren.

VIII. Aanbevelingen

Op basis van dit onderzoek worden de volgende aanbevelingen gedaan aan de Nederlandse regering om de bijdrage van de Nederlandse private sector aan inclusieve ontwikkeling in Kenia en andere ontwikkelingslanden te vergroten:

Praktisch niveau:

- Erken dat de particuliere sector de capaciteit heeft om een sleutelrol te spelen bij het bereiken van inclusieve ontwikkeling zolang ondersteunend beleid van het 'thuisland' en het 'gastland' aanwezig is. Concentreer de aanpak daarom op het bevorderen van beleid dat inclusieve ontwikkeling in 'thuis-' en 'gast' landen aanmoedigt. Dit laatste kan door de economische diplomatie-inspanningen van de Nederlandse ambassades.
- Zorg voor voldoende lokale ondersteuning aan nieuwe Nederlandse bedrijven die de Keniaanse markt betreden vanuit de Nederlandse ambassade, evenals mentorschap door andere Nederlandse zakenmensen met ervaring in het land.
- Haal Nederlandse MNC's er toe over hun bedrijfsmodellen aan te passen om rekening te houden met grotere inclusieve ontwikkelingsresultaten. Dergelijke resultaten moeten het scheppen van productieve werkgelegenheid en veel ambitieuzere MVO-plannen omvatten die verder gaan dan de huidige modellen. De bedrijven moeten ook interne inspanningen leveren om hun lokale context en belanghebbenden diepgaand te begrijpen.
- Erken het belang van het verlenen van steun aan de particuliere sector in ontwikkelingslanden in haar ontwikkelings- en rijpingsperiode. Ondersteun professionalisering en ontwikkeling van nationale standaardnalevingsmechanismen. Ondersteun tegelijkertijd holistisch de vakverenigingen, vakbonden en vormen van nationale publiek-private dialogen in de Keniaanse sector om de stem van de particuliere sector en het maatschappelijk middenveld te versterken bij het ontwerpen en ontwikkelen van nationale economische strategieën voor een meer inclusief nationaal systeem.
- Bied meer ondersteuning aan lokaal onderzoek en ontwikkeling, evenals aan openbaar onderzoek om meer inclusieve kennisoverdracht te bevorderen, de bestaande machtsstructuur in het 'gastland' uit te dagen en het inclusiviteitspotentieel van de sector te ontsluiten.

Programmeerniveau:

- Context en tijd zijn belangrijk! Historische, sociale en economische contexten, met name onderliggende politieke economie en machtsverhoudingen, vormden patronen van in- en uitsluiting van (de effecten van) de particuliere sector in ontwikkelingslanden. Programma's die de ontwikkeling van de particuliere sector ondersteunen, moeten rekening houden met deze dynamiek (inclusief 'occlusieve' processen) en ze op gepaste wijze meenemen in hun planning en verwachte resultaten. Mogelijk is ondersteuning voor een transparanter (momenteel 'occlusief') proces nodig.

- Integreer geschikte leermechanismen in PSD-programma's, waardoor bedrijven en financiers sneller de beste context-specifieke benadering kunnen identificeren en zich daaraan kunnen aanpassen om gemeenschappelijke doelstellingen te bereiken.
- Lever meer inspanningen om op een meer holistische manier de impact van de PSD-instrumenten te beoordelen. Bovendien zou meer onderzoek naar de regionale concentratie van Nederlandse bedrijven in ontwikkelingslanden moeten worden uitgevoerd om marginale gebieden beter te kunnen integreren.
- Bied meer ondersteuning en prikkels voor bedrijven die investeren in opleiding en het bevorderen van de ontwikkeling van hun werknemers. Bief verder ondersteuning aan bedrijven die mensen met een handicap in dienst nemen (ook om de werkgelegenheid voor deze groep te vergroten).

Beleidsniveau:

- PSD-beleid en -programma's moeten realistischer worden over de rol en beperkingen van de particuliere sector in nationale ontwikkelingsprocessen in 'gastlanden'. Erken dat de bijdrage van de particuliere sector aan inclusieve ontwikkeling het meest uitgesproken is in de economische dimensie en mogelijk niet zal leiden tot volledige inclusiviteit in alle dimensies. Erken bovendien dat er tijd nodig is om inclusieve resultaten te bereiken.
- Bevorder beleidsmaatregelen die een evenwichtige aanpak tussen de overheid, de particuliere sector en het maatschappelijk middenveld bevorderen. De 'thuis-' en 'gast' regeringen moeten werken aan het creëren van gunstige inclusieve bedrijfsomgevingen met adequate toezichtmechanismen.
- Vermijd *'one-size-fits-all'*-beleid. Verschillende sectoren staan voor verschillende uitdagingen en de betrokken actoren zijn geen homogene groep. De behoeften van alle actoren moeten serieus worden genomen om volledige integratie te verzekeren.
- Voer meer onderzoeken uit waarbij de onderliggende aannames van het PSD-beleid worden getest met behulp van de *process-tracing*-methode. Om het hoofd te bieden aan de uitdagingen op het gebied van gegevenstoegang in het veld, moeten de bedrijven die in aanmerking komen voor dergelijk onderzoek vanaf het begin bereid zijn hieraan deel te nemen. Vooral particuliere bedrijven die van de Nederlandse overheidsfinanciering hebben geprofiteerd, moeten worden aangemoedigd om aan dergelijk onderzoek deel te nemen.
- Herken en hou rekening met factoren van politieke economie en politieke onderhandelingen in de planning van het Nederlandse PSD-beleid, evenals in de aannames achter hun respectieve Theorieën van Verandering.

Muhtasari

I. Utangulizi

Tasnifu hii inachunguza uwezekano wa mchango wa sekta ya kibinafsi ya uholanzi na mchango wa sera za maendeleo za sekta ya kibinafsi ya uholanzi (PSD), kwa maendeleo ya kijumla nchini Kenya katika sekta tatu: Kilimo cha majani chai,maua na nishati mbadala.Ni sehemu ya mradi mkubwa wa utafiti uitwao "Biashara ya kimataifa ya Uholanzi,Serikali ya Uholanzi na kukuza ajira yenye tija katika eneo la Afrika kusini mwa jangwa la Sahara: utafiti wa kulinganisha nchini Kenya na Nigeria." Mradi huu ulikuwa sehemu ya ajenda ya utafiti wa jukwaa la maarifa ya sera za maendeleo ya pamoja (INCLUDE), iliyosimamiwa na wizara ya mambo ya nje kupitia NWO-WOTRO.

Kwa kusudi la utafiti huu,maendeleo ya kijumla (ID) hueleweka kwa mapana kama maendeleo ya kunuia kupunguza umaskini na usawa (INCLUDE, 2019b: 5) na inachukuliwa kwa vipimo kiuchumi,tamaduni za kijamii,anga,kiikolojia na vya kisiasa(Bebbington, 2013; Gupta, Pouw, & Rostonen, 2015). Tasnifu hii pia inatambua umuhimu wa kutofautisha kati ya matokeo ya maendeleo ya pamoja na michakato ya maendeleo ya pamoja (INCLUDE, 2013; Kiislamu, 2019; Rocha Menocal, 2017b).

Ongezeko la hamu kwa wazo la maendeleo ya pamoja kwa mwongo uliopita kwa maeneo ya masomo na kisiasa ni matokeo ya kutambulika kwa vikundi maskini ambavyo havijanufaika vilivyo kati ya matokeo ya maendeleo kutoka kuendelea kiuchumi kwanza haswa katika eneo la kusini mwa Afrika mwa jagwa la Sahara (AfDB, 2015; Altaf, 2019; AUC/OECD, 2018; de Kemp & Lobbrecht, 2018; INCLUDE, 2019b). Kuendeleza maendeleo ya kijumla ni kiini cha chanzo cha malengo ya maendeleo bora (SDGs), ajenda ya maendeleo ya kimataifa ya mataifa ambao ni wanachama wa umoja wa kimataifa katika 2015 (Gupta & Vegelin, 2016; Osakwe & Moussa, 2017). Ili kupata ID kama ilivyo kwa ajenda ya SDG, sekta ya kibinafsi ilitambulika kama lengo kuu la washirika wakuu wa kimkakati (UN, 2015). Kuzingatia kuendelea kwa utambuzi wa nafasi ya sekta ya kibinafsi katika sehemu ya michakato ya maendeleo, washiriki wengi wa nchi za shirika la kusaidiana kiuchumi na maendeleo (OECD) imekuwa ikiendeleza ratiba ya sekta ya kibinafsi (PSD) kama mojawapo ya msaada rasmi wa maendeleo (ODA), kati yao ni taifa la Uholanzi. Serikali ya Uholanzi imekuwa ikiendelea kusaidia katika sera na kuanza kutia nguvu sekta ya kibinafsi na maendeleo ya kiuchumi kwa nchi zinazoendelea tangu mwanzo wa pande zote mbili zinazosaidia. Dhana mahsusi iliyopo kwa sera za Uholanzi (PSD) (za 2015 lakini kifumbo, pia imejitwalia tangu 1960s) ilikuwa "mwandamo mzuri wa sera, maendeleo ya kiuchumi na kibiashara ni nguvu ya kupunguza umaskini" (MFA , 2015b) na kampuni za zinazounda (uzalishaji) kazi za uholanzi na kuongeza CSR katika taifa 'mwenyeji' na la 'nyumbani'. Hata hivyo, ushahidi wa kusaidia huu ukisi umekuwa hafifu.

Sekta ya kibinafsi imechangia maendeleo ya pamoja kwa njia mbalimbali lakini sanasana imechangiwa wazi kwa kuleta ajira (uzalishaji) na kusaidia umoja wa kijamii kwa kutoa programu za majukumu la shirika la kijamii wanalofanya kazi nalo (CSR) (Goris & Vrancken, 2018; Gupta & Vegelin, 2016; Kapstein, 2008; Kolk & Lenfant, 2018; Kontinen & Spierenburg, 2008; Kourula, Pisani, & Kolk, 2017; Osakwe & Moussa, 2017; Porter & Kramer, 2011; Scheyvens, Banks, & Hughes, 2016; UN, 2015; Utting & Marques, 2010). Ajira ya uzalishaji imetambulika kama ajira inayotoa chumo ya kutosha kwa kuruhusu wanaoitegemea kwa kiwango cha matumizi kwa mapato ya kadri (Szirmai, Gebreeyesus, Guadagno, & Verspagen, 2013). Hata hivyo,mbali na makubaliano ya kawaida kuwa sekta za kibinafsi pamoja na kampuni za kimataifa zifanyazo kazi katika mataifa yanayoendelea yanajukumu muhimu la kufanya kupunguza umaskini na usawa. Hadi sasa kuna uhusiano unaoonekana kati ya shughuli za sekta za kibinafsi za kimataifa katika nchi zinazoendelea na mchango wao katika maendeleo ya kijumla (Katika masuala ya matokeo na michakato) imefanyiwa utafiti kiasi wa kitaaluma. Majadiliano yanayolenga kufafanua jukumu hili mara nyingi hukosa fikra za kutosha kwa muktadha muhimu wa kihistoria, kisiasa na mambo ya kitaasisi na kwa hivyo inabaki kuwa si sawa (Boyle & Boguslaw, 2007; Fortanier & Kolk, 2007; Kolk & Lenfant, 2018; Kolk, Rivera-Santos, & Rufín, 2018; Meyer, 2004; Oetzel & Doh, 2009; Utting

& Marques, 2010). Hata hivyo utafiti zaidi unaonyesha muktadha zaidi na kufunua muktadha na mienendo ya shughuli za kimsingi za sekta ya kibinafsi ya kimataifa, Mataifa yanayoendelea,haswa katika Afrika inahitajika (de Haan, 2015; Kolk, Kourula, Pisani, & Westermann-Behaylo, 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017).

Tasnifu hii inaangazia kuleta mchango wa kupunguza pengo la maarifa kwa:

- **Kwanza**, kuchunguza uwezekano wa mchango wa sekta ya kibinafsi ya Uholanzi katika nchi ya Kenya kwa vigezo tano vya maendeleo ya jumla (kiuchumi, tamaduni za kijamii, maswala ya anga, Kiikolojia na kisiasa); zote kwa masharti ya matokeo na michakato.
- **Pili**, kuchunguza dhana ya nadharia iliyowasilishwa na serikali ya Uholanzi katika sera zao za maendeleo ya PSD ambazo zilianzisha utaratibu wa kawaida kati ya ongezeko la ushirikiano wa kiuchumi uliochochewa sera za maendeleo (misaada ya nchi mbili,mauzo ya nje,na kuhusika kwa moja kwa moja kwa sekta ya kibinafsi ya Uholanzi kwa nchi zinazoendelea, na uundaji wa ajira (yenye tija), na hivyo kuchangia maendeleo ya kijumla katika nchi zinazoendelea.

Hii itafanyika kwa kusoma sehemu tatu muhimu za sekta ya kiuchumi nchini Kenya na kuchambua pamoja ni hizi sekta na jukumu la Uholanzi MNCs na sera za maendeleo za Uholanzi PSD ya MNCs 57 ya Uholanzi yaliyokuwa Kenya mwaka wa 2014, msingi wake ulidhaniwa kuwa mchango muhimu wa kila sekta moja kwa moja kwa kuunda ajira nchini. Sekta zilizochaguliwa na uchunguzi kifani kama ifuatavyo:

- Sekta ya Kilimo cha majani chai: Kisa cha kampuni ya majani chai ya Unilever (UTKL) (iliangaziwa katika sura ya 3);
- Sekta ya kilimo cha maua (Uchambuzi mpana wa sekta) (iliangaziwa katika sura ya 4);
- Sekta ya Nishati mbadala: Kwa kina uchunguzi kifani wa mradi wa nishati upepo wa ziwa Turkana (LTWP) (iliangaziwa katika sura ya 5).

Uchambuzi wa uchunguzi kifani unatambua kuwa uongozi, uchumi wa kisiasa na vipengee vya makazi ya siasa unachangia jukumu muhimu kwa kutengeneza michakato ya maendeleo na kutengeneza au kuzidisha vikwazo ili kufanikisha matokeo ya maendeleo ya pamoja (Awortwi & Dietz, 2019; Hickey, Sen, & Bukenya, 2015; Rocha Menocal, 2017a).

II. Mchango wa maarifa na mazoezi

Utafiti huu umefanywa kwa wakati unaofaa na una umuhimu kwa wasomi na kwa ajenda ya mjadala wa maendeleo endelevu ya sababu tatu za kimsingi:

1. Itachangia kwa umuhimu wa matini ya sekta ya kibinafsi ya kimataifa kwa kufikia maendeleo ya pamoja na jukumu la sera za kuunga mkono kwa taifa ‘mwenyeji’ na la‘ nyumbani’.
2. Itaboresha mjadala ikizingatia umuhimu wa uchumi wa siasa na maendeleo ya michakato katika makazi ya siasa.wakati tu makazi yamejadiliwa kwa michakato ya nguvu inayohusisha vikundi vilivyochaguliwa vya watendaji wa mikakati, pamoja na serikali ya MNCs. Kwa sababu michakato hii hufanyika kisiri badala ya njia ya kawaida.Utafiti huu utaziangazia kama njia za kawaida.
3. Itathibitisha umuhimu wa tofauti kati ya vipimo tofauti vya ID, vilevile kati ya matokeo ya maendeleo ya umoja na upekee na michakato inayoangazia maendeleo ya sekta ya kibinafsi nchini Kenya,haswa yanayoangazia mashirika ya kigeni.Pia itafanya hivyo angalau kwa kisa cha mashirika yanayofanya kazi kwa kilimo cha majani chai,maua na sekta ya nishati mbadala nchini Kenya. Sekta ya kibinafsi inauwezo wa kuleta matokeo ya kijumla kwa uchumi, tamaduni za kijamii, sehemu ya anga, vipimo vya ikolojia, walakini (siasa) mchakato unaopelekea matokeo haya huwa ndefu na ya kipekee (wakati mwingine ya kawaida).

III. Maswali ya utafiti

Swali kuu la utafiti linaloongoza tasnifu hii ni:

Ni mchango upi wa sekta za kibinafsi za Uholanzi zinazofanya kazi katika sekta za kilimo cha majani chai, maua na nishati mbadala nchini Kenya na maendeleo ya pamoja katika nchi hiyo?

Maswali yanayounga mkono ni kama yafuatayo:

- Ni sababu zipi kuu na zinazosaidia michakato au kuzuia uchambuzi wa sekta za kibinafsi za kiholanzi nchini Kenya ili kufanikisha matokeo ya maendeleo ya kijumla.
  - Ni michakato ipi kuu na matokeo yepi ya maendeleo ya kilimo cha majani chai, maua na sekta ya nishati mbadala nchini Kenya?
  - Michakato na matokeo haya ni ya aina gani (ni ya pamoja au ya kipekee)?
  - Ni majukumu yepi ya sekta za kibinafsizilizochambuliwa katika katika michakato hii?
  - Ni mchango upi wa sekta za kibinafsi zilizochambuzi katika kufanikisha matokeo ya maendeleo, haswa kupitia (uzalishaji) kutoa nafasi za ajira na programu za ushirika wa jukumu la kijamii (CSR)?
- Ni jukumu lipi la serikali ya Uholanzi kwa sekta ya kibinafsi na maendeleo ya sera kwa kusaidia sekta ya kibinafsi kuwa pamoja kwa maendeleo ya nchi zinazoendelea (haswa Kenya)?

IV. Eneo la utafiti

Kenya ilichaguliwa kuwa nchi ya kuangaziwa kwa sababu imekuwa mojawapo ya nchi zinazopokea msaada kutoka uholanzi na uwekezaji kati ya nchi shirika za Uholanzi barani Afrika (Kazimierczuk, Dietz, & Vink, 2016). Nchi ya Kenya ndiyo inayoongoza kiuchumi katika eneo la Afrika Mashariki lakini pia inajulikana kwa utata wa kisiasa unaojitokeza kwa kujihusisha kindani kwa wanasiasa walio kwa shughuli za biashara. Mwisho Kenya inajulikana kama mojawapo ya nchi za Afrika ambazo zimepitisha au mbinu wazi na mkakati wa taifa katika shughuli za kampuni za kimataifa. Kwa hivyo ,ilikuwa ya kuvutia, pia kuchunguza jinsi mtazamo huu ulivyoshawishi makubaliano ya biashara za kimataifa kwa lengo la sera katika kukuza ajira ya uzalishaji na maendeleo ya pamoja kwa nchi (ASCL, UoN, & KAM, 2014).

Utafiti wa nyanjani ulifanywa kati ya Oktoba-Novemba 2015, Juni-Oktoba 2016, Agosti 2017, na Januari-Februari 2019, katika baadhi ya sehemu, ikiwamo Nairobi, Limuru, Naivasha, Timau, Kericho na katika baadhi ya sehemu la Laisamis jimbo.

V. Mbinu

Ili kuelewa miktadha na mifumo inayotakikana katika kila sekta,utafiti huu ulitumia utafiti wa maelezo muundo na mbinu ya mchakato wa kufuatilia ubora wa juu. Kwa nadharia-jenzi na uwezo wa upimaji wa nadharia. Ili kupata mchakato huu wa kufuatilia ulijumuishwa na uchunguzi kifani, ambao mchanganyiko wa mbinu zilitumiwa. Ili kuhakikisha kuwa kuna uwezo wa pamoja wa sekta zilizochaguliwa zimefanyiwa utafiti wa kutosha. Mchakato wa kufuatilia uchunguzi kifani uliongozwa na mtazamo uliowasilishwa na Dekker (2017), sehemu iliyounganishwa na kuwekwa na Betsema, & Zoomers (2017), na kutengenezwa kwa muktadha wa sekta ya kibinafsi katika bara la Afrika. Kulingana na maoni yao, umaskini fulani unaangaziwa ili kuelewa miktadha (pia wa kihistoria) ambayo kampuni za kibinafsi hufanya kazi kutambua na kueleza mwingiliano wao na mandhari ya kisiasa, kijamii na kiuchumi na jinsi mwingiliano huu hushawishi asili ya matokeo ya jinsi zifanyavyo kazi. Zaidi, mifumo na michakato inayopelekea nguvu za kijumla ama kipekee kwa kila sekta iliyochunguzwa huzingatiwa. Mwishowe jaribio pia limefanywa ili kuwekwa kwa hifadhi ya maandishi wapi na vipi kwa kazi zilizotengenezwa, vipi na mbona manufaa yake kwa sekta ya kibinafsi zinavyosambaa kwa jamii. Kwa kufanya hivyo, tasnifu hii inamwongoza msomaji kwa safari ya kihistoria kupitia hatua kuu za uchumi wa Kenya katika Karne ya 20 na 21 ilivyounganika na usawa wa maagizo ya maendeleo ya kimataifa inavyoonekana kupitia kwa sekta tatu zilizofanyiwa utafiti: Sekta ya kilimo cha majani chai, maua na nishati mbadala kwa michakato ya maendeleo husika.

VI. Matokeo

i. Kuhusu mchango wa sekta ya kibinafsi ya Uholanzi inayofanya kazi kwa sekta ya kilimo cha majani chai, maua na sekta ya nishati mbadala nchini Kenya na maendeleo ya kijumla katika nchi hiyo.

Matokeo ya jumla

Kwa kutumia mbinu ya kufuatilia mchakato wa nadharia-jenzi kwa kutahini uchunguzi kifani na nishati mbadala, tasnifu hii inaonyesha kuwa Uholanzi MNCs nchini Kenya zaweza kuchangia kichanya kwa kiuchumi, tamaduni za kijamii, sehemu ya anga, ikolojia na hata vipimo vya kisiasa vya maendeleo ya kijumla. Matokeo haya yanathibitisha kuwa sekta ya kibinafsi ina mantiki kwa matokeo ya kazi zake na kufanya mchango mkubwa kwa vipimo vya kiuchumi. Mabadiliko kuelekea kwa kufahamu zaidi na shughuli endelevu (kimataifa lakini haswa Uholanzi) imechangia kwa matokeo ya kijumla ya tamaduni za kijamii, vipimo vya ikolojia. Wakati mwingine shughuli muhimu ama michakato hufanyika wakati huo kwa matokeo ya kijumla au kipekee.

Hata hivyo, ilichunguzwa kuwa matokeo chanya hayakufanyika moja kwa moja na hayakufika kipimo chake cha juu sawia. Zilipatikana kwa faida ya sekta ya kiuchumi na kufikia watu walioweza kufanya kazi kwa sekta hizi wakiishi karibu na kampuni ama wale ambao waliweza kufaidika kutoka kwao kama watumizi. Matokeo hayo ni nadra yakifuatana na awamu ya maendeleo ya sekta (isipokuwa kwa LTWP), kuonyesha muda ulihitajika wakati huo (sehemu zote), pia kupewa motisha wakurugenzi wakuu (sehemu zote) na sera za kindani zilizojitolea (LTWP) ili kufikia vikundi kama hivyo. Sera zinazounga taifa 'mwenyeji' au la 'nyumbani', vile vile shinikizo la kimataifa lilikuwa la maana,haswa kwa mashirika yanayoshughulikia mauzo ya nje. Hii inaonyesha umuhimu wa sekta za kibinafsi za kimataifa kwa kufanikisha maendeleo ya kijumla, lakini pia jukumu la sera za kuunga mkono taifa 'mwenyeji' au la 'nyumbani'.

Biashara katika mwelekeo wa kisiasa.

Hakuna biashara ya mbali au mbaya ambayo imepatikana kwa matokeo ya kiuchumi,tamaduni za kijamii na vipimo vya ikolojia. Hata hivyo, kuingizwa kwa sehemu anga ilivyoopuzwa ni swala la LTWP lililopea viongozi wa kawaida sauti na wanasiasa ikipelekea matokeo ya pamoja katika vipimo vya kisiasa. Walakini, ni kwa vipimo vya kisiasa ambapo biashara halisi huangaziwa. Kweli ilibainika kwa muktadha wa Afrika na Kenya, uwepo na utekelezaji wa uwazi katika mfumo wa kisheria na motisha katika sekta ya nishati mbadala ni muhimu kuvutia wawekezaji wapya lakini haitoshi pekee yao. Pia kinachoongezea ni uwezekano wa kujadili mbinu moja kwa moja na serikali. Hii si tu dalili ya nishati mbadala, lakini inaonekana sawa kwa visa vingine pia.

Maendeleo ya 'kawaida'

Katika sekta zote zilizotafitiwa, karibu matokeo yote ya kijumla ya: kiuchumi, tamaduni za kijamii, masuala ya anga, vipengele vya kiikolojia, yalifuatwa na michakato mirefu ya kipekee ya siasa na shirika tendaji la kampuni za Uholanzi lililotafitiwa pamoja na mataifa, taifa na serikali za mtaa. Michakato hii haikuwa tu ya kipekee mbali pia ya kawaida iliyofanyika faragani kati ya makundi yaliyochaguliwa kwa uangalifu na waliohusika. Hivyo basi nikatumia neno maendeleo ya 'kawaida'. Katika kesi zilozotafitiwa mchakato wa 'kawaida' hufanyika wakati wa hatua za awali za uanzishwaji wa sekta binafsi za kigeni zilizochunguzwa katika nchi zinazoendelea. Michakato hii haikuwa tu ya kipekee lakini ilikuwa muhimu na pia (kufikia sasa) sehemu isiyoweza kutengwa na michakato ya maendeleo ambayo ilisababisha matokeo ya kijumla. Hii inahusiana na majukumu ya mtu binafsi na mikakati ya watendakazi wanaofanya kazi katika muktadha maalum kuhusu mataifa, taifa na kiwango cha mtaa. Matokeo haya yalithibitisha umuhimu wa kutofautisha kati ya vipimo tofauti vya maendeleo ya kijumla, vya kipekee na jumla lakini pia matokeo ya maendeleo ya 'kawaida' na michakato kuhusu sekta za maendeleo ya kibinafsi nchini kenya, haswa wakati inahusisha kampuni za kigeni.

Umuhimu wa uchumi wa kisiasa na uchambuzi wa mikataba ya kisiasa katika muktadha wa historia

Ili kuelewa utata wa kisiasa na 'ukawaida', ni muhimu kuweka uchambuzi wa kampuni zilizotafitiwa katika muktadha wa kihistoria (Utting na Marques, 2010). Historia kama hii ya uchumi ni wazi kuwa iliathiriwa na uchumi wa kisiasa na mikataba ya siasa ambayo huamua kama lengo la maendeleo ya kijumla yatapatikana au la. Lengo la msingi la serikali ya muungano ni kubaki katika (Whitfield & Buur, 2014), serikali hii inaweza zaidi kutekeleza mabadiliko muhimu iwapo inakabiliwa na shinikizo kutoka (ikiwezekana) vikundi vyenye mamlaka katika jamii (Awortwi & Dietz, 2019; Bates & Bates, 2005; Berendsen, Dietz, Nordholt, & Van der Veen, 2013; Vlasblom, 2013). Sekta za kibinafsi zinaweza kukuonyesha kuwa ni vikundi vyenye mamlaka sanasana katika nchi ambapo mahusiano ya uangalizi ni makubwa na yenye nguvu. Nchi na ustawi wa biashara zinauhusiano wa karibu (Akinyoade & Uche, 2018; Booth, Cooksey, Golooba-Mutebi, & Kanyinga, 2014; Booth & Therkildsen, 2012). Wakati uo huo sekta za kibinafsi ziko chini ya matakwa ya serikali hiyo ya muungano. Kama ustawi wa makundi haya mawili yanafanana, itaweza kusababisha matokeo muhimu ya maendeleo. Hii inaonyesha umuhimu wa kufikiria kuhusu uchumi wa kisiasa na uchambuzi wa mikataba ya kisiasa katika muktadha wa historia wakati wa majadiliano ya shughuli za sekta za kibinafsi za kimataifa katika nchi zinazoendelea ili kuelewa vizuri jinsi athari ya shughuli zao zinavyoweza kuathiri uchumi wa nchi husika.

ii. *Kuhusu majukumu ya sera za maendeleo ya sekta ya kibinafsi ya kiholanzi katika kusaidia sekta binafsi za kiholanzi kuhusika zaidi katika shughuli zao katika mataifa yanayoendelea(haswa nchini Kenya).*

Sura 2 inafafanua uhakiki kuhusu sera za maendeleo za kiholanzi (kutoka 1949), kwa kusudi la kukuza maendeleo ya sekta za kibinafsi (PSD). Hii huonyesha kuendeleza mbinu za uholanzi kwa maendeleo ya sekta za kibinafsi kama njia ya kukuza biashara za kiholanzi na mauzo ya nje katika mataifa yanayoendelea. Kwa kufuata njia ya uchunguzi kifani wa nadharia katika muktadha wa tatu wa utafiti uliochaguliwa, tasnifu hii hufafanua zaidi uwezekano wa kudhibitisha dhana kuu juu ya sera za PSD za kiholanzi za sekta ya ukulima wa majani chai, maua na nishati mbadala nchini kenya. Dhana hii na nadharia imeletwa na serikali ya kiholanzi katika sera zao za maendeleo ikaanzisha utaratibu wa kawaida kati ya kuongezeka kwa ushirikiano wa kiuchumi na sera za maendeleo na kutoa nafasi za ajira (zenye tija) hivyo kuchangia maendeleo ya kijumla katika nchi zinazoendelea. Kudhibitisha uhalali wa dhana ya sera iliyojaribiwa lazima mtu atambue utaratibu sahihi wa moja kwa moja kati ya sera za maendeleo za kiholanzi na mchango wa sekta za kibinafsi za kiholanzi kwa maendeleo ya pamoja katika sekta za utafiti nchini kenya.

Kwa bahati mbaya data iliyokusanywa haionyeshi utaratibu wa moja kwa moja kati ya sera za maendeleo ya kiholanzi na ufadhili uliotolewa na kampuni za kiholanzi katika sekta zilizotafitiwa na mchango wao katika maendeleo ya pamoja nchini kenya. Kwa sababu hiyo ni vigumu kudhibitisha uhalali wa dhana ya sera zilizojaribiwa. Hili ni jambo lenye utata mkubwa ambalo linahitaji mbinu ya utaratibu zaidi ambayo haiwezi kufuatwa katika utafiti huu. Walakini, viunganishi maalum vimeangaliwa kati ya sera za kinyumbani na za kampuni zinazofanya biashara katika nchi husika: sera za maendeleo za kiholanzi kati ya mambo mengine muhimu, yalihimiza biashara za kiholanzi kuwekeza katika mataifa yanayoendelea ikiwemo Kenya.

Uwepo wa kampuni za kiholanzi nchini Kenya katika sekta tatu ni muhimu kwa taifa – Ukulima wa maua, majini chai na nishati mbadala- imekuwa na jukumu muhumu katika uanzishwaji wa sekta hiyo na maendeleo. Uwepo wao au kutokuwepo kumechangia nafasi za ajira katika taifa husika (ingawa mara nyingi haitoi nafasi za kazi kikamilifu) na kupitia shughuli zao za CRS (ingawa imegawanyika au sio ajira zenye tija kabisa) zimesaidia kwa kiwango fulani jamii iliyohusika ambapo wanafanyia kazi. Walakini katika kesi zilizochunguzwa (sura 3-4) ni kampuni chache tu zilizofaidika kutoka msaada wa kifedha wa moja kwa moja kupitia programu za PSD za kiholanzi na sanasana katika awamu ya mwisho ya maendeleo ya sekta. Ni LTWP pekee iliyopokea msaada kama huo katika awamu ya maendeleo. Baadhi ya mipango iliyofadhiliwa na serikali ya kiholanzi katika sekta zilizochunguzwa zilikuwa muhimu katika sekta nzima. Kwa mfano:

- Kwa upande wa UTKL, mipango endelevu ya biashara (IDH) ilianzilisha nyanja mbalimbali za masomo ya wakulima (FFS), ambayo ilifanya kazi ya kupitisha maarifa na kujumuisha wakulima wadogo wa majani chai.
- Katika ukulima wa maua, msaada kwa baraza la maua Kenya (KFC) kupitisha ujumbe wa kiwango kinachohitajika cha taifa cha kilimo cha maua na mapambo (KS 1758 sehemu 1) ilikuwa na jukumu la kuhakikisha ujumuishaji mkubwa wa mazingira kwa kuchochea hali inayofaa zaidi ya mazingira na matumizi salama ya kemikali katika sekta nzima.
- Kwa upande wa LTWP, mchango wa moja kwa moja wa serikali ya uholanzi kwa ujenzi na uboreshaji wa barabara na pia katika mradi wenyewe kupitia mkopo uliotolewa na kampuni ya kufadhili maendeleo ya kiholanzi (FMO) haikuwa muhimu tu kwa ukulima wa upepo lakini pia ilikuza eneo lililokuwa limepuuzwa kwa muda mrefu. Kwa hivyo imechangia kupunguza kutengwa kwa eneo kwa kujumuisha baadhi ya vikundi vya wenyeji kiuchumi na kisiasa.

Ikumbukwe hata hivyo, kwamba hakuna moja kati ya mipango hiyo ilikuja bila kiwango fulani cha ubishi.

VII. Hitimisho

Kuhitimisha, tasnifu hii hufafanua kwa mapana maendeleo ya kijumla kama "maendeleo ambayo yanayolenga kupunguza umaskini na ukosefu wa usawa" (INCLUDE, 2019b: 5). Kwa muktadha wa sekta tatu zilizochunguzwa (kilimo cha chai, maua na nishati mbadala) hapa nchini inathibitishwa kuwa maendeleo ya pamoja yalitokana na shughuli za sekta za kibinafsi zilozoweza kuchangia katika umaskini na upungufu wa usawa (uchumi,kitaduni, masuala ya anga, ikolojia na siasa) lakini sio kwa uwezo kamili wa jumla. Ni muhimu kukumbuka kwamba kampuni za kibinafsi zinafanya kazi katika mazingira maalum na lazima pia kutumia hali zilizopo. Mifumo hii haijumuishi kikamili. Haitawezekana katika muktadha wa uendeshaji wa sekta binafsi (na kwa kawaida ikiwezekana) ilimuradi maendeleo yanayotokana na soko yabaki na yaliyoingia katika itikadi ya sera za mageuzi ya soko.

Shinikizo la kimataifa, wakfu wa ndani au sera za kitaifa, vilevile motisha ya kibinafsi ya wakurugenzi wasimamizi ni muhimu kwa kuhimiza ujumuishaji. Kimsingi, matokeo ya kijumla yanaweza kupatikana ikiwa masilahi ya sekta za kibinafsi na kuunganisha serikali ya muungano. Hii inahitaji mazungumzo ya muda mrefu ya 'kawaida' kati ya vikundi vya watendaji wa kimkakati pamoja na sekta za kibinafsi. Matokeo ya kijumla (ilimuradi tu watatoa fursa kwa watendaji waliohusika) lakini makubaliano yaliyoafikiwa huwa nadra kukosoa utawala uliopo badala yake ndio wanawaunga mkono.

Sera za PSD za kiholanzi zilikuwa muhimu kuhimiza wanabiashara kuekeza ughaibuni lakini mchango halisi kwa maendeleo ya jumla nchini Kenya hayawezi kupimika. Historia ya sera za maendeleo ya kiholanzi, kupendekeza suluhisho kadhaa katika suala la jinsi ya kutumia maarifa na ujuzi wa nchi kufanya kazi kwa niaba ya mikoa iliyoendelea kwa mipango yenye faida huchochea maendeleo ya uchumi. Diplomasia ya uchumi basi inapaswa kuzingatia kukuza sera ambazo zinahimiza maendeleo ya pamoja. Zaidi ya hayo, msaada uliopeanwa kwa sekta za kibinafsi katika mataifa yaliyoendelea ni muhimu lakini sera za PSD huhitaji kuangalia kinachohitajika na sekta za kibinafsi katika muktadha fulani, ili kuchangia kiasi cha maendeleo ya jumla nchini. Ili haya kufanyika,ni muhimu kupata maarifa ya wanabiashara wa kiholanzi waliona uzoefu katika kufanya biashara nchini. Wakati mipango ya PSD inapaswa kuanzisha mafunzo ya mifumo ya ndani ya wafadhili wa sekta za kibinafsi kutambua changamoto na mienendo inayoendelea na kuzoea miktadha husika. Mwisho, sera kama hizi na programu haipaswi kufanya kazi katika ombwe badala yake itoe msaada kwa nchi husika, shirika la kisekta, vyama vya wafanyakazi na shirika la asasi za kiraia kwa pamoja kuunda mazingira bora ya biashara.

VIII. Mapendekezo

Kulingana na utafiti huu, mapendekezo yafuatayo yalitolewa kwa serikali ya uholanzi kwa ajili ya kuongeza mchango wa sekta za kibinafsi za kiholanzi katika maendeleo ya jumla nchini kenya na mataifa yanayoendelea.

Kiwango cha zoezi

- Kutambua kuwa sekta za kibinafsi zina uwezo wa kuchukua jukumu katika kufanikisha maendeleo ya kijumla ilimuradi sera zinazounga mkono nchi husika ziwekwe. Kwa hivyo, kusisitiza kuhusu kukuza sera za maendeleo ya kijumla katika taifa husika. Inaweza kufanywa kupitia juhudi za diplomasia za kiuchumi za balozi za kiholanzi.
- Kutoa msaada kwa kampuni mpya za kiholanzi zinazoingia soko la kenya kutoka balozi la kiholanzi, vilevile ushauri kutoka kwa wafanyabiashara walio na tajriba ya kufanya biashara nchini.
- MNCs za kiholanzi zinahitaji kurekebisha mtindo wao wa biashara ili kuhimiza matokeo ya maendeleo. Matokeo kama haya yanafaa kutoa nafasi za kazi na mipango bora zaidi ya CSR inayozidi miundo ya kisasa. Kampuni zinapaswa pia kufanya juhudi za kuelewa kwa undani muktadha wa eneo lao na washika dau.
- Kutambua umuhimu wa kutoa msaada kwa sekta za kibinafsi katika mataifa yanayoendelea katika maendeleo na ukomavu wake. Msaada wa kitaaluma na maendeleo ya utaratibu wa vipimo vya taifa. Wakati uo huo kuunga mkono ushirika wa sekta za kenya, vyama vya wafanyikazi na mijadala ya kitaifa ya umma na ya kibinafsi katika kuimarisha sauti za sekta binafsi na asasi za raia katika kubuni na kukuza mikakati ya uchumi wa taifa kwa mfumo wa kitaifa unaojumuisha zaidi.
- Kutoa msaada kwa maendeleo na uchunguzi unaofanywa vilevile utafiti wa umma ili kuimarisha kupitisha maarifa kwa ujumla kwa changamoto zilizopo utawalani katika taifa husika na kuwezesha kuhusishwa kwa sekta zilizo na uwezo.

Kiwango cha programu

- Muktadha na wakati ni jambo muhimu, muktadha wa historia, kijamii na uchumi, haswa msingi wa uchumi wa kisiasa na mahusiano ya kiutawala, miundo ya kujumuisha na kutojumuisha sekta za kibinafsi katika nchi zinazoendelea. Programu zinazosaidia katika maendeleo ya sekta binafsi zinapaswa kuzingatia mienendo hiyo (ikiwepo michakato ya 'kawaida') na ipasavyo kuwaingiza katika mipango yao na matokeo tarajiwa. Uhitaji wa uwazi Zaidi ('kawaida' kwa sasa) michakato inaweza kuhitajika.

- Kuhusisha utaratibu sahihi wa mafunzo katika mipango ya PSD, ambayo ingeiruhusu kampuni na wafadhili kutambua na kuzoea haraka mbinu/njia bora ili kuafikia malengo ya kawaida.
- Kuongeza juhudi za kukuza njia kamili ya kushughulikia athari ya vyombo vya habari vya PSD. Zaidi ya hayo, utafiti kuchambua mkusanyiko wa biashara za kiholanzi katika nchi zinazoendelea inapaswa kufanywa ili kulenga maeneo bora ambayo hayatumiki.
- Kutoa msaada mkubwa na kutoa motisha kwa kampuni zinazowekeza kwenye masomo na kukuza maendeleo ya wafanyakazi wao zaidi ya hayo, kutoa msaada kwa kampuni ambazo zinaajiri watu wenye ulemavu (kuongezea nafasi za kazi kwa kikundi hicho).

Kiwango cha sera

- Sera za PSD na programu lazima zielewe jukumu na mapungufu ya sekta za kibinafsi katika maendeleo ya taifa katika nchi husika. Kutambua kuwa mchango wa sekta za kibinafsi kwa maendeleo ya jumla yanayoonekana zaidi katika vipengele vya uchumi na vinaweza kusababisha ujumuishaji kamili katika vipengele vyote chini ya mfumo wa sasa wa uchumi wa dunia. Pia kutambua kwamba wakati unahitajika kufikia matokeo ya pamoja.
- Kukuza na kuhimiza sera zinazoimarisha utaratibu sawa kati ya sekta za kibinafsi za serikali na asasi za kiraia. Serikali husika inafaa kufanya kazi ya kuunda mazingira bora ya biashara na mifumo ya kutosha ya uangalizi.
- Epuka sera zenye mwelekeo mmoja, sekta tofauti zinakabiliwa na changamoto tofauti na watendaji wanaohusika si kundi moja. Mahitaji ya sekta zote yachukuliwe kwa makini ili kuhakikisha ujumuishaji kamili.
- Kufanya uchunguzi zaidi kupima mawazo ya kimsingi ya sera za PSD kwa kutumia 'mbinu ya kufuata njia' kushughulikia changamoto zinazohusiana na kupata data nyanjani. Kampuni ambazo zitazingatiwa kwa utafiti kama huo zinapaswa kuwa tayari kushiriki kutoka mwanzo. Kampuni za kibinafsi zilizonufaika kutoka ufadhili wa serikali ya uholanzi zinapaswa kuhimizwa kushiriki katika utafiti kama huo.
- Kutambua uchumi wa kisiasa na sababu za makazi ya kisiasa katika mipango na sera za Kiholanzi, pia mawazo yao kuhusu nadharia zao za mabadiliko.

Chapter 1. Introduction

1.1 Background of the study

This thesis is part of a larger research project entitled "Dutch Multinational Businesses, Dutch government and the promotion of productive employment in Sub-Sahara Africa: a comparative study of Kenya and Nigeria". This comparative study is a joint effort of the African Studies Centre Leiden University (ASCL), the University of Nairobi (UoN), the Kenya Association of Manufacturers (KAM), African Heritage Institution and Enugu Chamber of Commerce, Industry, Mines and Agriculture. The project is part of the research agenda of the Knowledge Platform on Inclusive Development Policies (INCLUDE),[1] funded by the Ministry of Foreign Affairs through NWO-WOTRO. The main objective of the larger research was to conduct a highly empirical study that would lead to practical advice and policy suggestions for more inclusive African development through structural transformation, with specific attention to productive employment (NWO, 2013).

This particular thesis focuses on the Kenyan part of this larger research. It aims to assess what the contribution of the Dutch private sector has been to inclusive development (a concept that will be defined in the next section) in Kenya and the potential role of Dutch Private Sector Development (PSD) policies in this process. The focus will be on tracing the process behind the developments of three important sectors in Kenya and the role of Dutch multinationals in these processes. These sectors and respective case studies are as follows:

- the tea sector and the case of Unilever Tea Kenya Limited (UTKL);
- the flower sector (a sector-wide analysis);
- and the renewable energy sector, the in-depth case study of Lake Turkana Wind Power (LTWP) project.

In order to investigate (i) whether Dutch multinational business helps or hinders the task of promoting inclusive development in Kenya, as well as (ii) the potential role of Dutch Private Sector Development policies in this process, this thesis is conceptually, methodologically and empirically explorative. Using the approach posited by Dekker (2017) and (partly) Santpoort, Bosch, Betsema, & Zoomers (2017), this thesis will describe the historical, social and economic context, as well as analyse how underlying political economy and power relations shaped patterns of inclusion and exclusion in each of the case studies.

This introductory chapter will start by introducing the main concept of inclusive development used in this research, followed by an explanation of the overall research approach (with more information about the methods used and selected case studies) and the structure of the thesis.

1.2 Introducing the main concept: inclusive development

During the second half of the 20th century and the first decade of the current millennium, the international development paradigm has undergone several shifts in focus. Firstly, there was the trickle-down approach, then the age of structural adjustment and neoliberal growth. We are now in an era of multipolar globalisation, post-economic crisis and climate crises, focused on inclusive development (ID) (Dietz, Havnevik, & Kaag, 2011; Gupta et al., 2015; Islam, 2019; Pouw & Gupta, 2017b). In the literature, ID can mean an active participation in developmental processes of currently marginalised groups,

[1] The Knowledge Platform on Inclusive Development Policies, INCLUDE, was established in June 2012. It brings together researchers from African countries and the Netherlands who work with the private sector, NGOs and governments to exchange knowledge and ideas on how to achieve better research-policy linkages on inclusive development in Africa. The platform is one of five knowledge platforms initiated by the Dutch Ministry of Foreign Affairs to contribute to knowledge and effective policies in the Netherlands, other donor countries and developing countries (INCLUDE, 2019a).

defined as: ultra-poor, women and people with disabilities (Adjei-Amoako, 2016; Altaf, 2019; Koralagama, Gupta, & Pouw, 2017; Narayan, Patel, Schafft, Rademacher, & Koch-Schulte, 2000). It means, therefore, increasing the participation of the marginalised in policy and politics, re-distributing power and resources, as well as building capacity, so people can help themselves (Pouw & Gupta, 2017b).

The increased interest in the concept of inclusive development in the last decade, in both academic and political circles, is a result of the recognition that the poorest groups have not benefited enough from economic growth, especially in sub-Saharan Africa (AfDB, 2015; AUC/OECD, 2018; de Kemp & Lobbrecht, 2018; INCLUDE, 2019b). Bringing the excluded, those who were not affected by the expected trickle-down effect of the economic growth, into this process is a core principle of the current global development agenda adopted by all United Nations Member States in 2015 – the Sustainable Development Goals (SDGs) (Gupta & Vegelin, 2016; Osakwe & Moussa, 2017). In this context, sustainable and inclusive development is translated into the slogan 'leaving no one behind' (Hickey et al., 2015; Rammelt, Leung, & Gebru, 2017; Teichman, 2016a; UNGA, 2015). Thus, the core principle of ID is that everyone's welfare should be improved, meaning that interventions should reduce and not deepen existing inequalities (Teichman, 2016a).

The precise definition of the concept is still debated[2] and often, ID is not clearly distinguished from the concept of inclusive growth (Gupta et al., 2015; INCLUDE, 2019b). The latter focuses only on income and equal opportunities for the poor (Rauniyar & Kanbur, 2010), while ID should be understood more broadly as defined by the INCLUDE Knowledge Platform:

> *"Inclusive development aims to reduce poverty and inequality" (INCLUDE, 2019b: 5).*

This definition of ID will be adopted in this study, as it can be used universally, including in the context of the private sector. It implies that inclusive development is about participating and benefitting from the development process, while further expanding to other dimensions (Pouw & Gupta, 2017b).

According to INCLUDE (2013), the dimensions of ID can be economic, political and social, while Awortwi & Dietz (2019) also point out the importance of political economy within the political dimension and add a spatial dimension (inclusion of marginal areas) to the debate. Gupta et al. (2015) discuss the economic, social, and ecological dimensions[3] of ID and argue that, in practice, there are often trade-offs in favour of the economy at the cost of social well-being and environmental sustainability. Finally, Bebbington (2013) argues that inclusion can have economic, socio-cultural and political components, and these are not necessarily co-present either.

Although the concept of inclusive development may be conceptualized in different ways, it is important to focus on both the processes and outcomes (INCLUDE, 2013; Islam, 2019; Rocha Menocal, 2017b). Equal participation of all relevant stakeholders in the design and implementation of a policy or an intervention is key to inclusive development processes. It thus also increases the chances of realizing inclusive development outcomes. In reality, that is frequently not the case, although non-inclusive, thus

[2] It should be noted that in 2017, the World Economic Forum attempted to quantitatively measure inclusive development by defining the so-called Inclusive Development Index (IDI). IDI is the arithmetic mean of twelve variables grouped in three dimensions. The first of them is called growth and development. It includes per capita wealth, employment, labor productivity and life expectancy. The second dimension, inclusion, averages income per household, poverty rate, and relative inequality for income and wealth. The third dimension, intergenerational equity and sustainability, includes four indicators concerning savings, public debt, dependency ratios and carbon intensity per product unit (Prada & Sánchez-Fernández, 2019). Although it is an interesting and relevant tool, its development came too late to get properly embedded within the frame of this research.

[3] Gupta et al. (2015: 546) defines ID as "development that includes marginalized people, sectors, and countries in social, political, and economic processes for increased human wellbeing, social and environmental sustainability, and empowerment".

exclusive processes, may lead to both inclusive and exclusive (non-inclusive) outcomes (INCLUDE, 2013, 2019b). This means that there may be varying degrees to which ID is achievable in particular contexts and these degrees will often depend on the commitment and/or interest of national governments and other strategic actors[4] working towards this goal (INCLUDE, 2013; Rocha Menocal, 2017b; Widianingsih & Paskarina, 2019). Therefore, to effectively promote inclusive processes and outcomes, a thorough understanding of the local political and institutional context is required.

In sum, inclusive development is a broad, dynamic and multidisciplinary concept that is embedded in economic, socio-cultural, ecological, spatial and political dimensions, and requires investigation of the potential trade-offs between inclusive development processes and outcomes in specific contexts.

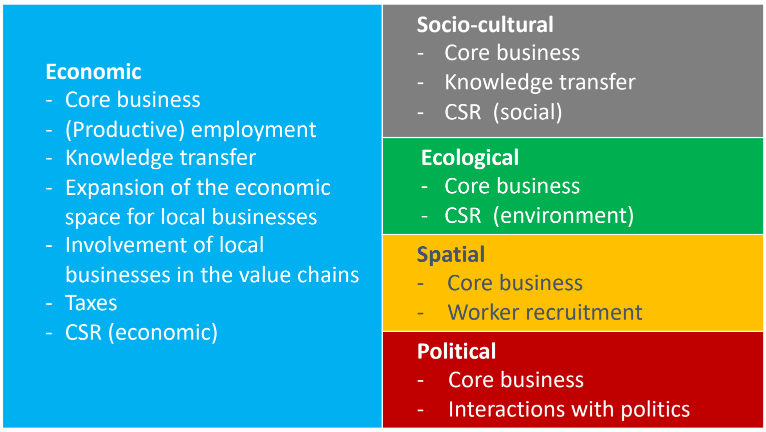
1.3 Inclusive development and the private sector

Opening up markets for new or previously non-inclusive sectors to new strategic actors and activities is considered necessary to achieve greater inclusion (Hickey et al., 2015; Pouw & Gupta, 2017a; Rauniyar & Kanbur, 2010; Teichman, 2016a). To achieve ID, as per the SDG agenda, the private sector was identified as one of the main strategic partners (UN, 2015). The current role of business in society, therefore, contrasts sharply with Milton Friedman's concept that assumed that 'the business of business is business' (Zulkhibri, 2018). The private sector is now expected by states, society and the international community to play a critical role in the inclusive development process that will lead to inclusive development outcomes. This can be done through sustainable and responsibly executed core business operations. These operations generate processes and outcomes that can, in principle, be sorted into five discussed dimensions of ID: economic (E), socio-cultural (SC), ecological (ECO), spatial (S) and political (P) (Awortwi & Dietz, 2019; Bebbington, 2013; Gupta, Pouw, & Ros-Tonen, 2015) (Figure 1). Example of such processes and outcomes are (productive) employment generation (E), inclusive staff recruitment (S), knowledge transfer (E, SC), expansion of the economic space for local businesses (E) and their involvement in the value chains (E), paying taxes to governments (E), as well as providing corporate social responsibility (CSR) programmes[5] to the communities that they work with (E, SC, ECO) (Goris & Vrancken, 2018; Gupta & Vegelin, 2016; Kapstein, 2008; Kolk & Lenfant, 2018; Kontinen & Spierenburg, 2008; Kourula et al., 2017; Osakwe & Moussa, 2017; Porter & Kramer, 2011; Scheyvens et al., 2016; UN, 2015; Utting & Marques, 2010). To encourage greater participation of the private sector in the ID process, businesses need an enabling environment, including a proper regulatory framework, contract enforcement and macroeconomic stability (Zulkhibri, 2018). The role of national governments to ensure these conditions are met is therefore essential (P).

[4] Actors can potentially be identified as strategic when: 1) they have formal decision-making power and are, therefore, in a position to exercise leadership, and 2) have the legitimacy and force to influence decision making (INCLUDE, 2019b).

[5] CSR is understood as "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance" (Aguinis, 2011: 855).

Figure 1. Expected inclusive processes and outcomes of the private sector operations classified in five main dimensions of ID



Source: Own elaboration by the author

Among the possible contributions of the private sector to ID, as listed above, productive employment is considered to be the cornerstone of the process of inclusive development (Islam, 2019; Szirmai et al., 2013). Productive employment is "employment yielding sufficient returns to labour to permit workers and their dependents a level of consumption above the poverty line." It is composed of three dimensions: 1. remuneration; 2. stability of employment; and 3. working conditions (Marcatelli, 2015; Szirmai et al., 2013).[6] Employment creation depends on changes in productive capacity and economic structures, but again also on supporting policies. Policies can provide incentives for better use of labour resources and enhance the productive capacity of the labour force through the development of human capital or by supporting innovation and technological upgrading (Szirmai et al., 2013). As labour power is often the main productive asset possessed by the poor, access to productive employment can translate into improved standards of living and lower poverty rates (Golub & Hayat, 2014; Islam, 2019).

Business leaders have generally declared that they are ready to accept the mandate to act as global development actors and have already started to work in this direction (Frey & Sabbatino, 2018). "The last great emerging market is Africa", said David Rubenstein, Co-Founder and Co-Executive Chair of the Carlyle Group, an American multinational investment firm. "Africa (…) presents huge opportunities here and now, and many companies and entrepreneurs are already going after them successfully", seconded Tidjane Thiam, CEO of Credit Suisse in the latest and largely optimistic book by Leke, Chironga, & Desvaux (2018) "Africa's Business Revolution: How to Succeed in the World's Next Big Growth Market". Africa is no longer perceived as a "hopeless continent" (The Economist, 2000). With over 400 companies with annual revenues of more than $1 billion (both home-grown and multinational), 89 cities of over 1 million inhabitants expected by 2030 and a total population of currently over 1.3 billion people, which is predicted to double by 2050, there is indeed a ray of optimism shining over the savannah for current and potential investors (Dietz & Akinyoade, 2018; Leke et al., 2018). However, this rapid growth is also a source of concern in the global debate. A vast majority of the current jobs are with low productivity and in the informal sector, while permanent formal sector jobs only represent about 10% of employment (Stampini, Leung, Diarra, & Pla, 2013). It is estimated that 122 million young people in Africa will join the labour force over the next decade but only one in four will find a stable, wage-paying job. If greater numbers of better jobs are not created, this situation will continue and possibly worsen (AfDB, 2016; Louise Fox, Senbet, & Simbanegavi, 2016).

[6] Separate from, but complementary to productive employment is a concept of decent work. Decent work is defined as absence of coercion, equity at work, security at work, and dignity at work. (Marcatelli, 2015; Szirmai et al., 2013).

There is a general positive correlation between the presence of strong and competitive business enterprises and the economic development of the nation (Akinyoade, Dietz, & Uche, 2017). Statistics from 2011 show that in the context of Africa, the private sector accounts for about two thirds of total investments, four fifths of total production, three fourths of total credit and provides approximately 90% of total employment opportunities (AfDB, 2011a). Despite growing and untapped demand, Africa is not an easy place to do business (Asongu & Odhiambo, 2019). The continent represents 54 countries[7] of diverse levels of economic, institutional and regulatory frameworks; over a thousand different languages; huge diversity in income and education levels, resource availability, as well as unequal infrastructure and private sector development rates between and within the countries (Leke et al., 2018). Nevertheless, 'Africa is open for business' (Kgomoeswana, 2015).

In addition to numerous successful indigenous businesses, foreign multinationals have successfully, albeit at times controversially, operated across the African landscape (i.e. Frynas, 1998; SOMO, 2010; Van Beemen, 2019; Van Der Wal, 2009). A multinational company (MNC) is a type of enterprise "which comprises entities located in two or more countries which are linked, by ownership or otherwise" (UNCTAD, 2015). Regardless of their size, per definition all Dutch companies working in developing countries can be considered as multinational companies. Despite the changing nature of international business in Africa (Adeleye, Ibeh, Kinoti, & White, 2015), European and Dutch MNCs have a long history of operating in Africa and remain important actors on the continent (Lem, Van Tulder, & Geleynse, 2013).

Based on the growing recognition of the role of the private sector in the development process, many member countries of the Organisation for Economic Co-operation and Development (OECD) have been scaling up their Private Sector Development (PSD) programmes as part of their Official Development Assistance (ODA). Through diverse funding schemes for private businesses, the objective has been to enhance the role of the private sector across a broad spectrum of development activities, create jobs, improve service delivery and the business environment, and increase tax revenues (OECD, 2018). The Netherlands is one of the OECD countries that has been continuously supporting policies and initiatives stimulating private sector and economic development in developing countries since the inception of their bilateral aid. The main underlying assumption behind the Dutch PSD policies (of 2015 but indirectly, also assumed since the 1960s) was that "with good accompanying policies, economic development and trade are the motor for poverty reduction" (MFA, 2015b) with Dutch companies creating (productive) jobs and promoting CSR in the 'home' and 'host' country. Nevertheless, the evidence supporting this hypothesis so far has been thin.

"We believe that multinationals have a key role to play in investing in the infrastructure of skills-building", said Jay Ireland, president and CEO of GE's Africa (Leke et al., 2018). Indeed, MNCs have great potential to create and support productive employment in their 'home' and 'host' country; thus, to contribute, although not automatically, to inclusive development. However, the precise role of MNCs and international business in poverty alleviation and reduction of inequalities in developing countries remains the subject of debate (Kolk et al., 2020, 2018; Utting & Marques, 2010). An explicit link between the international private sector operations in developing countries and their contribution to inclusive development (in terms of outcomes and processes), to the best of my knowledge, has been little explored in academic literature.[8] The discussions that aim at defining this role often fail to adequately consider key contextual, historical, empirical, political and institutional aspects and therefore remain inconclusive (Boyle & Boguslaw, 2007; Fortanier & Kolk, 2007; Kolk & Lenfant, 2018;

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[7] The African Union recognises 55 countries on the continent, including a partially recognized state of Sahrawi Arab Democratic Republic (African Union, 2019).

[8] It is acknowledged here that inclusivity might have meant different things in the past or its manifestation could have been defined as a different concept. The novelty of this study is the explicit focus on the nexus of the foreign private sector operations and its contribution to inclusive development defined in a 'modern' way, as described in the section 1.2 and 1.3.

Kolk et al., 2018; Meyer, 2004; Oetzel & Doh, 2009; Utting & Marques, 2010). Consequently, more research that uncovers the context and underlying dynamics of the international private sector operations in developing countries, especially in Africa, is needed (de Haan, 2015; Kolk et al., 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017). This thesis aspires to make a contribution to reducing this knowledge gap by analysing the dynamic and contextual challenges of greater inclusiveness in three important economic sectors in Kenya and the role of Dutch MNCs in this process.

1.4 Inclusive development, political economy and political settlement

Governance and political economy factors often play a significant role in shaping policy processes and generating and/or exacerbating constraints to the development of inclusive development outcomes (Hickey et al., 2015; Rocha Menocal, 2017a). This is particularly relevant in the African context, where state power is often achieved and exercised through social, cultural and family network; and state and business interests are closely interconnected (Booth et al., 2014; Booth & Therkildsen, 2012). In the literature, we can distinguish three interconnected political economy factors that may lead to achieving desirable change, in our case, inclusive development. Firstly, rulers' primary objective is political survival (Whitfield & Buur, 2014). A change is likely to occur if the governing coalition faces pressure from (potentially) powerful groups in society that are negatively affected by the current setting or in circumstances when the coalition is set to gain (i.e. political support) from such change (Awortwi & Dietz, 2019; Bates & Bates, 2005; Berendsen et al., 2013; Vlasblom, 2013). Secondly, how power is distributed within and outside the governing coalition shapes its ability to develop and implement policy effectively (Khan, 2010). Finally, certain institutional setups – such as constitutionally defined structures — are hard to change but strongly shape policymaking and implementation.[9] Whether the central government can push sub-national governments to implement policy changes is highly dependent on how 'the rules of the game' structure the formal and informal institutions and society at various levels of scale (North, 1990). For instance, in nation states where patronage networks are powerful and extensive, weak institutions, corruption and cronyism[10] often emerge as important drivers of the relationship between the policymakers and businesses (Akinyoade & Uche, 2018).

It is still not very clear how political economy and, more importantly, (inclusive) political settlements work towards more inclusive outcomes (INCLUDE, 2019b). The political settlements are defined by strongly asymmetrical distributions of power, wealth, access and knowledge that are rooted in systematic exclusion on the basis of group-based identities. In this sense, the actors involved decide on inclusion and exclusion in a given political system, whether it be in terms of process (such as who is included in decision-making) or outcomes (e.g. how wealth is distributed) or both (Rocha Menocal, 2017b). The analyses of political settlements may help explain why 'good' policies often fail to achieve their intended outcomes, why ineffective policies (or exclusive policies) can persist, and why potentially effective inclusive policies are not adopted or, when adopted, not fully or effectively implemented (The World Bank, 2017c). Across Africa, roughly four types of political settlements can be distinguished: development, competitive clientelism, dominant party, and autocratic, although some states have transitioned from one political settlement to another (Khan, 2010). Political settlements continuously evolve as elites and different groups of strategic actors in state and society continue to redefine the nature of their relationships over time (Rocha Menocal, 2017b). This is happening in a rather 'occlusive' fashion – behind closed doors among carefully selected strategic actors. It is possible that, in some instances, the settlements among elites, which are part of the development processes, can produce

[9] Some institutions are easier to change by for example reorganisation or reallocating budgets and responsibilities to different ministries (Isoaho et al., 2017).

[10] Crony capitalism happens where loyalty, bribery, nepotism and tribalism become potential sources of influence (Booth et al., 2014; Harvey, 2007).

distributional outcomes that are more broadly inclusive[11] (Goodwin, 2018; Rocha Menocal, 2017b). It is clear, though, that these processes are highly contextual and by no means linear or straightforward.

It is important to mention here that the recognition of the importance of political economy and political settlements in discussing MNC operations in Africa is generally not a new insight (Langdon, 1974). As this thesis aims to assess the contribution of the private sector to different dimensions of inclusive development outcomes and processes, it recognises that sectors that stimulate growth in particular economies are of great political and economic significance, particularly focused on export markets and energy sector (Geels, 2014; Hochstetler, 2011; Newell et al., 2014; Scoones, Leach, & Newell, 2015). Their developments are, therefore, very closely shaped by "the bargaining power of key economic and social actors in relationship they have been able to forge with the state and parts thereof" (Hickey et al., 2015: 8). Consequently, this thesis will attempt to better understand the underlying power structures and incentive systems that facilitate or hinder the sector's inclusive development in Kenya.

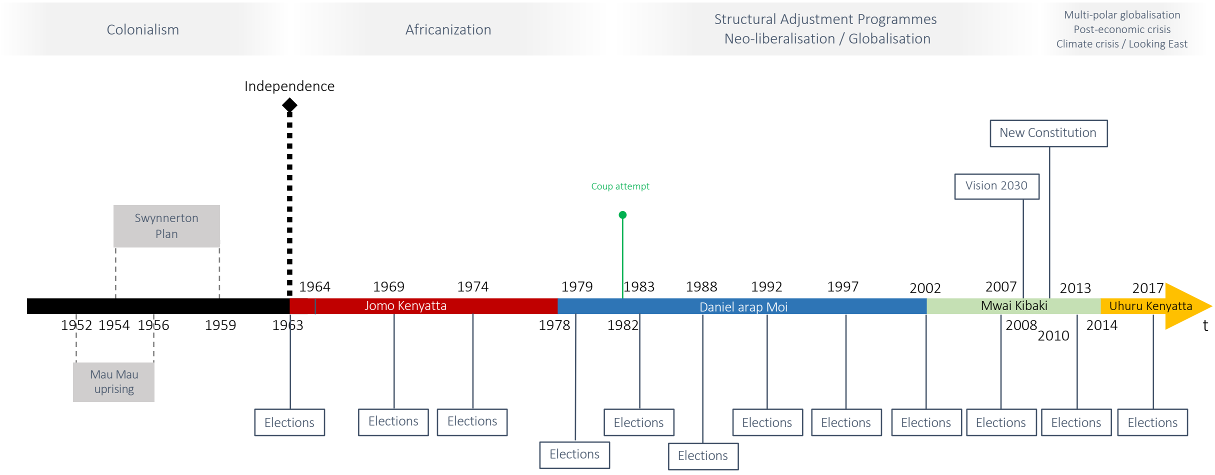
1.5 Kenya setting

Kenya was chosen as the focus country for this study because it has been one of the largest recipients of Dutch aid and investments amongst Dutch partner countries in Africa (Kazimierczuk et al., 2016). Employment creation has been a key policy objective since independence, with even more emphasis in the Vision 2030 of the Kenyan Government (P. Kamau, Kinyanjui, Akinyoade, & Mukoko, 2018). Despite an average of 5.2% economic growth in the past decade, Kenya experienced a growing unemployment rate for youth and vulnerable groups, while poverty levels have remained high. That raises doubts about the inclusiveness of this economic growth.

A central feature of Kenya's political economy is the inseparable link between political and economic interests demonstrated by the deep involvement of politicians in business affairs. Those with economic power, in turn, always tend to look for political cover from those with political influence (Booth et al., 2014). This has been the practice since the colonial period. Kenya became independent from Britain in 1963 and, since then, there have been four presidents in the country: Jomo Kenyatta (1963–78), Daniel arap Moi (1978–2002), Mwai Kibaki (2002–12) and Uhuru Kenyatta (2013 to date). Ethnicity has also been important to the pattern of politics in Kenya. Powerful political elites have established support using state resources since independence, causing widespread grievances over inequalities and long-standing perceptions of exclusion of certain ethnic groups in the distribution of resources (Branch & Cheeseman, 2008; Human Rights Watch, 1995; MacArthur, 2008; Mueller, 2008). The world economy and geopolitical factors have also been powerful ingredients in shaping development possibilities, influencing both opportunities and constraints to inclusive development (Teichman, 2016a). As shown in Figure 2, each administration aligns with an important international developmental paradigm.

[11] For example, in Rwanda, a strong state adopts top-down, but pro-poor, strategies such as access to free health insurance (Goodwin, 2018).

Figure 2. Timeline depicting main political events and development paradigm shifts in Kenya (1888/1952-2019)



Source: Own elaboration based on multiple sources

The election of Jomo Kenyatta in 1964 marks the end of colonialism and the start of the post-independence period. The colonial practice favoured mostly settlers and multinational companies, as well as some indigenous groups over others, which contributed to the intensity of ethnic conflict in the post-independence period (Leys, 1975; Van Zwanenberg, 1975). The post-independence paradigm was marked by rather unprecedented Africanisation during a period that was oriented towards the West and open to foreign capital (Kaplinsky, 1978; Langdon, 1978; Leys, 1975; Swainson, 1980). A few years into the autocratic Moi's presidency, due to a growing global and national economic crisis, Kenya embarked on market liberalisation through structural adjustment programmes (SAPs) prescribed by the World Bank and International Monetary Fund (IMF) in the 1980s (Booth et al., 2014). The liberalisation substantially reduced the role of the state and coincided with a rapid globalisation. Neither the colonial state, nor neo-liberalised economic reforms produced inclusive development outcomes in the country.

From the early 2000s, infrastructural development along the lines of liberalisation and globalisation entered the official development agenda. In Kenya, general elections in 2002, won by Mwai Kibaki, marked the end of Moi's regime and halted Kalenjin[12]-Asian domination in business and political spheres. The focus of Kibaki's administration was economic recovery. He adopted the recommended liberalised approach to the economy and provided space for people to engage in economic activities without major restrictions. The government also began to undertake major infrastructural programmes, such as building new roads and rehabilitating existing ones. The recovery of the economy provided an opportunity for many: even those without political connections and influence got some share of the expanding economy. Nevertheless, two sets of highly powerful business and political elites emerged during Kibaki's regime. Firstly, a small group of Kikuyu and Meru ministers, known as the 'Mount Kenya Mafia', held an overwhelming proportion of power by controlling the key government departments of finance, defence, internal security, justice, and information (Booth et al., 2014; Wrong, 2009). They were known to influence the making of key government appointments during meetings in Hurlingham, in the outskirts of Nairobi city centre. A second group of powerful business elites, also

[12] The Kalenjin are one of the dominant ethnic groups in Kenya, but in numbers they are only in fourth place, behind the Kikuyu (often including the Meru and Embu), the Luo and the Luhya ethnic groups. Kikuyu is the largest ethnic group in Kenya, which makes up to 22% of the total population (Owino et al., 2016). The Luo and the Luhya have always had a rather marginal (or downright excluded) position in national politics. Other important ethnic groups are the Kamba, the Kisii, the coastal Mijikenda, the Somali, the Maasai and Samburu, Turkana, and other smaller pastoral groups. Kenya also still has a considerable population of 'Asians', 'Arabs' and 'Europeans'.

from the president's Kikuyu community, were members of the Muthaiga Golf Club (Kibaki was also a member) (Business Daily, 2010; Daily Nation, 2016). The Muthaiga group had a history with President Kibaki, however their access to the president was limited or constrained by the presence of the Mt. Kenya elite – also known as the Hurlingham group. The Muthaiga and the Hurlingham groups of influence initially stood in opposition to each other. The Hurlingham group was interested in political influence; the Muthaiga group was interested in influencing business or economic decisions (particularly in the banking, insurance, tourism and agricultural sectors. Some of them were Kibaki's business partners). Nevertheless, the Hurlingham group soon shifted its interest to economics and business as well (Booth et al., 2014; Wrong, 2009).

The two elite groups – the Muthaiga golfers and the Hurlingham politicians – had a hand in the move towards the East. The Hurlingham group urged the President to look east and get support from China, arguing that China would give grants and loans without strings attached and without criticising the government over governance issues. The move towards the East was also an opportunity for the Hurlingham group to undermine the commercial interests of the Muthaiga group. The latter had grown by trading with companies in the West. They had invested in multinational corporations and were therefore keen to preserve government relations with the West. The Muthaiga group could not prevent the move to the East, given the West's stand on corruption in government, they therefore adopted a pragmatic stance and saw it as an opportunity to engage in new trade ventures (Booth et al., 2014; Wrong, 2009).

The start of Kibaki's second term in office (2007–08) saw violent protests with 1,300 deaths and 500,000 people displaced. This was followed by international diplomatic intervention by former UN Secretary-General Kofi Annan and a power-sharing agreement between Kibaki and Raila Odinga. The latter was appointed prime minister, a transitional post created for him.[13] When the crisis linked to the post-election violence unfolded in Kenya in early 2008, it was not solely a reaction to the dispute over the election result, but was rooted in long-term, foundational issues that had remained unaddressed since 1963. Among the main issues were a highly centralised presidency, low trust and confidence in key institutions, and ethnic and regional inequalities with Kikuyus holding a disproportionate number of positions in the civil service. Although the economy grew considerably during the Kibaki I administration, with the growth rate rising from about 1% in 2003 to about 7% in 2007, existing inequalities prevented many from benefitting from this recovery (Barkan, 2008; Kanyinga & Walker, 2013).

The relationship between business and politics altered after the coming to power of a coalition government (Kibaki II) in 2008. The constitution was altered to create the new post of prime minister.[14]

[13] Odinga was defeated in the 2013 elections and again in 2017, losing to the current President Kenyatta. During the 2017 elections, Kenyatta won over Odinga in the first round. However, in an unprecedented decision by the Supreme Court of Kenya, the results were annulled because the elections were not held in accordance with the necessary legal standard. Odinga, however, withdrew from the vote, claiming that there was no prospect of a credible election re-run. Ultimately, the re-run elections were won by Kenyatta (The Guardian 2017, Al Jazeera 2017).

[14] A new government structure with a new constitution came into effect following a referendum in 2010. The new Constitution also devolved a significant amount of power from the National Government to the 47 County Governments (which replaced existing county councils) and split policy duties between the National and County Government. The new constitution was important in another significant way – it sought to address Kenya's longstanding challenges around the land question. It established the National Land Commission with powers to address historical injustices around land and to regulate control of land in general. The subsequent Land Act and Land Registration Act of 2012 impacted further upon all things relating to land in Kenya, yet its implementation has been greatly unsatisfactory due to the lack of proper enforcement (Owino et al., 2016). The trouble is, however, that the structure of land ownership in Kenya is equivalent to the structure of political power. The

Each party in government engaged differently with the business community. Power sharing imposed certain constraints on the linkages between politics and business. Kibaki continued to surround himself with 'old money' (money made from investments during the Kenyatta and Moi regime) and in particular the Muthaiga group, as the Anglo-Leasing corruption scandal[15] weakened and obliterated the influence of the Hurlingham group (Booth et al., 2014; Wrong, 2009). Faced with uncertainty, the business community financed both parties in the 2007 general elections. Those around Kibaki in his second government were well established in business and had ventured into new sectors, while those around Odinga were people who were only interested in start-up investments. Nevertheless, rent-seeking was significant on both sides of the coalition government and led to many subsequent corruption scandals (Booth et al., 2014). Internationally, the global climate change challenge started to gain momentum, while the global financial crisis hit in 2007/2008, which substantially altered the shape of the global development order. The idea of a stronger role for the state in the governance process was resurrected in this era of multipolar globalisation (Dietz et al., 2011). In June 2008, Kibaki launched Vision 2030 – the country's development blueprint, which can be considered as Kibaki's attempt to regain control over Kenya's development process.

A new government was formed in April 2013 and it was reconfirmed in August 2017 after the election victory of the Jubilee alliance: Uhuru Kenyatta (Kikuyu) as the president with his running mate, William Ruto (Kalenjin) as the deputy president continued in the steps of their predecessors. The Jubilee government began by casting itself as 'business friendly' and has been far more open to business than previous administrations. Upon being sworn in, the president and his deputy promised to improve the business environment and to consult the business community regularly in making key decisions about the economy and private sector. With such commitments, the state accepted its role as a regulator, but it also allowed and recognised the role and space for the private sector in the country's development process. This attachment to the private sector and the business community has not been accidental. President Uhuru Kenyatta's family is one of the richest – if not the richest – in the East African region today, while the Rutos are also a wealthy and business-oriented family.[16] As the coalition has only been in power for a few years, the situation is still evolving, but some of the networks of influence established previously remain effective. Within the bureaucracy and the Office of the President in particular, there are, for example, strong cartels influencing security sector tenders (Booth et al., 2014). Outside of the bureaucracy, there are powerful individuals in business who are the links between the political elite and the government on the one hand and companies, such as i.e. the Chinese firms that are engaged in major infrastructural projects on the other (Booth et al., 2014).

Kenyatta family, for instance, owns large tracts in different parts of the country. Similarly, Moi has large holdings in parts of the country. Kibaki also owns large pieces of land, especially in central Kenya (Booth et al., 2014).

[15] At some point during the Kibaki I cabinet, the Mt. Kenya Hurlingham political elite turned to the government contracts in their ministries. With the Ministry of Finance on their side, they sought to influence the contracting process to generate funds to support their political manoeuvres and rents for themselves. They identified a non-existent company, Anglo-Leasing and Finance, which would be contracted to deliver non-existent services. The company was linked to a Kenyan Asian who was renowned for fronting the interests of political leaders in contracts for government services during the Moi regime in the 1990s. The company would be paid millions of dollars for services that were not delivered (Booth et al., 2014; Wrong, 2009).

[16] The Kenyatta family has vast amounts of land (estimated to be about 500,000 acres) in different parts of the country. They also own a bank (Commercial Bank of Africa), International Schools (Peponi and Brookhouse schools), a chain of hotels (Heritage Hotels), tented camps in some of the National Parks and Game Reserves, and insurance companies and agricultural holdings, among other properties. The family's dairy company, Brookside, has over 40% share of Kenya's milk market and has opened new operations in the East African region. William Ruto also owns properties in land and in the tourism industry. He made his money in the early 1990s when he joined 'Youth for KANU, 92' (YK 92), a youth group that was campaigning for President Moi against a growing wave of opposition politics. And, as was the practice then, through his activities, he had access to patronage resources including public land, which he would acquire and sell to parastatals. These resources formed the base of his businesses.

As showed above, Kenyan political and economic powers have been strongly intermingled throughout the main periods of Kenyan history and intertwined with global development paradigms. In order to better understand the national (and international) context, this thesis acknowledges these dynamics and assumes that they potentially influence all types of investments in all sectors of the economy of this country. Consequently, this thesis will attempt to understand the underlying power structures and incentive systems in all the studied sectors and cases under examination, while answering the following research questions.

1.6 Research question and contribution to knowledge

The main research question guiding this dissertation is:

What is the contribution of the Dutch private sector operating in the tea, flower and renewable energy sectors in Kenya to inclusive development in that country?

The supporting questions are as follows:

- What were the key factors and processes supporting or constraining the analysed Dutch private sector in Kenya in achieving inclusive development outcomes?
    - What were the key processes and outcomes in the development of the tea, flower and renewable energy sectors in Kenya?
    - What is the nature of these processes and outcomes (are they inclusive or exclusive)?
    - What was the role of the analysed Dutch private sector in these processes?
    - What was the contribution of the analysed Dutch private sector to the achieved development outcomes, particularly through (productive) employment generation and provision of corporate social responsibility (CSR) programmes?
- What was the role of the Dutch government's private sector development policies in supporting the Dutch private sector in becoming more inclusive in their operations in developing countries (and particularly Kenya)?

The study is timely and relevant to academia and the post-2015 Sustainable Development Agenda debate for three fundamental reasons:

1. It will contribute to literature on the importance of the international private sector in achieving inclusive development and the role of supportive policies of the 'home' and 'host' country.
2. It will nuance the debate considering the importance of political economy and political settlement in the development processes. The moments when the settlements are negotiated are dynamic processes that involve selected group of strategic actors, including the state and MNCs. Because these processes happen behind closed doors in a rather 'occlusive' way, this study will refer to them as 'occlusive processes'.
3. It will confirm the importance of making a distinction between different dimensions of ID, as well as inclusive and exclusive development outcomes and processes regarding the private sector development in Kenya, particularly when it involves foreign firms. It will do so by showing that at least in the case of some Dutch firms operating in the tea, flower and renewable energy sectors in Kenya, the private sector is capable of generating inclusive outcomes in economic, socio-cultural, spatial and ecologic dimensions; however, the (political) process that leads to such outcomes is often lengthy and exclusive (and sometimes 'occlusive') in nature.

I will move now to the outline of the research approach, which allowed me to arrive at these three fundamental points.

1.7 Research approach

1.7.1 The INCLUDE research project and its implications

A research that is embedded within a larger research project, like this thesis, comes with both advantages and disadvantages. For instance, the study countries, in my case Kenya, was already predetermined at the beginning of the research. It was similar for the main objective of the larger study, which was highly policy oriented, thus to some extent predetermining the main theme and scope of this thesis as well. On the other hand, being part of a larger team meant participating in broader academic and policy-oriented discussions, and having the institutional support of local partners and a budget for a larger scale data collection. UoN coordinated a sector-wide survey in the flower and energy sector, while KAM's role was fundamental for providing access to some national officials, organising stakeholders' workshops and providing me with a workplace in their office in Nairobi. Furthermore, working on a project, which was funded by and immediately relevant for the Dutch Ministry of Foreign Affairs, allowed for an easier access to the officials in the Netherlands and in the Dutch Embassy in Nairobi. The latter in particular was helpful in providing a letter of support and contacts to Dutch companies operating in Kenya. Finally, for a young researcher like myself, it was simultaneously humbling, enriching, and exciting to work with a team of senior and experienced researchers and practitioners, to engage and exchange interim results with experts and policymakers from the Netherlands, Kenya and elsewhere through events organised by the INCLUDE Knowledge Platform, as well as work on a timely and practical research, which is expected to make a direct contribution to the ongoing debates about making Dutch development policies towards Africa more inclusive.

1.7.2 Research location

The research took place in a number of locations in Kenya, including Nairobi, Limuru, Naivasha, Timau, Kericho and number of locations in the Laisamis constituency. As described in the previous section, the choice of Kenya was predetermined by the frame of the larger research project in which this thesis is embedded. Kenya was chosen as the focus country because it has been one of the largest recipients of Dutch aid and investments amongst Dutch partner countries in Africa (Kazimierczuk et al., 2016). It was assumed that the experience of Kenya, especially given the concentration of Dutch multinational businesses in its agricultural and horticultural sector would yield important lessons that would have wider application in Africa given the predominance of agriculture-dependent economies in the continent. Kenya is also the dominant economic power in the East African region but it is known for its complicated political economy, which is characterised by inseparable links between political and economic interests demonstrated by the deep involvement of politicians in business affairs (as described in the subchapter 1.5). Finally, Kenya is known to be one of the African countries that have adopted a rather open national strategic approach in its dealings with multinational companies. Hence, it was interesting to also investigate how such an approach influenced multinational business responses to the policy objective of promoting productive employment and inclusive development in the country (ASCL et al., 2014).

1.7.3 Research Methods

This research is embedded in a highly practical research framework that is expected to directly contribute to advice about how to make Dutch development policies targeting particularly the African continent more inclusive. Consequently, this thesis starts by reviewing the Dutch development cooperation policies starting as of 1949 with particular attention for private sector development (PSD). It is followed by the empirical section, which constitutes the largest part of this thesis. The focus of this empirical part is on Dutch multinationals in Kenya in three sectors:

- The tea sector: the case of Unilever Tea Kenya Limited (UTKL) (Chapter 3);
- The flower sector (a sector-wide analysis) (Chapter 4);
- The renewable energy sector: the in-depth case study of Lake Turkana Wind Power (LTWP) project (Chapter 5).

The cases were selected during the project kick-off workshop in Nairobi in November 2014, based on the assumed significant potential contribution of each sector to inclusive development of the country.

This study is situated in a relativist position of the constructivist ontological paradigm with an interpretivist epistemology. According to Bryman (2004), constructivism implies that social entities can and should be considered social constructions built upon the perceptions and actions of social actors; while Guba’s relativist position implies that there are multiple realities constructed by actors of research, locally and historically specific and none of these constructions can be either false or correct (Guba, 1990). The underlying idea of the interpretivist approach is that the researcher is part of the research, and that they impact on each other. It means that facts and values are not distinct and findings are inevitably influenced by the researcher's perspective and values (Ritchie & Lewis, 2003). Such a position is thus useful for assessing the processes and subjective motives of different actors in the inclusive development process. Consequently, this study made use of mostly qualitative methods.

In the course of the fieldwork, it became evident that one type of data source was insufficient for this exploratory research. As a result, each case study adopts a mixed methods approach. The concept of a 'mixed method' approach to research is often discussed in the context of combining qualitative and quantitative methods. But the same principles apply to using more than one qualitative method to carry out an investigation, since each brings a particular kind of insight to a study (Ritchie & Lewis, 2003). In this research, both definitions are relevant, as among the methods used there is a quantitative sector-wide survey, and qualitative interviews, participant observation, as well as literature, policy and document review. They are all applied under the overarching qualitative lead method of process tracing. Building conclusions on a variety of methods was necessary, firstly, as every case study proved to be different. Secondly, such approach was useful to cross-validate findings, for example by using interviews to triangulate findings from the sector-wide surveys, or confront information from interviews with company officials with employees’ views and own observations. The main methods adopted in this research are described in-depth below.

1.7.3.1 Literature, policy and documents review

The data collected through interviews and stakeholder workshops were informed by and further complemented and triangulated with literature specifically addressing the three distinguished case studies: publicly available company information, internal company documents (when available), government policy, as well as scholarly and ‘grey’ literature and donors’ reports. This also provided a background for the sector or the history of the company in the country. These are presented in the beginnings of each of the case studies’ Chapters 3 to 5. In addition, a literature, policy and documents review method was used in this thesis to review Dutch development cooperation policies for the years 1949-2019 with particular attention for private sector development (PSD) (Chapter 2).

1.7.3.2 Interviews and participant observation

This thesis collected histories of the companies and the sectors through oral narratives (Oya, 2007; Whitfield, 2017) during fieldwork conducted between October–November 2015, June–October 2016, August 2017 and in January-February 2019. The data was collected using in-depth, semi-structured interviews and participant observations. Interviews were conducted with the firm owners, key staff, government (national and local) officials, and key stakeholders in the sector, through firm visits, as well as through a series of three stakeholder workshops organized in Nairobi by the local project partners.

In the case of LTWP, to analyse the perception of local communities of positive and negative changes in the project area, an exercise from PADev methods was loosely adapted, mostly for the style of reporting from the interviews (Dietz et al., 2013, Kazimierczuk, 2009, 2010).

1.7.3.3 Sector-wide survey

In the framework of the larger research project, the University of Nairobi (UoN) and the Kenya Association of Manufacturers (KAM) took the lead in conducting a questionnaire survey in two sectors: flower and energy. I was integral to this process, starting with questionnaire design, pilot, main data collection and the analysis. During the data collection, the core project team was supported by a number of student assistants.

The primary objective of the survey was to assess the extent to which the sectors and the jobs created have been sustainable, inclusive and productive; and whether there are any differences between practices and quality of employment created by the international players, particularly Dutch companies, in comparison to non-Dutch counterparts. The secondary objective was to assess and understand the main challenges for the companies in the sectors to create and maintain (productive) employment, as well as other pitfalls in their day-to-day operations. The surveys were followed by a case study of selected companies drawn largely from the survey information to get in-depth information, as well as interviews with some companies in the supply chain. This thesis makes use of the results of these surveys too in the case of the flower sector. The more detailed description of the methods for this case study and the results of the survey can be found in Chapter 4.

1.7.3.4 Process tracing and selection of case studies

Due to the highly exploratory and practical nature of this research, process tracing was chosen as one of the overarching methods for this research. Process tracing is an adequate method if we wish to gain a greater understanding of the causal dynamics that produced a certain outcome in a particular historical real-life situation (Beach & Pedersen, 2013). P. Hall (2003) also argues that process tracing should be used if a researcher wishes to understand mechanisms within their specific institutional and historical environment, because things do not happen ‘ceteris paribus’ – context and time matter.

Beach and Pedersen (2013) identify three types of process-tracing, namely: theory-testing, theory-building, and explaining outcome process tracing. According to Beach and Pedersen (2013) ‘explaining outcome process-tracing’ is the most common in practice, and it is used in a “situation where we want to explain a particularly puzzling historical outcome” (2013: 11). More inductive, theory-building process-tracing “involves building a theory about a causal mechanism between X and Y that can be generalized to a population of a given phenomenon, starting from a situation where we are in the dark regarding the mechanism” (Beach & Pedersen, 2013: 11). The most inductive form of process tracing is used to deliver a historical explanation of a specific outcome. In this case, process tracing is close (but not identical) to historical explanations (Trampusch & Palier, 2016). In contrast, more deductive theory-testing process-tracing is used when it is possible to theorize a mechanism linking a cause or causes with an outcome. The overall objective of process tracing is to provide a narrative explanation of a causal path that leads to a specific outcome (Beach, 2016). To achieve this, process-tracing can be combined with a case study research design.

The primary defining features of a case study are that it draws from multiple perspectives and is rooted in a specific context that is seen as critical to understanding the researched phenomena. Those multiple perspectives may come from multiple data collection methods, and from multiple accounts, such as people with different perspectives. The study may involve a single case or multiple cases, selected carefully to enable comparison (Ritchie & Lewis, 2003). Process tracing is a single-case method, meaning that only inferences about the operation of the mechanism within the studied case are possible. However, it allows to generalise beyond the studied case, as long as it is coupled with other similar case studies analysed using comparative methods (Beach & Pedersen, 2013; D. Collier, 2011).

In this dissertation, a mix of both theory-building and theory-testing process-tracing methods is used to investigate a possible contribution of the Dutch private sector and Dutch PSD policies to inclusive development (both in terms of outcomes and processes) in Kenya. Such a link has been little explored in academic literature, nor theorised from this angle before; thus, using the theory-building process will allow to make a contribution to academia. My first step in the theory-building process tracing will be to establish a chronology of events in three case studies and to produce a narrative that leads to the emergence of some possible outcomes and processes. Based on the literature discussed above, I make a prediction about the empirical fingerprints of the main causal mechanisms (Beach, 2016). In the case of this research, I expect to confirm the importance of the political economy and political settlements in the process of private sector development. I will therefore pursue this clue by seeking potential relationships between policymakers and businesses within the case studies and position identified processes and outcomes in a broader context of the inclusive development debate.

On the other hand, the Dutch PSD development policy is based on one main underlying assumption, which possibly may allow for the theory-testing in the context of the three selected case studies. This theorised assumption presented by the Dutch government has already established a causal mechanism between increased economic collaboration stimulated by development policies (bilateral aid, exports and direct involvement of Dutch private sector in developing countries), and the creation of (productive) employment, thus contribution to inclusive development in developing countries. To the best of the author's knowledge, this assumption has not yet been tested empirically using the theory-testing process tracing method.

In order to deepen the understanding of the inclusiveness potential of the selected sectors, this thesis adapts the approach posited by Dekker (2017), partly merged with the one presented by Santpoort, Bosch, Betsema, & Zoomers (2017), and adjusted to the context of the private sector in Africa. Following their suggestions, it is first necessary to understand the context (also historically) in which the private companies operate. It is acknowledged that their interaction with the political, social and economic environment has a significant impact on the outcomes of their operations. Secondly, it is important to understand the mechanisms and processes that lead to potential inequalities. Finally, the research should go beyond looking only at the employment the private sector has generated. It is necessary to document where and how the jobs are created, and how and where the benefits of the private sector operations are distributed in society. To this end, a number of qualitative and quantitative methods described above were adopted within each of the case studies.

Choosing case studies was an important step in the research process. The large research project focused on Dutch MNCs in Kenya, thus this was the starting point of the selection process. According to (unpublished) scoping document prepared by the author based on information provided by SOMO, *Financieel Dagblad*, the Dutch Embassy in Nairobi and other external sources at the beginning of the research in 2014, there appeared to be over a hundred active Dutch companies in Kenya. After analysing all the companies using available internet sources, the final number of Dutch multinationals was lowered to 57, with as many as 76 active direct investment enterprises.[17] The case studies were selected from this pool during the project kick-off workshop in Nairobi in November 2014, based on the presumed high concentration of Dutch business in each sector and the contribution of each sector to direct or indirect employment creation in the country. Based on this assumption, the tea, flower and renewable energy sectors (with subsequent case studies) were chosen for this study. A more detailed background description of the selected sectors and case studies can be found below.

[17] Some of the companies that initially were indicated as a self-standing enterprise, in fact belong to a bigger holding or MNC from the Netherlands or elsewhere. Hence the big drop in relation to the initial number provided.

Case study 1: The tea sector: the case of Unilever Tea Kenya Limited (UTKL)

In 2017, Kenya was the third largest exporter of tea in the world and the host of one of the biggest tea auctions (Business Day, 2017; World's Top Exports, 2017). In 2017, over 219,000 hectares were under commercial tea cultivation, in total producing 439,858 tons of the crop – almost all for export worth KES 147,251 mln (~EUR 1.254 bln) (KNBS, 2018). This currently makes tea Kenya's second-biggest source of foreign-currency earnings after remittances (Business Day, 2017). Moreover, in 2006, the tea sector created an estimated – both directly and indirectly – 3 million jobs (Largo, 2011; Van der Wal, 2011). Tea is not, however, an indigenous plant to Kenya, nor to the African continent. The first tea bushes in Kenya were introduced on an experimental basis by European settler C.S.L. Caine who planted the Indian seedlings on less than a hectare farm in Limuru in 1903 (N. Hall, 2000; Talbott, 2002).[18] Since then, tea production has grown rapidly and established deep roots in the Kenyan economy. By 1924, the tea production had remained marginal until two multinational companies – Brooke Bond (predecessor of Unilever Tea Kenya Limited) and James Finlay - decided to enter the country and radically transformed the tea sector (Mohan, 2018).

The development of the tea sector in Kenya is considered by many as one of the success stories of the inclusion of the indigenous smallholder farmers in the sector formerly initiated and dominated by MNCs. UKTL, and its predecessors, played an important role in the development and professionalization of the tea sector in Kenya – one of the most important export products until today. Moreover, UTKL, and its predecessor, was listed on the Nairobi Stock Exchange between 1971 and 2008, which facilitated the access to official company data for this period. To date, no long-term and up-to-date business history of UKTL's operations in Kenya has been written.[19] This created an excellent opportunity to investigate the history of this company between 1919 and 2008 and apply the inclusive development lens to the analysis of their operations in the country. A possibility to follow a timeline of nearly a century of the business operations was an occasion to make a very clear distinction between inclusive development outcomes and processes.

Case study 2: Flower sector

The development of the flower sector has been considered by some as one of Kenya's major economic success stories (Dolan & Opondo, 2005; English, Jaffee, & Okello, 2006; Steve Jaffee, 1995; Steve Jaffee, Henson, & Rios, 2011) and as a curse by others. Since the sector's rapid development, flower companies have been criticized for poor labour standards (Böhm, Spierenburg, & Lang, 2018; HIVOS, 2013; KHRC, 2012; Leipold & Morgante, 2013; Riisgaard, 2007, 2009b), cases of sexual harassment (Barrientos, Dolan, & Tallontire, 2003; Dolan, Opondo, & Smith, 2002; Dolan & Sorby, 2003; KHRC, 2012; Lowthers, 2015), unsafe use of chemicals (FAO, 2002; Hale & Opondo, 2005; Leipold & Morgante, 2013; Lim, Nabeegh, & Qing, 2010; Mlynska, Wass, & Amoding, 2015), negative environmental impact (Barlow, 2008; Daily Nation, 2011a, 2011c; English et al., 2006; Leipold & Morgante, 2013; Vasagar, 2006; Williams, 2007), tax avoidance practices (Daily Nation, 2010, 2011b; Irgungu, 2013), land issues (Kirigia, Betsema, Van Westen, & Zoomers, 2016; Mlynska et al., 2015), over-certification (Riisgaard, 2009b; Wijnands, 2005), and marginalization of smallholder farmers (Dolan & Sorby, 2003; Kirigia et al., 2016; Mitullah, Kamau, & Kivuva, 2017; Muthoka & Muriithi, 2008; N. Mwangi, 2017; Zylberberg, 2013) among others. Despite the negative press, with earnings equivalent to Ksh 82.2 billion[20] (in 2017)

[18] It was done in response to growing uncertainties in another British colony at that time – India and Ceylon – which were the major tea suppliers to the UK at that time (Mohan, 2018).

[19] Swainson (1980) wrote a detailed business history of Brooke Bond in Kenya (which was later bought by UTKL in 1984) for their operations ending in 1977.

[20] 100Ksh = ±1 $; 100Ksh = ± 0.80 €.

(Andae, 2018; Kariuki, 2018), floriculture remains one of Kenya's top foreign exchange earners[21] (Mwaniki, 2017), directly contributing 1.1% of the GDP (2016). Moreover, the flower sector remains a major employer in the country. The Kenya Flower Council (KFC) estimates (although the figures are slightly out of date now[22]) indicate that the sector generates about 90,000 jobs directly at flower farms and about 500,000 indirectly. Through backward linkages, the floriculture industry has an impact on over 2 million livelihoods (KFC, 2017), which equates to 5% of the current Kenyan population.

The floriculture value chain consists of a variety of players involved in activities, such as plant development and growing, providing necessary inputs, transport and handling – each of them generating a part of the direct or indirect employment. The most visible (and most criticized) part of the chain is located on the flower farm. Within the plant growing sub-sector, three main activities can be distinguished: breeding (developing new varieties), propagation (multiplying by any process of natural reproduction from the parent stock) and growing plants. Growers provide the highest employment opportunities in the entire chain, predominantly for women (Dolan & Sorby, 2003; Leipold & Morgante, 2013; Mitullah et al., 2017; Opondo, 2002; Riisgaard, 2009b; Whitaker & Kolavalli, 2006a). Due to the nature of their work, breeders and propagators hire less people. However, breeders contribute substantially to indirect employment creation. Indirect employment is also created by a number of local and international companies that provide necessary materials, chemicals, fertilizers, transport and other logistics, as well as vendors who consolidate the flowers from smallholder farmers to sell them on the international market.

In 2016, approximately 190 flower farms, owned by 145 companies – mostly medium and large multinationals – were under commercial floriculture.[23] Additionally, it is estimated that approximately 2,500-5,000 smallholder farmers are also involved in the flower production (Mitullah et al., 2017; Riisgaard, 2009b); nevertheless, their overall contribution to the sector remains marginal although it is gently increasing. The initial development of the sector in the 1970s and in the 1980s was largely driven by European (Dutch) investors. However, the composition of the industry has changed considerably during the last thirty years. Contrary to popular belief, that mostly Dutch companies grow flowers in Kenya, the flower growing is done predominantly by Kenyan-owned farms. Dutch companies do dominate breeding and propagation activities. Over the years, the sector has matured and is considered well developed. The sector can currently be considered saturated, so mergers and fusions are not uncommon, but there are still newcomers, mostly local, entering the sector each year. Consequently, the sector remains an important employer in the country. It has been estimated that it accounted for over 65% of new jobs created in the agricultural sector between 2010 and 2015 (Mitullah et al., 2017), but the quality of this employment is less clear. This raises questions about the extent to which the sector and the jobs created are sustainable, inclusive and productive, and whether there are any differences between practices and quality of employment created by the international players, particularly Dutch companies in comparison to the non-Dutch companies.

The Kenyan flower sector is an excellent case study for illustrating the potential and challenges of the private sector to contribute to the inclusive development of an African country. The sector is an example of an African stabilized capitalist agricultural production linked to global value chains (Whitfield, 2017) and a potential 'industry without a smokestack'[24] (Newfarmer, Page, & Tarp, 2018). Foreign (private) investors and partners played a critical role in launching and expanding the floriculture

[21] In 2017, horticulture was the fourth main foreign exchange earner after remittances, tea and tourism (Mwaniki, 2017).
[22] The same estimates have been in circulation since 2010 (Maina, Mutitu, & Ngaruiya, 2011; Perry, 2012).
[23] Own calculations based on desk research and multiple internet sources. As the sector is very dynamic, mergers and/or takeovers are quite frequent.
[24] The industries without smokestacks include tradable services (e.g., IT, tourism, transport), horticulture, and agro-industry, which can provide new opportunities for export development in low-income countries and in turn drive economic growth (Newfarmer et al., 2018).

industry in Kenya, but, over time, flower growing has been taken over by Kenyan-owned farms, potentially indicating an inclusive character of the sector in terms of local entrepreneurs taking a larger share of it. Furthermore, in contrast to some other agricultural sectors (Whitfield, 2017), very limited state support, or rather the state's 'do not disturb' approach, allowed the floriculture to stabilize over the years. As a mature sector dominated by private medium- and large-scale companies, the Kenyan floriculture has a high potential for generating quality jobs and inclusive development.

Case study 3: The renewable energy sector: the in-depth case study of Lake Turkana Wind Power (LTWP) project

The African continent has become a popular destination for large-scale renewable energy investments due to abundant natural resources and the associated potential economic development benefits. Increasingly, such projects are located at the pastoral margins.[25] Lake Turkana Wind Power (LTWP) is among the most ambitious large-scale renewable energy projects in Africa. The idea to build a wind farm on the east shore of Lake Turkana goes back to the 1980s when Willem Dolleman – a Dutch entrepreneur involved in horticulture production in Kenya – was visiting the lake site on numerous family trips. The 'story of origin' of the project says that Dolleman had the idea after he experienced difficulties caused by a heavy wind while fishing and putting up a tent on the lake's shore. Stories about this strong and constant wind also accompanied the first explorers of the area and has always been present in the books describing it (such as in Brown, 1989; Hillaby, 1964; Imperato, 1998; Parker, 2004). Yet, it was not until 2006 when the Dutch company KP&P (which later formed LTWP) decided to harness its potential for commercial use.

Lake Turkana Wind Power is Africa's biggest wind farm. This high-profile 310MW wind energy project, with a budget of €620 million, is the largest private investment and one of the on-going so-called mega projects[26] in Kenya. Once completed and operational, LTWP would save Kenya €120 mln each year in oil imports, contribute €22.7 mln a year in taxes, reduce the need to depend on unreliable hydropower and generally contribute to national economic development (Kenya Vision 2030, 2012). The project has gained international acclaim by winning the title of the African Renewables Deal of the Year 2014 (IJ Global Awards 2014 Europe & Africa) and the Power Deal of the Year 2014 (Africa investor (Ai)). It fits well into the new global sustainability and climate-conscious agenda (SDG, Power Africa, UN Sustainable Energy for All [SE4ALL], African Development Bank New Energy Deal for Africa or the United Nations Framework Convention on Climate Change [UNFCCC] Conference of the Parties [COP] 21 Africa Renewable Energy initiative) and has been recognised at the national level as one of the key projects contributing to Kenya's transition to a middle-income country. To this end, it was chosen as a private sector flagship project of Vision 2030 – Kenya's key long-term development blueprint and it is a member of the Kenyan Regional Mega Projects Coordination Council (RMPCC)[27] (Kazimierczuk, 2017). The development of the project took nearly ten years during which LTWP faced many challenges, starting from a lack of adequate political and institutional framework in Kenya at the initial stages of project

[25] The pastoral margins are remote, so far neglected thus underdeveloped and poor regions of the continent inhabited by people whose livelihood depends predominantly on livestock and strategic mobility to access water and grazing resources (African Union, 2010). Pastoralism is under threat, though, since the 1970s, and alternative sources of income, employment and livelihoods are crucial, to avoid deep poverty and major insecurity threats (e.g. Dietz, 1987). Another flagship project developed in the region is the Lamu Port South Sudan and Ethiopia Transport (LAPSSET). Also in the neighbouring Turkana County (on the west side of Lake Turkana), a major oil discovery and exploitation by Tullow oil takes place (Elliott, 2016; Kochore, 2016; Lind, 2018; Mosley & Watson, 2016; Schilling, Weinzierl, Lokwang, & Opiyo, 2016).

[26] Megaprojects are large-scale investment projects typically costing more than € 0.5 billion that are risky, long-term, large in size and scope and often located in remote and/or inhospitable areas.

[27] RMPCC is a multi-stakeholder body that ensures that Kenya's industry, service sector and human capital are developed to play an increasing and significant role in the delivery of the on-going and upcoming mega projects in Kenya.

development, through lack of necessary infrastructure, withdrawal of a main donor, technical issues to challenges related to timely construction of the transmission lines.

LTWP is one of the most prominent examples of a private renewable energy investment at the pastoral margins. It is located on the south-east side of Lake Turkana in Marsabit County inhabited by semi-nomadic pastoralists. It is one of the most remote, underdeveloped and poor regions of Kenya – so far excluded and seriously neglected by the government and investors. The project's remote location and long-term neglect, complex local dynamics and lack of necessary infrastructure were the main challenges that the investors had to overcome on the local level. In order to make the project functional, everything had to be built from scratch: the wind farm, 150 housing units for the staff (called "The Village"), admin offices, a fully equipped turbine maintenance workshop, the substation to connect the wind farm with the national grid, 438 km high voltage transmission lines, and the construction, or rather the upgrade of the road from the A2 highway at Laisamis to the project site (O'Hanlon, 2015). The construction of the wind park, the camp and the road were executed under LTWP supervision, while the construction of the transmission lines was taken over by the state-owned Kenya Electricity Transmission Company (KETRACO).

The wind farm and the road were built predominantly by Kenyan companies and Kenyan workers. The construction (by August 2016) involved over 1,400 people,[28] the majority being local and national, as well as some international from more than twenty companies, both international and Kenyan. The construction of the road and office units started in October 2014 and was finished by February 2016. To make way for the new road, one local village (Sarima) had to be resettled,[29] as well as a few houses in two villages along the old road, namely in Illaut and Namarey. From March 2016 on, the wind park consisting of 365 wind turbines started to be erected, on average one turbine a day. A year later, the wind park was ready for commercial use.[30] Within a span of two years the area has experienced a number of major changes, particularly in terms of infrastructure but also in social terms.

The founding fathers highlighted that the project was a good business opportunity for the investors but also a good opportunity for Kenya and for the long-neglected local communities. One of the founders' hopes was that LTWP would transform the previously neglected northern parts of Kenya "from a pastoralist 'periphery' into productive heartland" (Cormack & Kurewa, 2016: 2). Consequently, they insisted that their investment would be accompanied by an ambitious community development plan and funds available to realise it. Despite obvious financial benefits to the founders, which would be reached after 11 years of operations, LTWP is an excellent example of a 'modern' private sector initiative that from its very beginning has had a very strong sense of corporate responsibility coded in its DNA.

This case study illustrates that even for a company that strives for both inclusive processes and inclusive outcomes from the very beginning of its operations, it remains very difficult to accomplish both in practice. LTWP did achieve some inclusive outcomes[31] but the process that led to it has been long and

[28] During the entire construction phase, which ended in June 2017, the Project employed an overall total of over 2,500 people (of whom about 75% came from Marsabit County) (LTWP, 2017). In December 2018, the Project employed 455 people, of whom 73% were from Marsabit County, 24% were from other parts of Kenya and 4% were expatriates.

[29] Sarima village was resettled 800 m from its previous location not to be located directly on the road. The resettlement of Sarima became a controversial topic that met a number of complaints about inadequate compensation (cf. Danwatch, 2016).

[30] The construction of the wind farm was completed in April 2017. The project, however, remained non-operational until September 2018 due to the delay in construction of the transmission lines executed by a state-own KETRACO company.

[31] The project is still in its initial stage, so more research will have to be done to assess whether the outcomes have been sustainable.

in itself was not necessarily inclusive. It was affected by a number of external forces on local and national level, and as a foreign investor, an additional international layer added to its complexity.

1.7.3.5 Summary of the case studies and methods

This research draws on a variety of methods under the overarching lead method of process tracing. In practice, each of the three case studies proved to be different and depending on its nature, as well as access in the field and availability of data, imposed a different blend of methods. Table 1 provides an overview of the various methods applied by each of the case studies. The detailed description of each of these methods, as well as process of the data analysis per case can be found in subsequent case studies' chapters 3 to 5.

Table 1. Overview of research methods per case study

Sector & Case Study / Method used	The tea sector Unilever Tea Kenya Ltd. (MNC)	The flower sector Sector-wide study	The renewable energy sector LTWP (Mega project)
Literature and policy review	X	X	X
Company documents review	X		X
Sector-wide survey*		X	
Interviews and participant observation	X	X	X
In-depth company case study (incl. PADev)			X

*used in this dissertation

Two comments regarding the methods that have been used must be mentioned here. First, as the concept of inclusive development, and particularly the nexus between inclusive development and the international private sector, have not yet been extensively theorised, it allowed for the adoption of an exploratory approach. Consequently, the exact research methods were not fixed at the start of my fieldwork. Rather, they developed during the process of research during interaction with research subjects, supervisors and the field. Each case had to be adjusted in the field, depending on the availability of data and willingness of the sectors' stakeholders to participate in the research. Second, the wide scope of methods applied was possible since this research was embedded in a larger project that allowed for using the capacities of the University of Nairobi and Kenya Association of Manufacturers.

1.7.4 Limitations of the study

Adopting an explorative approach comes with a number of very ambitious aspirations at the beginning of the research, which are then adjusted by the reality in the field. That was the case for this research too. The initial assumption was to apply identical methods in all three case studies for the comparison of the processes traced within each of the case studies: conduct an in-depth literature review on the sector, conduct a sector-wide survey, identify companies within each sector for an in-depth case study, analyse internal company documents, interview the management and staff of each of this company, as well as relevant stakeholders in the sector. In practice, carrying out fieldwork and data collection among the private sector is highly dependent on the prevailing conditions on the ground, time of the year, and willingness of the businessmen to dedicate their time to participate in such study and grant access to their employees. Not all companies openly embrace the idea of being researched by an entity that they did not commission, especially in sectors that have experienced long-term criticism from the side of academia and activists. That was the case for the flower sector. Consequently, it was not possible to conduct an in-depth company case study in this sector, as initially expected. Time was also a limiting factor for the data collection, thus there was not enough time to conduct such an in-depth company case study with UTKL. To mitigate this limitation, there was extensive reliance on triangulation of data from multiple sources. Consequently, only the case study of LTWP is analysed in-depth.

Conducting research in a foreign country is usually related to the language barrier. For once, this was not the case. With the exception of a part of the data collection among the local communities in the case of LTWP, the interviews were conducted in English without assistance from a translator/interpreter. Researching Dutch business in Kenya meant interactions with Dutch businessmen, the management of such businesses which in all of the cases was fluent in English, as well as a number of officials and key stakeholders, who per definition of their positions were fluent in English.

Finally, given the qualitative and exploratory nature of the research, as well as the challenges encountered during the data collection, this dissertation provides three individual cases of the processes behind the three sectors' developments in Kenya and the role of some Dutch companies in fostering inclusive development. The findings should not be generalised, nor considered as fully representative of all Dutch companies in Kenya or Africa. However, the study findings may be used as input into the design of follow-up research on the contribution of the Dutch private sector to inclusive development in Kenya or elsewhere, and hopefully also stimulate debate among policymakers and business leaders.

1.8 Structure of dissertation

The remainder of this dissertation is organised as follows: Chapter 2 starts as a more general review of Dutch development policies (since 1949) with attention to the promotion of private sector development in order to examine a potential role of Dutch development policies in creating an enabling environment for the 'home' (Dutch) and 'host' (recipient) private sector to contribute to inclusive development through (productive) employment creation. Chapter 3 is the first empirical chapter and the first case study in this thesis. It documents a process behind nearly a century of tea sector development and the role of Unilever Tea Kenya Limited (UTKL), and its predecessors in it. Chapter 4 – the second case study – examines the current state of the flower sector in Kenya and traces the processes behind the sector development since the 1970s, as well as investigates the role of international (especially Dutch) capital in promoting productive employment and inclusive development. Chapter 5 presents the in-depth case study of Lake Turkana Wind Power (LTWP) – Africa's biggest wind farm – an investment initiated and implemented by a group of Dutch entrepreneurs. It examines the Kenya energy sector, with particular attention to wind energy, documents the process of nearly a ten-year period of project development, as well as LTWP's contribution to inclusive development through employment creation and their Corporate Social Responsibility programme. Finally, Chapter 6 provides the summary of processes traced within each of the case studies and reflections on the practical, theoretical and methodical implications of the findings. This dissertation concludes with a set of recommendations for further research and to policy.

Chapter 2. Historical overview of development policies and institutions in the Netherlands, in the context of private sector development and (productive) employment creation[32]

2.1 Introduction

This chapter reviews Dutch development cooperation policies for the years 1949-2019 with particular attention for private sector development (PSD). Consequently, this appraisal examines a potential role for Dutch development policies in creating an enabling environment for the 'home' (Dutch) and 'host' (recipient) private sector to contribute to inclusive development through (productive) employment creation and promotion of Corporate Social Responsibility. This chapter reveals that Dutch development cooperation policies have been motivated primarily by Dutch self-interest with key support given to the promotion of private sector development. An increased policy focus on productive employment and Corporate Social Responsibility (CSR) by Dutch companies operating abroad has only been seen since the 1990s. This is a starting point for the further analysis of the Dutch companies operating in the flower, tea and energy sectors in Kenya.

2.2 Overview of the current literature

A number of publications reviewing the history of Dutch development cooperation have been published. Huygens ING, a Dutch research institute of History and Culture, compiled a unique and detailed dossier of Dutch development cooperation policies from 1945 to 1989. The policies are presented in the form of a chronological source edition, in book form (six volumes in total, available in Dutch), arranged around sixteen main policy themes (Dierikx et al., 2015). In their book, Nekkers & Malcontent (2000) cover 50 years of Dutch development cooperation – from 1949 to 1999. Among the most recent sources, Spitz, Muskens & Ewijk (2013) and an evaluation by the Dutch Policy and Operations Evaluation Department (Directie Internationaal Onderzoek en Beleidsevaluatie, IOB) (2014) titled, 'Good things come to those who make them happen. Return on aid for Dutch exports', briefly reviewed Dutch development cooperation from 1949 to 2012; while Verwer, Schulpen & Ruben (2014) and Stokke (2019) reflect on 65 years of Dutch development cooperation (1949-2014) to stimulate the debate on the future of Dutch aid. The former publication is available only in Dutch. Additionally, a number of Master's theses that compile the history of Dutch development cooperation have been produced (e.g. Sule [2011] or Giesbers [2012]), as well as a highly critical PhD thesis by Lodevicus Janssen from the University of Twente (strongly criticised by [Hoebink, 2010]), which describes the unsuccessful management of Dutch development cooperation over the years (Janssen, 2009). A brief history of Dutch development aid can also be found in Brinkman's historical overview of the Dutch development organisation SNV's programme (I. Brinkman & Hoek, 2010), the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) peer reviews of the Netherlands (OECD, 1997, 2001, 2006, 2011, 2017), *The Netherlands Yearbook on International Cooperation* (Hoebink, 2006c, 2007, 2009c) and a number of other publications.[33] With few exceptions, this chapter is built predominantly on sources available in English.

For the purpose of this study, the above-mentioned sources (and others), as well as the latest Dutch development policies available in English (and, in some instances, in Dutch), were reviewed to give a balanced overview of changes that have occurred in Dutch development policy since the 1950s with regards to private sector development and productive employment.

[32] This chapter is based on a published ASC Working Paper no 122/2015 (Kazimierczuk, 2015a). A part of this chapter was also published as an article (Kazimierczuk, 2015b).
[33] See for example: Arens, 2003; Breman, 2011; Hoebink & Schulpen, 1998; NCDO, 2012; Van Beurden & Gewald, 2004; Van Lindert & Verkoren, 2003.

2.3 Historical overview of Dutch development policies on private sector development

A number of trends can be distinguished within the historical reviews of Dutch development policies. The debates oscillate around topics such as: reasons for development aid (often referred to as the 'clergyman vs. merchant' debate); aid effectiveness; tied aid; and policy coherence.[34]

2.3.1 1949-1962: Beginning of development aid and transition period[35]

Dutch development cooperation started in response to President Truman's 'Four point programme'[36] announced in 1949 and, consequently, the creation of the United Nation's Expanded Programme for Technical Assistance (EPTA) on an international level and the Working Committee on Technical Assistance to Low Developed Countries (WITHALL[37]) at the country level of the Netherlands. As a result of WITHALL's work, the Netherlands became one of the first countries to offer financial support via EPTA (Nekkers & Malcontent, 2000).

The rapid response of the Netherlands was also a result of the on-going decolonisation processes, especially the loss of Indonesia in 1949 and New Guinea in 1962.[38] In particular, the 'de-Dutchification'[39] of Indonesia between 1954 and 1958 played a crucial role in the expansion of Dutch development

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[34] Smits (2010) points out another distinction among topics of Dutch development policies until 1989. In addition to the 'clergyman vs. merchant' debate, he discusses bilateral vs. multilateral aid, technical vs. financial aid, and public authority vs. private organisations. These topics will be returned to in the narrative of this paper.

[35] The first period labelled as a 'Transition period' is based on narratives in Hoebink (2006a) and Nekkers & Malcontent (2000). Other headings in this sub-chapter reflect the period distinguished by IOB (2014)

[36] "A bold new programme for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas" (Truman's inaugural address quoted in Nekkers & Malcontent, 2000: 11).

[37] Werkcommissie Inzake Technische Hulp aan Laag-Ontwikkelde Landen (Postrach, 2009). WITHALL advised the government on policy vis-a-vis UN and was overseen by the Directorate International Organisations (DIO, Directie Internationale Organisaties) (I. Brinkman & Hoek, 2010).

[38] Between 1950 and 1966, New Guinea experienced considerable development as a result of an influx of Dutch development funds, especially in terms of infrastructure and administration as well as in agriculture, forestry and mineral exploration and exploitation (Dietz, 1979).

[39] Nationalisation of all Dutch businesses operating in the country led to a loss of investments estimated to be ~5 billion Dutch guilders (NLG) (€1 would be 2.20371 NLG [http://ec.europa.eu/economy_finance/euro/countries/netherlands_en.htm access on 28.07.2015]). Some businesses, like Unilever and Royal Shell, were allowed to stay as, being joint British and Dutch ventures, they could staff their operations with British citizens. The opportunity to improve relations with Indonesia came in 1967 after President Sukarno was forced to step down and the new leader called for international financial support. The Netherlands together with the United States took the lead in organising an international aid conference, which led to the establishment of the Inter-Governmental Group on Indonesia (IGGI). The Netherlands chaired the IGGI and also provided generous funds in bilateral financial assistance through the IGGI. The Netherlands hoped that their substantial financial contribution to the development of Indonesia would compensate for the 'painful process of decolonisation' and also urges the government in Jakarta to provide Dutch businesses with (some) financial compensation for their losses during the de-Dutchification process (Dietz 1979; Nekkers & Malcontent, 2000).

cooperation.[40] The Netherlands was urged to “find a useful way of employing the tropical expertise[41] that had been acquired in the East India […] [as well as] potential good prospects for investing Dutch capital” (Hoebink, 2006a: 24). The development aid programme remained small, however, and without any concrete policy plans or long-term strategy (Hoebink, 2006a). Until 1965, Dutch Oversees Development Assistance (ODA) was predominantly in the form of technical assistance to a small number of colonies and former colonies[42] and spent through multilateral channels,[43] such as the United Nations (UN) (OECD, 2001). The responsibility for organising it was initially assigned to the Ministry for Union Affairs and Overseas Territories and later (1950) handed over to the Ministry of Foreign Affairs[44] (MFA) (Nekkers & Malcontent, 2000). The international aid received after the big flood in the Netherlands in 1953 opened the hearts of the Dutch for development aid even further (Spitz et al., 2013). This continued until 1962, when a ‘Policy Document on Aid to Less-Developed countries’ was sent to the Parliament by the Minister of Foreign Affairs – Luns – highlighting the responsibility of the Western world to support less-developed countries. This was the only attempt to formalise development cooperation at this stage. The years 1949 to 1962 can therefore be considered as a transition period between the colonial era and the formulation of a new, Dutch development policy where self-interest (‘merchant’) and job creation for Dutch ‘tropical’ experts and businesses were major motives for engaging in development assistance.

2.3.2 1962-1972: Development cooperation takes off, an increasing focus on Dutch interests

The 1960s was a decade of a rapid acceleration of development cooperation. The decolonisation processes were spreading throughout Africa, while the UN announced its First UN Development Decade, increasing optimism in Europe rebuilt with the support of the Marshall Plan and Rostow’s ‘[The] stages of the economic growth: A non-communist manifesto’ (Rostow, 1960) was growing in popularity. Rostow’s model assumed that underdeveloped countries are capable of passing through the same stages of development as the West did. Therefore, with enough technical assistance provided by Western countries, developing countries would be able to eliminate bottlenecks in the process of economic growth and ‘take off’ towards a ‘Western-model’ economy.

A separate position for a Secretary of State for Development Cooperation was established in the Netherlands in 1964. Isaac Diepenhorst (trained as a theologian and lawyer) became responsible for

[40] It was accompanied by an expansion of international focus on other regions of the world, like Africa (IOB, 2014; Kazimierczuk, 2015a). Broader international focus also led to establishing research and commercial institutes focused on Africa, such as the Afrika-Instituut. The Afrika-Instituut was established in 1947 as a scientific documentation centre in Leiden and a trade office in Rotterdam. In 1957, the Instituut split into the African Studies Centre (ASC) (a scientific institute inaugurated in 1958 in Leiden) and the Netherlands-African Business Council (NABC) in Den Haag (ASCL, n.d.; Stakenburg, 1979).

[41] This was one, but the most significant of the four reasons behind the start of Dutch development assistance. The four reasons were: “1. Development aid was of economic importance, as it would make Dutch science and business better known and could help to promote exports; 2. It offered the Netherlands an opportunity to enhance its international prestige now that it was no longer a major colonial power; 3. The UN technical assistance programme would enable the Netherlands to get back into its former colony Indonesia ‘by the back door’; 4. The programme was an excellent source of employment for the many tropical experts who risked losing their jobs as a result of decolonisation” (Nekkers & Malcontent 2000: 12).

[42] Most of the Dutch aid donated in the first ten years went to Indonesia, Suriname, the Netherlands Antilles and New Guinea (I. Brinkman & Hoek, 2010; Nekkers & Malcontent, 2000).

[43] Multilateral aid was preferred at that time as the Netherlands had insufficient means to provide bilateral aid on a larger scale (Hoebink & Schulpen, 1998).

[44] The International Technical Assistance Bureau was created within the International Organisations Department of MFA to prepare technical assistance projects in developing countries and to maintain relations with international organisation (Nekkers & Malcontent, 2000; Postrach, 2009).

development affairs and supervised the Coordinating Committee on Assistance to Less-Developed Countries.[45] It was only decided in 1965 that the position of the Secretary of State for Development Cooperation should be strengthened and upgraded to 'Minister'. The first Minister for Development Cooperation (DC) – Theo Bot, a lawyer by training – became a minister without portfolio, without a department, without a budget and fully dependent on the MFA; but it was an important signal that the development agenda was gaining prominence. Within MFA, the Directorate General for International Cooperation (DGIS) was established as the executive arm of the new Minister for DC. Furthermore, the government established a number of institutions: the National Advisory Council for Aid to Less Developed Countries[46] (NAR) in 1964; the Investment Reinsurance Act in 1969; the Netherlands Development Financing Company[47] (FMO) in 1970; and in 1971 the Centre for the Promotion of Imports from Development Countries (CBI). The purpose of these institutions was to encourage Dutch businesses to invest in developing countries and consequently generate new capital, employment and increase transfer of knowledge (Postrach, 2009; Van Beurden & Gewald, 2004).

Additionally, in the 1960s, the Dutch co-financing programme for development assistance started. An objective of the programme was to channel a part of the Dutch development budget through Dutch non-governmental development organisations. Co-financing organisations represented the pillars of Dutch society: Protestant ICCO; Catholic Cebemo (later CORDAID); Social-Democratic and secular Novib (later Oxfam Novib); and humanistic HIVOS. A Dutch voluntary organisation – Stichting Nederlandse Vrijwilligers (SNV) was also established. The co-financing organisations enjoyed relative freedom in their programming, but their efforts had to be connected to the aid policies of the Dutch government (Spitz et al. 2013; I. Brinkman & Hoek 2010).

In the Netherlands, involvement of the public and solidarity movements[48] with developing countries was increasingly gaining momentum. In the Parliament, the new Minister for DC – a lawyer and a political scientist Berend-Jan Udink – initiated a shift from technical and financial assistance towards development cooperation. This led to an increased aid budget, expansion of government agencies and establishment of non-governmental organisations. One of the key changes introduced by Minister Udink was the start of Dutch bilateral aid. He also limited the number of recipient countries, focusing on only eleven concentration countries and former Dutch colonies.[49] Moreover, by introducing a four-

[45] Coördinatiecommissie inzake Hulpverlening aan Minder-Ontwikkelde Landen. In 1951, the interdepartmental Commission for International Technical Assistance (Commissie voor Internationale Technische Hulp) was established administratively under the Ministry of Foreign Affairs. WITHALL became a working committee of this Commission. In 1964 the interdepartmental Coordinating Committee on Assistance to Less-Developed Countries (Coördinatiecommissie inzake Hulpverlening aan Minder-Ontwikkelde Landen) replaced the Interdepartmental Commission for International Technical Assistance. The new Coordinating Committee formed three subcommittees. The office of the International Technical Assistance changed its name to International Technical Assistance (DTH), which came under the Directorate-General for International Cooperation (DGIS) of the Ministry of Foreign Affairs (http://resources.huygens.knaw.nl/emigratie/gids/instelling/2067155917 access on 12.09.2015).

[46] NAR was a broad-based body chaired by Prof. Jan Tinbergen with 63 members representing business, banking, agriculture, academics, and cultural sectors. Their role was to give advice to the Minister for DC either on request or on their own initiative (Nekkers & Malcontent, 2000).

[47] FMO was a tripartite public-private partnership, with the private sector represented by employers' associations and trade unions. In 1977, Minister of DC – Jan Pronk – raised the government's shareholding in the company from 50% to 51% and scrapped the obligation for the aid to be tied to Dutch economic interest. The aim of FMO was and remains: promoting the interest of the private sector in developing countries (Baneke & Jepma 2000: 262).

[48] Such as the Angola Committee, the Biafra Committee, the Vietnam Committee, the Indonesia Committee or the Other Indonesia Workgroup (Nekkers & Malcontent 2000; Het Andere Indonesie 1978).

[49] See Annex 1 for a full list of partner countries over the years and Annex 2 for a map depicting the changes over the years.

year plan (1968-71), the funds could finally be planned and spent in a more structural way. Dutch bilateral aid rapidly surpassed multilateral aid.[50] Udink saw development as closely intertwined with Dutch economic and political overseas interest as well as a way of creating employment in the Dutch economy. He did not see, however, the necessity to 'tie' aid. 'Tied' aid means that a lion's share of the aid money that recipient countries received from the Netherlands had to be spent on Dutch goods and services in return (Hoebink, 2006a; Hoebink & Schulpen, 1998; IOB, 2014; Nekkers & Malcontent, 2000; Spitz et al., 2013). Regardless, by the end of the 1960s, the amount of tied bilateral aid was 90% in total. The size of the bilateral aid was strongly influenced by the Ministry of Economic Affairs (Stokke, 2019), especially the Directorate-General for Foreign Economic Relations (BEB), which pushed for a higher percentage of 'tied aid' as an "essential means of guaranteeing sales for Dutch businesses" (Nekkers & Malcontent 2000: 23).

A decision to start the bilateral aid was an important step and the result of strong lobbying by the business sector and churches. In 1960 and 1964, the employers' organisations produced policy documents encouraging the government to follow the example of other European countries (such as West Germany) to start bilateral aid. The employers demanded that the government support 'starter' projects and commercial policies projects designed to improve the investment climate for Dutch businesses in developing countries that could be of economic interest to the Netherlands, or areas that had already begun to industrialise. In order to strengthen their links with the MFA and facilitate the submission of desirable project ideas to the government, employers' organisations set up a Development Countries Committee (COL). Most of the pressure came from a group of medium-sized businesses that had long-standing or historical links with the formal colonies or other developing countries. With one or two exceptions, large Dutch multinationals were not really in need of government money for their expansion in developing countries. Ironically, the Ministry of Economic Affairs, which managed 20% of the funds for development projects for the private sector (and it increased until 1973), favoured large Dutch companies as main recipients, instead of small- and medium enterprises (SMEs), to avoid having to manage a large number of small projects.[51] Dutch economic interest remained the dominant reason behind Dutch development cooperation until 1973 (Hoebink, 2006a; Hoebink & Schulpen, 1998; IOB, 2014; Nekkers & Malcontent, 2000; Spitz et al., 2013; Stokke, 2019)

In conclusion, Dutch development policies in the period between 1962-1972, certainly in regard to private sector development and productive employment creation, were dominated by Dutch self-interest and establishing the mechanisms that would create employment primarily for the Dutch. The budget for development cooperation was heavily influenced by the Ministry of Economic Affairs, which was in favour of 'tied aid'. The Dutch private sector was gradually discovering the potential of starting operations in developing countries and actively sought the support of its government. They mostly did this via COL and institutions such as NAR, FMO and CBI. Despite the fact that most of the Dutch companies willing to start operations in developing countries were medium-sized enterprises, the institutions responsible for funds distribution favoured bigger, multi-national companies (MNCs) (due

[50] "While the total amount of aid almost quadrupled from 1966 to 1971, bilateral aid increased more than tenfold" (Nekkers & Malcontent 2000: 22).

[51] "The 1970 Annual Report from the Dutch Investment Bank for Developing Countries (NIO), through which most financial aid was channelled, showed that three-quarters of the aid to India and Pakistan was distributed by five to eight companies. […]. This conclusion is also true of aid to other countries: large companies in the electro-technical industry (Philips), the metal, machine and shipyard industry (VM.F/Stork, IHC), the transport industry (Fokker, DAE), and the chemical sector (fertiliser industry: Netherlands Nitrogen Company NSM and United Fertilizer Factories, UKF) each accounted for an average of 20 to 25% of the relevant financial aid" (Hoebink 1999: 185).

to the smaller administrative burden linked to such arrangements). The main priority during this period was to promote the interests of Dutch companies in developing countries.

2.3.3 1973-1981: Strong growth of development cooperation and more focus on poverty alleviation

Jan Pronk is probably the most well-known Dutch Minister for DC.[52] Not only because he served in this capacity twice (1973-77 and 1989-98) and in total for over ten years, but also for giving Dutch development policies a more ideological and 'moral' character. During his first term in the office, the role of development cooperation as an instrument to promote the Dutch private sector officially diminished and poverty reduction became the primary objective. Pronk – educated as an economist – was strongly inspired by a Dutch economist and Nobel Prize laureate Jan Tinbergen[53] and the New International Economic Order (NIEO) promoted by UN. Another motive behind the policies he championed was a sense of guilt for sufferings caused by the Netherlands in colonial times.[54] In his White Paper on Bilateral Aid from 1976, Pronk introduced a concept of 'self-reliance' in connection not only with the "nation state but also with the most vulnerable groups within it" (Nekkers & Malcontent 2000: 32). It was assumed that underdevelopment and poverty are not 'natural phenomena', but the result of unjust international relations. A (partial) blame for this state must be taken by the Western world and therefore it should also be a part of the solution (such as fair trade or untied aid).

Under Pronk, the government allocated 0.7% of its national income to ODA. Furthermore, the development aid budget should have been spent on projects benefiting the poorest and, ideally, aid should not be 'tied' but should give the recipient countries more freedom to spend the funds in the developing country itself, as long as it boosted their local production. Though Pronk was not successful with fully 'untying' aid,[55] he successfully gained more control over the development budget by moving the financial aid from the Ministry of Economic Affairs to that of Development Cooperation. Overall, the position of the Minister for DC was strengthened during his term.[56] He also introduced new criteria for selection of 'concentration countries' – countries that Dutch aid would predominantly focus on. The first two criteria were a country's poverty level and its actual need for aid. A third criterion, controversial for some, was "the extent to which the prevailing socio-political structure allows the adaptation of policy truly aimed at improving the situation in the country and ensure that aid benefits society as a whole; in this connection, particular attention shall be paid to human rights policy" (Nekkers & Malcontent 2000: 33). The 'third criterion' politicised development cooperation, opening the

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[52] "Pronk made an enormous impact on Dutch development thinking and practice, although some maintain that the influence of Pronk's policy was more limited than generally assumed" (I. Brinkman & Hoek 2010: 98).

[53] Prof. Jan Tinbergen was an economist who suggested introducing trade policies that would be favourable to developing countries in order to close the gap between rich and poor countries.

[54] In 1975, Suriname became independent from the Netherlands. The Netherlands provided a very generous financial development aid to the new republic (3.5 billion NLG) and left its door open for the Surinamese who wished to migrate to the Netherlands. Mass emigration left Suriname with only 350,000 inhabitants, which, in combination with the high level of development funds received, "made it one of the leading recipients of aid per capita" at that time (Nekkers & Malcontent 2000: 34).

[55] In 1977, as a result of increased state shares in FMO (see footnote 47), it was possible to partially untie financial aid, meaning that the funds had to be spent either in the Netherlands or in the developing countries themselves (Baneke & Jepma, 2000).

[56] In addition to responsibility for the disbursement of financial assistance taken over from the Ministry of Economic Affairs, the Minister for DC together with the Minister of Finance was responsible for relations with the World Bank and development banks, and primarily responsible for policy consortia and aid groups. Jointly with the Ministry of Economic Affairs, he would share responsibility for UNCTAD policies. While on paper BEB was still part of official disbursement missions, in practice Pronk kept BEB influence to minimum (Nekkers & Malcontent 2000).

Netherlands up to influencing target countries' internal policies; as well as opening up for some 'controversial' countries, such as communist Cuba with Castro's 'socially just' policies, among others. Overall, sub-Saharan Africa became a more important recipient of Dutch development aid as well as a partner in trade (IOB, 2014; Kazimierczuk, 2015a). Lastly, Pronk set up the Operations Review Unit (IOV) (later to become Policy and Operations Evaluation Department – IOB) with an objective to provide the Minister for DC with timely and reliable information on the quality of Dutch development assistance (Hoebink, 2006a; Hoebink & Schulpen, 1998; IOB, 2014; Nekkers & Malcontent, 2000; Spitz et al., 2013).

During Pronk's years as the Minster for DC, there was an increased focus on civil society channels, which allowed NGOs to develop close networks of civil partner organisations in developing countries and paved the route for an increased co-financing budget in the years to come (Spitz et al., 2013). The part of development funds channelled via NGOs constituted roughly 15% of the total development funds. With the new approach, most of the NGO projects were distributed in the poorest and most peripheral areas of the (recipient) country with a high prevalence of poverty. It was mostly focused on poverty reduction through 'integrated rural development' and provision of basic needs[57] programmes (Dietz & Koninx, 1984). The new policies led to substantial tension between the government and the private sector, however. Pronk believed that market forces would not result in an optimal international distribution of labour and suggested closing down and moving certain sectors' operations of the Dutch economy to developing countries. Already in 1974, the government stated that trade and aid should be dealt with simultaneously ('the integral structural approach'), meaning a coordinated approach towards policy coherence on the transfer of financial flows, debt, raw materials, trade, industrialisation and agriculture. Though the focus was less on internal and development cooperation policies, "the relative growth of wealth in the Third World got larger emphasis" among different foreign policies[58] (Hoebink 2013a: 184). Consequently, in collaboration with the Ministry of Economic Affairs, a special Reconstructing Programme was launched in 1975. Despite tensions, Pronk felt that it was important to sustain the dialogue with the private sector and tried to persuade them "to have regard for the interests of the developing country in question" while planning their international activities (Baneke & Jepma 2000: 254). The Minister envisioned a twofold task for the private sector in development cooperation: to carry out aid projects set up by the government and international organisations; and to become a partner in the industrialisation processes of developing countries. Consequently, the Netherlands provided substantial assistance to the Dutch private sector to work (mostly) in the field of infrastructure and material supplies. Similar to the NGOs, the companies were encouraged to work in the countries' peripheries: constructing new key roads, engage in rural and agricultural development and water management[59] (Dietz & Koninx, 1984). Although Pronk's ideological ('moral') policies seemed to restrict the influence of firms in development projects in theory, in practice it was otherwise.[60] As the pool of funds available for development projects grew, officials were increasingly keen on funding projects

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[57] For example, such effort was made in Kenya – one of the most important partner country for the Netherlands (Dietz & Koninx, 1984).

[58] Through the 1970s, the Netherlands supported developing countries via support for NIEO and a number of trading practices. The Netherlands was in favour of creating a Common Fund enabling developing countries to be compensated for losses cause by declining prices of raw materials and was prepared to give balance of payments support or programme aid to countries affected by decline of oil and raw material prices. At the same time, the Netherlands was seen as one of the most protectionist European government and locked in European points of view with rather defensive attitude (Hoebink, 2013a).

[59] See an example of Kenya (Dietz & Koninx, 1984).

[60] For example, in Indonesia it is claimed that the actual beneficiaries of the Dutch development aid was Dutch businesses (Dietz, Koekebakker, & Utrecht, 1978). Moreover, the general evaluation of Dutch bilateral development co-operation prior to 1980 concluded that 5% of all development projects were 'very satisfactory'; 35% 'fairly satisfactory'; 19% 'satisfactory to a limited extent'; 20% 'fairly unsatisfactory'; and 8% 'very unsatisfactory'. A general conclusion of the report was that Dutch aid had supported heavily the economic autonomy of countries as a whole, instead of poverty reduction in certain sections of their populations (Beurden & Gewald 2004: 45).

proposed by the private sector (often via COL). Consequently, it led to a greater involvement of the Dutch private sector in developing countries during Pronk's first term in office and built up substantial expertise on rural development and peripheral water management. They also (indirectly) created employment (Baneke & Jepma, 2000).

Jan de Koning – a human geographer – took over from Pronk in 1977. De Koning kept the poverty alleviation policy introduced by Pronk as one of the priorities of the Dutch development aid but added to it the 'promotion of political and economic emancipation' of nations. This led to the "two-track policy" in which "an improvement on the position of the poor was coupled with the economic self-reliance of Third World countries" (Hoebink & Schulpen 1998: 14). De Koning toned down Pronk's 'third criterion' and reduced the number of recipient countries. He also partly untied aid. He highlighted the role of trade and industry, therefore the role of Dutch firms in development cooperation should have been increased while the role of the state should have been limited to purely regulative functions. The minister felt that the government's role is to create a framework for trade stimulation and provide credit guarantees, and thus an economic environment that enables the private sector – the most important link with development countries[61] – to engage in activities beneficial for (in particular) the Dutch economy and employment.

In 1978, De Koning launched the Netherlands Management Cooperation Programme (PUM) – which aimed at posting senior Dutch private sector managers to firms in developing countries for a short period of time. The programme's objective was to share the knowledge of Dutch senior (often world-class) experts with entrepreneurs in developing countries to help them improve their business performance and create jobs locally. This knowledge should be further shared on the local or national level facilitating growth for the industry and community. The programme was partly financed by the Netherlands Christian Employers' Union (NCW). PUM proved to be very popular in the coming years and was evaluated positively by DGIS (in 1991) "to make a positive contribution to employment creation and to the development of human resources as well as to the quality of management in the recipient countries" (Hilhorst & Sideri 1995: 10). In order to further encourage Dutch export and involve the private sector in economic activities in developing countries, in 1979, De Koning, in collaboration with the Ministry of Economic Affairs, launched a 'mixed-credit programme' – a programme financing Dutch development-oriented exports to developing countries. It was also a response to the growing need for a new policy instrument that would increase the competitiveness of national exports and development countries' imports as well as support private sector autonomy. Moreover, the programme was a synergy with the matchmaking facility of the Ministry of Economic Affairs (Hoebink, 2006a; Hoebink & Schulpen, 1998; IOB, 2014; Nekkers & Malcontent, 2000; Spitz et al., 2013).

From the outset, the mixed-credit programme faced criticism about how to reconcile economic (Dutch) interests with development objectives. In response, the Dutch Tweede Kamer (House of Representatives) demanded that DGIS strengthen the 'criterion of development' within the programme, i.e. to check whether the funded projects are "financially or economically viable; whether they generated exports or substituted imports; whether they would create employment opportunities and take account of the level of technological knowledge required for proper use of the capital goods for which support was requested" (IOB, 1999: 11). In the subsequent decade, over 1 billion Dutch guilders (NLG) were spent on this regulation, leading to an export of goods worth 3 billion NLG. In 1987, mixed-credits were replaced by a programme of Less Concessional Loans (LCLs), which not only provided concessional loans for exports of capital goods, but also included service contracts that were linked to civil engineering projects or institution-building in developing countries (IOB, 1999). In the 1990s, the programme lost its importance as a result of an increased international pressure on export subsidies. Over the years, the programme proved to be extremely successful in promoting Dutch exports while being less successful at assuring the development-relevance of these transactions, such

[61] "The only direct action taken autonomously by the government in relation to dealings with developing countries will be the provision of aid" (Baneke & Jepma 2000: 255).

as financial and economic sustainability, technological integration and minimal employment creation. Moreover, the projects were not generally concentrated in the poorest countries (Beurden & Gewald 2004; Hoebink 2013a).

The inclusive development contribution of the Dutch private sector was limited. In 1981, the Centre for Research on Multinational Corporations (SOMO) published a report on the involvement of the Dutch private sector in development cooperation, concluding that "Dutch firms have used development funds and the spending conditions imposed by the Dutch government to turn the growth of certain developing countries to their own advantage. […]. Development aid would appear to be an ideal instrument for promoting the interests of large firms[62] and for forcing developing countries to undertake the process of international restructuring advocated by these firms" (Baneke & Jepma 2000: 255). It shows that, despite all the efforts, Minister De Koning failed to encourage the private sector to be more active in developing cooperation. Following his time in office, he expressed his regret regarding the passive attitude of the Dutch private sector in exploring the new developing markets (Hoebink, 2006a; Hoebink & Schulpen, 1998; IOB, 2014; Nekkers & Malcontent, 2000; Spitz et al., 2013).

The rapid increase in aid under Pronk, with very little expansion of the staff responsible for supervising and monitoring development projects in developing countries, generated organisational problems. De Koning decided to reorganise DGIS. The existing structure, consisting of a division into a department for technical aid and a department for financial aid, was replaced by regional directorates with country offices and a department for sectorial specialisation. The role of country offices was to coordinate aid targeted to a given country as well as preparation of country documents enhancing the quality of future development projects and policy planning. At the same time, development expertise began to be built up at Dutch embassies in developing countries.[63] Finally, more personnel were hired within DGIS itself (Hoebink & Schulpen, 1998; Nekkers & Malcontent, 2000). Figure 53 in Annex 3 illustrates the institutional structure of the Dutch Ministry of DC for the years 1965-1989.

In September 1981, Kees van Dijk – an economist by training – took over as Minister for DC. Though he had little time to prove himself as a Minister (the government fell after fourteen months), he did manage to bring order to development cooperation finances. He also intensified collaboration with the private sector, claiming that more attention should be given to the link between aid and employment. In order to further strengthen the cooperation with the private sector, to disseminate information and act as an intermediary between the government and the private sector to disseminate information, Van Dijk appointed a Private-Sector Coordinator at the ministry. At that time, however, most Dutch development aid was directed to poor and least developed countries, which the Dutch private sector partly considered as less attractive places to invest in (Baneke & Jepma, 2000; Nekkers & Malcontent, 2000). Therefore, similar to De Koning, "he [Van Dijk] too was left mainly with criticism of the business community for not taking a more active role in relations with the Third World" (Hoebink & Schulpen 1998: 14).

The period between 1973-1981 brought a number of changes, but also new solutions for Dutch development assistance in terms of (productive) employment promotion. Pronk's more ideological vision of development cooperation and greater focus on poverty reduction led to the increased budget for those NGOs serving peripheral and the poorest regions in the concentration countries. In parallel, Pronk sustained his dialogue with the private sector and Dutch businesses remained a recipient of development aid funds. This led to greater involvement of the Dutch private sector development in developing countries' peripheries, especially in the infrastructure, material supplies, rural and agricultural development, and water management. De Koning continued Pronk's 'moral' philosophy, while highlighting further the role of the private sector in development and in employment creation

[62] For example AKZO in Indonesia (Dietz 1979: 163).

[63] Over a period of three years, about fifty officials were posted to various embassies for this purpose (Nekkers & Malcontent 2000: 42).

(particularly in the Netherlands). Launching programmes such as PUM, mixed-credit or Less Concessional Loans, the Netherlands contributed to some (productive) employment creation (especially via PUM) but more predominantly promoted national exports and the interests of its large MNCs in developing countries (such as AKZO in Indonesia). As the list of partner countries contained a number of least-developed and poor countries, Dutch (small and medium) investors were discouraged from being more proactive. Both De Koning and later Van Dijk criticised the private sector for its passive role at this time in relation to developing countries and its rather limited contribution to employment creation in developing countries.

2.3.4 1982-1989: The main years of structural adjustment programmes and balance of payments support

During the 1980s, trade with developing countries stagnated (IOB, 2014; Kazimierczuk, 2015a) partly as a result of on-going world economic crises and partly because of demanding Structural Adjustment Programmes (SAPs) introduced by the World Bank (WB) and the International Monetary Fund (IMF). In the Netherlands, there was increased pressure on development cooperation to boost the Dutch economy and create employment in the country (even though the aid was already partly untied). Eegje Schoo – an educationalist and the first liberal Minister for DC – was the first to break a taboo by stating publicly that "Dutch interests are not necessarily incompatible with the interests of development policy" (Baneke & Jepma 2000: 258). She recognised the crucial role of the private sector but criticised the fragmentation of development cooperation[64] that had happened during previous years. In the key policy documents, she emphasised "effectiveness and sustainability of aid projects, with profitability and productive employment as key criteria" (Baneke & Jepma 2000: 258). Consequently, in order to increase effectiveness of aid, the number of concentration countries, now called programme countries, was cut to ten. She also put more emphasis on equal opportunities for women. The 'two-tracked policy' was replaced by 'structural poverty alleviation' with a presumption that poverty can only be successfully reduced in a growing economy. A proposal was introduced to enhance greater involvement of the private sector, stimulate national exports and create employment (mostly in the Netherlands) by combining a large number of bilateral activities into two sectorial programmes: rural development and industrial development. As the private sector was mostly interested in the latter, new instruments (in addition to existing ones) were introduced, such as: facilities for occupational training, feasibility studies and temporary management support. During Schoo's years in office, 24% of bilateral aid was spent on industrial development. Over half of these funds was spent on physical infrastructure, 40% on industrial activities in the narrow sense and the remaining amount was dedicated to other activities, such as institutional facilities. DGIS was not, however, free from criticism. The Dutch private sector's main complaint regarding DGIS was its lack of efficiency in providing information, not being business-oriented and favouring big companies over small firms (Hoebink & Schulpen 1998; Baneke & Jepma 2000; Nekkers & Malcontent, 2000).

Schoo was a well-known opponent of tied aid. During the Dutch EU presidency in 1986, she put forward a proposal to the European Commission to untie aid. It would mean that all EU member states would have to abolish the practice of tied aid simultaneously. As there was not enough support for her proposal behind the scenes, she decided to withdraw the proposal at the last possible moment (Baneke & Jepma 2000; Nekkers & Malcontent 2000).

It should not be forgotten that Dutch development aid was not limited to bilateral assistance during this period. In the 1980s, the Netherlands supported Structural Adjustment Programmes (SAPs), especially through co-financing by the World Bank. Additionally, the Netherlands provided import

[64] At that point, the Netherlands was financing activities in over 110 countries (Nekkers & Malcontent 2000: 46).

support and balance of payment support, which was mainly tied to imports from the Netherlands (IOB, 2014).

Piet Bukman took over the office in 1986. Bukman, a social geographer by training, continued the policies started by Schoo and emphasised the role of the private sector (and NGOs) in development cooperation. He established a government sub-committee chaired by the Prime Minister and coordinated by the Minister for DC. It served as a forum for discussion of development issues between the Dutch private sector and the government. Bukman also launched a number of consultations with the private sector (DGIS, COL and FMO) on improving collaboration between the public and private sectors for the benefit of developing countries. As a result, a report suggesting amendments and new instruments for private sector development was published and presented to the Lower House by Bukman. During his term, the relations between private and public sector were described by some authors as “excellent” (Baneke & Jepma 2000; Nekkers & Malcontent 2000).

One of the main criticisms of Bukman’s ‘self-interest’ policies was that they focused too much on attracting Dutch investments and operations in developing countries, while they actually failed to sufficiently address the actual needs of developing countries, such as balance-of-payment support. The quality, effectiveness and limited impact of Dutch aid on poverty alleviation were fiercely debated in the media. The critical voices did not, however, have any major impact on policies.

In 1989, a political and economic revolution was taking place in the Eastern Bloc countries following the fall of the Berlin Wall, which also had implications for some of the third world countries which were operating under state-run planned economies (Baneke & Jepma 2000; Nekkers & Malcontent 2000).

The years 1982-1989 in Dutch development politics were characterised by a strong promotion of the Dutch private sector development in developing countries and promotion of national interests and employment. The Ministry assumed that the development policy emphasising Dutch self-interest would have a positive impact on developing countries through trickle-down effect, as it would stimulate the economy, which would lead to poverty alleviation. Productive employment creation (mostly in the Netherlands, but also in the recipient country), effectiveness and sustainability of development projects should be the key criterion for obtaining governmental funding. New instruments focusing on occupational training or management support were introduced to facilitate employment creation. The private sector was consulted on a regular basis. Yet again, the Ministry’s inefficiency led to favouring big MNCs over small companies in development projects distribution. The ‘problem’ with the Dutch self-interest policy in that period was that it pushed mainly for Dutch investments and operations in a country while neglecting the local needs. Moreover, the quality and effectiveness of aid sparked a national discussion on its impact in terms of poverty alleviation.

2.3.5 1990-1998: Aid as a catalyst for development

Jan Pronk became a Minister for DC for the second time towards the end of 1989. In September 1990, with the presentation of his report ‘A World of Difference’, he established a new course for Dutch development cooperation. Pronk reduced the role of the private sector in development and prioritised ‘sustainable poverty alleviation’. Poverty alleviation in Pronk’s opinion depended on three factors: 1. investment in people and their productive potential; 2. provision of basic needs; and 3. increasing poor people’s participation in political decision-making. Such sustainable development was also operationalised into three elements: 1. growth of production; 2. equitable distribution; and 3. maintenance of the ‘environmental utilisation space’. Ownership and bottom-up approaches became key elements of Dutch development policy. As a result, good governance, gender, institutional development and environment were introduced as new imperatives for Dutch ODA. Faced with a number of violent conflicts throughout the world (Yugoslavia, Angola, Somalia among others), Pronk adjusted his first report in 1993 in a document ‘A World in Dispute’, in which he highlighted the importance of peace-making and peacekeeping (as a prerequisite for poverty alleviation) and the importance of ‘good governance’ in the process (existence of reliable administration and effective economic policies). Pronk saw development aid as a political instrument to encourage change in developing countries and less a mechanism for promoting Dutch self-interest. After a reorganisation of MFA in 1995 and replacing country programming with thematic programming, Dutch assistance was focused on eight major themes (in addition to multilateral cooperation[65] and assistance to Suriname, The Netherlands Antilles and Aruba): 1. economy and employment; 2. agriculture and regional development; 3. environment; 4. social development; 5. education, research and culture; 6. human rights, conflict prevention, democratisation and good governance; 7. humanitarian aid; 8. macroeconomics support and debt relief. In 1996, Pronk also abolished the ‘country list’, which led to an increased number of recipient countries, with priorities given to low- and middle-income countries, and consequently to a greater budget fragmentation (Baneke & Jepma, 2000; I. Brinkman & Hoek, 2010; Hilhorst & Sideri, 1995; Hoebink & Schulpen, 1998; IOB, 2008, 2014; OECD, 1997; Van Dam & Van Dis, 2014).

During Pronk’ s second term in the office, relations with the private sector deteriorated.[66] Pronk was indeed critical towards aid funds used by Dutch firms in developing countries, particularly the lack of transparency involved. Regardless of the tension, Pronk was still in favour of a collaboration with the private sector to a certain degree, stating that “[a]fter all, it is business enterprise, driven by the market, which forms the prime source of economic activity. Productive employment cannot be promoted without encouraging private-sector initiatives”[67] (Baneke & Jepma 2000: 268). In 1991, OECD approved the so-called ‘Helsinki Package’ – a regulation forbidding (with some exceptions) the provision of tied aid credits for commercially viable projects (unless very small or under ‘soft’ conditions) to prevent the use of development aid as export promoter. Pronk supported the idea of untying aid, which became yet another reason for a chill in his relations with Dutch companies. In response to the ‘Helsinki Package’, the Dutch mixed-credit programme had to be adjusted and was transformed into ORET (Development-related Export Transactions programme[68]). ORET was implemented by FMO[69] and the

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[65] Trade-Related Technical Assistance (TRTA) was supported through Dutch multilateral channels. TRTA provides a different type of technical assistance that would strengthen the trade-related negotiating capacity, national trade policy and/or capacity to trade of developing countries (and Least Developed Countries in particular). The core agencies of this programme were WTO, ITC, UNCTAD, UNDP, IMF, WB. Evaluation of TRTA for years 1992-2002 revealed very poor effectiveness and efficiency of this programme, lack of transparency, weak country ownership and poor communication among donors (especially within LDCs at Embassy-level). Due to low impact, the recommendations call for either a fundamental review of the programme or its withdrawal (IOB, 2005). The programme was ultimately reviewed and adjusted for a greater effectiveness. In 2001, a Technical Cooperation Audit Unit was created in the Secretariat in order to assure more optimal use of funds (WTO, 2015).

[66] In 1993, the Netherlands’ main employers’ association – VNO – published a document “Development cooperation: Policies for the next government” expressing the private sector’s critical attitude towards Pronk’s policy. The document claimed that the new policy placed too much emphasis on the role of the government and had reduced the potential contribution of Dutch firms in development cooperation (Baneke & Jepma 2000: 267).

[67] Despite this opinion, private-sector development, the financial sector and productive employment were not regarded as priority areas for Dutch development policy (Baneke & Jepma 2000: 268).

[68] Ontwikkelingsrelevatie Export Transacties. In 1993, a similar programme was established, but specifically geared to environmental improvements in the recipient country MILIEV (Milieu en Economische Verzelfstandiging). In 1998 the ORET and MILIEV programme funds were joined into ORET/MILIEV (or: ‘ORMIL’) (IOB, 1999).

[69] The Netherlands Economic Institute evaluated FMO’s performance between 1985 and 1996 very positively. “Every guilder which the FMO invested in a company generated over eight guilders of productive investments. Over 140.000 new, long-term jobs had been created.” Firms receiving the FMO’s financial support “generated a positive financial and economic yield, had growth potential and made a significant contribution to the transfer of technological expertise and the enhancement of staff skills […], competition had increased and infrastructural facilities had been created. […] Working conditions, terms of employment and environmental protection were all found to be in order” (Baneke & Jepma 2000: 264).

Ministry of Development Cooperation. The main objective of the ORET programme was "to enable developing countries to procure goods and services in the Netherlands which will enhance employment opportunities in the recipient country" (IOB 1999: 17). The Dutch government provided part of the procurement costs as a grant to the recipient government or company, which should guarantee the funding of any remaining procurement costs under the following conditions:

- The transaction should be relevant to the development of the recipient country: create or maintain employment with no adverse effects for the poor, women or the environment, directly or indirectly, or improve the conditions for economic development in the expectation that this will enhance employment opportunities;
- The transaction should be relevant to the Dutch economy; the transaction should comprise at least of 60% Dutch products;
- The transaction should not be financially, technically and managerially viable (IOB, 1999).

Because ORET allowed less room for manoeuvre in comparison to the mixed-credit programme, it met with some criticism from the private sector. Among the main pitfalls mentioned were complicated administrative procedures, lack of continuity and too many criteria to fulfil.

Following the fall of the Berlin Wall in 1989, a PSO programme was set up to focus on cooperation with Eastern Europe. The private sector had considerable expectations of this programme. With growing pressure, PSO was expanded into PSOM – Emerging Markets Cooperation Programme. PSOM aimed at cooperation with emerging markets, such as China, India, Egypt, Cote d' Ivoire, Ghana, South Africa, Zimbabwe and Brazil. Programme aid also included balance-of-payment support, sectoral budget support, debt relief, and programmes to reinforce the institutional capacity of the recipient countries. A project approach was replaced by a sector-wide approach[70] (SWAp) and new, long-term forms of financing the programmes were introduced for specific organisations. Moreover, a number of 'Sustainable Development Treaties' promoting sustainable development in the Netherlands, partner countries and globally, were signed with a number of countries[71] (Baneke & Jepma, 2000; Hoebink & Schulpen, 1998).

Pronk stressed the importance of policy coherence. A large-scale reorganisation of the Ministry of Foreign Affairs was one of the steps towards increased policy coherence. 'Decompartmentalisation', as it is often referred to, was necessary in response to the changing nature of the world, increased interconnectedness of problems and therefore the necessity to merge different policies (Hoebink, 2013a). The change in 1995 was part of an overall review of foreign policy that involved the Ministries of Foreign Affairs, Development Cooperation, Defence, and Economic Affairs. The review introduced a number of changes in "decision-making process, cooperation among ministries, the organisation of the foreign ministry and the development cooperation, the deployment of staff and the role of Dutch embassies" (IOB, 2008: 22). Decompartmentalisation also allowed Pronk to intervene officially in foreign policy. Prior to the change, DGIS was organised along an extended matrix structure of regional and thematic issues (Figure 54 in Annex 3). Since 1996, DGIS has been responsible for several themes of Dutch cooperation and assisting the Directorate General for Bilateral Relations (DGRB) to prepare the medium-term regional programmes on the basis of thematic policies (Figure 55 in Annex 3). As part of the review process, the Homogenous Group of International Cooperation (HGIS) was created (1997) with the objective of bringing together all foreign affairs expenses of the various ministries in one budget overview. The role of Dutch embassies increased. Embassies became responsible for planning,

[70] The idea behind SWAp was that the embassies had to identify a few specific sectors per country that would further inform the aid programmes in this target country. Such an approach was supposed to strengthen the consistency and coherence of development policies, facilitate budget distribution and support local ownership, as, per definition, the SWAp was to be directed to the poorest segments of the society and the lowest level of local governments (which in practice was much more difficult to apply) (Lindert & Verkoren 2003).

[71] They were signed with Costa Rica, Benin and Bhutan.

selection, assessment, monitoring and evaluation of the various aid programmes while receiving only general policy guidelines from HQ. Conducting a permanent policy dialogue with host country authorities was now also in the broader range of Embassies' responsibilities. Decentralisation was an important step towards (what should be) a real partnership between the Netherlands and a host country. Increased and regular dialogue between Embassies and host governments was to assure local ownership in the development process, only supported by the Dutch government (Baneke & Jepma, 2000; I. Brinkman & Hoek, 2010; Hilhorst & Sideri, 1995; Hoebink & Schulpen, 1998; IOB, 2008, 2014; OECD, 1997; Van Dam & Van Dis, 2014).

During Pronk's second term in office, more emphasis was given to productive employment creation, for the first time with an emphasis on productive employment creation in developing countries (via the ORET and PSOM programme). Faced with a number of violent conflicts that spread through the world in the early 1990s, issues of security gained prominence. Officially, Dutch self-interest and the role of the private sector in development diminished, yet Pronk acknowledged that productive employment could not be promoted without encouraging private-sector initiatives. With abolition of the 'country list', aid became fragmented. Another important step was a large-scale reorganisation of the Ministry of Foreign Affairs and increased competences of Dutch embassies to interact more effectively with the host governments.

2.3.6 1999-2009: The main years of the sector-wide approach (SWAp) and budget support, with a strong focus on the MDGs

Eveline Herfkens, a lawyer by training, took over the office in 1998. To some extent, she continued Pronk's policies by keeping issues of poverty alleviation, good governance, human rights, environment, gender and peace and security high on the development agenda. She also highlighted the theme of 'local ownership' and importance of aid effectiveness. She was, however, rather sceptical regarding the role of NGOs and expatriate technical assistance, claiming that developing countries should take things into their own hands, with only limited (field mission) support from Dutch aid workers. Since 2000, Dutch development policies have been realigned with the eight Millennium Development Goals (MDGs). Herfkens also introduced general budget support and was supporting the sector-wide approach (SWAp) (introduced by Pronk), which aimed at increased coherence and integration of the entire development sector. By creating the Policy Coherence for Development (PCD) unit within DGIS, she put more emphasis on this issue. PCD means that "the objectives and results of a government's development policies are not undermined by other policies of that government, which impact on developing countries, and that these other policies support development objectives, where feasible" (MFA, 2006: 3). It also means that the activities of different ministries (for example, Ministry of Economic Affairs and/or Ministry of Defence) became more intertwined.

An important step in the new cabinet was to limit the number of countries with whom the Netherlands maintained structural bilateral aid[72] (from >60) to 17 partnership countries and 29 thematic cooperation countries. The selection criteria included the degree of poverty and the recipient government's commitment to good policies and good governance; the themes available were environment, human rights, peace building and good governance, and business and industry. It was also decided that as much as 50% of Dutch bilateral aid was to go to the African continent. In contrast to Pronk, Herfkens focused much more on the importance of trade and involvement of the private sector. She believed that the "sustainable poverty reduction works best against the background of an expanding private sector that is strong, stable and productive" (OECD, 2006: 38). Together with the

[72] This move was in line with recommendations prepared earlier by the Social-Economic Council (SER). SER concluded that focus on a smaller number of countries and topics will put more emphasis on aid effectiveness and coordinate the untying of aid. SER also advised to reserve more space for the Dutch private sector in development assistance, as well as provide more financial resources to do so (Baneke & Jepma, 2000).

State Secretary of Economic Affairs she co-authored a paper entitled 'In business against poverty', which addresses the private sector more comprehensively. The paper focused on three levels: 1. international environment (trade, FDI, debt, commodities); 2. enabling environment (macroeconomics, political stability, good governance, market functioning, infrastructure, protection of the people and the environment); and 3. specific needs and shortcomings of the private sector (such as knowledge gap, insufficient return of investment, high risks[73]) (OECD, 2006: 38). The paper also highlighted the importance of Corporate Social Responsibility (Baneke & Jepma, 2000; I. Brinkman & Hoek, 2010; Hoebink, 2006b; IOB, 2014; Nekkers & Malcontent, 2000; OECD, 2001; Spitz et al., 2013; Van Lindert & Verkoren, 2003). In the spring of 2001, the OECD finalised its work on improved aid effectiveness of its members and decided that tied bilateral aid to the least developed countries (LDCs) would no longer be allowed as of 1 January 2002. As a strong supporter of untying aid, Herfkens welcomed the decision. As a result, the ORET programme – a fully tied-aid programme – was closed for Least Developed Countries (LDCs) in October 2001. In the subsequent period, at the suggestion of FMO/NIO, the then administrating authority for ORET, an alternative was established in the form of an untied LDC Infrastructure Fund (MOL Fonds)[74] to co-finance infrastructural investments in LDCs, with loans or equity instruments (IOB, 2009, 2012). In 2001, the Trade Union Co-financing Programme (VMP[75]) was funded. Through VMP, the Dutch Ministry of Foreign Affairs grants funding to the Dutch trade union federations FNV and CNV to promote labour and union rights in developing countries and to contribute to sustainable poverty reduction. In developing countries, trade unions were believed to play an important role in promoting civil society and entrepreneurship, as well as contributing substantially to the development of a good economic climate and equitable social relations[76] (CDP, 2012; Koenders, 2008).

Herfkens' successor, Agnes van Ardenne – trained as a pharmacist assistant – initially acted as State Secretary due to discontinuation of the Ministry post and, as of 2003, as Minister for DC without portfolio. She continued the previous policy in terms of improved coherence,[77] the implementation of

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[73] In many cases, the private sector in developing countries was underdeveloped and in practice most of the Dutch investors would not have a direct interest in entering the market. Therefore, the policy should have encouraged the Dutch companies to enter into capacity building relationships with the local private sectors. Moreover, protection of the infant industry in the poor countries would be also necessary but not for the multinational companies investing in these countries, but for national entrepreneurs (Advisory Council on International Affairs, 2005).

[74] According to the IOB evaluation of the fund for the years 2002-2007, the LDC Infrastructure Fund adds value to the FMO product range and was especially relevant for infrastructure investments in the least developed countries in the reporting period. Moreover, most of the projects to which the LDC Infrastructure Fund contributed have an important effect on the infrastructure. These projects had a large development impact. Nevertheless, these effects cannot always be attributed solely to the involvement of the LDC Infrastructure Fund (IOB, 2009).

[75] Vakbondsmede-financieringsprogramma.

[76] IOB expressed its criticism of the VMP first policy frameworks (2001-2008). They were too broadly formulated and insufficiently clear about priorities and intended results, also with regard to their selection of countries and partners (Koenders, 2008).

[77] Based on two case studies – the cut-flower industry in Southern and East Africa and the cotton industry in West Africa – the IOB (2008) concludes that the coherence policy has made a considerable contribution to improving market access for African flower and cotton producers. No new jobs were created in the years under review, but the fact that jobs were preserved is considered by IOB to be a contribution to poverty reduction. Dutch efforts – including those of the embassy – to improve the export position of West African cotton producers were highly appreciated by the West African countries, and by many developed countries and development organisations. However, due to the rigidity of US trade policy and only gradual changes in the EU position, Dutch pressure within the World Trade Organization and the European Union did not prove strong enough to achieve the desired fairer trade conditions on the international cotton markets. Moreover, the IOB was highly critical about the implementation of the Dutch debt relief policy (Lammers, 2008).

the sectoral approach[78] and general budget support[79] to selected partner countries, although she did further limit the number of themes and countries (to 36). Dutch aid became strongly connected with the MDGs (with an emphasis on education, public health and water provisioning), as well as with the recipient countries' own poverty reduction strategies (PRSPs). The main themes, on top of MDGs, were good governance, respect for human rights and capacity enhancement. In response to 9/11 and increased Dutch military presence in conflict countries, more emphasis was put on fragile states and relationships between defence, diplomacy and development (the so-called 3D approach[80]). The Minister attached greater importance to accountability in the use of Dutch aid, which resulted in establishing new instruments for measuring and reporting results, such as the 'results reports'[81] (2004). Van Ardenne continued her predecessor's emphasis on the role of trade, investments and socially responsible enterprises in accelerating economic progress and development with greater focus on bilateral aid and a more regional approach. She did put less emphasis on CSR in comparison to Herfkens, rather highlighting economic development (which was applauded by the private sector). The Minister increased funds for the PSOM and PUM programmes. There was also a number of other 'private sector development in developing countries' instruments available via FMO, such as:

- Investment Promotion and Technical Assistance Programme[82] (IPTA) - programme aimed at improving the knowledge base of small- and medium enterprises (SMEs) in developing countries. Technical assistance activities include: temporary management; short term advice; local training; job related training; education; branch training and service centres.
- The MASSIF Financial Sector Fund - MASSIF provides loans, equity, mezzanine and guarantees to local banks in developing countries. The fund focuses on the bottom of the market in four regions: Balkans, Central America, Mekong and Western Africa.
- Netherlands Investment Matching Fund (NIMF) - through NIMF, FMO provides long-term risk capital and specific sector expertise. NIMF enables FMO to match corporate investments made

[78] The IOB report evaluating Dutch Africa Policy for 1998-2006 (IOB, 2008) finds that the Dutch sectoral approach indeed contributed to improved donor coordination. Donors, however, often lacked the political will to rearrange their aid in accordance with the countries' poverty reduction strategies (PRSPs). Sector support had some positive results. Many Africans benefited from increased access to and improved public services, especially education. However, because most sector funds are channelled through national governments, the political will and the capacity of those governments determined whether poverty reduction was given priority. Attention to rural poverty declined. Like many other donors, the Dutch favoured social sectors (education, health) and neglected support to productive sectors. Very little attention was given to increasing incomes in agriculture and in the informal sector (Lammers, 2008).

[79] The IOB concludes (IOB, 2008) that general budget support was used as a de facto political instrument. It also criticises the fact that the conditions and procedures involved in the use of the track record are not shared with either other donors or the recipient countries. The IOB also expresses its concern that general budget support may lead to increased donor dependency. On a positive note, the general budget support did promote donor harmonisation. Moreover, the Dutch government signed various multi-donor agreements (Lammers, 2008).

[80] The '3D' comprehensive approach combines defence, diplomacy and development to tackle security, governance and development in target areas. The approach assumes that security is complex and needs multidimensional answers, yet separate actors working in fragile states or conflict areas. Although they can aim for the same goals. These typically include the security, governance, development and political dimensions (Van der Lijn, 2011).

[81] In the result reports "staff were required to distinguish between results achieved through Dutch efforts alone, and those achieved in collaboration with other parties, and to state their contributions to the MDGs" (Lammers, 2008).

[82] The programme was closed in March 2006 and is succeeded by FMO's Capacity Development Programme, which focuses on improving the quality of the financial sector in developing countries (OECD, 2006).

by international companies and thus acts as a catalyst for foreign direct investment (FDI). NIMF applies to investments in lower and lower-middle income countries.

- Infrastructure Fund for the Least Developed Countries - provides long-term untied financing for projects in energy, telecom, transportation, environmental and/or social infrastructure. The fund may also participate in international or multilateral funds that facilitate infrastructure projects.
- Netherlands Platform for Micro-financing (NPM) – Dutch organisations that support microfinance in developing countries have joined forces in NPM to coordinate and work together on micro-finance activities. They provide support in the form of loans, guarantees and participations, and subsidies.
- Netherlands Financial Sector Platform (NFX) – a public-private partnership between the government (Ministries of Foreign Affairs, Economic Affairs and Finance), leading Dutch banks and FMO. The objective is to build local financial sector know-how in developing countries through capacity development, training and research (OECD, 2006: 89-90).

Minister van Ardenne also pledged for the liberalisation of trade policy and, more specifically, possibilities for developing countries to export goods. She supported the creation of Public-Private Partnerships[83] (PPPs) and decided to increase spending through NGOs.[84] Under Minister van Ardenne, the focus on Africa was much stronger than it had been during the previous years. The spending for aid to Africa (50% of total bilateral aid) remained unchanged and Van Ardenne produced the first detailed Netherlands' policy for sub-Saharan Africa – 'Strong People, Weak States'.[85] The memorandum stressed the importance of donor harmonisation in combination with capacity building and institutional

[83] According to IOB (2008), with regard to the programme to encourage public-private partnerships (PPPs), which was intended to involve the Dutch private sector, progress has been disappointing. The IOB concludes that PPPs are mainly determined by the availability of donor funding (Lammers, 2008).

[84] Dutch NGOs gradually increased their share in the public aid budget from 14% in 2001 to almost 25% in 2004 (Ruben & Schulpen, 2008). Van Ardenne replaced the co-financing programme with a tendering system open to all Dutch development organisations (Spitz et al., 2013). Traditionally, the Dutch Ministry for Development Cooperation took charge of the individual assessment of NGO project-funding proposals, but the large number of new projects required a shift towards a more global appraisal of regionally oriented and multi-period aid programmes. There are 'roughly' five different stages of the Dutch co-financing:

1. Initial stage (1965-2002) with gradual recognition of a selective number of large NGOs as privileged co-funding agencies, alongside a large number of more specialised NGOs that received individual project funding;
2. Expansion stage (2002-2007) with the co-existence of two large co-funding schemes: one broad framework for core funding support (MFP) and another fund for specialised thematic (inter)national agencies (TMF);
3. Consolidation stage (2007-2010) with large programme grants to Dutch-based NGOs (Medefinancieringsstelsel [MFS I] or co-financing system) and a separate programme of Strategic Alliances with International NGOs (SALIN) for a selective group of preferred non-Dutch partners.
4. MFS II (2011-2015) provided grants to Dutch-based NGOs that would enter into a strategic partnership with a Southern partner in order to contribute towards achieving the Millennium Development Goals, strengthening international civil society, setting the international agenda and changing decision-makers' policy and practice, with the ultimate goal of reducing structural poverty;
5. Dialogue and Dissent programme (started in 2015) aims to strengthen civil society in low- and middle-income countries. The programme has been carried out by means of strategic partnerships between the organisations selected and the Ministry of Foreign Affairs (Van der Gaag, Gunning & Rongen 2015; MFA 2015a; MFA 2015b; Spitz et al. 2013; Ruben & Schulpen 2008).

[85] As a follow-up to 'Strong People, Weak States', the Foreign Ministry produced separate memoranda on the Great Lakes region and the Horn of Africa, which set out a regional approach to peace and security that integrated development cooperation with political instruments (IOB, 2008: 28).

strengthening in the recipient countries, and of linking aid more strongly to the MDGs and to PRSPs (Baneke & Jepma, 2000; I. Brinkman & Hoek, 2010; Hoebink, 2006b; IOB, 2014; Nekkers & Malcontent, 2000; OECD, 2001; Spitz et al., 2013).

A new Minister for DC, Bert Koenders, who studied political science and international relations, took office in 2007. His term coincided with the start of the economic crisis, decreasing public support for development cooperation and a decreased trust[86] in the development sector. He did, however, follow the footsteps of his predecessor with poverty reduction via MDGs as the main priority of development cooperation but with four new main themes: security and development, growth and equity, gender and sexual and reproductive health and rights, and sustainability, climate and energy. These were the areas in which Dutch businesses, civil society organisations, and knowledge institutions could offer expertise and add special value. He also put more emphasis on fragile states. The Minister reduced the number of partner countries to 33 and divided them into three groups: 1. MDG countries (non-fragile low-income countries with government structures that offer enough potential for collaboration); 2. fragile states; 3. a few emerging middle-income countries with whom the Netherlands maintained 'broad relations' (DCED, 2010; OECD, 2011). 'International Cooperation 2.0' (MFA, 2008) – as he referred to his policy framework, focused more on economic and less on social development and put 'effectiveness' in its core. The Netherlands was to improve synergies between its main aid delivery channels and align them with the new policy framework stipulated in the policy paper 'Our Common Concern'. The Minster also improved his consultation with Dutch civil society organisations. He envisioned a need for an effective multi-stakeholder collaboration between aid industry, businesses, unions, and academic and research institutions. Moreover, the development organisations themselves were expected to cooperate more closely, modernise and increase their effectiveness (MFA, 2008). Koenders was also working towards application of the principles of the Paris Declaration on Aid Effectiveness[87] (2005) and called for increased accountability of the partner countries (MFA, 2007: 14).

Koenders was in favour of increased involvement of the private sector in development cooperation. He saw the private sector as "the engine in creating jobs" (MFA, 2007: 27) and "full, productive employment and effective services [as] a key factor in sustainable poverty reduction" (MFA, 2007: 5). CSR became a prerequisite for firms' involvement in developing projects. He put more emphasis on Dutch small- and medium enterprises (SMEs) and encouraged development of more PPPs.[88] The aim of PPPs was to work together towards joint development goals and to improve aid effectiveness.[89] Therefore, the Netherlands established and supports many partnership mechanisms (DCED, 2010).

One of the most substantial policy changes regarding the role of business in development cooperation was the re-introduction of the ORET programme for LDCs. ORET policy changes adopted in the periods 1997-2006 and 2007-2012 have led to several adjustments in the programme objectives, rules and

[86] Development aid had been a recurrent subject of discussion in the media in the years proceeding Koenders' appointment. TV interviews, newspaper articles and books on the negative effect of the development aid have been published worldwide. Sachs' 'The End of Poverty' (2005), 'The Bottom Billion' (2007) by Paul Collier or 'The White Man's Burden' (2006) by William Easterly criticised the fragmented aid architecture and suboptimal use of aid funds, which led to a global and national debates about the effectiveness and the future of aid (Van Lieshout et al., 2010).

[87] By 2008, the Netherlands had met only four out of eight targets for the Paris Declaration indicators (OECD, 2011).

[88] The Ministry also facilitated pro-poor investments in conflict-affected countries through some Dutch companies.

[89] Though some scholars argued that PPPs were "threatening to become the new umbrellas under which the aid continues to be tied" (Hoebink, 2009a: 204).

procedures.[90] The aim of the 'new' ORET was to facilitate infrastructure investments that should contribute to sustainable economic development and a sound business climate (IOB, 2012). The programme objectives lost the emphasis on promoting employment and Dutch export[91] in the recipient country (Berenschot, SEOR, & Ecolas, 2006; IOB, 2015). Moreover, the re-opened ORET programme for LDCs became formally untied.[92] ORET also included a special facility for projects in the drinking water and sanitation sector in developing countries, known as the ORET Water Facility (ORET WF) (ORET, 2006). Evaluation of the ORET programme prior to 2002 indicated that it did create (some) employment in the recipient countries (Berenschot et al., 2006; IOB, 1999), though the cost of creating these jobs was very high (Janssen, 2009). Evaluation of the programme for 2007-2012 reiterated its (moderate but positive) contribution to employment creation. Moreover, the majority of funded projects were executed by a limited group of (large) Dutch companies (IOB, 2015). Despite being one of the largest Dutch programmes within the Dutch private sector development policy, ORET transactions played a limited role in poverty reduction, facilitating market access for Dutch exporters and complementing Dutch economic diplomacy efforts to strengthen bilateral economic ties (IOB, 2015).

In response to a need for increased growth-sustaining infrastructure, in 2009, alongside ORET, ORIO (Development-Related Infrastructure Facility[93]) was introduced. ORIO was also a grant aimed at (untied) financing public infrastructure investments in developing countries (both LDCs and non-LDCs) but strengthened its development relevance by offering the option of financial and technical support throughout the lifetime of the transaction as a means of promoting sustainability. The funded projects had to have a potential impact on both growth and poverty reduction (growth and distribution).[94] The number of eligible countries and sectors were limited; at the same time, funded projects were attempting to enhance the linkages with bilateral country programmes of the Netherlands (IOB, 2012; Koenders, 2009).

Additional adjustment was made to the PSOM programme (Programme for Cooperation with Emerging Markets), which, as of 2008, was replaced by the Private Sector Investment programme (PSI). PSI was a subsidy programme to promote sustainable economic development by boosting investment in significantly innovative projects in the private sector in developing countries. It aimed to make a relevant, positive contribution to self-reliance and poverty reduction in developing countries by creating economic activity, jobs and raising income levels. The list of countries where projects may be founded was aligned with the partner countries for Development Cooperation in combination with different emerging markets (RVO.nl, 2015).

The Sustainable Trade Initiative (IDH) was funded during a public event at Schokland in 2007 where businesses, trade unions, NGOs, the knowledge sector and the Ministries for Development Cooperation, Economic Affairs and Agriculture, Nature and Food Quality acknowledged the necessity of joining forces in stimulating sustainable trade. The IDH objective was (and has been) to bundle the forces of these stakeholders to tackle key sustainability bottlenecks in international commodity chains and catalyse sustainable trade. IDH "accelerates and up-scales sustainable trade by building impact oriented coalitions of front running companies, civil society organisations, governments and other stakeholders that will deliver impact on the Millennium Development Goals 1 (poverty reduction), 7

[90] Though ORET was a grant programme initiated by the Directorate-General for International Cooperation at the Ministry of Foreign Affairs, since 2007 a consortium of PricewaterhouseCoopers and Ecorys, called Oret.nl, has been authorised to administer the programme in consultation with the Ministry of Economic Affairs (ORET, 2006).
[91] Although Dutch export promotion was implicitly retained as ORET objective (IOB, 2015).
[92] "This was done by including in the ORET-regulations the OECD/DAC prescribed tendering procedures in the case of aid to the LDCs, such as mandatory international competitive bidding and ex ante notification of applications to the OECD" (IOB, 2012: 8).
[93] Ontwikkelingsrelevante Infrastructuur Ontwikkeling.
[94] For example, a road-building project is graded higher if it leads not only to more economic activity but also gives farmers and entrepreneurs access to new markets (IOB, 2012).

(safeguarding the environment) and 8 (fair and transparent trade)" (IDH, 2015). Since its formation, IDH has aimed to adhere to high standards of good practices and transparency in governance and reporting, as well as fully include Southern partners in their programmes (IDH, 2008, 2015; Weyzig, 2008).

In addition to the already existing ORET/ORIO, PUM and PSOM/PSI instruments, Koenders also facilitated the establishment of the Currency Exchange (TCX), a joint venture of the Netherlands Development Finance Company (FMO), African Development Bank (AfDB), Development Bank of South Africa, ABN AMRO, Oikocredit, Cardano Risk management, and the Ministry of Foreign Affairs. The TCX objective was to mitigate foreign exchange risks for entrepreneurs in developing countries, who were forced to borrow or settle accounts in a foreign currency, by diversifying and covering these risks (Weyzig, 2008). Additionally, the Matchmaking Facility (MMF) was established. MMF seeks companies from developing countries who are interested in having a Dutch business partner and who support the 'People, Planet, Profit' principles. For companies from developing countries, MMF is a transit point on the way to Dutch industry (NL Agency, 2011). Finally, in 2010, the NL Agency was founded, as a merger of three agencies of the Ministry of Economic Affairs (EVD, Netherlands Patent Office and SenterNovem). The NL Agency offered entrepreneurs, research institutions and governments information, financing, networking and implementation of laws and regulations in areas of sustainability, innovation and international business[95] (Garritsen, 2013). Through the years, the Ministry for DC and the Ministry of Economic Affairs increasingly tightened their links. Consequently, NL Agency became responsible for management of most of the private sector development instruments.

The push towards responsible business and importance of MDGs promoted by the Ministry for DC contributed to the fact that "many large companies have embraced the trend of focusing on MDGs"[96] (Weyzig, 2008: 222). On various occasions the Minister highlighted the importance of promoting decent work and labour rights in developing countries and the role of Dutch companies in assuring these standards. Dutch companies were to act more responsibly by gradually adopting some of the international CSR principles (OECD guidelines, ILO Better Work programme, UN Global Compact and/or other recognised standards), but only a small group of leading companies adopted a proactive approach. Mostly, big multinational companies (MNCs) promoted their positive contributions to achieving MDGs and to society. In some cases, however, it was just a cover for their negative impacts on the environment or their violation of human rights in a host country. Therefore, the Ministry decided to strengthen its international diplomacy efforts on corporate (social) responsibility through IDH and other multi-stakeholder initiatives to mainstream CSR in supply chains as well. Compliance with the OECD Guidelines for Multinational Enterprises was and remains the main requirement for obtaining governmental funding. Moreover, compliance with the international standards was strengthened by establishing the Dutch National Contact Point (NCP) for the OECD Guidelines and by following recommendations of OECD Watch more closely. Business contribution to the MDGs and sustainable development was also a mission of the Netherlands Network of the UN Global Compact, which stimulated and encouraged companies to become signatories of the UN Global Compact.[97] Some studies on development-oriented initiatives by Dutch multinational companies (such as poverty reduction at the micro and macro level through direct employment, supply and distribution chains) concluded that their contribution to MDGs is positive yet often unrelated to their core business (Clay,

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[95] Netherlands Enterprise Agency is part of the Ministry of Economic Affairs. The organisation was established in 2014 as a result of a merger between NL Agency and the Dienst Regelingen – the executive agency of the Ministry of Economic Affairs (RVO.nl, 2013b).

[96] Before, the CSR activities of Dutch companies operating abroad were not a formal and obligatory requirement to obtain governmental funding.

[97] UN Global Compact has a set of core values of its own in the areas of human rights, labour standards, environment, and anticorruption.

2005; DSR, 2006). What was also revealed was that MNCs often disregard issues of tax payments in their host countries. Various MNCs have their ultimate headquarters in the Netherlands[98] for fiscal reasons, as Dutch tax regulations facilitate tax avoidance in other countries. The report estimated that as a consequence of the tax haven features of the Netherlands, developing countries were missing between € 100 million to € 1 billion in tax revenues each year (Weyzig & Van Dijk, 2007). Dutch tax policy is also problematic for its government's efforts to enhance policy coherence with its development policy. The Netherlands has typically been concerned about the Dutch investment climate and has been actively attracting large multinationals. However, enabling multinational corporations to avoid taxes in developing countries, which lowers government revenues in these countries is inconsistent with high levels of Dutch ODA. Tax issues have also been related to achieving MDG 8 – Develop a global partnership for development and Targets 12 and 15, respectively, regarding development of an open trading and financial system and dealing comprehensively with developing countries' debt problems respectively. The fact that the Netherlands is a tax haven for multinationals has important negative consequences for developing countries and raised the question of whether Dutch tax policy is coherent with Dutch policy on development cooperation.[99] Since 2007, the Ministry has been paying increased attention to the coherence between tax and development policies. International Tax Compact (ITC) was launched to strengthen international cooperation with developing countries to combat tax evasion and avoidance; furthermore, the Ministry joined the Task Force of Financial Integrity and Economic Development, which advocates transparency of tax-relevant information in the global financial system (Van Dijk, Weyzig, & Murphy, 2006; Weyzig, 2008; Weyzig & Van Dijk, 2007, 2009).

The first decade of the new millennium brought renewed focus on the private sector and trade to the Dutch political scene, continuing with the dominant national self-interest trend in development cooperation. More attention, however, was given to job creation in developing countries (despite the fact that one of the flagship funding instruments ORET replaced one of its main objectives of job creation with contributing to sustainable economic development and a sound business climate) – other programmes like PSI or Trade Union Co-financing contributed to job creation and promotion of labour rights in recipient countries. Dutch companies active in developing countries were increasingly forced by government funding instruments to act and behave responsibly by adhering to international CSR standards. Despite great progress in this area, many big MNCs have been criticised for engaging in tax avoidance behaviours in developing countries by using the Netherlands as a tax heaven. Such possibilities substantially affect the credibility of the Netherlands as a major international donor and the effectiveness of the Policy Coherence for Development initiative.

Throughout the decade, the organisation of the DGIS was operating according to the changes introduced by Pronk in 1995. A few internal changes were introduced in 2000. Within the wider Ministry, the Directorate General for International Co-operation (DGIS) remained the organisational heart of the Dutch development co-operation with parts of other directorates, Ministries and embassies involved in the management of ODA. Primary actors with responsibility for ODA can be located in Figure 56 (Annex 3), including: bilateral 'delegated' funds (embassy); bilateral 'macro' funds (DVF), World Bank and UN funds (DVF + Ministry of Finance); European Union funds (DGES/DIE); NGO funds (DSI); humanitarian assistance (DMV); private sector funds (DOB + Ministry of Economy) (OECD, 2001, 2006).

A number of the DGIS thematic departments have undergone internal reorganisations since 2001. DOB and DRU departments responsible for Private Sector and Rural and Urban Development, respectively,

[98] Though the 'nationality' of multinationals is very difficult to determine as investment structures do not always coincide with their operational structures (Weyzig, 2008).

[99] It should be pointed out that tax avoidance is an international problem. If the Netherlands eliminated opportunities for harmful tax avoidance while other countries, like Luxembourg and Switzerland, continue to offer this type of construction, a large part of the missed tax revenues would not be recovered (Weyzig, 2008).

were merged under the new DDE unit responsible for Sustainable Economic Development. DML, the Environment and Development unit was transformed into DMW, Development and Water. The main substantive change to the overall organisational structure, however, was the creation of the new Effectiveness and Quality Department (DEK) in 2005 (see Figure 57 in Annex 3). DEK has a broad mandate to oversee effectiveness and quality within the MFA, collect and record data, makes policy recommendations, and develop and maintain instruments for implementing policy on cross-theme and cross-country issues. Its objectives are:

- To strengthen the learning capacity of DGIS by linking data management and information to policy analysis and implementation.
- To conduct policy analyses on cross-cutting themes.
- To support and advise the embassies on cross-cutting themes (OECD, 2006).

Reforms introduced in 1996 led to major increases in delegation of management responsibilities to the field and, since then, embassies have been responsible for local policy, implementation and financial management. The ambassador, supported by a Head of Development Cooperation, provides leadership at the embassy level. Country Teams, composed of representatives from across DGIS's thematic departments, have a key role to play in ensuring smooth communications between headquarters and embassies. The Netherlands also makes relatively extensive use of locally hired staff[100] who perform various policy and programme management functions. Since 2001, a major new system of Multi-Annual Strategic Plans (MASPs) has been introduced across the 36 development co-operation partner countries. The four-year MASPs enable more explicit links between the country context and the Netherlands' central policy framework. Setting up the four-year strategic vision in close agreement with headquarters was intended to improve operational aspects of the annual planning processes delegated to the embassy. The embassy's reporting obligations were therefore combined into one Annual Report/Plan, with the focus on reporting results and lessons learned from the previous year rather than on planning for the coming year (OECD, 2001, 2006).

Since 2004, the Track Record Annual Assessment Framework has been used to assist in the overall choice of aid modality (project, programme or budget support) most appropriate for the partner country. The Track Record details and analyses partner country progress in four cluster areas:

- The PRSP and the commitment to poverty reduction, assessed with a PRSP Review Framework.
- The macroeconomic policy and business climate, assessed with a Business Climate Scan.
- Good governance, including Public Finance Management, assessed with a PFM Review Framework.
- Dialogue and harmonisation, analysed using the explanatory notes on quality of policy dialogue.

The Track Record does not prescribe which aid modality to choose but indicates the available scope and the preferred aid modalities within that scope. Its recommendations may, however, be overruled by political factors. Once the aid modality has been selected, an Activity Appraisal Document is prepared, which describes the assessment process, justifies the decisions and details the results to be achieved. The Track Record was primarily a planning and analysis instrument, but successive track records would monitor the long-term development in a country (OECD, 2006).

In 2010, the Minister of Foreign Affairs – a historian, Maxime Verhagen – briefly took over the title of the Minister for DC. From October 2010, the office of the Minster for DC was discontinued and replaced by the position of State Secretary of DC under the MFA.

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[100] Although the local staff is not often hired with long-term career perspectives and tend to move after a few years of service, both embassies and local employees seem to be making good use of their specific comparative advantage (e.g. local experience and ability to understand local complex situations) (OECD, 2006).

2.3.7 2010-to date: Budget cuts and a greater role for Dutch business.

In 2010, the Dutch Scientific Council for Government Policies (WRR) published its influential report 'Less Pretension, More Ambition: Development aid that makes a difference' (Van Lieshout, Went, & Kremer, 2010). The report builds on the previously published book on the subject of Dutch development policy in the WRR Investigations series (Kremer, Van Lieshout & Went 2009), field visits and around 500 interviews. The Council concluded that Dutch development organisations have held a number of pretensions, but that aid was not able to solve all the world's problems. National development cooperation should, however, become more ambitious, more development-oriented and sharpen its focus on a number of global problems. "After sixty years of generalising it has become apparent that specificity is required because it is impossible to be able to say generally what works best and why" (Van Lieshout et al., 2010: 260). The biggest challenge ahead is for sub-Saharan Africa, which should seek its own, regional path for development. The report was a plea for a fundamental change in the course of the Dutch development cooperation, away from poverty reduction as its main objective and to prioritise economic growth instead. Funds for healthcare, education and NGOs should be cut, together with the number of partner countries (to 10). Instead, Dutch expertise and interest should be further promoted (Breman, 2011; Hoebink, 2009b; OECD, 2011; Spitz et al., 2013; Van Lieshout et al., 2010). The report was fiercely debated in academic and professional circles[101] but it was well received in the political arena (MFA, 2015a).

Ben Knapen – a historian and a journalist – became the State Secretary for DC in 2010 and partly implemented the WRR's recommendations during his term.[102] The major changes included a shift in focus from social to economic development, stronger alignment of Dutch development priorities with Dutch expertise and self-interest, and a cut of the development budget from 0.8 to 0.7% of national income. Poverty reduction remained high on the agenda but the aim was to alleviate it via four priority areas: security and the legal order, food security, water, and sexual and reproductive health and rights (SRHR). Another change was a reduction of partner countries from 33 to 15 (also as a contribution to the process of donor harmonisation launched under the Paris Declaration and the Accra Agenda for Action). Consequently, multilateral channels gained prominence as a more important supplement to bilateral policy. The reduction of partner countries and budget led to closure of several embassies. The partner countries remained divided into three categories: MDG countries, fragile states and emerging economies. Sub-Saharan Africa has again been given a higher profile within the new policies where ten out of fifteen partner countries were from this region. In making its country selections the Netherlands took into account the following considerations:

- The Netherlands' adds value as a donor and to Dutch interests in the concerned country;
- The country's income, poverty level and development needs;
- Opportunities for pursuing the Netherlands' four thematic priorities;
- The extent to which the country has good governance or opportunities to promote this;
- How re-shaping the development programme would impact on the proposed plans to cut back on the network of Dutch embassies.

The State Secretary also phased out support to the social sector (mainly education and health), focusing instead on the private sector – the so-called top sectors approach. Development aid was yet again seen through a private sector lens (MFA, 2010, 2011a; OECD, 2011; Spitz et al., 2013).

The government itself underwent organisational changes in a context of further strengthening policy coherence, reforms and administrative cuts across government. A new Ministry for Economics,

[101] A very lively debate took place in *The Broker* (see i.e.: Box, 2010; Dietz, 2010b, 2010a; Meertens, 2010; *The Broker*, 2010) and Worldconnectors (Worldconnectors, 2010).
[102] Knapen was a member of the WRR at the time the report was drafted (Van Lieshout et al., 2010).

Agriculture and Innovation[103] was created to promote high-growth sectors in the Dutch context, such as water, food, horticulture, and energy among others; as well as to support Dutch businesses abroad through economic diplomacy (via embassies and consulates). These are also sectors that the Netherlands thinks it is good at and therefore such expertise could be further promoted internationally through Dutch development activities. As for MFA, a major change was made to the leadership of Development Cooperation. The number of people in charge was reduced from three to two and the Ministry no longer had a cabinet level Minister wholly focused on development. The development portfolio was held by a non-cabinet level Minister (called State Secretary) also responsible for European affairs.[104] The Director General for International Cooperation remained overall responsible for Dutch aid and many development themed departments reported to DGIS (though some thematic departments also reported to other directors general). Another change included merging different departments – such as those responsible for aid effectiveness and policy coherence (see Figure 58 in Annex 3). Another reorganisation took place in 2012, which created a post of Minster for Development Cooperation and Foreign Trade in parallel to the post of the Minister of Foreign Affairs (see Figure 59 in Annex 3).

The Ministry decentralised its staff and further delegated a significant part of its authority to its embassies. The Ministry estimated that around 40% of its development-related staff was located in headquarters and 60% in the field (including locally recruited staff).[105] Embassies had full responsibility for their programmes, accounting for around one-third of the Netherlands' bilateral aid. The embassies were working on themes, such as diplomacy, development and other types of cooperation. Regional departments and embassies reported to the whole senior management team at HQ (three director generals, a secretary general and a deputy secretary general). Embassy teams have the authority to agree on financial disbursements to partners based on strategic four-year plans (the MASPs) and annual plans agreed with HQ. Although such decentralisation has been applauded for its flexibility and responsiveness, it was advised that the links and internal communication with the HQ be strengthened (OECD, 2011).

The reforms and cuts were continued with the new administration. Lilianne Ploumen – trained as a social historian – took office in 2012 as the Minster for Development Cooperation and Foreign Trade. She introduced severe cuts to the development budget from 0.7 to 0.59% of the national income (for the first time in the Dutch history, Dutch ODA fell below the internationally agreed 0.7% threshold). The creation of the joint post for development cooperation and foreign trade confirmed the importance of cohesion between these two policy areas. The Dutch Government acknowledged that its influence on the world stage is decreasing due to the emergence of new global actors (such as China, India and Brazil). Its relations with low- and middle-income countries are on a more equal footing now and they increasingly become the trading partners (in addition to being recipients of aid). This and a perceived decrease in world poverty has necessitated a call for a new aid, trade and investment agenda (Magnetti, 2013). Some scholars, however, criticised this move, claiming that the new Minister was an instrument of the Ministry of Economic Affairs within MFA structures and her role would be to promote Dutch export and protect Dutch private sector in developing countries – a combination which may be 'toxic' (Hoebink, 2013b) and overrule other development objectives. Regardless, the Netherlands increasingly sees its role as an investor rather than a donor. Therefore, the development programme continued investing public funds with the aim of leveraging private investments (IOB, 2014; OECD, 2011; Spitz et al., 2013).

[103] The Ministry was renamed back to Ministry of Economic Affairs in 2012.

[104] Ben Knapen continued to be in charge of portfolios of Development Assistance and European issues, but had to dedicate a lot of his time to the latter.

[105] It is estimated that 600 staff work at the HQ in The Hague, 300 field expatriates and 600 field local staff (OECD 2009: 40).

According to Ploumen's key policy framework, entitled 'A World to Gain', the Minister put Dutch self-interest and the combination of trade and development cooperation at the core of national development cooperation policy. Poverty reduction remains a key priority area, together with (added) promotion of inclusive growth[106] and promotion of Dutch firms on international markets. Based on the main assumption of the overall Theory of Change for the PSD agenda, which stated that "with good accompanying policies, economic development and trade are the motor for poverty reduction" (MFA, 2015b), the role of trade and Dutch companies was to act as a main catalyst for enhanced production and employment (both in the Netherlands and in the partner countries). The main themes of Dutch development cooperation policy aligned with the added value that the Netherlands can provide with its expertise and experience remained unchanged in comparison to the previous administration. These are: 1. security and the rule of law[107]; 2. water management; 3. food security; and 4. sexual and reproductive health and rights. In each of these four themes, issues such as poverty reduction, gender equality, the environment and climate, and inclusive growth play an important role. The Netherlands also highlighted the importance of International Public Goods[108] (IPGs) and greater regional approach (MFA, 2013a; Van Dam & Van Dis, 2014).

What matters the most to Dutch development cooperation policy is to add value to both the Netherlands and the partner country by combining aid and trade, and eventually replacing aid with trade.[109] The intention was not to substitute aid for trade or vice versa but, depending on development relationships with a given country, choose the most optimal combination of both. For that reason, the Netherlands maintained three types of relationship with partner and focus countries: 1. aid relationships ('fragile states' affected by war, weak governance, and major ethnic and political tensions); 2. transitional relationships (low- and middle-income countries with the aim to reduce poverty and boost economic growth); 3. trade relationships (established economies with activities that primarily benefit the Dutch economy and employment. Ploumen has also encouraged the creation of Public-Private Partnerships (PPPs) (MFA, 2013a).

As sustainable private sector development has been one of the core businesses of Dutch development policy, the knowledge and skills of the Dutch 'top sectors' must be put to optimal use. Entrepreneurship and optimal procedures are essential for creation of employment opportunities in developing countries. The Netherlands therefore focuses on the following conditions for sustainable business:

- Increasing access to markets;
- Good legislation;
- Reliable official bodies and other organisations;
- Good infrastructure;
- Access to financial services (MFA, 2013a).

[106] The economic growth from which the poor also benefit.
[107] Through the New Deal for Engaging in Fragile States, which adapts the 3D approach (MFA 2013a).
[108] IPGs are international issues or goods that affect everyone, or goods that should be available to all (i.e. clean air).
[109] A policy transition from aid to trade means that the embassies eventually will phase out their current development programmes in the partner countries. Subsequently, the development programmes will be replaced with a sustainable and inclusive trade relationship between the partner country and the Netherlands. In preparation for the switch, Dutch embassies focus on economic development by trying to combine trade and development (Leenstra, 2015).

To link trade and development cooperation, Dutch companies[110] and the Dutch embassies in low- and middle-income countries now have an extensive package of instruments at their disposal:

- The Centre for the Promotion of Imports from Developing Countries (CBI) helps entrepreneurs from developing countries to gain access to national, regional and international markets. It also helps them integrate into production and value chains and assure quality standards for products that may be sold on the European market.[111]
- The Netherlands Senior Experts Programme (PUM) continues its operation by ensuring transfer of knowledge and expertise to local entrepreneurs through Dutch experts' advice and exchange. The Netherlands also supports food standards agencies, trade unions and employers' and producers' organisations efforts in assuring for good working conditions[112] through, for example, the Dutch Employers Cooperation Programme (DECP).[113]
- Infrastructure was and still is essential to ensure a good business climate in developing countries. The Private Infrastructure Development Group (PIDG) and the Infrastructure Development Fund (IDF) are programmes that develop both public and private infrastructure in low- and middle-income countries. The largest programme targeting investment in infrastructure has been the Infrastructure Development Facility (ORIO). In 2014, the Minister for Foreign Trade & Development Cooperation decided to stop the ORIO programme[114] and replace it with a new programme for public infrastructure launched under the name DRIVE (Developmentally Relevant Infrastructure Investment Vehicle). Key elements of DRIVE are development relevance through focus and coherence, flexibility in the project cycle and concessional financing for the total costs of projects. A major objective is to actively involve the Dutch business community.
- The TCX Fund remains operational and helps to mitigate the risks of doing business internationally, for example by mitigating the exchange rate risks.
- The DHI fund is meant for Dutch SMEs wanting to perform a demonstration project, feasibility study, or investment preparation study for demonstration/investment in a developing country or emerging market (Van Ewijk, Kamphof, Maas, & Van Gent, 2017).
- LEAD Local Employment in Africa for Development (LEAD) is a program aimed at promoting sustainable employment of young (wo)men in eight African countries (Algeria, Egypt, Eritrea, Libya, Mali, Nigeria, Somalia, and Tunis) open for applications from Dutch CSOs and social

[110] The Netherlands also supports developing countries in building their knowledge about trade. An example is the establishment of the Advisory Centre on WTO Law, which gives developing countries legal advice in the event of trade conflicts (MFA, 2013a).

[111] For example: to promote East African exports and regional trade, the Netherlands is working through TradeMark East Africa towards clear customs regulations and compliance with them (MFA, 2013a).

[112] Through, for example, supporting ILO Better Work Programme (MFA, 2014c).

[113] The foundation Dutch Employers' Cooperation Programme (DECP) is a public-private partnership established by Dutch employers and the Ministry of Foreign Affairs with the aim of strengthening the position of employer organisations in developing countries. Via DECP, Dutch employer organisations offer professional expertise to employer organisations in developing countries. In implementing its programme DECP works closely with several international organisations including the ILO (in Geneva), the International Training Centre of the ILO (in Turin) and the International Organisation of Employers (IDE) in Geneva. DECP also cooperates with fellow agencies in the Netherlands, such as the PUM Netherlands Senior Experts programme and the Centre for the Promotion of Imports from developing countries (CBI) (DECP, 2013).

[114] The adjustment was a result of an lOB evaluation, which concluded that Dutch efforts in the field of infrastructure development could be more relevant to development (MFA, 2014a).

enterprises. The available budget for this program is €25 million. By aiming to expand participation in the local economy, the program hopes fewer (young) people will attempt the dangerous crossing of the Mediterranean Sea in hope of better opportunities in Europe (Van Ewijk et al., 2017).

- The Health Insurance Fund (HIF) strengthens the insurance sector in low- and middle-income countries. The Dutch NGO PharmAccess International is responsible for administering this fund. The HIF, which is financed from public funds, has led to a private investment fund, such as the Investment Fund for Health in Africa (IFHA).
- The Dutch Good Growth Fund (DGGF) promotes development-related investment in and trade with developing countries among (primarily) small- and medium-sized enterprises (SMEs). The aim of the DGGF is to combine long-term profit and viability with lasting economic and social benefits. To achieve this ambition both the Dutch and the local entrepreneurs must adhere to international corporate social responsibility standards (ICSR).[115] A second key principle is that a project must provide opportunities for improvement.[116] Until 2017, the government will invest a total of €700 million in DGGF. SMEs may also receive loans, which must be paid back. These loans must contribute to employment, increase the strength of local manufacturing and promote knowledge transfer in developing countries and emerging markets. The fund was first managed by NL Agency and later by the Netherlands Enterprise Agency (RVO) (Action Aid, Both Ends, & SOMO, 2013; MFA, 2013a; OECD, 2016a; Rahman, 2014; RVO.nl, 2013a).
- Support for NGOs in developing countries through a new Dialogue and Dissent programme.

The Netherlands is also committed to contributing to a post-2015 global development agenda and other multilateral initiatives that are aligned with new Dutch principles. The Dutch government supports low- and middle-income countries in improving their institutions, and law and regulations, such as building a strong tax administration[117] and simplify registration procedures for companies. Moreover, the Ministry (together with the G20) promotes an inclusive finance agenda, which may boost the business climate in said countries (MFA, 2013a). Additionally, Ploumen supported the WTO Doha round of negotiations (aimed at removing trade barriers and opening up international agricultural and industrial markets) and welcomed the 'Bali Agreement' in which WTO countries agreed on trade facilitation, some agricultural issues, and selected development-focused provisions[118] (MFA, 2013d; Bellmann, 2014).

A strong emphasis was put on the Corporate Social Responsibility (CSR) of Dutch companies and CSR became one of the major conditions to participate in any of the funding instruments. One of the issues in the implementation of CSR is a fair tax system (OECD, 2016a). It is also important for increased policy coherence. The development funds will simply not be released to companies that engage in tax

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[115] The main ICSR principle for the DGGF is that entrepreneurs bear their responsibility for their actions in accordance with the OECD Guidelines (MFA, 2013a).

[116] One of the main criticisms of the programme is lack of transparency and solid definition of 'development relevance', as well as the fact the DGGF is perceived as a new way to tie aid (Action Aid et al., 2013).

[117] Through, for example, the IMF's technical assistance programmes (MFA, 2013c).

[118] "After five years of impasse in the moribund Doha Round of trade negotiations, the so-called "Bali package" was enthusiastically welcomed by the world's governments and international press alike as a critical step towards restoring the credibility of the WTO as a negotiating forum. The centrepiece of the package is without doubt a new agreement on trade facilitation aimed at reducing red tape, and facilitating customs procedures in an effort to cut down the cost of doing business. Other — less far reaching — aspects of the deal focused on food security and a set of issues of particular interest to least developed countries including trade preferences or cotton subsidies" (Bellmann, 2014).

avoidance practices. The Minister for Development and Trade has been collaborating with the Ministry of Finance to review several existing tax treaties with developing countries and assess what impact they have on the tax revenues in developing countries (Action Aid et al., 2013; MFA, 2012, 2013a, 2014b). Moreover, in 2013, the Netherlands made a step towards increased coherence between tax and development policy. The tax loopholes that allow multinationals to reduce their tax bills by using Netherlands-based 'letter box' companies were closed. Since then, companies are welcome to operate in the Netherlands but they need to prove their activities in the country. Therefore, profits made in the Netherlands should be taxed in the Netherlands, and other profits should be taxed where they are made. It has been an insufficient[119] yet an important step towards a fairer tax system. What is still needed, however, is a more holistic national and global tax regulation that would make it impossible for MNCs to avoid paying their share of tax (Accountancy Live, 2013; *Financial Times*, 2013; *The Independent*, 2015).

Ploumen introduced 'A World to Gain' to a mixed reception. On the one hand, it did address all pending and timely issues, such as inclusive development, poverty reduction, security, CSR and public goods. Moreover, adaptation of a regional approach (rather than a national approach) in some developing countries is also considered as a step in the right direction. Among the partner countries, a new category for 'trade relationships' emerged. This category was created based on Dutch economic self-interest and focused mostly on foreign trade with established economies that contribute to growth of the Dutch economy and Dutch employment. Regarding promotion of private sector development, Ploumen spoke of win-win situations in which the Dutch economic interests and those of developing countries coincide. A number of new actors, such as businesses, banks, NGOs and recipient governments should be involved to create such win-win situations. On the other hand, in its approach and ideas the 'new agenda for action' is not really 'new', but rather perpetuates the policy pursued in recent years. The choice of main themes and partner countries continues in the same vein as her predecessors (except for the new partner country's category mentioned earlier). Focus on economic development, trade and the active involvement of the business community is also not new but has been high on the Dutch development agenda since its inception in the 1960s (even when pushed to the 'peripheries' during Pronk's years it remained strong). To some, such an approach is considered 'new colonialism' and a new way to 'tie aid'. Furthermore, there have been very limited possibilities to evaluate the quality and sustainability of Dutch development instruments for promoting private sector development and their long-term impact on job creation (Bitzer, Van Balen, & de Steenhuijsen Piters, 2017; Santpoort et al., 2017; Van Ewijk et al., 2017).[120]

Ploumen was accused of lacking concrete vision and profound analysis of underlying causes and the scope of the problems. For example, Ploumen repeatedly calls for inclusive growth (a guiding principle of her policy), but without providing a working definition of the concept.[121] Moreover, she calls for

[119] Despite the effort, it is still relatively easy to overcome the new law in practice.

[120] An initiative of The Centre for the Promotion of Imports from Developing Countries (CBI), the Foundation Netherlands Senior Experts (PUM), the Agricultural Economics Research Institute (LEI Wageningen UR) and the Erasmus School of Economics (ESE) – PRIME Research Partnership – was established in 2013 to develop a joint programme to pioneer impact evaluation methods of interventions of PUM and CBI (http://www.primepartnership.nl access on 6.08.2015). PRIME Partnership evaluated PUM and CBI in 2018, concluded that activities of both PUM and CBI have generated positive changes in SMEs' knowledge and business practices. However, the impact on SMEs' performance differs significantly between sectors and country income group), while results in the field for CBI's activity varied significantly and depended on the type of firm and the conditions (Van Rijn et al., 2018a, 2018b).

[121] Although, in September 2015, Minister Ploumen sent a policy letter 'Inclusive development in the Dutch programmes for Foreign Trade and Development Cooperation' ('Inclusieve ontwikkeling in de Nederlandse programma's voor Buitenlandse Handel en Ontwikkelingssamenwerking') to the Parliament. The letter identified five priority strategies on how to make Dutch development more inclusive, with productive employment creation being the top priority (MFA, 2015a).

increased involvement and collaboration of multiple stakeholders, but does not answer the questions on how to do that or whether all these actors have the same goals in mind. Partnership are import, yet more attention is needed to its management and capacity building for the local partners (Bitzer et al., 2017). Even her flagship instrument, DGGF, lacks clarity about where the money will actually be allocated: to Dutch or Southern SMEs (with the Dutch Minister for Economic Affairs pushing for the former solution and evaluation indicating that that was the case in practice (Bitzer et al., 2017). In addition, studies on a regional concentration of Dutch aid in developing countries are scarce and there is insufficient evidence to conclude that the Dutch private sector is indeed working on country peripheries/poorest regions, hence contributing to inclusive development (Bitzer et al., 2017; Santpoort et al., 2017; Van Ewijk et al., 2017). According to critics, this agenda failed to address critical issues, such as inequality within countries, reaching the excluded: women and ultra-poor, and it did not sufficiently encourage productive investment and job creation in developing countries (Bitzer et al., 2017). Moreover, it failed to adequately stimulate social dialogue, cooperation between people with similar professions from different cultures, the building of knowledge centres (in the Netherlands and partner countries) and trade union activities in order to promote human rights and good working conditions (Bieckmann, 2013; Leenstra, 2015; Savelli, Schwartz, & Ahlers, 2018).

In October 2017, Sigrid Kaag – an experienced diplomat – took over the post as Minster for Development Cooperation and Foreign Trade. Her flagship trade and development policy from 2018 – “Investing in Global Prospects: For the World, For the Netherlands” focuses on tackling root causes of poverty, migration, terrorism and climate change. Strengthening the position of women and girls is a cross-cutting theme throughout the entire policy. The major change of this policy in comparison to “The World to Gain” is in its shift in geographical focus: from focus countries into focus regions, particularly the unstable regions of West Africa/Sahel, Horn of Africa, Middle East and North Africa. Furthermore, education as a priority theme found its way back onto the agenda. The role of the private sector and knowledge institutions, including the top sectors, remains very high. The Netherlands wants to contribute more to sustainable production in value chains and inclusive economic development by supporting programmes promoting education, work and income for young people and women in the focus regions. Furthermore, the government wants to invest in market access and strategic positioning of Dutch businesses in existing and expanding markets, with the emphasis on small- and medium-enterprises and start-ups (Government of the Netherlands, 2018).

The plan remains, however, that in the coming years, the funds dedicated to ODA will be cut. In time, development aid as such will also be phased out. With an increasing number of middle-income countries, it can be assumed that, eventually, they will take on the responsibility for the internal poverty reduction. Their national income should grow as a result of expanding middle classes, influx of remittances and national taxation. Yet, this will not be the case for post-conflict and fragile states (mostly concentrated in sub-Saharan Africa), where an estimated 75% of the global poor will live by 2025. Such countries will remain in profound need of external development aid. Consequently, ‘traditional’ Dutch development aid will be phased out and replaced with a direct financial aid to post-conflict and fragile states mixed with an innovative development/economic cooperation approach. The approach that (in different forms) has been promoted by the Netherlands for decades (Ruben, 2015).

2.4 Conclusions

Dutch development cooperation is more than sixty years old. Throughout these years, the Netherlands promoted global security, good governance, encouraged business partnerships and collaboration as well as PPPs; provided training, infrastructure, support to trade unions and civil society. Yet, the strongest support was given to those policies and initiatives stimulating private sector and economic development in the Netherlands and in developing countries. Private sector development promotion is not new but has taken a central role in Dutch development cooperation since its inception in 1967. It is only since the 1990s that Dutch development cooperation has prioritized productive employment generation in developing countries and the corporate social responsibility (CSR) of Dutch companies operating abroad.

This review of the Dutch development policies since the 1960s reveals that the main motive behind the Dutch involvement in development cooperation was and remains Dutch self-interest. It has been assumed that Dutch self-interest would have a positive impact on developing countries through the trickle-down effect. Better business environments in recipient countries would create new markets for Dutch companies to export their products (which would create jobs in the Netherlands). This, in turn, would stimulate the local economy in recipient countries, which would lead to poverty alleviation. The following chapters will further explore whether the PSD polices played any role in supporting Dutch companies in Kenya, a partner country that has received continuous Dutch development assistance since the beginning of bilateral aid. Based on three case studies of Dutch companies operating in flower, tea and energy sector, this thesis will further examine the potential contribution of these companies to inclusive development in these sectors of high national importance.

Chapter 3. Exclusive Inclusive Business: The Case of Unilever Tea Kenya Ltd.

3.1 Introduction

This chapter will use the case study of Unilever Tea Kenya Limited (UTKL), and its predecessors, to illustrate the potential contribution of a Dutch-British multinational company (MNC) to inclusive development in Kenya. Tea has been one of the most important export products for Kenya for nearly a century. The sector was initiated and formerly dominated by MNCs; today, however, tea production is dominated by smallholder farmers. Consequently, Kenyan tea is considered one of the success stories of the inclusion of indigenous smallholder farmers in a key economic sector. This chapter will apply the adjusted inclusive development lens as suggested by Dekker (2017) and (partly) Santpoort, Bosch, Betsema, & Zoomers (2017), to present a corporate history of UTKL, and its predecessors, in the country. By addressing complex local realities through years of operations, the objective of this chapter is to trace the process behind and the role this MNC played in the development of, professionalisation of, and inclusion of the smallholder tea farmers in this important sector in Kenya. The timeframe adopted in this chapter corresponds to the years between 1919-2008, i.e. from the start of operations until the year in which the company delisted from the Nairobi Stock Exchange, although some activities and reflections slightly exceed this timeframe. The analysis of nearly a century of the company's business operations within a constantly changing national context illustrates how local dynamics may negatively affect equal access to opportunities. It also demonstrates that inclusive development outcomes are not always a result of inclusive development processes. In fact, these processes appear to be quite 'occlusive' – happening behind closed doors among the selected strategic actors – and do not necessarily lead to widespread inclusive development outcomes.

3.2 Methodology

The company that is currently called 'Unilever Tea Kenya Ltd.' was chosen as a case study due to its Dutch link – the Unilever Group is a Dutch-British conglomerate, thus fitting well in the broader frame of the research project of which this PhD dissertation is part. Secondly, the company was listed on the Nairobi Stock Exchange between 1971 and 2008, which facilitated the access to official company data for this period. The corporate data used in this chapter is therefore taken predominantly from the company's Annual Reports for the period under review, provided either by the company itself or found in the Registrar of Companies in the Office of Attorney General in Nairobi (based on the official permission granted by Unilever Kenya to access the files). Despite great effort to collect reports, it was not possible to collect them all for the period under review. Out of 37 years of the business being listed on the stock exchange, there are six years for which the Annual Reports were missing: 1971, 1972, 1974, 1981-83. In most cases, however, it was possible to trace the missing financial and production information (with the exception of the Chairman statements) using other sources or the Annual Reports that followed the missing years. In addition, the official information is supplemented with a number of academic publications and newspaper articles, as well as a few interviews with the company management in Kericho and Nairobi. Ultimately, it was possible to put together a picture of nearly a century of operations of Unilever Tea Kenya Ltd, and its predecessors, in the historical context of tea sector development in Kenya.

Before proceeding to the descriptive part of the corporate history, the reference to 'Unilever Tea Kenya Ltd and its predecessors' must be explained. Through nearly a century of operations, the company that today is known as Unilever Tea Kenya Ltd has changed its ownership and name multiple times. It was first owned by a British company, Brooke Bond, and only became part of British-Dutch Unilever in 1984. The company was known as Brooke Bond/Kenya Tea Company Limited between 1920-1968, Brooke

Bond Liebig Kenya Limited between 1968-1982, Brooke Bond Kenya Limited between 1982-2004 and finally, Unilever Tea Kenya Limited (UTKL) since 2004[122] until today.[123] For simplicity, the name of the company in this chapter will be abbreviated to BBK for the operations until 2004 and UTKL afterwards.

3.3 Early Years in Kenya (1919-1971)

3.3.1 1919-1948

Kenya's tea industry originates from a combination of numerous colonial activities. During the colonial period, a series of Crown Lands Ordinances were passed in Kenya to change land tenure systems and to formalise the transfer of land ownership from the indigenous population to the settler farmers. For instance, a regulation was promulgated in 1915[124] that, among other things, extended the lease of alienated land from a period of 99 to 999 years. Through this process, the Kericho region – which would become the most significant tea-growing area – was alienated from its original inhabitants, the people belonging to the Kipsigis ethic group.[125] Around the same time, established tea companies in British dependencies in Asia were showing considerable interest in Kenya as another potential tea-producing area as a response to the growing unstable political climate in their part of the world (Oucho, 1981; Swainson, 1980).

A set of experiments were carried out in Limuru and Nairobi within the first decade of the 20th century by, among others, Kericho's local District Commissioner, H. B. Partington and a settler farmer called Captain Barclay. These experiments confirmed that tea was suitable for growing in some of the country's ecological zones. During World War I (1914-1918), the colony's Department of Agriculture actively experimented with tea growing in the Highlands and Kericho areas (Talbott, 2002). Following the Great War, several European settlers who arrived in the area immediately embarked on further experiments in tea production. By 1924, one of these post-war arrivals, the Scotsman Arnold Butler McDonell, used seeds from both Captain Barclay and from India and China to develop a 20-hectare tea estate on which he built a small factory for processing tea leaves. He later became the first commercial tea producer in Africa (Tea. Make it Kenya, 2018). Soon, tea estates led by settlers emerged in the present Jamji and Chemosit estates and also in Buret, giving rise to the formation of Buret Tea Company Limited (Oucho, 1981).

At that time, the British multinational company Brooke Bond was mostly involved in global tea trading and distribution. The company was buying tea in India and Ceylon to sell it at the London Tea Auction. It was also distributing (marketing) bought tea under its well-known brand name. It was only in 1919 that BBK decided to move into tea production and invest in its first tea plantation in Assam in India. Tom Rutter, then in charge of Brooke Bond in Calcutta, India, noted during a hunting safari in Kenya in 1914 that the country had the potential for tea growing (Institute of Developing Economies, n.d.). As BBK was primarily a marketing and distributing company, they first appointed a selling agent[126] in Nairobi in 1916 to market their tea in East Africa. By 1922, a formal branch of Brooke Bond was established (Mohan, 2018; Swainson, 1978, 1980). After 1924, the marketing of tea on the local market became BBK's primary concern. The company actively and successfully promoted tea drinking within

[122] Unilever Group had already acquired Brooke Bond Kenya Limited in 1984, but decided to keep the existing name. At that time, Brooke Bond tea was a well-established and recognized brand. The company decided to change its name to Unilever Tea Kenya Limited 20 years later. More information about this decision can be found in section 3.4.2 of this chapter.
[123] The information is drawn from the company's annual reports for multiple years, as well as from Swainson (1980).
[124] See Annex 4 for laws relevant to the tea sector in Kenya (1902-2008).
[125] The second largest Kalenjin ethnic group (Leys, 1975).
[126] His name was Arthur Hirst and he was sent from his post in Calcutta.

Kenya and, in 1928, it opened a sales office in Mombasa (Dinham & Hines, 1984). Six years later, BBK was the only tea company with an established distribution network in Kenya, which gave the company a local monopoly on supplying all of the country's tea (Swainson, 1980).

East Africa remained a minor market in the 1920s, however, as tea was considered a luxury that only a handful of wealthy Europeans, Asians and Arabs could afford (Talbott, 2002). BBK's primary market was in the UK. At this time, tea was imported to Kenya from India and Ceylon and was locally marketed in two different forms: in bulk and in packets. Tea in bulk was traded predominantly via Asian wholesalers and aimed at the African market, which existed mainly in Zanzibar and the coastal regions of East Africa, but the proportion sold on the local markets was small. BBK imported and locally marketed mainly packeted tea and held only a small share in the bulk trade. Some European settlers were also cultivating tea in Limuru district on a smallholder basis to be sold on the local market (C. M. O. Ochieng, 2010). In the early 1920s, the small size of the tea trade created strong regional competition, while a high import duty was levied on tea once it arrived in the port of Mombasa (Swainson, 1980; Talbott, 2002). Regardless of these constraints, by 1924, BBK had managed to obtain a 50% share of the East Africa tea trading market (Swainson, 1978, 1980).

Despite competition and the small local market, BBK decided, in reaction to the unstable political climate in India and Ceylon, to move beyond tea marketing and to invest directly in tea development and production in East Africa. Investing in local tea production, BBK was seeking to supply the lucrative European market and to develop alternative producing areas, but they also foresaw the scope for expanding sales in Africa itself (Dinham & Hines, 1984; Swainson, 1980). The move towards tea production in East Africa was perceived as strategic by BBK's parent company in Great Britain, which saw a possibility to challenge the virtual monopoly held by its major global competitor – Lipton (Swainson, 1978).[127] The first step towards local tea production happened in 1924, when the company bought its first 405 hectares of land in Kenya near Limuru and an additional 2,024 hectares in Kericho[128] (the extension of the Kenya Highlands, also known as the "White Highlands"[129]). The year after, they established tea plantations (Oucho, 1981; Swainson, 1980). BBK also made agreements with a number of European farmers around Limuru[130] to buy their tea and process it at a central Brooke Bond factory at Mabroukie (in Limuru) (Swainson, 1978).

It is important to note that, until the 1960s, tea growing (like coffee, cross-breed cattle, and pyrethrum) was restricted to white colonial settlers and multinational tea companies (Leys, 1975; Van Zwanenberg, 1975). The official reason for such restrictions was to maintain high quality in these products. Such privilege derived, however, from decisions made in the early 20th century by the British Government to establish a white settler community in Kenya to assist in the development of the newly acquired colony. These settlers were encouraged to venture into labour-intensive agriculture. To this end, the colonial regime blocked Africans[131] from cultivating lucrative cash crops in order to ensure a ready

[127] As of 1936, Lipton was in the hands of Unilever (Hensmans, Johnson, & Yip, 2013). Read more about it in the section 3.4.1 of the chapter.

[128] The land in Kericho was bought from the British East Africa Disabled Officers Colony (BEADOC) - a scheme implemented after World War I in order to attract British ex-army officers to become agricultural settlers in the East Africa Protectorate. BBK formed the Kenya Tea Company to develop this estate (Oucho, 1981).

[129] As only people of European origin were allowed to settle in this part of Kenya, it was soon known as the 'White Highlands'. Mostly British settlers owned large plantations of coffee and tea as well as cereal farms and ranches (Van den Akker, 2016).

[130] These farmers were cultivating tea in the district on a smallholder basis following the colonial experimentation phase.

[131] The racial structure present in the Colony can be (to simplify) divided into three main groups: Europeans, the indigenous Africans and the immigrant Asians, mainly from India. This structure perpetuated a class-race hierarchy. Thus, upper-class British expatriates held positions in the civil service, professions, business and commerce, agriculture, the army and education. Middle-class Asians were skilled artisans, clerks, stationmasters,

supply of labour to the settler farmers (cf. Jørgensen, 1975; Van Zwanenberg, 1975). Moreover, boundaries were drawn to limit Africans to what were called "native reserves" (Jørgensen, 1975). These were some of the interventions of the colonial state manifesting strong protection of settlers' interests (Kosgei, 1981).

These restrictions worked as planned, as reflected by the early structure of the tea sector. By 1926, tea development in Kenya was dominated by two large foreign companies (BBK and James Finlay Company Limited), two locally owned public companies (Buret and Jamji) and ten small private planters, though, by the outbreak of World War II, there were only five private planters left. During the early period of the establishment of the tea industry (±1924-1936), two MNCs substantially invested their corporate capital in the import of seeds (Talbott, 2002). Over time, BBK gradually increased its planting area by further absorbing (mostly former settlers) smallholders' plots[132] and, together with the James Finlay group,[133] it held the largest portion of mature tea before and after World War II (Swainson, 1980). Consequently, it was estimated that, by 1943, non-residents held 70% of tea acreage while residents, mostly of European origin, held the remaining 30% (Swainson, 1978).

The highly exclusive developmental process supported by the colonial administration in favour of settlers and multinational companies during the first 25 years of the tea industry's expansion (1924-1948) clearly contributed to the speed and, indirectly, the success of BBK as one of the main marketers of teas and one of two largest tea producers. In a span of 25 years, both the production area as well as production itself grew from virtually nothing to over 6,500 hectares under tea cultivation and 6,000 tons (MT) of production (Figure 3), of which, on average, 60% was exported to the UK to be sold on the tea auction in London.[134] The growth of the industry could have been even higher without the international restriction schemes introduced in the 1930s.

As a result of the global depression and low tea prices on the London Tea Auction, as well as two rounds of international tea restriction schemes, marketing in East Africa increasingly focused on the local market. International Tea Agreements (ITAs) were introduced in 1933 and 1938, both for a period of five years, and restricted global tea production and area of production. Kenya managed to negotiate some exceptions from ITAs; nevertheless, it has been suggested that the restriction years limited the development of the Kenyan tea industry (Swainson, 1980; Talbott, 2002). Taking a closer look at Figure 3, it can be noticed that the main increase in the tea production happened in 1937. Given that the average maturity time of a tea bush is four yours for the first harvest and six years for the mature harvest, the 1937 increase in tea production should be attributed to the tea planted before the enforcement of the first ITA. Similarly, the expansion of the production area is much slower, almost stagnant, between 1933 and 1938 for the same reason. The small increase in the area of production was a result of negotiations between the Kenya Tea Growers Association (KTGA)[135] and the

postmasters, small businessmen and mid-level civil administrators. Lower-class Africans were mainly unskilled workers and peasants (Sian, 2007; Van Zwanenberg, 1975).

[132] Others involved in the growing of tea were (foreign-owned) Nandi Tea estates, G. J. Grant, E. C. Brayne, I. Q. Orchardson and Mathews. The last four companies were sold to Brooke Bond or African Highlands (the James Finlay group, see footnote below) by the 1930s (Kosgei, 1981). Jamji estate was further absorbed by BBK in 1946, and Buret in 1971 (Swainson, 1978).

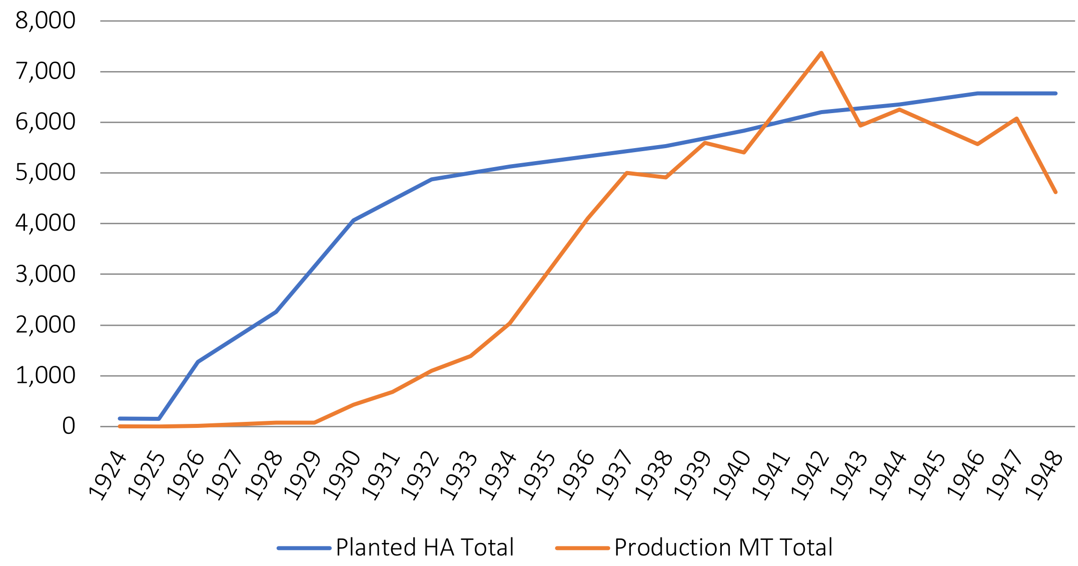
[133] In 1925, the James Finlay group formed a private firm registered in the UK – African Highlands Produce Company Ltd. that was handling the newly acquired land for tea production in Kenya (Swainson, 1980).

[134] Own calculations based on data found in Swainson (1980) and Talbott (2002).

[135] The Kenya Tea Growers Association (KTGA) is a voluntary organisation of plantation sub-sector members established by large-scale tea growers in 1931. The association, which is based in Kericho, was created to address the common interests of the large-scale tea growers (KHRC, 2008). BBK/UTKL were members of KTGA until 2006 (Unilever Tea Kenya Ltd., 2007).

International Tea Committee (ITC),[136] which granted Kenya some exceptions (cf. Swainson, 1980). Two multinationals (BBK and James Finlay) held the dominant position in KTGA and, in principle, supported the restrictions in line with the policy of their parent companies. They were, however, still highly dependent on local European tea growers to provide complementary input for their factories. Moreover, pressure was put directly on Kenyan (colonial) administration by the settlers themselves. The settlers who, in this case, represented the 'small' local tea growers, were a particularly powerful force in Kenya at the time and the local administration customarily took their side. Consequently, KTGA managed to negotiate an additional quota of land for tea development during the restriction years (Swainson, 1980).

Figure 3. Tea production and planted area between 1924-1948



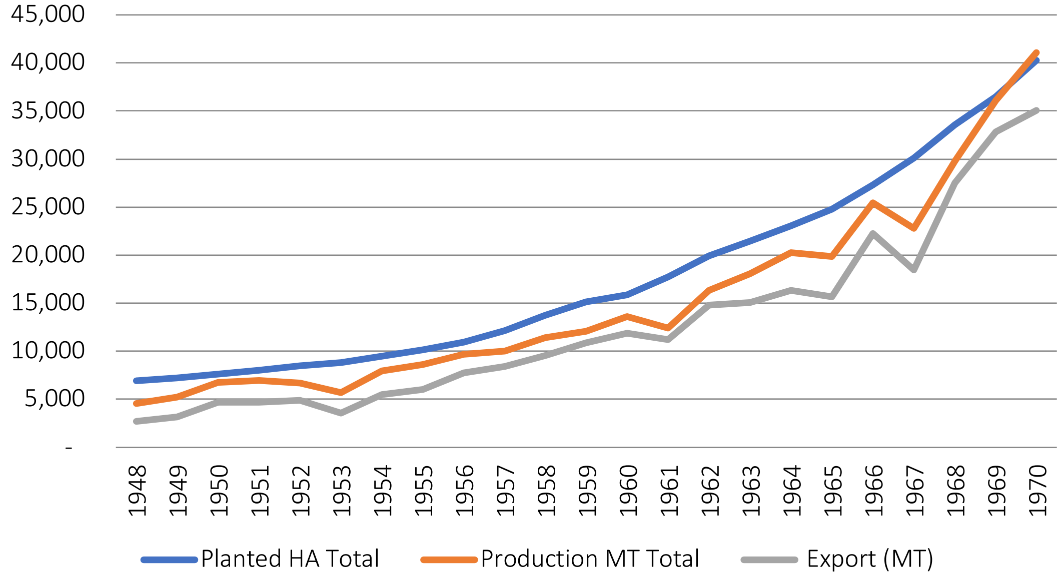
Source: Own elaboration based on data from (Swainson, 1980; Talbott, 2002)

3.3.2 1949-1970

The expansion of the tea production area was permitted again once tea prices had risen after World War II. The 1950s and the 1960s were periods of rapid development for the tea industry in Kenya. The area under cultivation increased almost ninefold. The production increased over six times and tea export more than eight times (Figure 4). Such expansion was a result of major political changes that started during the last decade of the colonial period and continued during the Kenyanisation process that followed the country's independence. Tea became a highly 'political' crop: firstly, for nationalist reasons, caused by the earlier colonial prohibition; and secondly, for its contribution to the GDP and foreign exchange earnings (C. M. O. Ochieng, 2007). Consequently, it also became an important tool in supporting the development of "agricultural capitalists and rich peasants" (Steeves, 1978: 126).

[136] The International Tea Committee (ITC) was set up in 1933 by representatives of the tea growers in India, Ceylon (today's Sri Lanka) and the Netherlands East Indies (today's Indonesia) to administer the Regulation Scheme under the terms of the International Tea Agreement. The chairman of the ITC at that time was also the chairman of James Finlay, demonstrating that the Committee's interests were more oriented towards protection of the global large tea producers (Swainson, 1980). ITC was established as a result of tensions between the British and Dutch Tea Associations, which previously agreed to regulate and limit global tea production and export and not to allow surplus tea to flood the market and cause a drop in prices – an agreement that the Dutch side failed to respect in full (ITC, 2018).

Figure 4. Tea production, export and planted area between 1948-1970



Source: Own elaboration based on data from (KNBS, 1961-1963, 1966-1971; Swainson, 1980; Talbott, 2002; Wallis, 1997)

The tea sector was increasingly organised. In 1950, the Tea Board of Kenya had been established to regulate tea growing, manufacturing and trade. Furthermore, workers' unions were recognised on the tea estates in the 1950s (Swainson, 1980). In 1956, under the management of the East African Tea Trade Association (EATTA), instigated by a handful of tea producers, buyers and brokers, the Kenya Tea Auction was initiated in Nairobi to challenge the monopolistic position of the London Tea Auction[137]

[137] Tea auctions have a long history. During the 17th century, the British East India Company played a crucial role in the tea trade. The world's first tea auction was organized by The East India Company in the UK in 1839. In those days, a tea auction referred to an institution for transferring tea from China to Europe, as consumption of tea was higher in that part of the world. This marketing system was monopolised by the East India Company. As the world's tea production was predominantly controlled by the British, auction trading through the London auction was therefore accepted. Prior to World War II (1939-1945), more than 60% of the world's tea production was under British control and marketed in London. World War II interrupted the continuation of the London auction and sales were suspended from August 1939 until April 1951. It resulted in oversupply of tea in different producing countries. As an alternative to the London auction, sales resumed at the auctions in Calcutta (1946) and Colombo (1947) in order to dispose of the surplus. This was not sufficient for marketing all the world's tea production and a need arose to establish new auction centres in different producing countries and auctions were established including in Mombasa in 1956, where the bulk of East African tea production was directly consigned to the London auctions. In time, East African Producer members considered it worthwhile to offer additional volume and quantity to local export auctions. As quantities increased, the incentive for international buyers to open up offices in Kenya grew. Gradually, more international buyers were attracted, spreading interest to markets other than the UK. This led to a sharp decline in the quantity sent to the London auction. Gradually, the London Tea Auction Centre lost its dominant position. By the time the auction resumed in London in 1951, sale quantities had declined substantially. This downward trend continued. Finally, on 29th June 1998, the London Tea Auction was shut down (Maxwell, n.d.; Waarts et al., 2012; World's Top Exports, 2017). The future of tea auctions is currently unclear. With the development of the internet and mobile phones, and given that many plantations are financed by large companies, tea estates will in the future be able to post real-time data daily on the internet, enabling a viable future market. It is therefore very likely that auction centres will become redundant as a result of technological advances (Agritrade, 2010). In Kenya, there are call for the Mombasa auction to close. It is argued that Kenyan farmers stand to earn more if the tea auction is replaced with a blending and packaging facility that exports finished products to the international market (Trade Mark East Africa, 2018).

(East African Tea Trade Association, 2019; KHRC, 2008). As the large-scale growers dominated the Kenyan tea industry during this period, the establishment of EATTA and the tea auction was largely in response to the interests of this group. For instance, in 1968, O. Brook – the Chairman of BBK was also the Chairman of EATTA (East African Tea Trade Association, 2019). The government had supported the establishment of the Kenyan tea auction from the outset (Houtkamp & Van der Laan, 1993). Initially, though, the majority of East African tea was directly shipped for sale on the London Tea Auction, while in Mombasa trading concerned only very small-scale trading of secondary grade tea (Esipisu, 1998). Over time, local producers considered it worthwhile to offer additional volume to the local export auction. As quantities increased, so did the incentives of international buyers. As tea was mainly warehoused, handled and shipped from Mombasa, in 1969, it was decided to move the Auction from Nairobi to Mombasa (Houtkamp & Van der Laan, 1993). With time, most tea buyers had agents or representatives on this local auction.[138]

Despite an announcement by the Tea Growers' Association in 1949 that they would not oppose African tea growing if it was developed in organised lines (Thurston, 1987), it was not until the mid-1950s, under the Swynnerton Plan, that the Kenyan government lifted the restrictions prohibiting most African farmers from growing cash crops, including tea. In 1954, a five-year "Plan to Intensify the Development of African Agriculture in Kenya" or the 'Swynnerton Plan'[139] (for short) was formulated in reaction to the Mau Mau uprising (1952–56).[140] The plan aimed at liberalising land tenure and cash crop production in the former White Highlands to allow the African population to participate in this industry. It had both political and economic objectives. Firstly, the plan was to ensure political stability by raising the social-economic standing of a selected group of rural "progressive" African farmers who, in turn, would collaborate with the colonial regime. Such a move would also alleviate some of the major grievances that resulted in the Mau Mau uprising, including landlessness and unemployment in particular among the Kikuyu community. This privileged class of African peasants would consequently absorb potentially rebellious landless Africans as wage labourers (C. M. O. Ochieng, 2010; Okuthe-Ovugi, 1982; Saeteurn, 2019; Thurston, 1987). Secondly, the Plan sought to establish both market and state support for the commercialisation of African agriculture. Finally, the plan revolutionized African land tenure by establishing private property land rights (C. M. O. Ochieng, 2007). The recognition of individual land tenure would facilitate loan acquisition (through the title deed) and farm development by a few privileged Africans. These measures were being implemented by the time of independence in 1963 (Okuthe-Ovugi, 1982). Consequently, smallholder Kenyan African farmers with consolidated (and registered) farm units between seven to 10-acres in size were encouraged by British agricultural officers to actively participate in the colony's export economy (Saeteurn, 2019).

The Swynnerton Plan is considered to be the foundation of agricultural policymaking and innovation in postcolonial Kenya's agrarian development (C. M. O. Ochieng, 2007). The Plan had two far-reaching

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[138] By the 1990s, 95% of sales on all tea auctions globally were conducted in tea producing countries. Kenyan tea producers were legally obliged to sell a minimum 20% of their tea production at the local auction; in practice, the majority of local production was sold through the Mombasa auction (Houtkamp & Van der Laan, 1993). Mombasa tea auctions trade Kenyan, Tanzanian, Ugandan and occasionally Zairean (now DRC's) teas (Van der Laan, 1986).

[139] Roger Swynnerton, a career field officer, arrived in Kenya in 1951 as Assistant Director for Field Services (C. M. O. Ochieng, 2007).

[140] The Mau Mau were the militant landless squatters and disgruntled land-poor individuals who formed the Kenya Land Freedom Army (KLFA). The Mau Mau conflict was essentially a Kikuyu civil war fought largely between land-poor Kenyans (KLFA) and land-rich ("loyalist", many of whom were mission-educated Christians and "chiefs"). The KLFA demanded the return of land title deeds, especially access to the European highlands. The conflict began in 1952, at which time the Kenyan government declared a State of Emergency. Much of the Mau Mau activities were situated in the Central Province. The Kenyan government eventually ended the insurgency in 1955 with the help of British troops; however, the late-colonial regime did not officially dissolve the State of Emergency until 1960 (Saeteurn, 2019).

consequences: it broke the monopoly of white settlers over commercial agriculture and extended the politico-economic structure of agrarian institutions and organisations, which had served white settler agriculture, into African commodity production. After its expiry in 1959, the colonial and later the postcolonial state continued to pursue policies and principles embedded within it, especially the notion of private property land rights and the principle of extending market and state control over the African commoditisation process. For the first time, the metropolitan government openly supported African agriculture production over the settler agriculture (C. M. O. Ochieng, 2007; Swainson, 1980). The Plan consequently laid the foundation for a national agricultural innovation system in Kenya that partly explains Kenya's 'exceptionalism' in terms of African agricultural policymaking and delivery at least in the 1960s and 1970s (C. M. O. Ochieng, 2007; Thurston, 1987).

In preparation for compliance with the Swynnerton Plan, in 1955, the Ministry of Agriculture expanded the 1950 pilot tea-growing project in Nyeri District[141] from 37 acres to 126 acres, and began to incorporate other African "reserves" located in both central and western Kenya for this purpose. Areas with favourable soil and high altitude, like the Nyanza and Kericho Districts among others, were considered suitable for motivating local "progressive" smallholders to plant tea. The colonial government was keen on expanding into these locations in western Kenya because they knew that some ambitious local farmers in the region were already growing tea either for home consumption or, (more frequently) for sale on the black market. Prior to 1955, the Department of Agriculture supported the project to grow sun-dried tea for local consumption;[142] any individual household in the province that wanted to produce it was encouraged to do so. This tea was referred to as 'sun-dried tea' because it was processed by drying green tea leaves in the sun on goatskins and later pounded in a mortar and pestle (C. M. O. Ochieng, 2010; Thurston, 1987). Consequently, two pilot smallholder tea schemes were established in 1956 and 1958: the Central Province African Grown Tea Marketing Board (with the Ragati Tea Factory in Nyeri District, Central Kenya opened in 1957. It was constructed by an engineer seconded from BBK with money advanced by the Colonial Development Corporation (CDC)[143]), and the Nyanza and Rift Valley Provinces Tea Marketing Board. These pilot schemes were heavily subsidized by the colonial state that remained keen to undermine peasant rebellion through economic incorporation (C. M. O. Ochieng, 2007; Saeteurn, 2019; Swainson, 1980; Thurston, 1987). The government's expansion of the smallholder tea planting programme in the mid-1950s ultimately brought 18,000 farmers into the industry (Saeteurn, 2019).

Following the success of the two pilot schemes, the Special Crops Development Authority (SCDA) was established in 1960, with a mandate to promote smallholder participation in cash crops such as tea and pineapples (C. M. O. Ochieng, 2010). From 1960 through 1963, in keeping with the objectives of the Swynnerton Plan, the SCDA adopted the creation of African agrarian 'middle peasants' in the tea sector

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[141] The first tea scheme was established in Nyeri in 1948 by Tom Hughes Rice, Assistant Agricultural Officer. He had seen the tea bushes in Fort Hall and had the idea of introducing tea commercially in the district he was posted in. He got permission to establish the first tea nursery at Karatina. The small Nyeri scheme remained the only real tea development in any African districts until planting began again in 1955 (Thurston, 1987).

[142] Some tea stumps (probably stolen) from Limuru estates were growing in Fort Hall District (the heartland of the Kikuyu plateau and the traditional homeland of the Kikuyu people (Taylor, 1967)) on small plots since 1933. In the 1940s, there was one experimental plot and one belonging to Chief Njiiri, who had given land for the experiment, each about a quarter of an acre. This tea was sun-dried. In the area, four or five other local farmers were also growing tea (Heyer, 1974; Thurston, 1987). Other smallholder experimental plots were started in Kericho as of 1949. Small peasant farmers were given between one third and one acre of land to cultivate tea supplied by the government (Swainson, 1980).

[143] The name was later changed to the Commonwealth Development Corporation. CDC was a finance organisation set up in the UK after World War II to promote industrial and agricultural projects in the colonial territories (Thurston, 1987).

as its general social development ideology.[144] Almost anyone willing to participate in the smallholder project could do so through a widely accessible credit scheme, low initial deposits and minimum starting requirements (C. M. O. Ochieng, 2007). Initially, chiefs, local leaders, large landowners and innovators were the main targets of the Plan, but tea spread quickly among the entire farming community (Steeves, 1978). The SCDA board was initially composed of government staff and experts from the commercial tea companies, Brooke Bond, James Finlay and Eastern Produce (Swainson, 1986), while smallholder representation was only allowed as of 1962 (cf. C. M. O. Ochieng, 2007).

The inclusion of large estates in the government's expansion tea programme was a response of the Kenyan Ministry of Agriculture to the concerns of the large tea-growing estates about the Swynnerton Plan. Unsurprisingly, the large plantation estate owners were against the policy that encouraged African smallholders to enter the agricultural export market, as they feared falling prices and loss of market control (Saeteurn, 2019; Swainson, 1986). Initially, BBK was reluctant to assist as well but it soon realised that it could be in their interests to support it (Swainson, 1980); indeed, this proved to be the case.

Since BBK was primarily a marketing and distributing company, it mattered to a lesser extent who produced tea, as long as it was grown to the required standards and a reliable source of supply was established (Dinham & Hines, 1984). In exchange for its expertise provided to the Department of Agriculture on both the growing and manufacturing side of tea production, together with other MNCs, BBK was able to negotiate two major changes that would work to its advantage. Firstly, the estates received the assurance from the government that the trade of the illegal 'sun-dried tea' would be banned, which indeed was enforced in 1964 (Swainson, 1977, 1980). Secondly, BBK imposed on the smallholders the high tea-plucking standard that they had developed. Moreover, through their place on the SCDA board, the tea-growing estates were in a position to set the price they would pay for the green tea leaves delivered to their factories by the smallholders (Saeteurn, 2019). Overall, through their involvement in SCDA, BBK was allowed to purchase the higher quality tea from smallholders for a price they set up and to blend it with its own lower-quality tea, ultimately maintaining the control over tea production in Kenya (Swainson, 1977, 1980). Consequently, the Swynnerton Plan was seen as a political and business success as it took political pressure off the companies (allowing them to keep their plantations) while ensuring access to high quality tea production from smallholders (Dinham & Hines, 1984).

After gaining independence in 1963, Kenya established the Kenya Tea Development Authority (KTDA),[145] which replaced SCDA in 1964. The first tea scheme was initially a project of the CDC with the objective of loaning smallholder farmers money to establish tea-processing factories (Thurston, 1987). Swynnerton's presence as CDC Agricultural Adviser in the early 1960s convinced the World Bank to fund the full-fledged tea smallholder project in Kenya (C. M. O. Ochieng, 2007; Thurston, 1987). Subsequently, a World Bank–CDC–KTDA–Government of Kenya Loan Agreement was signed in 1964. This agreement gave the World Bank and the CDC wide powers in running the KTDA. The KTDA board, which was responsible for overall management functions, consisted of eighteen members: nine members representing smallholders; the Permanent Secretary in the Ministry of Agriculture (the Director of Agriculture); the Chairman of the Tea Board of Kenya; a representative of the

[144] Prior to the establishment of the SCDA, tea had never been successfully produced by smallholders anywhere in the world. In 1956, Provincial Agricultural Officer of Central Province Graham Gamble was determined to see the smallholder project succeed in Kenya. As a former officer in India and Sri Lanka, he knew that smallholder tea can only succeed with strict supervision. He therefore insisted that the smallholder tea project in Kenya should be based on high-quality tea grown under carefully supervised conditions (C. M. O. Ochieng, 2007; Thurston, 1987).

[145] In 2000, the name was changed again to the Kenya Tea Development Agency (KTDA) following the privatisation of the Kenya Tea Development Authority as part of the structural adjustment programme (C. M. O. Ochieng, 2010).

Commonwealth Development Corporation (CDC); a representative of the World Bank; the General Manager (appointed by the Board); a Chairman appointed by the Minister for Agriculture; and three other members appointed by the Minister for Agriculture. The composition of the board of directors was intended to bring together a wide range of stakeholders. Particularly interesting was the presence of the smallholder representatives, who made up half of the board. Nevertheless, there were asymmetrical power relations between the various players (state, business, farmers), including a 'veto' power for the World Bank and the CDC. That meant that most important decisions, such as senior management changes, changes in levies charged on growers, alterations in managing agency contracts between the KTDA and multinational tea companies, and any change of more than 10% in the planting programme needed the World Bank's and the CDC's approval (C. M. O. Ochieng, 2007).

Until 1977, the KTDA's unbalanced structure rendered it little more than an extension and leaf collection service to the MNCs and their estates. The multinational companies, including BBK, assisted with the construction of KTDA factories in the 1960s and 1970s, provided expertise on tea cultivation and manufacturing and also undertook marketing tasks. They also acted as management agents for KTDA factory companies until 1977. The CDC held at least 50% shares in the early KTDA factory companies (autonomous companies, by law owned and managed by, or on behalf of, the KTDA) and the KTDA held the other half. The World Bank and the CDC held wide powers over policy and recruitment of staff. The role of the Government of Kenya was limited to guarantee foreign loans but it did not hold any shares in the KTDA or its factories (C. M. O. Ochieng, 2007; Swainson, 1980). The KTDA Head Office also regarded the smallholder representatives as advisory bodies, so their participation was of limited value from the 1960s through the 1990s. Nevertheless, the inclusion of smallholder representatives in the scheme provided them with critical experience in shareholding, management and decision-making that would prove crucial during the privatisation of the scheme in 2000 (C. M. O. Ochieng, 2007).

Due to pressure from KTDA's lenders, the World Bank and the CDC, and its managing agents (Brooke Bond Liebig, James Finlay and George Williamson), from 1964 onwards there was a marked shift in the KTDA from developmental concerns (focusing on widespread participation of smallholders farmers) to commercial considerations (focusing on middle- to upper-strata farmers that could afford to pay their way through the scheme). It resulted in a rapid reduction of credit throughout the 1960s (which was abolished completely in 1972) and introduction of a Grower Financed Planting Scheme that targeted relatively well-off farmers who could afford to participate in the scheme without credit. KTDA argued that "lower-strata farmers with less than 0.8 ha of land were too poor to be helped" (C. M. O. Ochieng, 2010: 146).

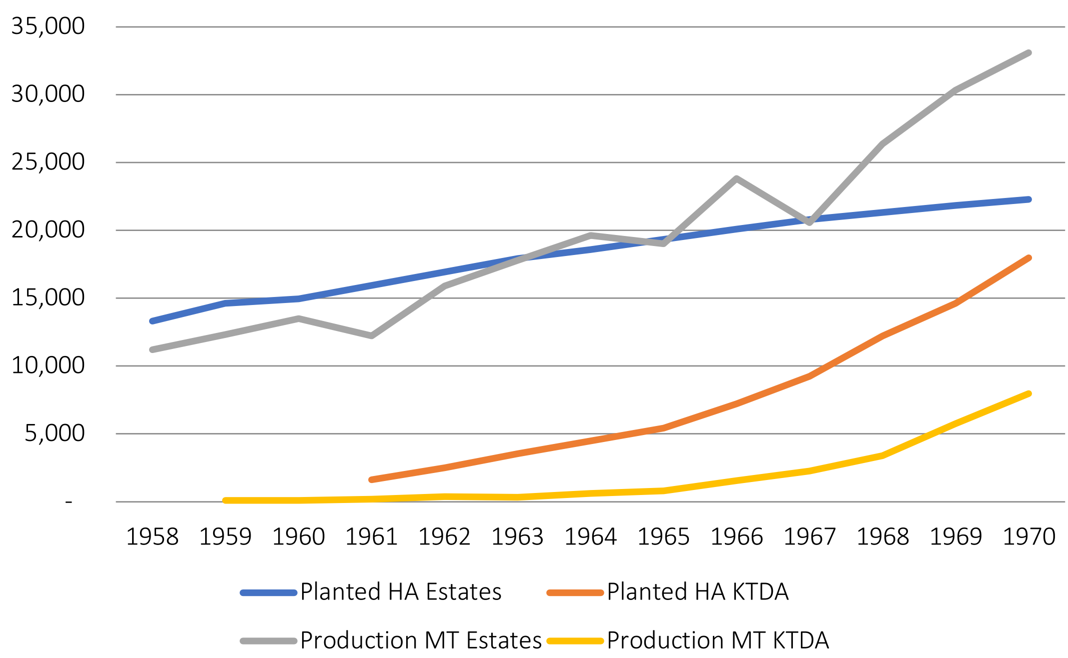
KTDA explained this shift on efficiency and financial grounds but the rapid expansion of the smallholder scheme constituted a serious threat to the multinational tea companies in the 1960s and 1970s, as well as to a number of other local estate tea companies owned by members of the ruling Kenyatta coalition (C. M. O. Ochieng, 2007). This argument is supported by the behaviour of KTDA after the introduction of vegetative propagation (VP) methods[146] during the Third Development Plan (1968–72) (which was a good opportunity to expand the planting area at substantially lower costs). Despite this technical innovation, KTDA increased rather than lowered the cost of participation in the scheme with a view to excluding lower strata farmers from the tea project. By 1970, the cost of participating was over 10 times (in real terms) than during the period 1960–63 (C. M. O. Ochieng, 2007).

The Kenyan (colonial and then national) government plan was that the majority of unemployed residents would be absorbed into the tea-sector economy as simple wage labourers (particularly from the western Kenya region where unemployment was very high). This, however, was not what most of these unemployed residents (who were mostly small-scale farmers) wanted or did in practice

[146] VP involves replacing seedlings (planted in KTDA's nurseries) with cuttings from 'mother bushes', which was a much cheaper practice (C. M. O. Ochieng, 2007).

(Saeteurn, 2019). In spite of the increasing costs of participation, a number of farmers were determined to join the scheme and succeeded. The credit constraints, however, forced many farmers across the country from 1964 onwards to start acquiring and planting tea plants illegally. It was a struggle for survival for many smallholder peasants, who exerted serious pressure (almost everywhere) to be allowed into the programme. Some peasants grouped together with similarly placed neighbours to pool their funds, or they asked middle- or upper-strata friends and relatives to set aside an amount that would allow them to purchase tea plants. Some KTDA field officers were also willing to help the 'illegal farmers' with the extension services, neglecting the strict KTDA rules. Widespread illegal tea growing represented a mechanism adopted by the smallholder tea farmers to fight for their position in the sector. As a result, by the early 1970s, the KTDA realised that there were more farmers planting tea illegally than legally, and it decided to absorb them formally into the system by declaring an amnesty on all illegal planters and plantings. The Grower Financed Planting Scheme was also scrapped (C. M. O. Ochieng, 2007; Steeves, 1978). Despite the exclusive process behind smallholder tea development in Kenya imposed and led by MNCs, international donors and nascent local elite in the 1950s-1960s, within a decade, smallholder tea schemes started to swiftly develop alongside the estate sector (Figure 5) (Swainson, 1986).

Figure 5. Tea production and planted area by estates and smallholder tea farmers (KTDA) between 1958-1970



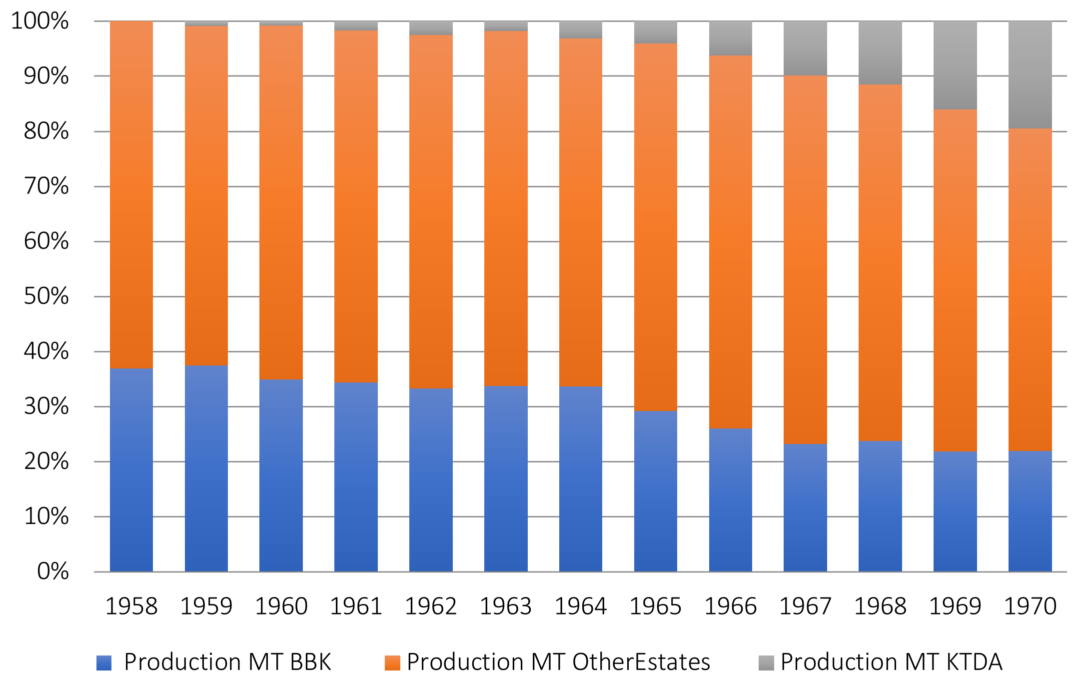
Source: Own elaboration based on (KNBS, 1961-1963, 1966-1971)

In the meantime, in plantation agriculture, multinationals continued to exercise major influence on trade and production in commodities between the 1950s and the 1970s (Jones, 2005). The focus of BBK and other tea producers shifted towards the export market, but also to an increase in productivity. Between 1949 and 1970, BBK expanded its production area and built a total of seven new tea manufacturing factories[147] (N. Hall, 2000; Swainson, 1980). More importantly, it was able to increase

[147] The new tea-processing technology was based on the Rotorvane machine pioneered in India. Its adaptation in the new factories in Kenya allowed Kenya to immediately adopt the CTC method of tea manufacturing. CTC stands for crushing, tearing and cutting. This technology was considered superior in comparison to the orthodox methods of tea manufacturing. Moreover, the tea that was the end-product of this method was known to have a

quality and labour productivity by sponsoring research on new, higher yielding varieties, processing techniques to improve tea quality and introducing the use of herbicide as well as new plucking techniques.[148] These advancements were realized at the Tea Research Institute, which was established by the company in Kericho in 1949 (Huq, 1996). Until the 1960s, BBK and James Finlay estates controlled the largest share of Kenya's tea growing area, while BBK held a monopoly over the internal marketing of tea, yet their dominant position was challenged by rapidly expanding smallholder tea production (Figure 6 and Figure 7) and by the rise of African nationalism.

Figure 6. Share of the total tea production between BBK, other estates and smallholder tea farmers (KTDA) between 1958-1970

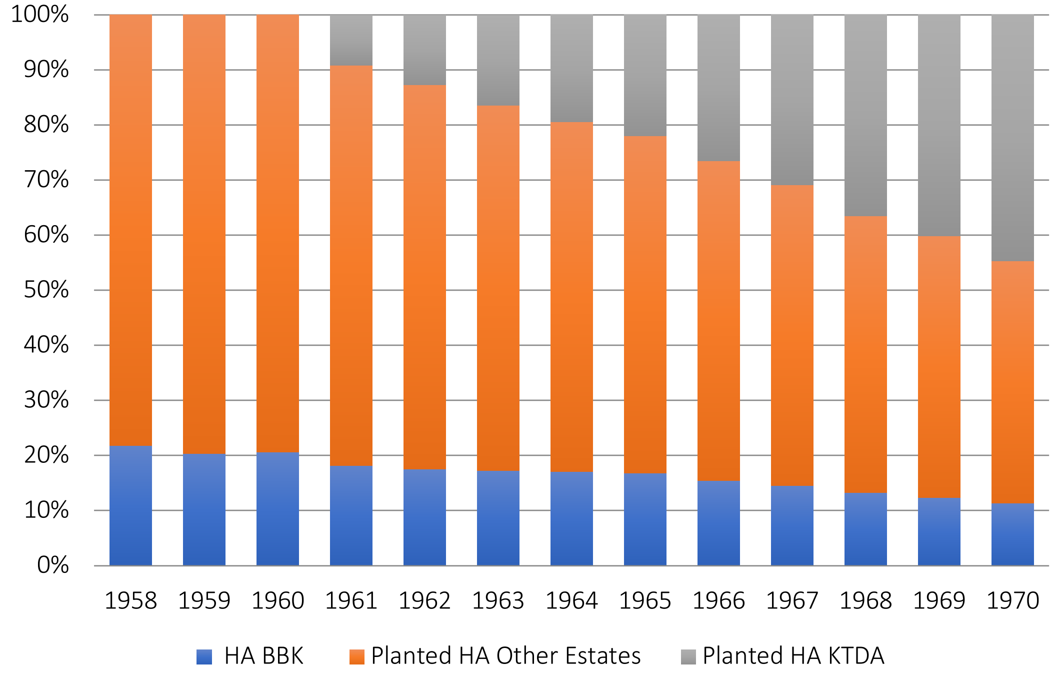


Source: Own elaboration based on (KNBS, 1961-1963, 1966-1971)

stronger taste and faster infusion time. This immediate adjustment of the newest technology gave Kenya the edge over the tea produced and exported from Southeast Asia, where the adaptation of this technology was related to heavy costs of conversion in the local factories. It also saved on labour and production time (N. Hall, 2000; Swainson, 1980).

[148] The new plucking technique involved the better organisation of labour and its productivity. The employees of the estate were ordered to pluck the tea leaf more firmly and pluck only the top three or four leaves and the bud, instead of random plucking of any tea leaves. BBK, through its involvement in SCDA and later KTDA, imposed even higher standards for tea plucking on the smallholders: only two leaves and a bud. The higher quality tea produced by smallholders was later mixed with BBK's lower quality tea (Swainson, 1980).

Figure 7. Share of total tea planting area between BBK, other estates and smallholder tea farmers (KTDA) between 1958-1970



Source: Own elaboration based on (FAO, 2019; KNBS, 1961-1963, 1966-1971)

Like many newly independent countries, Kenya went through a process of Africanisation or Kenyanisation as it is sometimes referred to in the 1960s and 1970s. Kenya's Africanisation differs, however, from similar processes in other African countries. To properly understand it, it is necessary to go back to the early 1960s, when two Lancaster House Constitutional Conferences were held (in 1960 and 1962) in London with the purpose of negotiating and drafting a new constitution for independent Kenya (cf. Sian, 2007). Most of the commentators on this transfer of power from the British colonial administration to Kenya nationals described it as a bargain addressing African 'land hunger' supposedly struck between moderate African nationalists and multinational capital at the expense of the European mixed farms. This bargain, influenced by British big business groups in Kenya, was cemented with the transfer of vast tracts of land in the former 'White highlands' to African farmers.[149] This solution was seen by the colonial authorities as the only way to preserve the most dynamic portion of Kenya's agricultural economy— its plantation estates. Moreover, such a bargain protected the private sector, prevented anti-capitalist elements from seizing power and laid the preconditions for a smooth and pro-capitalist transfer of authority to moderates (Tignor, 1998).

The first national elections were held in Kenya in May 1963 and Jomo Kenyatta, the supposed leader of Mau Mau, and his KANU party assumed power on 12 December 1963 with what appeared a rather nationalist agenda (Sian, 2007; Tignor, 1998). The Africanisation policy was the priority. President Kenyatta laid down its guiding principles in his introduction to Sessional Paper No. 10 of 1965 ('African Socialism and its Application to Planning in Kenya') (GoK, 1965), which he also described as "Kenya's

[149] In Kenya, colonial policymakers systematically sought the support of big business, especially British-based capital. The latter were putting pressure on colonial officials in London and Nairobi during the 1960-1962 period via a committee representing business executives from the British business groups in Kenya (including BBK) through (for instance) a memorandum "The Future of British Investment in Kenya". This document highlighted the importance of large-scale foreign capital and its preservation in a soon-to-be-independent Kenya. Ultimately, the British government provided substantial funds (i.e. to subsidise land transfers) that were used effectively to protect the larger interests of European investors (Tignor, 1998).

economic 'Bible'" (Leys, 1975: 221). These intentions were later confirmed in the White Paper on "Kenyanisation of Personnel in the Private Sector" (Ministry of Labour, 1967). The aim of the Africanisation policy was to deconstruct the social barriers, to reverse the underdevelopment of the colonial era and to transfer economic power into the hands of Africans (Gatheru, 2005; Leys, 1975). Among the more aggressive Africanisation initiatives introduced, was new legislation on the issues of immigration and trade. The Immigration Act of 1967 allowed the government to determine who could and who could not own businesses in Kenya. Similarly, the Trade Licensing Act of 1967 gave preference to citizens over non-citizens in the issue of trade licences. The Act listed certain commodities (such as maize, rice and sugar) and services that could only be traded and provided by local citizens. The main aim of this act was, however, the elimination of a large Asian business community from these trading activities (Rood, 1976; Sian, 2007).

The Kenyan interpretation of African Socialism sought to affiliate the nationalist demands for African freedom and opportunity with the continuation of the capitalist system. With some individual exceptions, Kenyan nationalists had little interest in reducing foreign influence anywhere other than in landowning (Tignor, 1998). The new Kenyan government actively pursued the preservation of close ties with Western capitalist economies and Britain remained an important trading partner (Swainson, 1980). For instance, President Jomo Kenyatta put Bruce McKenzie in the position of Kenya's minister for Agriculture. He was the only colonial-era Cabinet minister after independence. McKenzie played this role until 1969 and he was instrumental in promoting ties between Kenya and European and multinational companies (J. Kamau, 2019; Opiyo, 2019).[150] Meanwhile, multinationals in Kenya benefited as the government encouraged the entry of foreign capital into the country.[151] In order to avoid overseas influence, foreign companies were required to make shares and managerial positions available to African Kenyan nationals and other representatives of the political elite[152] (Sian, 2007). Therefore, the nationalisation of commerce and industry was delayed and constrained by the Kenyatta government's need for continued reliance upon European and Asian capital and their skills (Gatheru, 2005).[153]

In response to this political climate, foreign multinational companies operating in Kenya, including BBK, started to diversify their operations (Langdon, 1974). Many MNCs were willing to engage in import substitution, anticipating indigenisation of the trading sector (Jørgensen, 1975). They were also ready to vertically diversify their labour in order to internally redistribute their income, while expanding

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[150] It is reported that he used his position to enrich himself by acquiring a stake in many of the businesses he helped to broker. See, for instance, his involvement in establishing Dansk Chrysanthemum Kultur (DCK) – the first flower company in Kenya in 1969 in Chapter 4. It is argued that McKenzie was also helping many of his fellow Cabinet ministers to follow a similar path (J. Kamau, 2019; Opiyo, 2019).

[151] To attract more diverse foreign investment and to halt the erosion of confidence among foreign investors caused by the 'Africanisation' policy, the Kenyan government decided to enact the Foreign Investment Protection Act (FIPA) in 1964. The Act guaranteed foreign investors the right to transfer profits, dividends and capital out of the country. The investors were also assured that their firms would not be compulsorily acquired under the indigenisation policy (Langdon, 1978). The Sessional Paper no. 10 of 1965 also supported this commitment (Leys, 1975). This move resulted in inflow of equity capital in the 1960s and 1970s, mainly in textile and agro-based industries (Kaplinsky, 1978; Langdon, 1978; Leys, 1975).

[152] Many of the former colonial administrators who remained in Kenya when they retired from government service were promptly recruited onto the boards of Kenya's most important corporations (Tignor, 1998). The same was true for the members or close supporters of the ruling Kenyatta coalition (C. M. O. Ochieng, 2007).

[153] Jorgensen (1975) offers a strong critique of the Kenyan indigenisation process. He argues that the Africanisation process did not sufficiently integrate various sectors and subsectors of the economy to increase self-reliance. It also failed to reduce dependence on the import of foreign technology and goods. Moreover, the Kenyan economy continued to depend heavily on the export of agricultural raw materials and of minerals (Jørgensen, 1975). Consequently, Kenya, with its supposedly radical and anti-European Mau Mau conflict, completed its decolonising phase with its private sector remarkably intact (Tignor, 1998).

domestic markets and creating wage employment, protecting the firm's position on the market (Leys, 1975). In 1968, Brooke Bond merged with British Liebigs Meat Company and formed Brooke Bond Liebig Limited.[154] BBK consolidated its interests in the food and beverage sectors in 1967 by acquiring a 30% interest in a fruit and vegetable canning plant – Kabazi Canners. Apart from the tea production and marketing, BBK was already involved in such activities for coffee. New ventures allowed the company to increase its range of products to include canned foods, tea and coffee. BBK continued its expansion and diversification. In 1968, it took over an existing fishing fly-tying factory in Kericho and, a year later, it acquired a substantial interest in a local financing institution called East African Acceptance Limited. As of 1968, the estate division of BBK expanded to include new industrial crops, such as tara (used to manufacture tannin) and cinchona (used in the manufacture of quinine). In parallel, BBK expanded the estate area by acquiring indebted smaller tea estates. The last major purchase was made in 1971, when BBK acquired the Buret Tea Company, the only remaining large local tea estate, thus adding 850 ha of mature tea area to their existing estates in Kericho (Kaplinsky, 1978; Swainson, 1980, 1986).

Finally, minority shareholding by the Kenyan government and by African Kenyan citizens was seen by many MNCs as a sign of government approval and a form of 'vaccination' against the risk of further nationalisation (Jørgensen, 1975; Langdon, 1974; Swainson, 1980). In 1971, BBK were among such firms and issued shares on the Nairobi Stock Exchange (Langdon, 1974; Swainson, 1980). The Initial Public Offering (IPO) was followed by complicated negotiations over the pricing of the new shares between the company and the Capital Issues Committee (CIC) of the Treasury of Kenya. The latter reportedly pressured the foreign company into pricing the shares as low as possible to enable more Kenyan citizens to buy them. BBK ultimately agreed to issue about 11% of its local share capital as shares. Despite the reportedly low initial share price, local private investors and 'citizens' bought only 2% of the IPO. The government, however, took a direct interest in this IPO, taking an 11.8% of available shares (Swainson, 1977, 1980). Direct shareholding in a profitable company like BBK provided further opportunities for the formation of a political-bureaucratic bourgeoisie and its inner circle, such as lucrative shareholdings in subsidiaries, recruitment to highly paid executive positions in the structures of a company, or preferential servicing or distribution services from such companies (Langdon, 1974). For the MNC, such appointments were yet another form of political insurance (Jørgensen, 1975). To conclude, through the Kenyanisation of BBK, state power was used to (among others) support the reinforcement of the emerging new African bourgeoisie by providing access for prominent Africans to positions and financial benefits from foreign multinational companies operating in the country (Langdon, 1974). On the other hand, BBK was able to use nationalisation as a strategy for strengthening relationships with the host government and to maintain influence and control over one of the most strategic sectors of the Kenyan economy (Jones, 2005; Jørgensen, 1975). It is an excellent example how what should be an inclusive process leading to inclusive outcomes for Kenyan nationals became a tool for exclusivity in the hands of powerful agents in a complex historical setting.

3.4 Years listed on the Nairobi Stock Exchange (1971-2008) and beyond

3.4.1 1971-1992

The 1970s and the 1980s mark the rapid expansion of the Kenyan tea sector (Figure 8) and 1992 marks a watershed year in Kenya – its first multi-party election after the one-party era and, subsequently, the active pursuit of economic liberalisation following the Structural Adjustment Programmes (SAPs). The Kenyan political scene of the 1970s and the 1980s was one of power centralisation, after a ban of opposition parties introduced in 1969. In 1978, Kalenjin Vice-President Daniel arap Moi succeeded Jomo Kenyatta as president and changed the Constitution making Kenya a one-party state (Booth et

[154] As stated at the beginning of the chapter, for simplicity I refer to the newly formed company as BBK.

al., 2014). In terms of economy, after the rather positive economic growth during the first decade of Kenya's independence, during the 1970s and the 1980s, Kenya's economic performance worsened. It was affected significantly by the global oil shocks of 1973 and 1979, the collapse of the East African Community (EAC) in 1977, an attempted coup in 1982 and severe droughts in 1983/1984 and again in 1991/1992. In addition, major mismanagement of the 1976/77 coffee boom led to balance of payments problems that forced Kenya to seek conditionality finances from the Bretton Woods institutions. SAPs were implemented as of the mid-1980s but rather slowly and with a lack of transparency. Consequently, Kenya was cut off from aid in 1991 (and between 1991 and 1993) when development partners started to focus more on governance as a pre-condition for aid. Consequently, President Moi was under pressure to reinstate multi-party democracy. Liberalisation reforms accelerated in preparation for the first 'multi-party' election in 1992 (Mwega & Ndung'u, 2004).

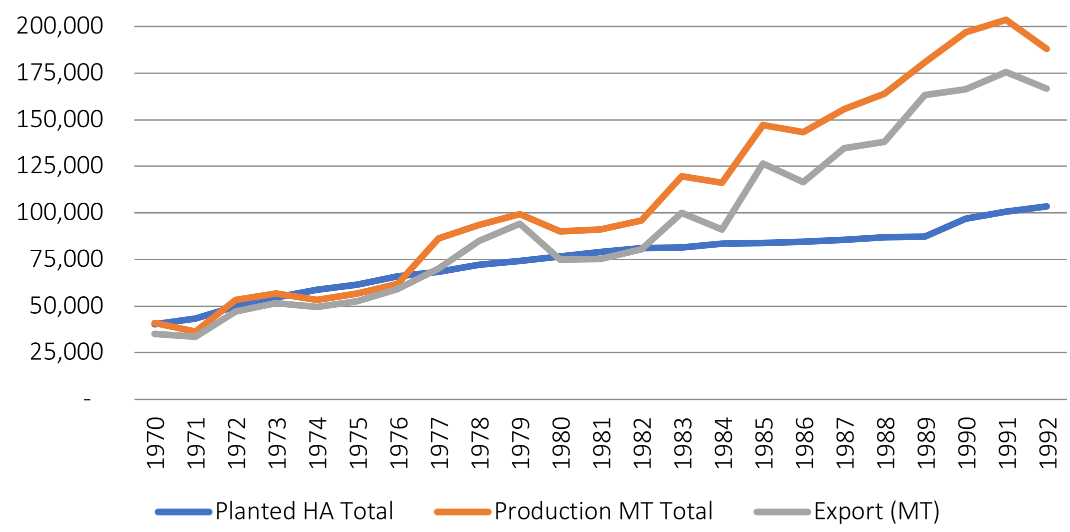
The two decades prior to liberalisation were difficult for BBK. The Kenyanisation policy and growing importance of KTDA and smallholder tea farmers challenged the dominant position of the company in Kenya. In 1972, pressure was successfully exerted on the Kenyan government by a group of 'private individuals' (who later invested in the private cultivation of tea outside the smallholder system) to limit the possibility of expansion of the tea estates. This restriction allowed the domestic bourgeoisie to reduce the level of protection of MNCs while simultaneously upholding the decision to put tea growing more firmly in their hands.[155] As a result, the government prevented BBK from buying further agricultural land in Kenya (Mohan, 2018; Swainson, 1977, 1980). By 1975, Kenya's Treasury increased its share in BBK to approximately 20% (Swainson, 1980) and a number of British BBK board members, including the chairman, were replaced by Kenyans (Brooke Bond Liebig Ltd., 1973, 1975, 1976). Moreover, the area under tea cultivation more than tripled between the 1970s and 1990s (Figure 8) and by 1988, smallholders outperformed the estates in terms of tea production (Figure 9). This rapid expansion in cultivation area and production was not, however, accompanied by a productivity increase of the smallholder tea farms (Figure 10), while the commissioning of KTDA tea manufacturing factories also lagged behind the rate at which new smallholder tea areas came into production during the 1980s. Congestion at the green leaf buying stations led to crop loss, while the overloaded manufacturing capacity of some factories had a negative effect on the quality of the final product, which further translated into lower market prices (Wallis, 1997).

In response to the constraints imposed by the government on the expansion of tea estate land, BBK focused on research to improve estate productivity, acquisition and further diversification of their portfolio. With supported research, the company continued to increase productivity, which was substantially higher than productivity of the smallholder farmers (Figure 10 and Annex 5). In terms of diversification, in 1973, BBK opened the first instant tea factory in Kenya. Kitco Instant Tea Factory was situated in Kericho and was equipped with state-of-the-art equipment developed in and brought from the UK (Brooke Bond Liebig Ltd., 1973; Swainson, 1980). In 1975, Kenya Fishing Flies was closed due to low profitability (Brooke Bond Liebig Ltd., 1975). In the same year, BBK bought a 52% stake in one of the oldest tea estates (established in 1925), the Limuru Tea Company Limited (Wahome, 2006). It was not, however, a land acquisition as had been the case for previously acquired tea estates. After the purchase, Limuru Tea Company Ltd. became an outgrower of green leaf to BBK's Mabroukie Factory for manufacturing; the product was sold via BBK's selling division in Mombasa (Brooke Bond Liebig Ltd., 1976). BBK became the managing agent for the estate, manufacturing and selling operations (Limuru

[155] This move could also have been aligned with developments on the international tea market. In September 1972, the Food and Agriculture Organisation convened an Intergovernmental Group on Tea, which proposed quotas for exports of black tea based on official estimates of export availability. The group agreed that exporting countries would adjust their exports of black tea so as not to exceed these figures. This market regulation did not constrain Kenya, as during four years covered by these restrictions, it exported only 92% of the initially agreed export quota (Wallis, 1997).

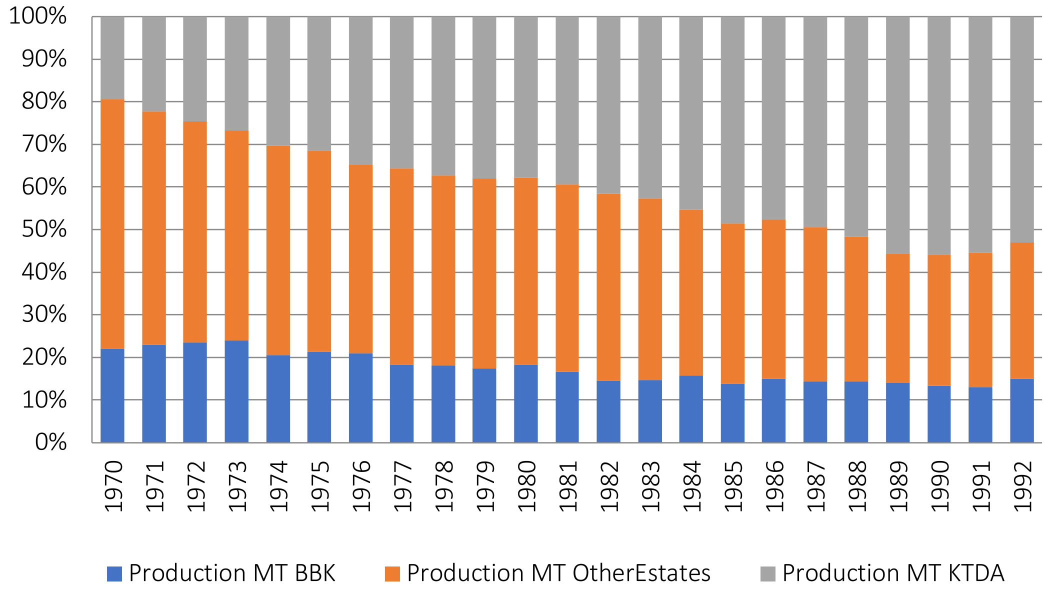
Tea Company Ltd., 1999). Institutionally, Limuru Tea Company Ltd. remained an independent subsidiary of BBK and has been listed separately on the Nairobi Stock Exchange since 1967[156] (Kibuthu, 2005).

Figure 8. Tea production, export and planted area between 1970-1992



Source: Own elaboration based on (KNBS, 1971-1994)

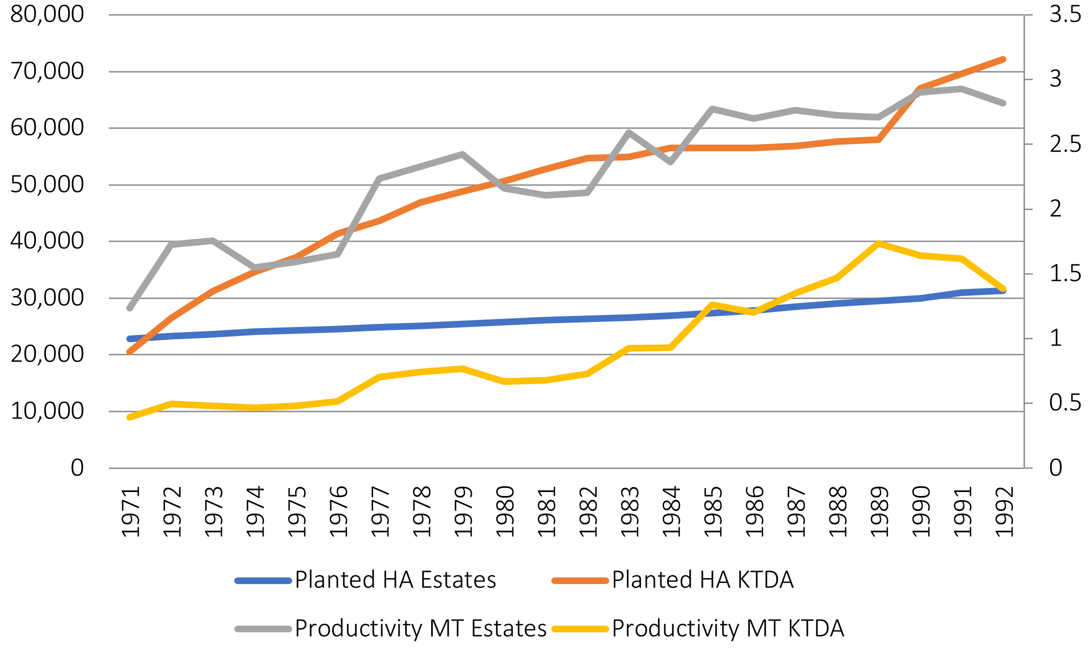
Figure 9. Share of the total tea production between BBK, other estates and smallholder tea farmers (KTDA) between 1970-1992



Source: Own elaboration based on (KNBS, 1971-1994)

156 Limuru Tea stocks are among the least traded on the Nairobi Stock Exchange due to the low number of shares and a very high market price. Very few shareholders are willing to sell their shares, not least because of the company's very generous dividend policy (Wahome, 2006).

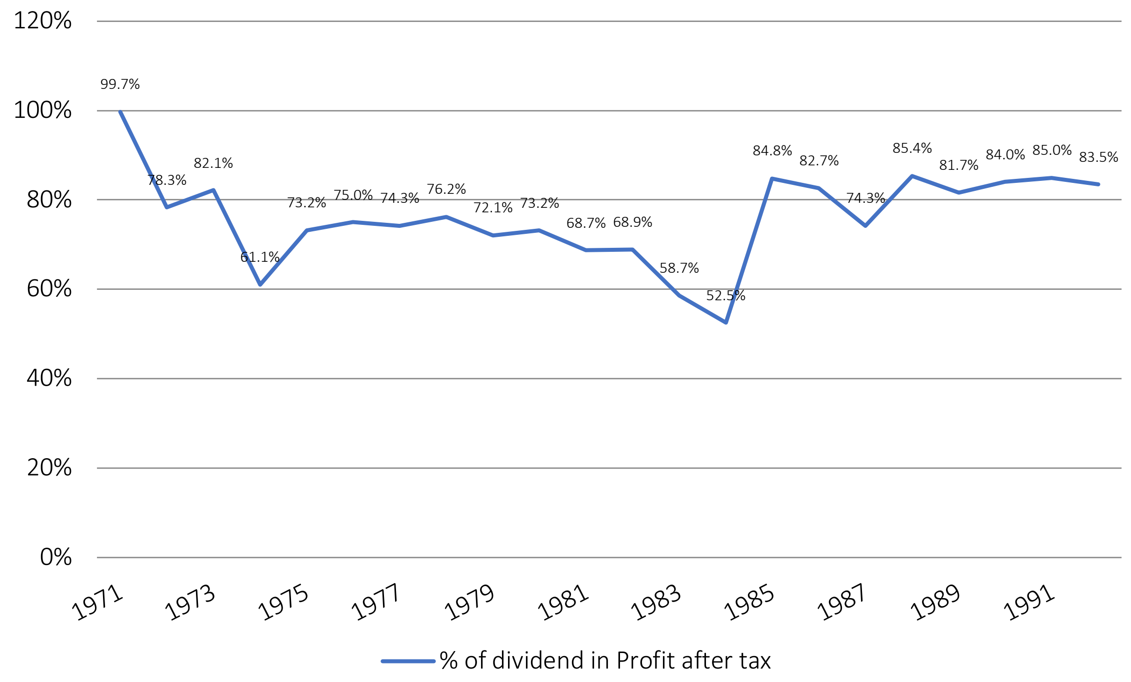
Figure 10. Tea planted area and productivity per estates and KTDA between 1970-1992



Source: Own elaboration based on (KNBS, 1971-1994)

Another strategy of multinational companies in response to Africanisation was to substantially increase their dividend payouts (Uche, 2012). A similar strategy was initially adopted by BBK who, throughout its operations, adapted a rather active dividend policy (Figure 11). It meant that a large share of their post-tax profit was paid out in the form of dividends. As the mother company owned the majority of BBK's shares, this strategy was largely profitable for the Group, while at the same time it kept the local shareholders satisfied. Through the decades, BBK operated with a substantial profit, although a decrease from 1977 onwards is noticeable in Figure 12. The lower margins and decreased dividend payouts between 1972 and 1984 were also a result of a number of developments and acquisitions in the said period, as well as a number of substantial investments that BBK made in infrastructure upgrade and organisation.

Figure 11. Dividend policy expressed as a percentage of dividends in the total profit after tax 1970-1992

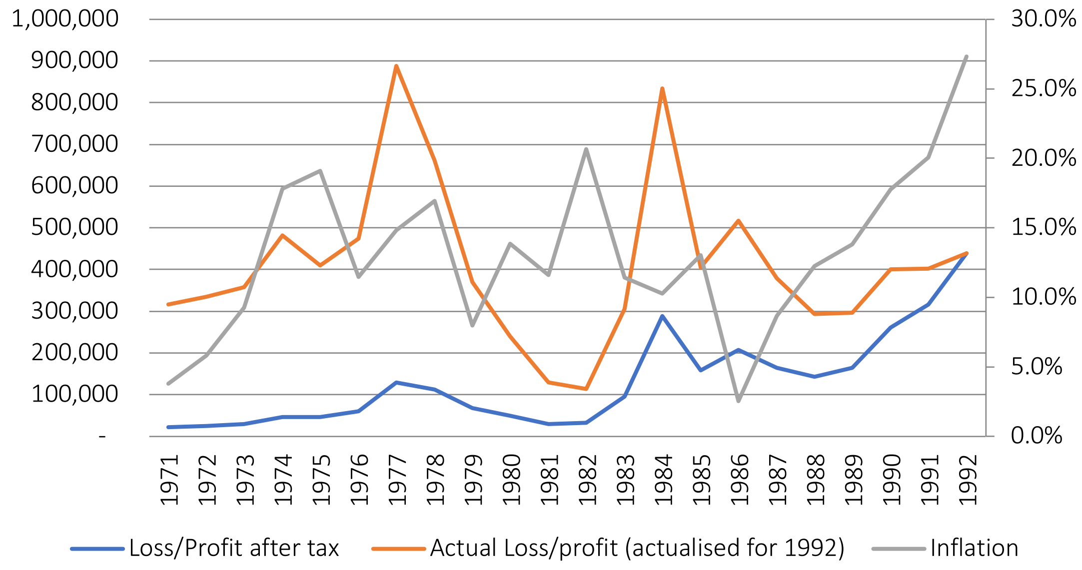


Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1990, 1992, 1993; Brooke Bond Liebig Ltd., 1973, 1975-1980)

As a producer of agricultural produce for export, BBK operations were highly dependent on weather conditions, global commodity prices, exchange rate fluctuations, as well as a number of other factors on the global and national level. Between 1976-77, during the coffee boom, international tea prices reached their peak as well before plummeting in 1978-79 (Brooke Bond Liebig Ltd., 1976, 1977). On the national level, BBK experienced an average increase in production costs of 11% per annum between 1973-77, as well as a substantial increase in input prices (Brooke Bond Liebig Ltd., 1973, 1975-1978). The global economic crisis of 1979 and attempted coup d'état in 1982 did not serve the Kenyan economy well. Also in 1989, it was marked that BBK's products were subject to a number of new levies and cesses,[157] which negatively affected production costs (Brooke Bond Kenya Ltd., 1990). A major blow to BBK's profits, however, took place in 1977, when KTDA finally took over BBK's entire, highly profitable, marketing arrangement, including distribution of tea in the local market. This takeover deprived BBK of a substantial source of profit (Figure 12) and yet again indicated the strength of the indigenous bourgeoisie and the on-going nationalisation in the country.

[157] For instance, airfreight costs were affected by the government tax on aviation fuel (Harris, 1992).

Figure 12. BBK profit after tax 1971-1992 (nominal value of profits, as well as actualised value for 1992, in Sh '000)



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1990, 1992, 1993; Brooke Bond Liebig Ltd., 1973, 1975-1980) and (International Monetary Fund, n.d.)

KTDA and the tea industry in general was increasingly considered an attractive investment avenue for many farmers, while the Kenyan bourgeoisie and political elites increasingly owned large tea estates and held important posts within KTDA. It is also important to consider that tea-growing regions (former Central and Rift Valley Provinces) are electoral strongholds of two of the most important political figures during the period under investigation: presidents Kenyatta and Moi. Development of tea in these two regions was therefore important for political and ethnic reasons (C. M. O. Ochieng, 2010). As mentioned earlier, in the initial phase of KTDA development, BBK played an important and active role as one of the KTDA managing agents and as a major processing, manufacturing, marketing and retailing agent for tea. BBK also provided their personnel and know-how in establishing and managing smallholder tea factories. However, a new large extension programme by KTDA, implemented and sponsored by CDC, the World Bank and the West German Development Agency, envisioned the construction of 22 new factories between 1974-78.[158] These factories were to be operated independently by KTDA, with minimum initial support from the estates (Swainson, 1980). At that time, the board and the management of KTDA were still dominated by the representatives of government, the CDC (up to 1985) and multinational tea companies, with actual smallholders in an 'advisory role', exercising minor ownership and management rights, but the power relations were about to change.

There was internal discontent among the Kenyan tea farmers with the rate at which the multinational companies were proceeding with the Kenyanisation process within the management of KTDA and its factories. By 1973, in 15 factory companies owned by the KTDA, there was only one African factory manager[159] (C. M. O. Ochieng, 2010). Smallholder farmers perceived producer prices to be low and service charges and managing agency fees as excessive or exploitative (Swainson, 1980). As described in the previous section, BBK had held a monopoly on the marketing and distribution of tea in the local market for years. This arrangement, known as the 'pool', comprised of 35 tea producer companies –

[158] It was in line with the Kenya's Development Plan for 1974-78 that expected tea expansion to play a major role in improving the distribution of rural income by obtaining a significant increase in the proportion of farmers who obtain a cash income from their land (Taylor, 1967).
[159] Naftali Wachira had been successfully running Ragati Tea Factory (C. M. O. Ochieng, 2010).

including BBK and most of the KTDA factory companies, who, along with the estates, sold 10% of their monthly tea production to BBK's factory in Kericho. BBK – in their capacity as packers and sellers of tea for the 'pool' – blended and packed the local tea under its own label and sold it on the local market. Moreover, the rest of the smallholders' and other estates' tea (packed and marketed by BBK) was either sold via the Mombasa auction or via the London auction – where the BBK's mother company could again easily buy it[160] (Brooke Bond Liebig Ltd., 1976, 1977; Swainson, 1980). BBK's privileged position within the sector started to draw attention of national politicians. In the early 1970s, two MPs introduced a motion during a parliamentary debate on the CDC loan for the KTDA extension programme calling for the KTDA to be turned into a public liability company and its activities decentralised to give smallholders greater say in its affairs. This motion was rejected but more MPs became increasingly vocal through the 1970s, demanding changes in the corporate governance of the KTDA (C. M. O. Ochieng, 2010). In the second half of the 1970s, profits from the local tea market decreased as wholesale and retail prices were controlled as a scheduled item under the outdated Price Control Act from 1970. Faced with increased production costs and a substantial rise in global tea prices in 1977, KTDA withdrew from the 'pool' for several months to sell their tea directly on the export market (Swainson, 1980).

Finally, despite British political pressure, which was applied on behalf of BBK on the Kenyan government, a 'coalition' between smallholders, the Kikuyu KTDA General Manager Charles Karanja and a section of MPs succeeded in pressing President Kenyatta to support the KTDA's takeover of the 'pool' agreement from BBK. The patron–client nature of Kenyan politics, based on an ideology of ethnic competition, led to a situation where the political leaders would look more kindly on ideas brought forward by some trusted individuals as long as the outcomes were not inconsistent with political and ethnic interests. This was exactly the case with this KTDA takeover of the 'pool' arrangements. Despite an initial rejection of the Karanja's 'pool' takeover proposal by the Ministry of Agriculture, who sided with the CDC, the World Bank and MNCs, Karanja used his personal relationship to take the matter directly to President Kenyatta. Kenyatta overruled his minister and gave his personal approval for the KTDA to move into tea manufacturing, processing and marketing. He wanted it to be the key example of a successful Kenyanisation programme in one of the key economic sectors in the country (cf. Leonard, 1991; C. M. O. Ochieng, 2010). This decision fundamentally changed the relationship between the KTDA and the multinational tea companies and it accelerated Africanisation within the KTDA. A new parastatal – the Kenya Tea Packers Ltd. (KETEPA) – was set up in 1978 under KTDA's control, giving it a monopoly on tea packaging and distribution in the domestic market until 1992 (Bedford, Blowfield, Burnett, & Greenhalgh, 2002; Hornsby, 2012; cf. Leonard, 1991; cf. C. M. O. Ochieng, 2010).[161] By the end of the 1970s, all senior posts within the KTDA were held by Africans (Leonard, 1991). This takeover also allowed KTDA to reduce costs and increase profit margins by capturing upstream and downstream profits (C. M. O. Ochieng, 2010).

Finally, in 1986, the government established a new parastatal, the Nyayo Tea Zone Corporation, to produce tea from farms inside forest reserves. The goal of the tea zones was to create a 100-metre natural buffer strip of tea between peasant producers and forests, reducing encroachment on the remaining forests and providing jobs. However, the KTDA was not consulted regarding the decision. The new parastatal developed 17 boundary tea estates throughout the highlands over the next few years, from Mount Kenya to the Ugandan border. Tea production rose, but there were protests that the zones were undermining prices due to a suboptimal plucking standard caused by the shortage of

[160] This arrangement had advantages for Broke Bond International as it could buy a substantial quantity of raw tea from KTDA farmers without directly employing the farmers and thereby avoiding labour costs and disputes (Currie & Ray, 1987).

[161] Soon after, the government took KETEPA away from the KTDA and made it independent (Leonard, 1991). Consequently, KETEPA became jointly owned by members of the Kenya Tea Growers Association and the KTDA (Wallis, 1997). In 2008, BBK was among the major shareholders with its 38 processing factories (KETEPA, 2018).

labour and that there were too few KTDA factories to process the new tea. The Nyayo Tea Zone project is considered to be highly politicised. It is managed directly by the Office of the President and its head was Kalenjin ex-provincial commissioner and Moi loyalist Isaiah Cheluget. Some anti-government activists claimed that its establishment aimed at weakening control of the tea industry by (mainly Kikuyu) smallholders. The tea zones' mixed mandate of agricultural production and ecological protection proved difficult to maintain, but it remained self-financing (Hornsby, 2012; Wallis, 1997). These events show how coincidental convergence of interests between smallholders and ethnic politics played a critical role in helping advance smallholder interests at critical points in time. At the same time, it fundamentally changed the relationship between the KTDA and BBK and forced BBK to further diversify its portfolio.

After the 'pool' takeover, some major developments took place within BBK. In 1978, it acquired a majority stake in Sulmac Company Limited and took full ownership of Murphy Chemicals (East Africa) Limited from Glaxo Holding Limited. Sulmac's operations were focused on carnation growing in Naivasha, a chrysanthemum and vegetable project at Masongaleni, and a sisal plantation in Kibwezi.[162] Murphy was a well-known company specialising in pesticides and other agricultural chemicals. Both acquisitions broadened the agricultural and extension base of BBK and provided additional jobs for several thousand workers. In 1979, BBK moved their headquarters in Nairobi to Norfolk Towers to incorporate all the group activities under one roof, including administration of the recently acquired Sulmac. It is worth mentioning that BBK also had a financial interest in Norfolk Towers. A year later, another major investment was decided for its newly acquired company: construction of a new production plant for Murphy Chemicals to manufacture locally. In 1980, BBK also opened a new warehouse in Mombasa. 1984 was a pivotal year for BBK as profits rocketed (Figure 12). There was a number of factors that contributed to such epic results, but the ideal weather conditions and bumper crop of tea and flowers were key. Pakistan became a new importer of BBK tea and quickly became the major export destination. Murphy opened a new factory and started local production of products that were sold mostly regionally. BBK also sold its Masongaleni farm to the government. Finally, it was a year when BBK was acquired by the Unilever Group (Brooke Bond Kenya Ltd., 1984, 1985; Brooke Bond Liebig Ltd., 1973, 1975-1980).

In 1984, a British-Dutch conglomerate – Unilever Group – acquired the Brooke Bond Group to strengthen Unilever's worldwide positions in tea and other foods (Unilever, 1984). The origins of much of Unilever's tea business lay with the legacy of the tea group built up by Scottish-born Sir Thomas Lipton in the late nineteenth century. Unilever, which had a successful laundry soap affiliate in the United States, made an initial investment in T.J. Lipton in 1936 and acquired almost all the equity in 1943 as part of a wartime strategy to expand its food business. During the 1970s, Unilever expanded its tea business geographically by buying up independent Lipton agencies in various countries and by

[162] Sulmac was probably the most successful and timely acquisition of BBK. The late 1970s and the 1980s were the time for the development of the flower sector in Kenya, with limited competition mostly from other multinational companies (Kazimierczuk, Kamau, Kinuthia, & Mukoko, 2018). Sulmac was initially growing carnations and some chrysanthemum for export to Germany. With time and major investments in infrastructure, particularly on the Naivasha farm, Sulmac diversified into growing roses (as of 1986) and opened a commercial production of Standard Carnations at Kibubuti in 1990. In relation to growing production and export of flowers in the late 1980s, Sulmac invested in its cold storage capacity to better handle (progressively more important) roses, as well as added storage capacity at the Nairobi International Airport (JIKA). Rose growing at the time was increasingly problematic due to restricted importation of the planting material. In 1989, the Chairman expressed his concerns regarding impeded access to new rose varieties that negatively impacted the competitiveness of Kenyan flowers on the global market (Sulmac increasingly started to export to the UK and the Netherlands). He highlighted the importance of Kenya becoming a signatory of the International Union for the Protection of New Varieties of Plants (UPOV). An additional challenge specifically related to flower export was the availability and costs of freight for such perishable cargo due to high aviation fuel costs in Kenya (Brooke Bond Kenya Ltd., 1990, 1991). Read more about the flower sector in Kenya in Chapter 4.

acquiring other tea companies. By 1982, Unilever estimated it held 17% of the world black tea market, but it was not yet well integrated in the British market. There was an internal discussion concerning the potential acquisition of Brooke Bond in 1973 but it was decided not to pursue. In 1983, the idea resurfaced and, prompted by rumours of an impending takeover, Unilever finally launched a bid for the hostile takeover of the Brooke Bond Liebeg Group. Until the takeover of the Group, Unilever's integration of their newly acquired companies was usually slow and minimal (often involving little more than a standardisation of accounting). The Brooke Bond Liebeg Group experienced a rapid absorption and restructuring of core and non-core elements. By 1986, the international tea buying, trading and other activities of Brooke Bond and Lipton were merged into a Central Tea Group; Brooke Bond's head office had been moved into Unilever's London head office; and only one former director was still employed. By 1990, Unilever had consolidated its position as the world's largest tea company. While in 1970 tea represented around 1.7% of Unilever's total turnover, by 1990 it had grown to 4% of the total turnover, and 7% of Unilever's total profits (Hensmans, Johnson, & Yip, 2013; Unilever, 1984).

As a result of the hostile takeover of the Brooke Bond Liebeg Group, Unilever took over the Kenyan subsidiary. For the time being (until 2004), Unilever maintained the name 'BBK' for its Kenyan acquisitions. The acquisition resulted in a reshuffling of the business portfolio in Kenya too. BBK de-invested from Murphy Chemicals (East Africa) Ltd. and Kabezi Canners Ltd in 1986 (Brooke Bond Kenya Ltd., 1987). The chairman of the BBK board characterised the years between 1985 and 1990 as a period with a good investment climate in the country, which also marked the beginning of the liberalisation process. By 1990, BBK still held 52% of shares in Limuru Tea and 100% in Sulmac and Kitco. The company also owned seven 'dormant subsidiaries' – all related to the production, manufacturing and marketing of tea.[163] A major investment was completed in 1990 – the Tagabi hydroelectric project – which made the entire Kericho estate self-sufficient in terms of power generation (Brooke Bond Kenya Ltd., 1985, 1987-1993). It was a strategic investment that would allow BBK to save substantial costs on energy bills but, more importantly, to become independent from unreliable and expensive power generated by the state-owned Kenya Power. Furthermore, 1992 was an important year as the Mombasa tea auction denominated its tea prices in US dollars – a move that was beneficial for an export-oriented company like BBK. BBK took advantage of it to further expand and professionalise. BBK's factories got new upgraded machinery and their area was extended to increase the capacity of the production line. BBK continued planting clonal tea on the area of the estate previously used to grow cinchona. Substantial resources were deployed to continue research and development of new agronomic and processing techniques for increased productivity. The technological advancements were, however, not favourable for the plantation workers, who, in some instances, have been replaced by tea plucking machinery.

3.4.1.1 BBK and employment

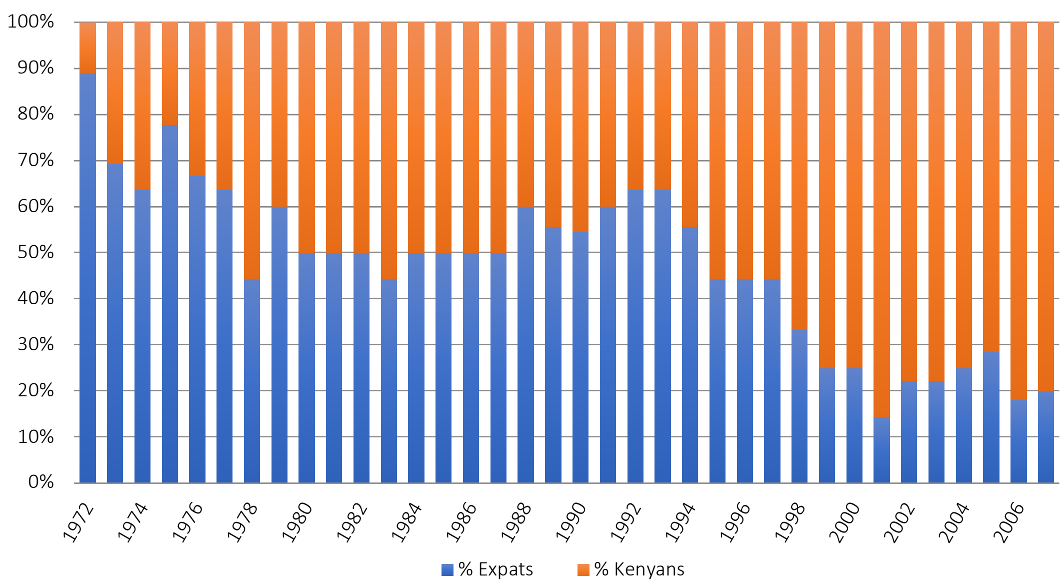
The 1972, an ILO Mission to Kenya highlighted tea as a cash crop well suited to an employment orientated strategy of economic development (ILO, 1972; cf. Leys, 1973; cf. Tyler, 1977). BBK has always been one of the largest employers in the country, with the majority of staff being hired as plantation workers. The exact number of people hired by BBK has not been reported on a regular basis. It is known, though, that, in 1971, BBK hired approximately 14,000 people, while by 1992 this number had grown to 21,319. There are few details regarding employment in the company's Annual Reports, apart from the general praise of the staff by the chairman and a few additional remarks. For instance, in response to the pressure put on multinational companies by the on-going Kenyanisation in the early 1970s, there was a general dissatisfaction expressed about the lack of more qualified indigenous staff, such as accountants. BBK reported through the years that the Kenyanisation of their human resources was

[163] Mabroukie & Coffee Estates Limited, Kenya Tea Blenders Limited, Brooke Bond Mombasa Limited, The Buret Tea Company Limited, Migaa Estates (1964) Limited, Waitangi Estates (1964) Limited, Gakomo Estates (1964) Limited.

progressing and substantial resources were used for training but that the withholding of a number of expatriate staff remained necessary. The priority was given to training indigenous managers. In 1978, BBK opened and ran its own management and technical training school. In 1988, the company started a new training initiative in conjunction with Silsoe College in the UK. This new three-year management programme for all BBK managers was held in BBK's International Training Centre in Kericho for their Kenyan employees, but also for the managers from Unilever branches in Malawi and Tanzania. A number of promising Kenyan managers were sent on visits or to work in other BB/Unilever companies in the UK, India and other parts of Africa. The proportion of indigenous staff in the ranks of BBK increased.

A number of Kenyans also occupied key positions in the structure of the company, such as executive directors and non-executive members of the board. The Kenyanisation wave saw a shift away from British directors and their gradual replacement is particularly visible in the second half of the 1970s. Between 1978 and 1987, Kenyans occupied 50% of board seats and their involvement increased again as of 1995 (Figure 13). Within the board, we can observe a few names known to be members of the nascent Kenyan bourgeoisie, with the majority coming from Central Kenya. A similar ethnic bias was noted with regard to most of the management and supervisory positions within the company (Van der Wal, 2011). Between 1976 and 2008, Kenyans also held the position of Chairman of the Board. The first Kenyan chairman, N.J. Muriuki, who held the office between 1975-1983, came from the Kikuyu ethic group, arguably one of the most influential ethnic groups in Kenya and, indeed, the same ethnic group of the then president, Jomo Kenyatta. The second chairman, who, to date, held the office for the longest period (1981-2002), came from the Kalenjin ethnic group – again a group aligned with the president at that time. BBK did not, however, hand over the day-to-day management of the company to indigenous management and, throughout the years, it has always had an expat in the position of Managing Director (Table 2).

Figure 13. Share of the Board Seats between Expatriates and Kenyans 1972-2010



Source: Own elaboration based on company Annual Reports 1973-2007

Table 2. List of BBK Managing Directors and Chairmen of the Board 1971-2010

Chairman of the Board			Managing Director		
Years in the office	Name	Nationality/ Ethnic Group	Years in the office	Name	Nationality/ Ethnic Group
………-1972	O. Brooke	British	………-1972	O. Brooke	British
1973-1975	L.A.S. Grumbley	British	1973-1975	L.A.S. Grumbley	British
1975-1981	N.J. Muriuki	Kenyan/ Kikuyu	1975-1977	F. Gerken	British
1981-2008	W. K. Martin	Kenyan/ Kalenjin	1977-1983	R. G. J. Ballard	British
2009-……..	E. De Foresta	French	1983-1987	D.C. Bensley	British
			1988-1989	A.H.L. Padfield	British
			1989-1996	J.A. Wood	British
			1997-2000	P.J. Stanning	British
			2001-2010	R.A. Fairburn	British

Source: Own elaboration based on company Annual Reports 1973-2010

Most job opportunities for the local population were provided on the BBK's tea and coffee plantations, as well as on the flower farms. Initially, less attention was paid to the professional development of this segment of the workforce. BBK did, however, agree to form a workers' union as early as 1954 and invested substantially in the infrastructure for their plantation workers. They built new houses for estate employees (although the housing conditions were often criticised) and schools for their children. It was also a way to attract more labour, as there were years when staff shortages were problematic. In 1972, BBK launched the staff magazine BBLK NEWS to maintain and improve communication and morale within the company; and in 1989 they started to give long-service awards for their most loyal employees. Over time, more staff were allowed to participate in formal training courses. However, despite good profits from tea exports, tea estates continued to pay very low wages and a practice of hiring casual labour on short-term contracts persisted (Langdon, 1981; Ogolla, 2015). In 1977, as a result of negotiations between BBK and the relevant trade union,[164] wages for plantation workers increased twice during the year (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1990, 1992, 1993; Brooke Bond Liebig Ltd., 1973, 1975-1980).

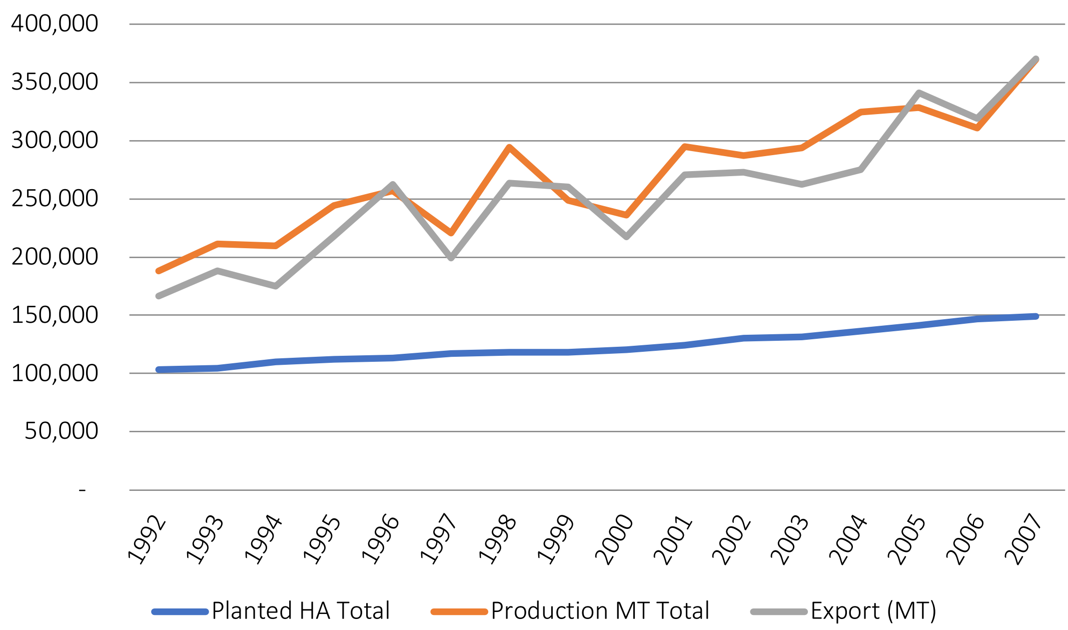
3.4.2 1993-2008

The last decade of the 20th century and the first decade of the new millennium was a time of intensified economic liberalisation in Kenya and even greater acceptance of foreign investors. The liberalisation reforms introduced, among other things, a free exchange regime and the removal of barriers to foreign commercial private borrowings. They also provided a more enabling environment for foreign investors, but also facilitated the repatriation of dividends (Mwega & Ndung'u, 2004). In 2003, Kenya welcomed its new (Kikuyu) president - Mwai Kibaki. The focus of Kibaki's administration was economic recovery. He adopted a liberalised approach to the economy and provided space for people to engage in economic activities without major restrictions. The government also began to undertake major infrastructural programmes, such as building new roads and rehabilitating existing ones. Nevertheless, the presidential elections of 2007 were marred by violent protests with 1,300 deaths and 500,000 people displaced (Booth et al., 2014). This was a deeply traumatic event in the political history of Kenya and also affected the tea sector.

[164] In 1963, the Kenya Plantation and Agricultural Workers' Union (KPAWU) was formed as a result of the merger of the Tea Plantation Workers' Union, Sisal Plantation Workers' Union, Coffee Plantation Workers' Union, and the General Agricultural Workers Union (Leitner, 1976).

The tea sector, in the meantime, had matured and stabilised but was not free of challenges (Figure 14 and Figure 15). The increase in production by small-scale farmers (Figure 16) remain mainly due to expansion in hectarage rather than better agronomic and processing skills/technology (CPDA, 2008). In 2000, with increasing pressure from a new round of the World Bank's Structural Adjustment Programme, KTDA was privatized to improve the efficiency and management of tea production and the marketing of green leaf. However, by 2006, there were calls within the sector for the renationalisation of KTDA. Supporters of re-nationalisation argued that KTDA managers were not responsive to the dynamics of the industry, and allowed benefits to middlemen at the expense of small farmers; while tea earns a premium revenue for the state, farmers perceived that they got nothing in return (Amde, Chan, Mihretu, & Tamiru, 2009). In 2008, the Kenya Tea Industry Task Force, commissioned to look into the issue, finalised its report (Nation Reporter, 2008). The task force's report raised concerns by smallholder tea factories and KTDA about, among other things, poor corporate governance practices and operational inefficiencies (Mugambi, 2007).[165] Moreover, small-scale tea farmers were not well represented in KTDA, TBK and EATTA (CPDA, 2008). The directors who were meant to represent farmers were largely ineffective or compromised, while the elections for these institutions were highly politicized. The Kenya Union of Small-Scale Tea Owners (KUSSTO), mandated to operate in the whole country, had not been effective due to interference and vested interests, and its presence and activities have been restricted (CPDA, 2008). Furthermore, the marginalisation of women in the sharing of tea income was problematic. In the smallholder tea sector in Kenya, the majority of the tea pluckers were and are women. However, the income from tea is taken by men who, in general, are the landowners. Finally, the oversupply of tea in the global market led to lower prices. In 2007, most of the tea was exported, while the local tea market absorbed only 5% of the total production. Moreover, Kenya continued selling tea for blending and for adding taste in bulk to leading tea companies. These activities took place outside of Kenya. To this end, it is worth noting that Dubai is fast emerging as a key tea buying, blending and packaging centre for Kenyan tea (CPDA, 2008; Trade Mark East Africa, 2018).

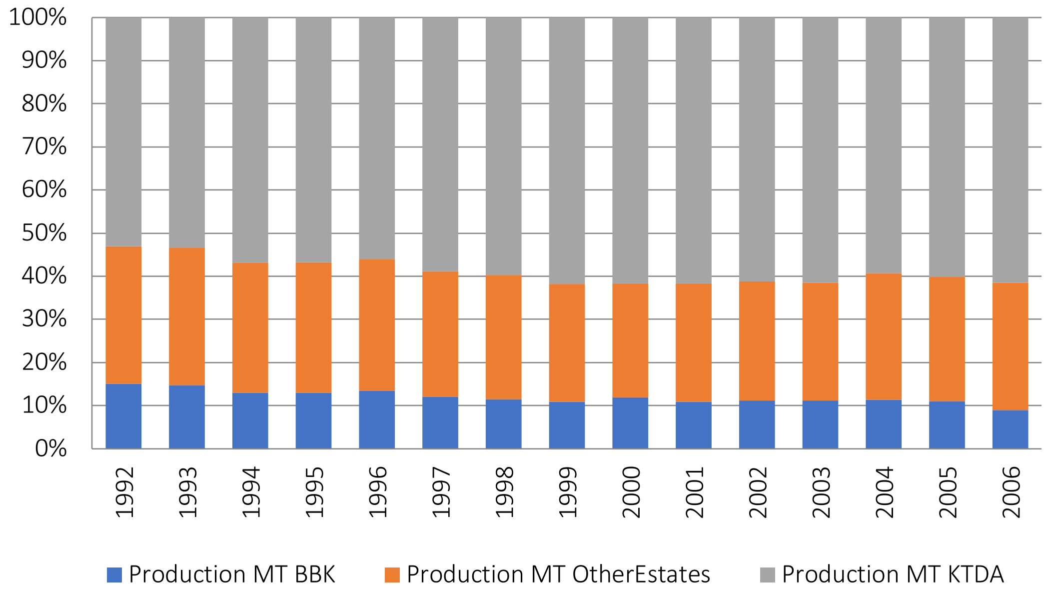
Figure 14. Tea production, export and planted area between 1992-2007



Source: Own elaboration based on (KNBS, 1994-2009)

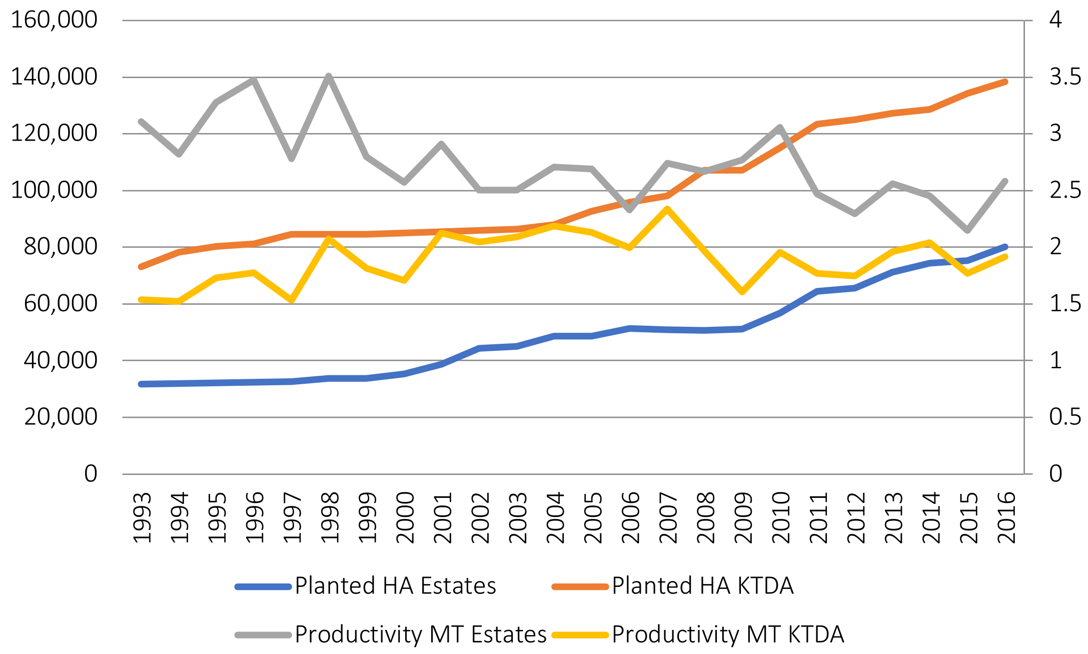
[165] The exact content of the report is not known, however. In 2018, small-scale tea farmers were still asking the government to release the findings of the Tea Taskforce (Njeru, 2018).

Figure 15. Share of the total tea production between BBK, other estates and smallholder tea farmers (KTDA) between 1992-2006



Source: Own elaboration based on (KNBS, 1994-2009)

Figure 16. Tea planted area and productivity per estates and KTDA between 1992-2016



Source: Own elaboration based on (KNBS, 1994-2018)

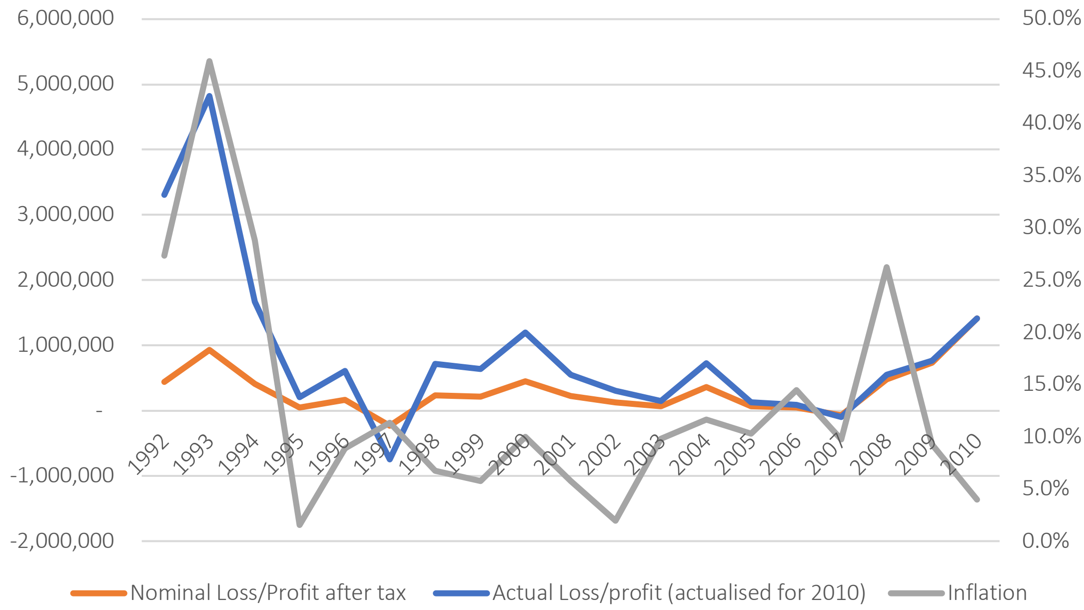
In this period, BBK restructured again. In 1993, it sold its sisal estate and in 1995, it made the decision to gradually withdraw from coffee production. The company made a strategic decision to focus solely on tea growing. This decision was fully implemented as of 2000 following the sale of Sulmac in 1998 and the complete phasing out coffee production (Figure 64, Figure 65 and Figure 66 in Annex 5) having finalised the sale of the last two coffee estates: Kibubuti Coffee Estate and Kentmere Coffee Estate in 1999. In 1996, their Mombasa trading operations were closed following the merger of BB Pakistan (the major customer) with its sister company Lever Brothers Pakistan. Two years later, the head office was moved from Nairobi to Kericho. In 2004, BBK officially changed its name from Brooke Bond Kenya Ltd. to Unilever Tea Kenya Ltd. (UTKL). This decision came 20 years after Unilever acquired BBK. It was an outcome of the policy changes of the mother company, which decided to include the Unilever name in all their products for greater brand recognition in line with their new mission established in conjunction with the 75th anniversary of the company's operations. Moreover, in 2004, the mother company introduced the 'One Unilever programme', a multi-country organisation structure to streamline the business, simplify decision-making and make Unilever's operating model more cost-effective (Unilever, 2003, 2004). In line with this programme, bringing multiple business units under a single operating structure within East and Southern Africa was the official reason for the company's delisting from the Kenyan stock market in 2007 (Institute of Developing Economies, n.d.).

In 2007, a law passed that reduced the limit on foreign ownership (personal or corporate) of firms listed on the Nairobi Stock Exchange from 75% to 60%.[166] As a result of this legal adjustment and the changing strategy of the mother company to achieve a preferred wholly-owned structure within East and Southern Africa, UTKL's minority shares were bought by their main shareholder, Unilever Plc, through its subsidiary Brooke Bond Group.[167] Market analysts argued that the strategy was based on the need for fast decision-making and implementation within the company (Bonyo, 2008). As UTKL no longer met the legal requirement that all listed firms should have at least a 40% equity stake owned by local shareholders, it was subsequently delisted from the Nairobi Stock Exchange on 11 December 2008 (Anyanzwa, 2008). Obviously, the Kenyan authorities have accepted this move.

Throughout the years, BBK remained profitable, albeit with some seasonal fluctuations (Figure 17). It also continued its active dividend policy, especially as of 2002 (Figure 18). BBK welcomed the liberalisation reforms that brought in a new, more favourable business climate. For instance, a move to a single exchange rate, reduced inflation and a lower interest rate in 1993 was advantageous for an export company like BBK. Nevertheless, according to business circles, the Kenyan government did not do enough to completely ease the operations of the private sector. The 1990s were particularly problematic in terms of infrastructure shortages. Telecommunications, the road system and the energy infrastructure did not keep pace with the growing demands and, consequently, this generated additional production costs. The Kenyan export administration was struggling with inefficiency and most of the export businesses, predominantly in the flower export segment, but also BBK, complained about long delays in securing VAT refunds for exported products (cf. Kazimierczuk et al., 2018 and Chapter 4). 1997 was particularly difficult for the company's profit due to the devastating effects of El Niño that affected the entire agricultural sector. BBK was also negatively affected by the strong and stable shilling through the 1990s up until 2003, as well as a continuous increase in wages and the costs of borrowing and production throughout the period.

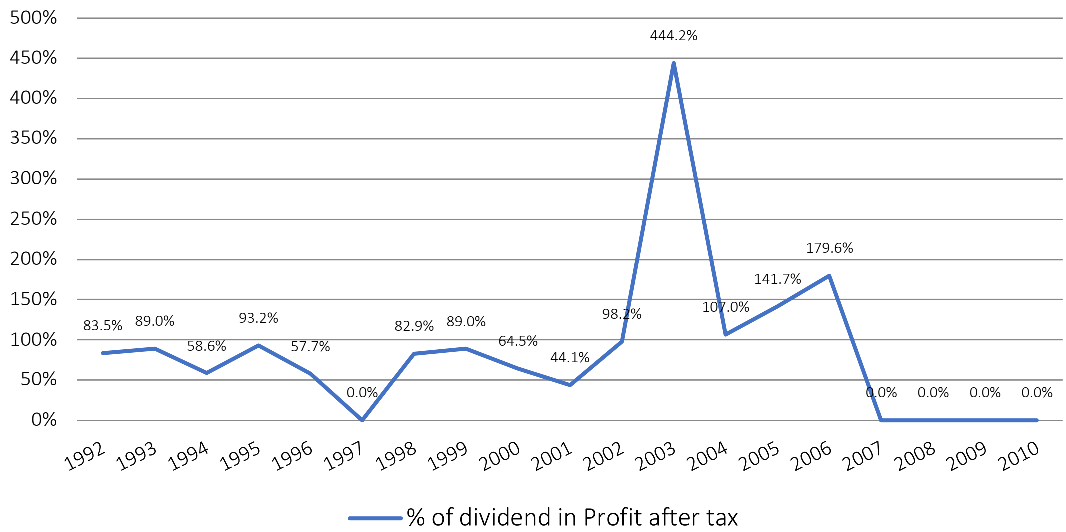
[166] As a result of the new law, several leading Kenyan firms – including Barclays Bank, Total Kenya and UTKL were closed to any new foreign investor participation (Institute of Developing Economies, n.d.).
[167] Brooke Bond offered to pay KES 62 (US$ 0.79) per share for 5.75 million UTKL shares to increase its holding to 97.65 percent (Institute of Developing Economies, n.d.).

Figure 17. BBK/UTKL profit after tax 1992-2007 (nominal value of profits, as well as actualised value for 2010)[168]



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1993-2004; Unilever Tea Kenya Ltd., 2005-2009) and (International Monetary Fund, n.d.)

Figure 18. Dividend policy expressed as a percentage of dividends in the total profit after tax 1992-2007



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1993-2004; Unilever Tea Kenya Ltd., 2005-2009)

Unpredictable profits and exchange rates forced the company to introduce stringent cost control and major restructuring in 2002. The cost-saving restructuring included outsourcing of many of the services

[168] The significant increase in inflation in 2008 is attributed to post-election violence, a rise in exchange rates and rising overall food prices in the country (KNBS, 2009).

to other companies, reduction in the number of employees at both the management and plantation level and an increased focus on added value tea activities (like instant tea and flavoured tea). BBK increased its sales and marketing of blended teas from other producers. The company was also increasingly sourcing tea from local smallholders as of 2004. The tea from these outgrowers constituted 20-22% of the total production of the highly profitable blended tea segment (Brooke Bond Kenya Ltd., 1993-2003). In 2007, UTKL bought approximately 40% of KTDA's total production (Braga & Strebel, 2011).

The company's new strategy concentrated on the plant breeding programme (started in 1994 (Brooke Bond Kenya Ltd., 1995)), improved husbandry techniques, planting new high-yield tea varieties, as well as extending and redesigning production lines in tea factories to produce added value tea and focus more on manufacturing (Brooke Bond Kenya Ltd., 1999-2002). For instance, in 2002, the company released eight improved tea varieties for planting for which it was granted Plant Breeders Intellectual Property Protection (Brooke Bond Kenya Ltd., 2003). As of 2004, BBK focused the in-house plantation on higher yielding new varieties (Brooke Bond Kenya Ltd., 2002-2004; Unilever Tea Kenya Ltd., 2005-2008). The continued tea breeding programme was developing new and more sustainable varieties for UTKL's own use and to sell to suppliers and other growers. As for the added value products, in 2004, the company started the production of green tea products and in 2007, it launched some new green tea products in the EU and Japan, together with the first sales of Rainforest Alliance certified tea (Unilever Tea Kenya Ltd., 2005, 2008).

3.4.3 The Rainforest Alliance certification and Corporate Social Responsibility

3.4.3.1 The Rainforest Alliance certification and Farmer Field Schools

Corporate Social Responsibility (CSR) is considered part of the private sector's contribution to the inclusive development. An important element of UTKL's CSR strategy was a move towards responsible sourcing. In 2007, UTKL became the first tea company in the world to obtain the Rainforest Alliance certification for sustainable tea production and committed to buying all of its tea from sustainable sources, preferably Rainforest Alliance Certified farms (Rainforest Alliance, 2018a; Unilever Tea Kenya Ltd., 2007).

As of 2006, UTKL has been increasingly involved in knowledge exchange with the smallholder farmers through Farmer Field Schools (FFS), jointly established with KTDA (and supported by a grant from the United Kingdom's Department for International Development, DFID). This extension method aimed to improve the sustainability of tea production by increasing the rate of adoption of good agricultural practices and to improve the profitability of smallholder tea producers (Mitei, 2011; Waarts, Ge, Ton, & Jansen, 2012). From 2005 to 2009, the UK's Department for International Development (DFID) financed 45% of the FFS extension programme. Unilever funds amounted to 35.5% and the KTDA's contribution was 19.5% (Braga & Strebel, 2011). It was further extended to support the smallholder farmers groups to obtain Rainforest Alliance certification. The FFS pilot proved costly but effective: the quality of the tea produced by the smallholders increased, as did the farmers' income (Braga & Strebel, 2011; Hiller, Brusselaers, & Ton, 2011; Hiller, Onduru, Davies, & de Jager, 2009). However, one of the criticisms of FFS states that the success of the pilot in capacity building and certification comes from the fact that it engaged frontrunner farmers, those smallholders that are most willing to experiment and innovate (Braga & Strebel, 2011). How to reach and include the late followers was the main challenge for the programme's scaling up,[169] which took place from 2008 onwards throughout the KTDA

[169] Due to high costs and labour-intensive coordination of the Farmer Field Schools, upscaling of the programme was focused on larger-scale training of the trainers programmes. The basic idea was that a handful of trained lead farmers would go on to train all other farmers supplying the factories (Mohan, 2018). As there has not been an

and with support of the Sustainable Trade Initiative (IDH), a Dutch organisation and the Netherlands Ministry of Economic Affairs, Agriculture and Innovation through the Royal Netherlands Embassy in Nairobi (Waarts et al., 2012). Unilever contributed further funding and other multinational tea companies quickly made commitments too. Between 2008 and 2010, five of the biggest tea buyers in the world committed to purchasing Rainforest Alliance-certified tea (Trustees of Princeton University, 2017).

Initially, one of the main incentives to participate in FFS and its certification scheme was the fact that Unilever originally paid a premium for all certified tea it bought from KTDA factories, roughly 5% on top of the tea's sale price.[170] Although not all smallholder farmers were always capable of complying with all of the requested certification standards,[171] the financial incentive worked well. In 2012, 57 KTDA factories were Rainforest Alliance certified (Stathers & Gathuthi, 2013) and by 2015, all KTDA factories had obtained this certification (Riisgaard & Okinda, 2018). Later, when more factories became certified, Unilever bought exclusively Rainforest Alliance certified tea, but it also stopped paying the price premium it had paid during the initial pilot project.

The premium mechanism worked as follows: Unilever paid a royalty fee of about US$12 to the Rainforest Alliance for each metric ton of tea sold with the certification label. Importantly, although the company sourced all of its tea from certified factories, only a small percentage of tea was sold under that label. Unilever used the Rainforest Alliance seal only in markets where they perceived it would be advantageous to do so. This choice also translated into a premium payment change to the KTDA, as it paid the premium only for tea it later labelled with the Rainforest Alliance seal. Ultimately, it translated into a small amount of additional money for the factories (Trustees of Princeton University, 2017). With the rolling out of FFS, nearly all tea sold was Rainforest Alliance certified. That also concerns the tea sold on the Mombasa Tea Auction, where many of the major buyers would bid only on certified tea. As a result, non-certified tea was often sold for lower prices than certified tea—irrespective of quality (Trustees of Princeton University, 2017). This naturally disadvantaged non-certified tea farmers, even if the quality of their product was high.

The choice of UTKL to source only from Rainforest Alliance certified farms should be considered strategic and had significant consequences for the sector. Indeed, it resulted in a number of above-mentioned (frontrunner) smallholders and other large tea companies adopting the practices to get certified (B. Ochieng, 2010; Riisgaard & Okinda, 2018; Stathers & Gathuthi, 2013). Nevertheless, the overall impact of certification, as in the flower sector (see Chapter 4), is hard to assess, especially given that 'compliance' does not necessarily translate into desirable 'impact' (Stathers & Gathuthi, 2013). Stathers & Gathuthi (2013) reported that the Rainforest Alliance certification preparations contributed to increased awareness among the estate workers of their rights. It also led to some improvements in workers' housing and reduced crowding in houses to some extent. However, at the same time, there is an observable trend of decreasing numbers of permanent tea estate workforces and increasing casualisation of employment. Furthermore, the long time needed to obtain the necessary certification may have led to the exclusion of non-certified smallholder farmers. As for the environment, the report by IDH & True Price (2016) found that the FFS farms reported lower fertilizer use, which is a positive sign of the training being taken up. Nevertheless, not all FFS farms are certified and it should also be noted that the certificate only sets its requirements in this regard at the level of commitment,

extensive impact evaluation of the programme published since the pilot evaluation (Waarts et al., 2012), it is not possible to conclude whether the scale-up was successful in including all small-scale farmers.

[170] A certification fee of US$0.10 per kilogram to factories from which it bought tea (Trustees of Princeton University, 2017).

[171] The criteria that farmers most often struggled to meet were those that required the greatest investment, such as the construction of storage facilities and the planting of indigenous trees. Many farmers also resisted standards that required changing entrenched practices, such as switching from burning waste to separating and recycling it (Trustees of Princeton University, 2017).

compliance, and continual improvement, so there is never a guarantee that improved environmental performance would actually occur (B. Ochieng, 2010). Finally, it should be noted that most tea sold from Kenya is mixed during the packing process, thus it constitutes a blend of several varieties. As initially not all of UTKL's suppliers were certified, tea that was sold with the Rainforest Alliance label had to contain a minimum of 30% certified leaves (and the percentage was to be correctly labelled on the packs). Furthermore, certified tea was sold for a premium price, regardless of the exact proportion of certified leaf that can actually be found inside the box (Cameron, 2017). Later, when more factories became certified, Unilever no longer had to track the percentage of certified tea in each blend, as they bought exclusively Rainforest Alliance certified leaves (Trustees of Princeton University, 2017).

Despite a recognisable number of benefits from such arrangements, a critical look at the scheme reveals similarities between the BBK's/UTKL's strategies from the 1960s and 2007. In the 1960s, as part of the internationally funded scheme to develop and integrate 'progressive' African tea farmers into the national tea production, BBK managed to impose high tea-plucking standards on smallholders. This approach proved to be extremely profitable for the multinational, as the company was able to purchase higher quality tea from smallholders and blend it with its own lower-quality tea in Kenya, while the mother company was able to access a better crop through the auction. With its (then) monopolistic position in the tea marketing and distribution 'pool', BBK maintained control over Kenyan tea production (Swainson, 1977, 1980). The strategic decision to obtain Rainforest Alliance certification and to commit to buying all of its tea from sustainable sources, preferably Rainforest Alliance Certified farms as of 2007, imposed similar standards on the outgrowers that UTKL was (and is) sourcing its tea leaves from in Kenya directly or through the auctions. Once again, UTKL created a scheme that initially targeted the frontrunner farmers and allowed them to buy a substantial amount of tea from smallholder farmers without directly employing them, thereby avoiding additional labour costs or the risk of disputes. In 2011, UTKL bought approximately 40% of KTDA's production (Henderson & Nellemann, 2012), while Unilever has consistently been the biggest buyer at the auction for more than 25 years (Business Daily, 2018a). At the same time, this move allows UTKL to maintain a certain control over tea production thus strengthening the company's position while determining not only nationally but on the global scale what 'sustainability' is (Dupont-Nivet, 2017).[172] This exchange translates into a good image and increased profits for the company. It should be noted, however, that the certifications did indeed improve agricultural practices among tea smallholders to some extent. With criticism of KTDA's claimed inefficiency and mismanagement, a degree of external support appears beneficial to the sector. The weakness of KTDA was, however, used by the MNC to make a move that strengthened its position on the local market, while contributing to the improvement of sustainable farming practices in the sector.

3.4.3.2 Corporate Social Responsibility

Through the years, BBK has been active in this field and contributes substantially to the communities in which they operate. The company's plantation model meant that BBK provided its workers with a number of additional welfare services. The company provided and maintained homes for their workers, sponsored education for employees' children on BBK premises and in the communities and provided healthcare for the workforce and their dependents. A number of these social welfare actions go beyond the requirements of the law and, although they may be viewed as a business necessity, the benefits often extend to the wider community (Orao-Obura, 2002). Furthermore, BBK could be considered a leader in promoting CSR and environmental sustainability, which they have engaged in on a more structural basis since 1993 (Brooke Bond Kenya Ltd., 1994). The social engagement aspect became even more prominent since the name change to UTKL in 2004 and when Paul Polman took over as Group CEO in late 2008 (Unilever, 2009). There were three main domains that BBK/UTKL reported being

[172] I.e. Unilever holds a place on the Board of the Rainforest Alliance.

particularly committed to: education, health and the environment in addition to investing in employee welfare.

In the education segment, BBK/UTKL built nineteen primary schools and two secondary schools for employees' children within company premises.[173] In addition, it supported the development of two primary schools and three secondary schools in neighbouring communities. The company also committed a substantial amount of money to university scholarships: one line that supported university education for gifted children of the general workforce, and a second line that was available for talented students from the neighbouring community. Since the late 1990s, the company has also provided support to one secondary school student a year for the whole of his or her education. Moreover, BBK/UTKL supported local schools with electricity and by construction laboratories (Unilever Tea Kenya Ltd., 2005-2008). With regard to vocational training and career development, the International Training Centre in Kericho has played an important role. From a rather basic beginning, the Centre has evolved to become a professional conference facility that provides courses on general management and a number of other trainings for the company's local, national, regional and international staff. Through the years, UTKL reportedly also sponsored a number of Kenyan staff to undertake training programmes overseas or has posted staff at several BBK/UTKL branches globally for a prolonged period in order to gain the necessary experience.

With regard to health, in 2007, the UTKL estates had 28 dispensaries, four health centres and a central company hospital (with its own maternity unit). The company also sponsored two full-time company doctors supported by a team of nurses, clinical officers, lab and pharmacy technicians, and careworkers. All medical facilities and treatments were free to employees and their children below 18 years. The UTKL became heavily involved in HIV/AIDS education, prevention and care initiatives among their employees and in the community as of 1999. The company also partnered with other global AIDS prevention initiatives to provide voluntary counselling, testing, as well as anti-retroviral treatment for affected workers and their dependents. Their HIV/AIDS programme was recognised internationally and was often used as a model for other communities and business initiatives. BBK/UTKL also emphasised health and safety measures at work by applying international standards and training a local employee to oversee their implementation (Brooke Bond Kenya Ltd., 2000; Unilever Tea Kenya Ltd., 2005-2008).

With regard to the environment, BBK started to report on its commitment in this field from 1993 onwards. BBK committed to introducing better soil conservation measures in their new tea developments. It introduced integrated pest management in Naivasha and minimized their use of chemicals (Brooke Bond Kenya Ltd., 1994). As of 1996, it operated within the Unilever Plantations group Environmental Charter and since 2004, the company has adopted Unilever's global "Sustainable Agriculture Initiative" and "The Unilever Code of Business Principles" (Brooke Bond Kenya Ltd., 1997; Unilever Tea Kenya Ltd., 2005). The latter set the standard for corporate behaviour as per the global policy of the mother company and emphasised the mix of successful business and "care about the customers, employees, shareholders, business partners and the world we live [in]" (Unilever Tea Kenya Ltd., 2005: 7). Its commitment to the environment and sustainability was reasserted in special 'themes' in their annual reports of 1998 and 1999 (Brooke Bond Kenya Ltd., 1999, 2000). In these reports, the Managing Director explained the official environmental and sustainability policy of the company, which also aimed at encouraging all the members of the supply chain and the industry as a whole to improve their overall performance in this regard. Their "Best Practice Guidelines for sustainable tea production" were published in 2003 and were disseminated among the company's outgrowers (Brooke Bond Kenya Ltd., 2004). These outgrowers also benefitted from further agricultural advice, management training and marketing expertise.

[173] The management of tea plantations in Kenya usually allowed children from the surrounding area to attend the primary schools on their estates (Orao-Obura, 2002).

As of 1994, the company committed to intensifying their efforts to preserve natural watercourses and instituted a programme for planting indigenous species of trees. Deforestation of Kenyan tea growing areas, partially caused by the development of the tea sector (N. Hall, 2000), contributed to much more erratic weather patterns and became a major concern for the business. To this end, the "Trees 2000" initiative was introduced in 2000. By 2007, it had resulted in the planting of 320,000 new trees within the estates and a similar number of seedlings being donated to schools, universities, hospitals, local institutions and other tree planting initiatives (Unilever Tea Kenya Ltd., 2008). The programme also supported Egerton University in creating the largest botanical gene bank in East Africa and it planted and maintained two arboreta in Kericho town. In 2006, UTKL partnered with the Kericho Municipal Council to support further tree planting in the city (Unilever Tea Kenya Ltd., 2007). BBK also joined the Lake Naivasha Riparian Association (1994) and was among the founder members of the Kenyan Flower Council (1996). In 2003, BBK became a member of the Worldwide Fund for Nature (WWF) through the Eastern Africa Corporate Club and together with the Friends of the Mau Watershed, it supported the reforestation of the Mau forest (which is critical for rainfall in the Kericho tea growing areas). The multinational also supported the annual Rhino Charge event – a national initiative aimed at the protection of the Black Rhino and other endangered species.

Finally, the company supports local communities. It assisted the local orphanage, the Kenya Amateur Athletics Association, provided food relief and tea in times of prolonged droughts to its workers and the community and supported a number of ad hoc 'harambee' initiatives. As a large estate, the company had to build and maintain much of the basic infrastructure, such as the in-house road networks, mini-hydro plant, bridges, transport systems and water treatment plant needed for their operations and workforce living on the estate. The company was there for the community in the periods of major crises. It offered food relief during the 1997 famine.

In 2008, the company's operations were severely affected by the post-election crisis. During the disturbances, eleven employees lost their lives and company property was significantly damaged. Over 20% of the workforce was displaced, which negatively impacted operations (Unilever Tea Kenya Ltd., 2008). The Unilever group of companies donated $US 1 mln in cash and food through the UN WFP for victims of the post-election violence. In addition, the company received donations of cash, blankets, food and other essential items from UTKL employees and from employees in other Unilever companies in Kenya and elsewhere. After the post-election violence, the company ensured that all employees were paid for the month of January (whether they were able to work or not) and subsequently allowed displaced employees to take first paid leave and then unpaid leave. They provided food, water and firewood for their displaced workers and organised transport back to their rural homes (Unilever Tea Kenya Ltd., 2008). Not everyone agreed that the UTKL efforts were sufficient. In 2016, a group of employees and residents of a Unilever tea plantation in Kenya filed a lawsuit against Unilever PLC (the parent company) and Unilever Tea Kenya Limited at the High Court in the UK. Unilever was accused of gross negligence in protecting its tea plant workers in Kenya during the extreme acts of violence that accompanied the elections of 2007. The British High Court, however, ruled in favour of Unilever and its Kenyan subsidiary (Business Daily, 2018b; Esdaile, 2018). In the explanation, the judge decided that the risk of violence on the plantation had not been foreseeable (because there had not been similar violence on the plantation in the past). Moreover, the High Court also assessed that there was insufficient evidence that Unilever Plc was actively responsible for the alleged crisis management failings of its Kenyan subsidiary (Lady Justice Gloster, Lord Justice Sales, & Lord Justice Newey, 2018).

3.4.4 Employment issues

One of the major challenges that BBK/UTKL had to face in the years under review was labour unrest and increases in labour costs that substantially affected the costs of production and the company's profit margins. Already very early on in Kenya, tea plantation workers organised in a trade union and terms and conditions of service were fixed through a collective bargaining agreement (CBA) (Orao-

Obura, 2002). Collective bargaining has a long tradition in Kenya but its history is problematic. In the 1980s, under the Moi government, a number of trade unions were banned, deregistered or taken over by the leadership of the ruling party (cf. Ogolla, 2015). The plantation workers in the tea industry are represented by the Kenya Plantation and Agricultural Workers' Union (KPAWU), which also negotiates the CBA and the salaries with the Kenyan Tea Growers Association (KTGA) every two years (Stathers & Gathuthi, 2013). In the course of 1993-2008, renegotiation of the CBAs were accompanied by short strikes (Brooke Bond Kenya Ltd., 1994, 1997, 1999), with the greatest number of work days lost to strikes in 1997 and the greatest number of workers involved in strikes in 1998 (Orao-Obura, 2002). Despite its efforts, the work of the union was not perceived well by its members, who largely felt misrepresented (KHRC, 2008; Van der Wal, 2011).

The company workforce predominantly belongs to the union and BBK complies with Kenyan collective bargaining agreements. The CBA specifies the level of remuneration offered in the tea industry. The negotiated minimum daily rates that applied to field workers at the beginning of the 2000s were more than twice the rate set under the national Wage Order, while the salaries of field workers employed by the BBK was roughly three times that level (Orao-Obura, 2002). Tea pluckers are paid their monthly wages using the piece rate system, meaning that they are paid depending on the amount of tea they pluck, with a fixed minimum wage. Depending on the productivity of the individual plucker, he or she may receive a higher wage if targets are surpassed. With regard to factory workers, they are paid a monthly wage depending on their seniority (KHRC, 2008). Despite higher wages, the working conditions on BBK's tea plantations in Kericho were considered less than ideal. Workers reported poor housing conditions, sexual harassment[174] and ethnic and gender discrimination in relation to job and tasks distribution (KHRC, 2008; Van der Wal, 2011). Initially, the certification process did not improve the working or living conditions but UTKL committed to do more to tackle the issues (Van der Wal, 2011).

Wage levels regularly increased as per CBA and were accompanied by a substantial annual wage inflation for the company, which led to a significant increase in production costs. In 1999, BBK's labour costs constituted about 43% of total costs and about 55% of total costs in 2006. From 1996 to 2007, wages had risen to about 175%, yet the inflation rate had only grown to about 70% (KHRC, 2008). As a result of the rapid rise in the costs of employment, BBK was forced to restructure again in 2002. This time, it was accompanied by a significant reduction in staff: the management complement by over 25% and staff numbers by 17% (Brooke Bond Kenya Ltd., 2003). The cost-saving strategy also led to a new general management structure, with all new general managers being Kenyans – leading to the lowest numbers of expatriate managers ever (Brooke Bond Kenya Ltd., 2004; Unilever Tea Kenya Ltd., 2005). The company stated that is was taking advantage of the on-going digitalisation: as early as 2000, it installed internet in its Kericho head office and introduced a plantation-based IT system called 'Harvest IT'. The system was supposed to support managers to make quick decisions and benchmark the performance of their units, while the internet improved the speed of electronic communication, leading to major savings (Brooke Bond Kenya Ltd., 2001). To cut costs further, as of 2004, in line with the mother company's 'One Unilever' global strategy, UTKL entered into a shared service arrangement with other Unilever companies in East Africa to introduce common departments for finance, IT, audit, legal, corporate relations, HR and later communication (Unilever Tea Kenya Ltd., 2005-2007). Then, in 2006, due to continued adverse trading conditions, low tea prices, uncertain weather patterns, an appreciating exchange rate and escalating costs of production (especially wages), BBK further reduced its management workforce by 35% and again by 25% in 2007, with only four non-Kenyan managers left

[174] I.e. Allocation of houses was done by the 'village elders', who, in some cases, abused their power to allocate houses by asking single women for sex in exchange for housing (cf. KHRC, 2008). In 2013 and 2014, Unilever introduced new procedures for reporting complaints about managers and employed new staff members tasked with ensuring the welfare of workers on its Kericho tea estate. The company said the new staff and policies resulted in "a substantial improvement in the way sexual harassment issues are addressed"(Trustees of Princeton University, 2017).

(Unilever Tea Kenya Ltd., 2007, 2008). At the same time, the company started to intensify its active dividend policy (Figure 18).

On the plantation level, the new cost-saving strategy led to the increased casualisation of labour. Most plantations operate with a core staff of permanent workers, but also depend on large numbers of seasonal or casual workers during the peak seasons. Besides, there was frequent recourse to casual workers (Orao-Obura, 2002; Stathers & Gathuthi, 2013). Between 2004 and 2008, BBK did not employ any new permanent plantation workers and were instead increasingly dependent on casual labourers (KHRC, 2008). To cut costs, the company had to push for improved field productivity, especially of the plantation workers and of their factories. In 2003, the company outsourced all non-core activities, such as transport, fuel wood harvesting and warehousing and started trials with small-scale mechanised pruning and harvesting equipment (Brooke Bond Kenya Ltd., 2004). Semi-mechanical harvesting had already been introduced in 1997 (Brooke Bond Kenya Ltd., 1998) and the initial ideas to introduce a fully mechanised harvesting process were introduced in 1998 (Brooke Bond Kenya Ltd., 1999). In 2007, after years of testing, the company concluded that use of mechanised harvesting technology would bring significant cost benefits to the company (Unilever Tea Kenya Ltd., 2008). The multinationals entered into an agreement with KTGA to introduce the mechanised kits at only 3% of their farms on an experimental basis, an agreement that, according to KPAWU, was not respected in full. In 2019, KTDA also decided to start using tea plucking machines in a pilot project (Njeru, 2018). These developments do not point towards more productive employment, or to more inclusive developments in the sector.

3.5 Conclusions

This chapter described the potential contribution of Unilever Tea Kenya Limited (UTKL), and its predecessors, to inclusive development in Kenya by tracing the process behind nearly a century of tea sector development and the role of this MNC in it. The analysis reveals that what appears as an inclusive development outcome (successful smallholder inclusion) is a result of rather exclusive development processes. Moreover, the fully inclusive character of the sector can also be contested.

The analysis in this chapter illustrates that UTKL, and its predecessors, played a pivotal role in the development and professionalisation of the tea sector. The MNC was also instrumental in creating large-scale (although not fully productive) employment, increasing productivity and pushing the sector towards widespread adaptation of more sustainable agricultural practices. The narrative, however, reveals that local and international dynamics, in which MNCs are embedded, negatively affected equal access to opportunities within a sector. Achieving a greater inclusion of national farmers, thus one of the inclusive development outcomes in this case, was not a given. It was a time-consuming process and an outcome of long-term 'occlusive' negotiations, often behind closed door, between the MNCs, international donors and local governments. It took decades before meaningful representation for smallholders' was permitted (even today, it is still not free from criticism), thus for a long period it was a highly exclusive process and, to some extent, it remains an exclusive sector. This is not always a negative issue, as capacity building takes time. However, this case study clearly demonstrates how important the convergence of political (and ethnic) interests with those of an MNC is for assuring spillover effects to the local economy.

Chapter 4. Flower sector in Kenya[175]

4.1 Introduction

As stabilised African capitalist agricultural production linked to global value chains, Kenyan floriculture is in the position to generate quality jobs and create substantial spillover to the local economy, thus generating inclusive development outcomes. This chapter will broaden our understanding of the impact of the flower sector on inclusive development in Kenya. It will do so by examining the current state of the sector, as well as closely tracing the process behind the flower sector development, the role of foreign investors and capital (especially Dutch), as well as by analysing the complex mechanisms, power structures and political context underlying the sector's development. This case study shows that foreign investors and partners played a critical role in launching and expanding the floriculture industry in Kenya, while the progress towards more productive employment has taken more time. Yet, a greater inclusion of local farmers in all activities of the sector, as well as a substantial smallholder farmers engagement has not yet fully materialised. The lucrative breeding sub-sector appears most exclusive and influential, while a plethora of different certification schemes creates a barrier for smallholder farmers wanting to access international markets, thus hampering the flower sector's contribution to the inclusive development of Kenya.

4.2 Methodology

The Kenyan part of the floriculture value chain was investigated by using a mixed methods approach to field data collection, including a sector-wide standardised questionnaire and case studies of selected farms, as well as a number of key informant interviews with owners and managers of the companies in the value chain and other key stakeholders.

The survey looked at the impact of multinational companies in the floriculture sector on the promotion of productive employment and the challenges that the companies, particularly Dutch companies, currently face with respect to daily operations in Kenya. The data used in this chapter was gathered using a mixed methods approach. First, a survey was conducted among 46 firms operating in the Kenyan flower production sub-segment using a standardised questionnaire. This was followed by a case study of selected farms drawn largely from the survey information to get in-depth information, as well as interviews with seven companies in the supply chain and nearly 50 key informant interviews.

The survey consisted of five sections that address the following:

A. Information on the primary respondent
B. The entity in Kenya
C. Labour issues
D. The operating environment for business in Kenya
E. The parent company's entry into Kenya

The survey questionnaire was developed and piloted in October–November 2015 with nine companies. It was further adjusted and improved before the main data collection process in July–August 2016 and June–August 2017. The team consisted of eight junior researchers, supervised and coordinated by three senior researchers from the University of Nairobi (UoN) and the Kenya Association of

[175] This chapter is largely based on a published ASC Working Paper no 142/2018 (Kazimierczuk, Kamau, Kinuthia, & Mukoko, 2018).

Manufacturers (KAM). During this period, questionnaires were completed in the areas of Naivasha, Mount Kenya, Limuru and Nairobi. A total of 46 companies were surveyed.

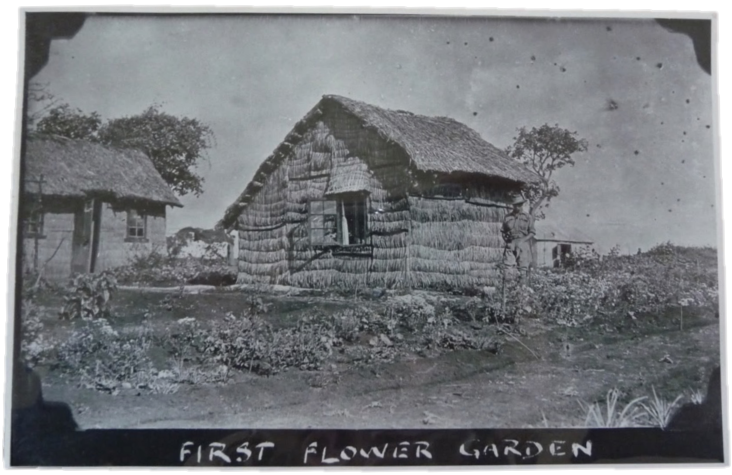
Due to the relatively small number of the companies in the sector (145), the initial ambition was to survey all of them. Due to declines, delays and postponements of the interviews, the team was able to reach 46 farms, which represented 32% of the flower-growing sector. Access is therefore an important limitation to this case study. The survey was followed up with three in-depth case studies of Dutch growers and one Kenyan smallholder collective, as well as interviews with six companies in the supply chain.

The data from the survey were coded in SPSS and Excel by research assistants at the University of Nairobi and analysed by the author of this thesis. This chapter is largely based on the outcomes of the qualitative and quantitative fieldwork, while the detailed results of the case studies can be found in Annex 6. These results were also published as an ASC Working Paper no 142/2018 by Kazimierczuk, Kamau, Kinuthia, & Mukoko (2018).

4.3 Flower sector development and the role of foreign investors

The sector origins can be traced back to the beginning of the 20th century (Figure 19), when a number of smallholder farmers started to grow cut flowers.[176] Kenya's first operations to grow commercial cut flowers for export started before 1950 and were undertaken by a few small nurseries run by European settlers (Steve Jaffee, 1992).

Figure 19. First flower garden in Ilula (Eldoret) Kenya, ±1914



Source: Kenya National Archives, 631.POT. 964647

The first large-scale flower farm was established by a Danish investor – Dansk Chrysanthemum Kultur (DCK) – in Eastern Kenya in 1969, as a result of high-profile connections that Jan Bonde Nielsen – the owner of DCK International – had with Bruce McKenzie, who was Jomo Kenyatta's Minister for Agriculture. Until 1969, based on the Foreign Investment Protection Act (FIPA) of 1964, as well as The Sessional Paper no. 10 of 1965, the Kenyan government (GoK) was generally supportive of the new

[176] The first type of cut flower cultivated in Kenya was pyrethrum. Pyrethrum is a flower and a cash crop grown for its natural pyrethrins, which are used in producing products for pest management on farms and as domestic insecticides (Highchem Agriculture, n.d.; Huggins, 2017).

international investment (Langdon, 1978; Leys, 1975). With regard to DCK, the Danish government provided a grant equal to one third of the total investment costs and GoK provided land (under a low-cost, long-term lease), exclusive growing and trading rights for eight years on several types of flowers, unlimited work permits for expatriate workers, and a 25-year guarantee not to change laws on foreign investor taxation and profit repatriation (Cleaver, 1993; Steve Jaffee, 1992; Whitaker & Kolavalli, 2006b). Later, McKenzie became a shareholder in DCK East Africa (J. Kamau, 2017). In the 1970s, DCK expanded its operations by acquiring two additional estates: a large-scale farm in Naivasha for producing carnations and a smaller one in Updown, near Nairobi, to be used as a nursery. The company rapidly provided large-scale employment opportunities. In 1971, the company signed an agreement with the trade union, the Kenya Plantation and Agricultural Workers Union (KPAWU) (Gemählich & Kuiper, 2017). The original estate did not work out though and in 1976, DCK farms were passed into Kenyan hands after the main Danish stakeholder suddenly pulled out.[177] Leading government officials became major shareholders in the Updown farm and decided to restructure the farm into a smallholder outgrower scheme in order to expand Kenyan participation in a rapidly growing industry controlled largely by European expatriates. Updown, however, collapsed in 1978, shortly after it had been taken over by the government-owned Agricultural Development Corporation,[178] which had dismissed all the expatriate personnel. Most of the farmers who had acquired floriculture skills in DCK continued growing flowers for commercial purposes, while many of the former DCK's expatriate employees set up their own small companies and provided flower marketing services (Steve Jaffee, 1992). British Brooke Bond (which ran many tea estates in Kenya at that time, see Chapter 3) took over the DCK farm in Naivasha. The company was renamed Sulmac and quickly became the largest producer of carnations in the world and the dominant cut flower exporter in Kenya. The farm further diversified its flower mix to include roses (English et al., 2006; Mitullah et al., 2017; Whitaker & Kolavalli, 2006b).

By the mid-1980s,[179] there were more than twelve flower producers/exporters, mostly tied to international companies, but also several African-owned farms (Cleaver, 1993; Steve Jaffee, 1992). Among the most substantial ventures was the Oserian Development Company, established in 1969 by a Dutch entrepreneur – Hans Zwager and his wife June. Located next to Sulmac in Naivasha, Oserian started as a large-scale vegetable grower but quickly diversified into cut flowers, using the existing irrigation, cold storage facilities and available former DCK employees (English et al., 2006; Zwager, 2005). The sector started to slowly develop. Managers and staff from Sulmac and Oserian, horticulture producers and exporters, as well as prominent Kenyan public officials were among those venturing into the new, large cut flower investments. The Kenyan involvement in the sector typically took the form of joint ventures with Dutch companies or the use of technical assistance from expatriate flower specialists from Israel and the Netherlands. Parallel to this, local smallholder farmers also (re-)started flower farms. These flowers were often sourced by larger farms and sold for export (English et al. 2006).

[177] It was later discovered that the company used its multinational structure to avoid paying taxes in Kenya. It was estimated that DCK East Africa, together with its associated companies Sulmac, Suswa Limited and Updown, cost Kenya more than Sh500 million in foreign exchange losses (J. Kamau, 2017).

[178] The government forced ADC to purchase an existing flower farm, ostensibly to encourage increased Kenyan involvement in the industry. Another relevant factor may have been that the prominent government officials who owned the farm were losing considerable sums of money (Steve Jaffee, 1992).

[179] In the mid-1980s, a new development model promoted by the International Monetary Fund (IMF) and the World Bank became part of the new global and Kenyan development agenda. Structural Adjustment Programmes (SAPs) promoted export diversification to generate foreign exchange (Hughes, 2001; Rono, 2002). As non-traditional goods and high-value commodities ready for exports, flowers fitted well in the new regime and this was promoted as export diversification in the 1990s (Hughes, 2001).

The sector rapidly expanded in the 1990s, as a result of progressing globalisation and reduced government intervention linked to the liberalisation of Kenya's foreign exchange control regime[180] and streamlining of importation procedures (equipment, planting material and other inputs). By the end of the 1990s, the global market was dominated by commission-based or auction transactions with Flora Holland[181] in the Netherlands becoming the major hub for flower trading in Europe and even worldwide. Consequently, the Dutch government decided to support the Kenyan floriculture sector and the Dutch companies operating in it. Among others, the Dutch Centre for the Promotion of Imports from developing countries (CBI) supported the Export Promotion Council (EPC) – the focal point for export development and promotion activities in the country (EPC Kenya, 2018), and funded a capacity building programme for the smallholders (Daily Nation, 2006; Rikken & Van der Hulst, 2012). Furthermore, since 2005, the Dutch government has injected more than five million euros for flower sector development in Kenya through its Private Sector Development instruments.[182] The support has predominantly gone to companies operating in the flower sector supply chain, rather than directly to the growers, but the Netherlands has also significantly contributed to capacity building within the sector through the KFC.

In the mid-1990s, the industry faced pressure from (international) non-governmental organisations to engage more in environmental preservation, particularly around Lake Naivasha, where the industry was blamed for a number of ecological problems.[183] In response to the criticism, the industry adopted a range of (expensive and heavily influenced by Western norms) private social and environmental standards and certifications. Such labels fulfil the requirements of overseas customers, but also give access to new markets and protect against allegations of exploitation of workers and the natural environment. Eventually, the sector became one of the most codified industries in the world (Dolan & Opondo, 2005; Lowthers, 2015; Riisgaard, 2007; Wijnands, 2005).

The many different standards and certifications led to overregulation of the sector. Consequently, further simplification and better coordination of the sector was necessary. In 2015, with the support of Dutch funding, the KFC pushed the Kenya Bureau of Standards to update the national horticulture standard for flowers and ornamentals (KS 1758 Part 1). This standard is supposed to harmonise the existing international codes on good agricultural practices and guidelines, as well as the laws of Kenya relevant to the entire sector.[184] Its sector-wide implementation has been delayed, but, in 2017, KFC together with the Fresh Produce Exporters Association of Kenya launched the Kenya Horticultural Council with the objective to support the industry with the implementation of KS 1758 part 1 (and part 2 related to fruits and vegetables).

4.3.1 Flower sector in Kenya today

The floriculture sector today is an example of an African stabilised capitalist agricultural production linked to global value chains (Whitfield, 2017). It is also seen as a potential 'industry without a smokestack' (Newfarmer et al., 2018). It involves a variety of local and international players in activities such as plant development and growing, providing necessary inputs, transport and handling. Within the

[180] Before liberalisation, import duties on many inputs, pre-shipment inspections and corruption raised the cost of doing business.

[181] Royal FloraHolland is a Dutch conglomerate of florists and the largest flower auction in the world today. The auction is the central marketing hub for flowers, involving wholesalers supply florists and other traditional retailers. It is a crucial step in the indirect floriculture value chain.

[182] Own calculations based on information provided by RVO and other available sources. See Annex 7 for the list of these projects.

[183] Some of the ecological issues were further dismissed as being caused by the local farmers and not by the flower industry (Everard & Harper, 2002; Mbaria, 2012; Mekonnen, Hoekstra, & Becht, 2012).

[184] KS 1758 requires growers, propagators, breeders, consolidators, shippers and cargo handlers to produce and market the flowers and ornamentals under appropriate environmental conditions and regarding the safe use of chemicals.

plant growing sub-sector, we distinguish three main activities: breeding (developing new varieties), propagation (multiplying by any process of natural reproduction from the parent stock) and growing plants. Although with limited participation, Kenya is the only country in the world that has smallholders growing cut flowers for export, which also creates a substantial inclusiveness opportunity on the national level (N. Mwangi, 2017).

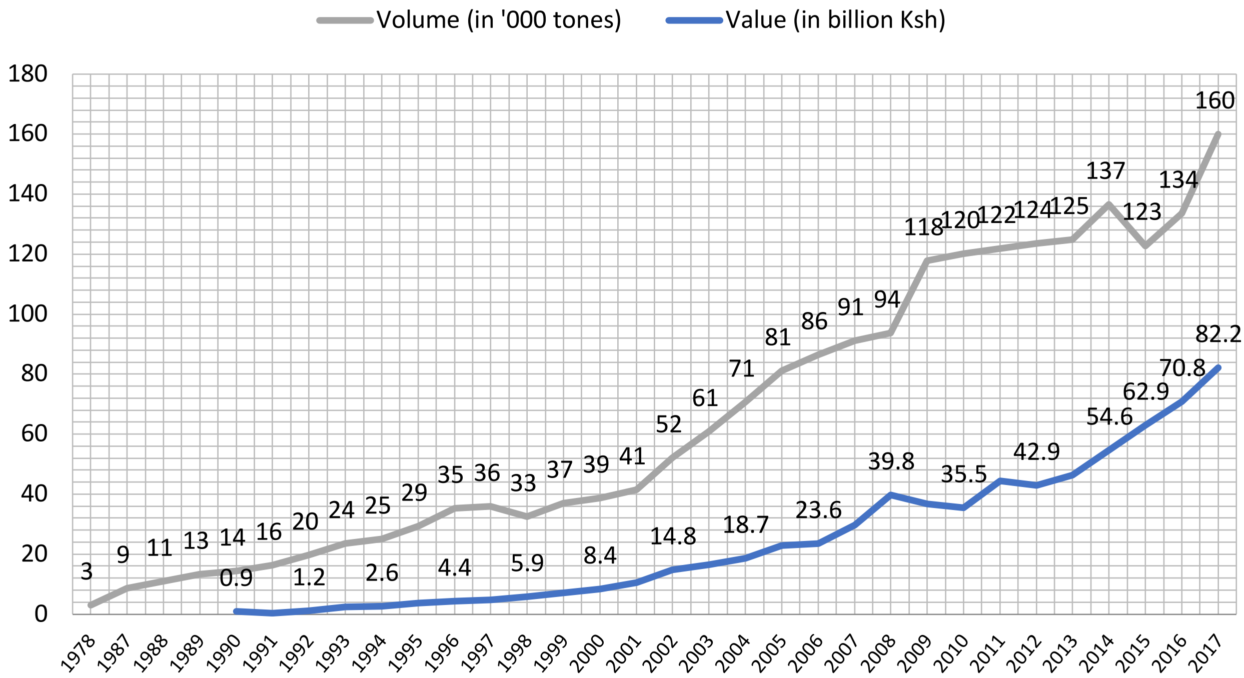
The sector has developed a number of supportive institutions at local, national and international level. Among the key ones, locally, flower growers formed voluntary associations in the key growing regions to ensure that growers' interests are represented at the county level and its environs. Nationally, the sector is represented primarily by the KFC, a voluntary association of over a 100 independent cut flowers growers and exporters and additional affiliates. Globally, Union Fleurs in Brussels brings together international flower trade associations (like KFC) to represent the interests of the international floricultural trade; while the International Union for the Protection of New Varieties of Plants (UPOV) in Geneva is granting breeders of new plant varieties intellectual property rights.

In 2017, floriculture in Kenya earned KES 82.2 billion[185] (Andae, 2018; Kariuki, 2018). It is Kenya's fourth foreign exchange earner after remittances, tea and tourism (Mwaniki, 2017). Roses constitute 75% of the overall flower production, the rest is mostly summer flowers often grown by smallholder farmers. Essentially all cut flowers are grown for export. Only the stems that do not meet the international standards are sold on the local market. The domestic market remains, however, small (Wijnands, 2005). Kenya is the lead exporter of cut flowers to the European Union (EU) with a market share of 38% (KFC, 2017). Approximately 50% of exported flowers are sold through the Dutch Auctions, although direct sales[186] are also important and on the rise (Riisgaard, 2009a; Rikken & Van der Hulst, 2012).

In 2016, more than 3,000 hectares were under commercial floriculture divided into 190 flower farms owned by 145 medium enterprises and large multinational companies.[187] These farms range from three to 250 ha. There are also approximately 2,500-5,000 smallholder flower farmers (Mitullah et al., 2017; Riisgaard, 2009b). The composition of the Kenya's cut flower industry, as discussed, has changed considerably during the last 30 years. Contrary to popular belief, that mostly Dutch companies grow flowers in Kenya, only 19 out of 135 flower growers can be considered Dutch. Today, flower growing companies are mostly in the hands of Kenyan owners and managers (who often gained their experience working for Dutch flower companies) and prominent (and politically linked) Kenyan families.[188] Dutch companies, however, dominate the breeding and propagation sub-sector.

[185] KES 100 = ±US$ 1; KES 100 = ± € 0.80; provisional estimates.
[186] Mostly to the UK, but supermarkets in the Netherlands are becoming an increasingly important sales channel for flowers as well, with an increase in their market share from 18% to a 25% between 2010 and 2015 (Potjer et al., 2015).
[187] Own calculations based on desk research. As the sector is very dynamic, the companies' mergers and/or takeovers are quite frequent.
[188] Examples of flower farms owned by prominent politicians are: Karen Roses, Sian Roses, Enkasiti Flowers; Simbi Roses, Suera flower farm and Zena Roses Limited (Munene & Njeru, 2004; Njoroge & Wanjiru, 2017; Perlez, 1991, as well as the fieldwork data).

Figure 20. Growth of Kenyan cut flower exports



Source: Compiled and corrected for inconsistencies by the authors based on (AFFA, 2014; Bolo, 2006; Harris, 1992; HCDA, 2010, 2013; KFC, 2017; Mitullah et al., 2017; Schapiro & Wainaina, 1989; Tharau, 2003; The World Bank, 2009a; Westerman, Splinter, & Mukindia, 2005; Whitaker & Kolavalli, 2006a).

Kenya's cut flowers export recorded practically an undisrupted growth in volume and value since its inception (Figure 20). For instance, in 1978, the export volume was 3,000 tons, which grew by average 16% per year in terms of volume and 25% in terms of value of production (KFC, 2017). In 2017, Kenya exported 160,000 tons of flowers (Andae, 2018; Kariuki, 2018). Only twice, in 1998 and 2014, the production was lower than the production of the previous year. In 1997/1998, Kenya was seriously affected by the El Niño weather conditions. The broad agricultural sector recovered in the second half of 1998, but it was too late to offset the poor performance earlier that year (H. J. Brinkman & Gray, 1999). In 2014, agricultural producers have suffered losses due to currency fluctuations and the delays in the renewal of the European Partnership Agreement (EPA) – an important trade agreement between Kenya/East African Community and the EU.[189] Without EPA in place, Kenyan export to the EU was to be subjected to high tariffs. Kenyan flowers would consequently become less competitive in the already

[189] The EAC EPA provides for immediate duty-free quota-free access to the EU market for all EAC exports; partial and gradual opening of the EAC market to imports from the EU; safeguarding provisions allowing each side to reintroduce duties if imports from the other side threaten to disturb its economy. The EPA contains detailed provisions on sustainable agriculture and food security and on the sustainable use of resources in the area of fisheries. A chapter on economic and development cooperation is included. The parties are committed to concluding negotiations on environment and sustainable development, services, investment and private sector development within five years of the entry into force of the agreement. Several articles relate to the institutional set-up and the dispute settlement mechanism. The EPA falls under the umbrella of the Cotonou Agreement: a breach of one of its 'essential elements' involving human rights, democratic principles and the rule of law, could entail the suspension of the EPA trade preference for the country concerned (European Parliament, 2019).

saturated EU market. EPA was finally signed and ratified by Kenya in September 2016 (Pichon, 2018) as the only EAC country.[190]

The currency volatility was a challenge in 2016 as well. Additionally, the Kenyan shilling depreciated against the US dollar (Oxford Business Group, 2016). Another critical moment for the industry came in 2008, when the economic effects of the post-election violence that broke out in 2007, together with drought, negatively affected the flower production.[191] Being a global business, the sector was hit by the low prices, as a result of the global economic crisis of 2009. The weakening euro against the dollar affected the value of the overall production for the two consecutive years (2009 and 2010) (Oxford Business Group, 2016; Rikken, 2012). Despite these challenges, the performance of the floriculture sector has overall been strong throughout the years. The real boost to the sector was nevertheless given[192] when the GoK introduced regulations for the implementation of a Plant Variety Protection (PVP) scheme under UPOV 1978 Convention in 1999 and consequently encouraged foreign breeding companies to introduce their flower (and other horticultural) varieties into the country. I will return to this event in the later section of this chapter, just after presenting the results of the sector-wide survey and case studies.

4.4 Results from the surveys

4.4.1 General results

Out of the 46 surveyed companies, over half (61%) consider themselves a Kenyan company with headquarters located in Kenya. Only nine indicated having headquarters elsewhere (one in Israel, one in Germany and seven in the Netherlands). Although more companies could be classified as Dutch (by having a Dutch Director and owner or by having a sister company in the Netherlands), these companies are officially registered as Kenyan entities and present themselves as Kenyan. Half of the Dutch companies are direct subsidiaries of their Dutch mother company, and only a quarter of them have a substantial Kenyan ownership. As one of the objectives of this survey is to compare how Dutch companies perform compared to non-Dutch flower firms, companies with a 'Dutch connection' are considered as Dutch for the purpose of this analysis.

The majority (83%) of the responding companies are growers, while 13% are breeders and propagators. Among the latter group, all the companies are Dutch. The survey was also conducted with one small-scale grower and one flower broker (Table 3).

[190] Rwanda has signed but not ratified, while other EAC members (Tanzania, Uganda and Burundi) failed to sign and ratify the agreement citing various country-specific concerns. The pact, however, requires all EAC countries to sign and ratify for it to take effect, therefore Kenya has been allowed temporary access to the European market under special arrangements. Ultimately, upon agreement of all EAC member states in late 2018, Kenya enforced its own bilateral trade agreement with the EU entitled "European Joint Cooperation Strategy with Kenya 2018-2022" (Anyanzwa, 2019; Business Daily, 2019; Delegation of the European Union to the Republic of Kenya, 2018).

[191] Naivasha was one of the affected areas with economic ethnic clashes between the Kikuyus and the Kalenjin.

[192] In the 1990s, without adequate protection for breeders, the industry stagnated, as no new varieties were introduced in the country. Only larger companies were able to secretly pay plant breeder royalties or introduce newer varieties from their own breeding schemes (English et al., 2006; Harris, 1992) but that was not the case for the smallholders.

Table 3. Survey respondents categorised by their primary activity

	Kenya	Kenya w/Dutch connection	Netherlands	Germany	Israel	Total	% Total
Breeder		1	1			2	4%
Breeder, propagator			3			3	7%
Propagator		1				1	2%
Grower, propagator	3				1	4	9%*
Grower	21	7	3	1		32	70%
Grower, sourcing	2					2	4%
Flower broker	1					1	2%
Small-scale grower	1					1	2%
Grand Total	**28**	**9**	**7**	**1**	**1**	**46**	**100%**
	61%	**20%**	**15%**	**2%**	**2%**		

*Companies in this category are counted as growers (and not as propagators), as growing remains their primary activity.

Source: own elaboration based on fieldwork data

Only one of the surveyed companies has been in operation in Kenya since 1969 and it is considered to be the pioneer in the sector. One more (Kenyan) grower started its operations in the late 1980s. The other respondents reflect well the constant growth of the sector that happened in the 1990s and 2000s: with 13 responding companies starting their operations in Kenya in the 1990s, 17 in the 2000s and 14 new companies entered the sector within the last decade. Among the breeding companies that were surveyed, 67% entered the country in the 2000s and only two have been in operation since the 1990s (both actually working in the propagation sub-sector). Some of the respondents are daughters to global floriculture veterans: two of the 'mother companies' have been operating for over a hundred years, while four were established in their country of origin already in the 1940s and 1960s (Table 4). The majority of the respondents are located in the Naivasha and Mount Kenya area. Most of the surveys were filled in by a (Managing) Director. Half of the respondents are expats; with almost half of them (48%) coming from the Netherlands. Among the Kenyan companies with Kenyan managers (respondents), almost a third (29%) used to work for a Dutch company before, including the manager of the small-scale grower scheme and the director of the growing and sourcing company. Interestingly, both of them used to work in the Dutch companies that are involved in smallholder flower sourcing and sourcing,[193] respectively. The respondents had a very clear understanding of floricultural production and the sector's day-to-day challenges.

Table 4. Survey respondents categorised by their starting year of operations in Kenya

	1960s	1980s	1990s	2000s	2010s	Total
Breeders and propagators			2	4		6
Growers	1	1	11	12	13	38
Flower broker					1	1
Small-scale grower				1		1
Total	**1**	**1**	**13**	**17**	**14**	**46**

Source: own elaboration based on fieldwork data

The majority of the companies are operating on less than 100 ha (Table 5), including some of the breeders and propagators that do not need a large plot as they use the land only to showcase their flower breeds. The majority of the product is exported, with only breeders and propagators selling over 95% of their products in Kenya. Merely a fraction of the flower production (by the growers) targets the local market.

[193] Sourcing in general, meaning that they don't limit themselves to flower sourcing from smallholders.

Table 5. Summarised (average) size of the survey respondents' farms categorised by type of operations

	Ha	No of companies	Average Ha
Breeder, propagator	29	6	5
Flower broker	10	1	10
Grower, propagator, sourcing*	1,132.5	36	31
Two largest growers	390	2	195
Small-scale grower	20	1	20**
Total respondents	**1,581.5**	**46**	

*Excluding two largest growers among the respondents

** Total joint area under flower cultivation of the member smallholder farmers

Source: own elaboration based on fieldwork data

The majority (78%) of all surveyed companies, out of which 77% non-Dutch and 81% Dutch flower companies, are members of the Kenya Flower Council (KFC). Non-Dutch companies (that are predominantly Kenyan) are more frequently members of other national advocacy networks, such as the Kenya Association of Manufacturers (KAM), Fresh Produce Exporters Association of Kenya (FPEAK), Horticultural Association of Kenya (HAK) or Kenya Private Sector Alliance (KEPSA) than the Dutch companies. All of the companies decided to invest in floriculture in Kenya predominantly due to its favourable climate conditions and access to skilled and cheap labour costs. Some companies also take advantage of regional or international trade agreements, as well as from geographical diversification of activities.

The sector is highly regulated as a result of its criticism that peaked in the 1990s that led to the development of international and national standards and certifications schemes. Such schemes impose a number of internal requirements, including availability of numerous internal policies. Surprisingly, even companies without certifications do have (some of) such documents available, which can be considered a positive spill over. Consequently, over 90% of all the companies have drafted an internal Policy on the use of agrochemicals, a Code of Conduct and they prepare Annual Reports and Statements of Accounts. Furthermore, 94% of Dutch and 87% of non-Dutch companies are guided by their internal Employment Regulations, Labour Standards and Policy on Sexual Harassment. All but one Dutch company as well as three quarters of the non-Dutch companies have their own CSR policy. However, only 50% of the Dutch firms and 57% of the non-Dutch firms have officially regulated issues of Staff Development. Compared to their non-Dutch counterparts, Dutch companies are less likely to regulate trade union and conflict of interest issues through official documentation. The former is particularly surprising, as 70% of Dutch companies have (some) workers belonging to a trade union, compared to only 43% of non-Dutch companies. Furthermore, it appears that companies that have trade union members are also more likely to have employees organised in internal workers' committees. Welfare, gender and health & safety are the most frequently established groups.

GlobalGap is the leading international standard in the sector. As much as 47% of non-Dutch and 56% of Dutch companies adhere to it. The Ethical Trade Initiative is the second most adopted standard, with 13% of both Dutch and non-Dutch farms following these guidelines. More non-Dutch companies gained ISO 14001 for the environmental management system, although the proportion of firms who have it remains at the lower end with 13% of non-Dutch and only 6% of Dutch companies that officially reach the criteria. Nationally, the Kenya Bureau of Standards (KBS) updated the KS 1758 part 1 – national standard for Flowers and Ornamentals in 2015. KS 1758, requires growers, propagators, breeders, consolidators, shippers and cargo handlers to produce and market the flowers and ornamentals under appropriate environmental conditions. The process of updating the standard was initiated by the Kenya Flower Council with funding support from the Dutch government. This standard supposed to be harmonised with existing international codes on good agricultural practices and guidelines, as well as with the relevant laws of Kenya, especially regarding the safe use of chemicals. Its sector-wide implementation has been delayed, but, in 2017, KFC together with FPEAK launched the Kenya Horticultural Council (KHC) with an objective to support the industry with the implementation of KS 1758 part 1 (and part 2 related to fruits and vegetables). A number of respondents were aware of the standard.

The Kenya Flower Council certificate remains the most popular certificate among the respondents and it is obtained by 67% of non-Dutch and 56% of Dutch companies. KFC Silver and Gold standards are considered the most rigid and demanding certification available to date;[194] however, the label as such is not well recognised internationally. That is why almost 40% of all companies are also MPS-A certified and over 20% are Fair Trade certified. Both labels are internationally recognised but did not originate in Africa. Proportionally, more Dutch companies are MPS SQ certified, although it is only a quarter of all of the Dutch respondents. MPS SQ is a certificate that focuses predominantly on the social aspects of the operations. Non-Dutch companies are also more often certified by Fair Flowers Fair Plants compared to their Dutch counterparts.

Despite many advantages of the various types of certification, obtaining a certificate is a costly process, thus beyond reach of most small companies, newcomers and smallholder farmers who wish to access international markets. Except for the KFC certificate and KS 1785, all other standards are developed outside Africa, therefore all the income generated by the certification process in Africa effectively leaves the continent. Furthermore, the requirements are often designed and apply to large-scale productions, which means that they cannot be implemented by smallholder producers. They do not apply to the breeders or propagators either. The many different sector standards and certification, and lack of clear and often contradictory regulations at a national and county level create a fertile ground for corruption on many levels. Therefore, there is a need for further simplification and better coordination of the sector.

4.4.2 Employment created

Total employment created by all the respondents was estimated to be 23,849 in the flower production and 1,227 in the interviewed companies operating in the value chain (Table 6 and Table 8). Regarding the flower production, Dutch companies are responsible for 33% of the total figure. Growers and propagators are responsible for the majority (98%) of the employment created by the respondents, while breeding companies for least of it (0.03%) (Table 7).

Table 6. Employment created by the survey respondents in the flower production per country of origin

	Sum of Count	Sum of employees	%
Kenya	28	13,516	57%
Kenya w/Dutch connection	9	6,562	28%
Netherlands	7	1,187	5%
Germany	1	1,370	6%
Israel	1	1,214	5%
Grand Total	**46**	**23,849**	**100%**

Source: own elaboration based on fieldwork data

[194] For more details about the certifications standards in the sector see Annex 8. To read more about the standards and certifications and their comparison see e.g. Barrientos et al. (2001); Nelson et al. (2007); Potjer et al. (2015); Riisgaard (2007); Rikken (2011); Wilshaw et al. (2013).

Table 7. Employment created by the survey respondents in the flower production per type of operations

	Sum of Count	Sum of employees	%
Grower	32	16,656	69.8%
Grower, propagator	4	5,910	24.8%
Propagator	1	855	3.6%
Breeder, propagator	3	287	1.2%
Small-scale grower	1	108	0.45%
Flower broker	1	14	0.06%
Grower, sourcing	2	12	0.05%
Breeder	2	7	0.03%
Grand Total	**46**	**23,849**	**100%**

Source: own elaboration based on fieldwork data

Table 8. Employment created by the survey respondents in the other parts of the value chain per country of origin

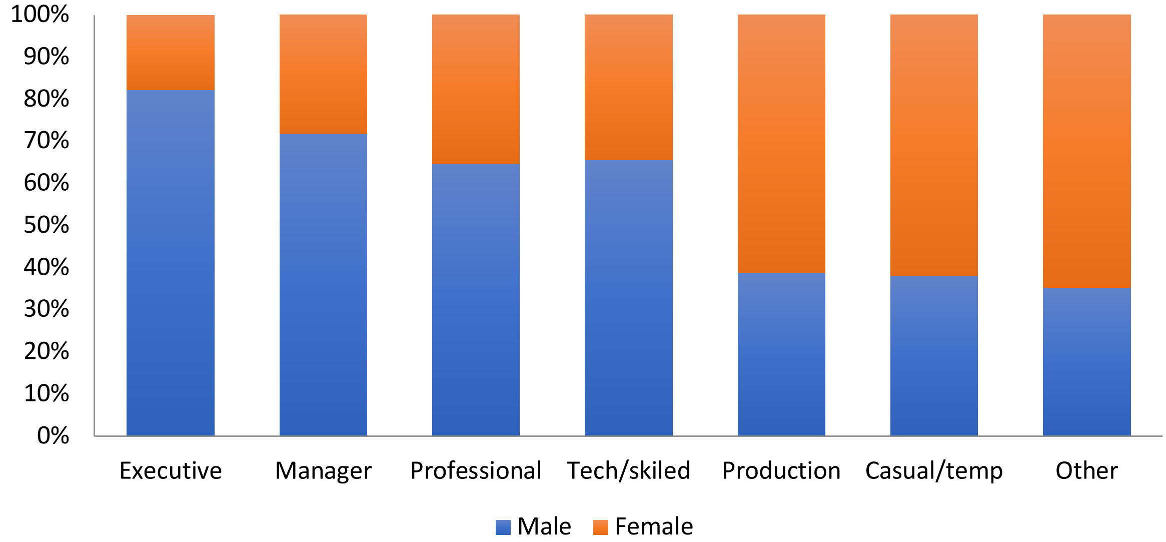
No of employees	Cargo	Chemicals	Handling	Packaging	Total	%
Kenya		700	157		857	70%
Netherlands	18	25	52	135	230	19%
Switzerland			140		140	11%
Total	**18**	**725**	**349**	**135**	**1,227**	**100%**

Source: own elaboration based on fieldwork data

The majority of the farm jobs are available for low-skilled workers. The findings suggest that over 80% of the employees are hired on permanent contracts, while the remaining 20% can be classified as temporary or casual labour. The ratio of casual labour is much higher compared to the estimates by Mitullah et al. (2017) (which found less than 2% casual labourers in the flower sector). This is because this thesis, contrary to Mitullah et al. (2017), does not assume that a casual worker is an employee without a contract. All the visited farms highlighted their commitment to HR procedures, meaning that even the casual or temporary employees had adequate working contracts drafted and in place, hence the discrepancy.

With regard to the gender division among the employees, it is well known that the sector attracts many female workers. In our sample, women constituted 59% of the total workforce. The tasks within the sector, especially within the growing and production, are often distributed according to gender. Figure 21 below indicates that the majority of low-skilled jobs are given to female workers, while more technical and administrative tasks are handled by male employees. Furthermore, our data shows that men perform most of the executive tasks.

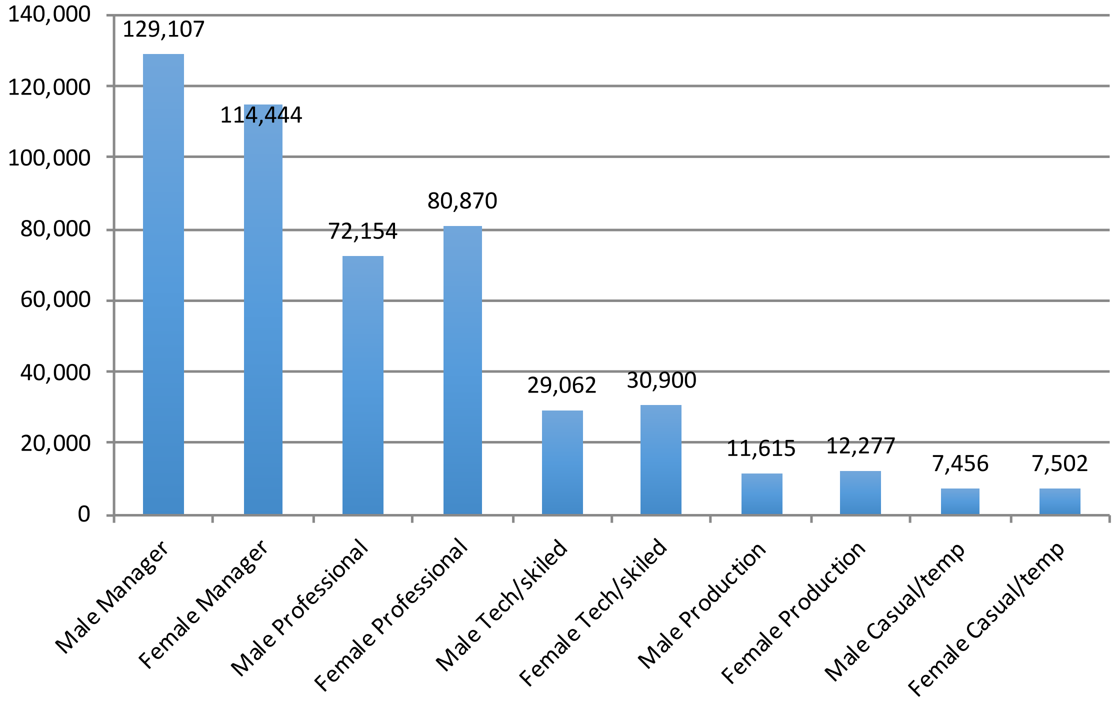
Figure 21. Gender division among the employees classified based on type of job



Source: own elaboration based on fieldwork data

With regard to the salary, the survey findings mirror the outcome of Mitullah et al. (2017). On average, the surveyed flower producing companies provide higher than minimum wages in the agricultural industry (2016: 6,780 Ksh on average and 5,436 Ksh for unskilled labourers) but not yet an equivalent of the living wage of approximately 14,000 Ksh (RVO, 2016). That also depends on the region, as Anker and Anker (2014, 2017) estimated. The average salary for the unskilled labour among our respondents is between 11,615–12,277 Ksh, including housing or housing allowance (that according to Kenyan Law an employer is required to include for their contracted staff) (Dolan & Opondo, 2005; Dolan & Sorby, 2003). The companies are committed to equal pay, yet some visible differences between the salaries offered to female and male workers can be found. Gender does not appear to be a discriminatory factor with regard to salary provided for general workers. On the contrary, female workers are paid better than their male counterpart. The discrepancy in most cases can be explained by a duration and stage of work within the company rather than dictated by gender. A similar observation is made for more skilled personnel where female technical and administrative professional appear to be paid more than their male counterpart. Male managers and executives, however, are enjoying a higher salary in comparison to their female counterpart, yet it should be stated that the average wage for the executives should be considered indicative but not representative, as only a few companies agreed to disclose the salary of their executives.

Figure 22. Average salary in Ksh in the floriculture sector (2016)

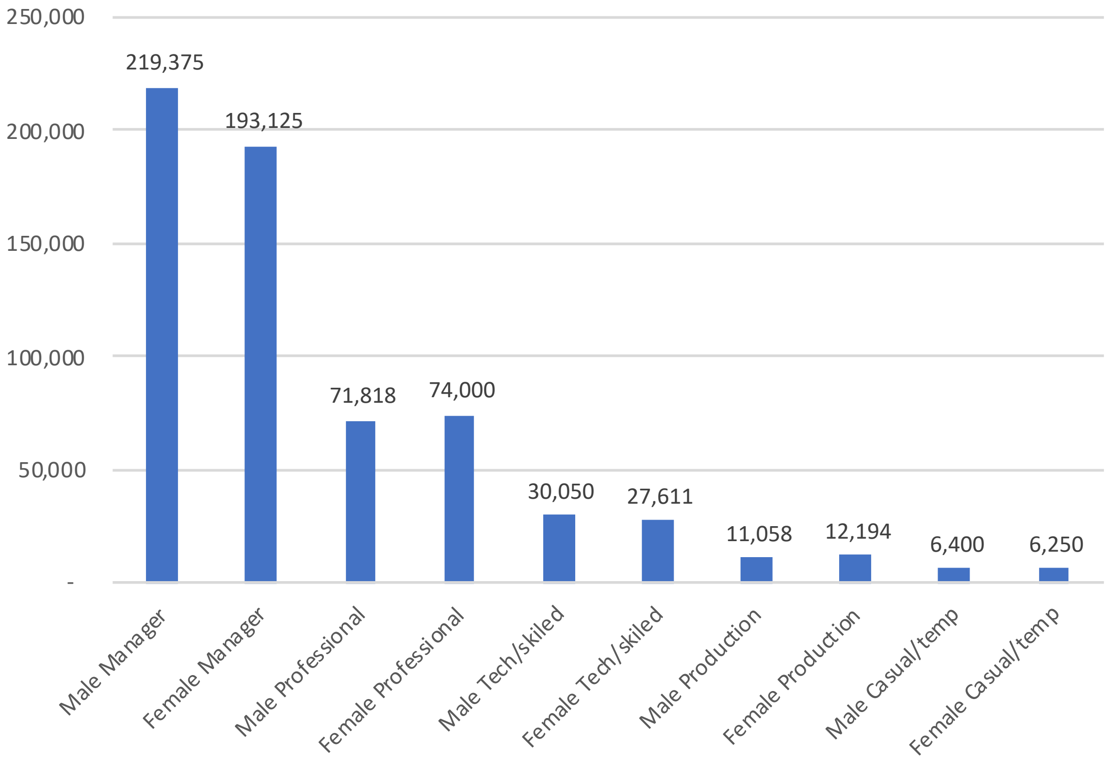


Source: Own calculations based on fieldwork data (information for June 2016).

If we zoom in on the Dutch companies in the sector, we will see that they provide an average sector salary, which is double the statutory minimum wage, but only in two cases of breeding companies, it surpasses the (rural) living wage standard for the production workers. Working for a breeding and/or propagating company requires higher skills and additional training even for the production workers. Finally, it can be observed that Dutch companies are offering a much more attractive salary on the management level in comparison to the sector average.

All companies offer additional benefits on top of the base salary. In addition to obligatory housing or housing allowance, most of the employers provide their employees with written contracts, maternity/paternity leave, meals, transport (allowance), healthcare, breastfeeding facilities and childcare facilities. Executives and management benefit from most of the additional benefits, as does the permanent staff, although to a slightly lesser extent. Casual and temporary labour is in the least privileged position with regard to additional benefits, especially related to healthcare and transport. Only a fifth of the surveyed companies provide childcare facilities and half are providing breastfeeding facilities for their female workers; half and a third of them respectively are Dutch. Dutch companies also appear to discriminate least regarding the division of the benefits among the high management and permanent production workers, and they provide most of the benefits to their temporary and casual labourers. I hypothesise that this explains the general feeling among the local employees and residents around the farms that it is "better to work for a *Mzungu* [a white man] [...], as they pay better, treat you better and [some] have a football team" (Own interviews, 2016).

Figure 23. Average salary in Ksh provided by the Dutch companies in the floriculture sector (2016)



Source: Own calculations based on fieldwork data (information for June 2016).

Managers are generally satisfied with the performance of their employees. They consider Kenyans as hard working and dedicated employees. To date, it appears that the current employees are rather satisfied with their jobs, as the flower farms under review experience very little turnover of their staff (the highest being for the low-skilled, yet even there it remains at the low end).[195] Among points for improvements, effective communication between the top management and production workers is still considered a challenge. Managers often communicate the executive decisions via printouts on notice boards instead of general meetings. It is also felt that many decisions considering production workers are taken without adequate consultations with the directly affected. Similar complaints were presented regarding wage discussions led by the trade unions. The trade union's negotiations of the Collective Bargain Agreement (CBA) remain a largely top down process that does not involve much participation from those workers directly affected. Despite some improvements in recent years, the trade union is still considered inefficient and unprofessional, with cases of nepotism and patronage being mentioned on a number of occasions. It is not surprising, therefore, that the majority of the employees of the surveyed farms, although allowed, are not members of the trade union.[196] In case of any issues, they prefer to discuss it directly with the management or via internal employment committees.

The sector is expected to grow; therefore, a number of incentives would be desirable from the companies' perspective if the government wishes the sector to generate more employment. In recent years, the trade has been facilitated through the provision of incentives in the form of zero or reduced duties and other taxes on imported inputs, such as greenhouses, greenhouse covers, refrigeration equipment, dam construction lining and shade netting, among others (Kariuki, 2018). The companies, however, would prefer less regulation by the state and introduction of low- or free-interest loans.

[195] It can also be an effect of lack of many employment alternatives.

[196] In a number of responding companies, there are employees that belong to the union. However, often it is only a fraction of the total number of workers.

International trade agreements and in particular being a signatory to the European Partnership Agreement (EPA). Furthermore, the state should provide better training institutes.

A number of the respondents pointed out that the government remains very passive and does not adequately support sector development, thus also does not encourage further employment generation. An example of Ethiopia was given, where the government has been much more active and welcoming to foreign investors. It provides land, initial infrastructure, tax incentives and freight subsidy to support the local floriculture sector development. Such incentives are absent in Kenya, or even on the contrary, more regulations and taxes are imposed on the companies in the sector instead. Issues of exchange rate volatility and double taxation on the national and county level have also negatively affected the operations. Widespread corruption is considered a high, albeit manageable threat to the business. More problematic are high and increasing costs of living, energy and production, which require yearly salary adjustments. That leads to high labour costs. Finally, excessive bureaucracy and delays with VAT returns pose serious threat to business.

Consequently, the respondents suggested to reduce employment costs, provide a better training to the trade unions, as well as advice the government to reduce red tape, taxation and provide subsidies on freight and horticultural inputs.

4.4.3 Skills development

As the sector is already mature, it is possible to find necessary skills nationally. Yet, if the sector wishes to advance and develop further towards more value-added activities, more technical knowledge should be added to the pool of labour, hence the need for better and more specialised training.

Most companies provide on-the-job, in-house training for their employees, but they do not provide training to other national companies. This is partly a result of lack of clear internal Staff Development Regulations, as noted earlier. It is particularly problematic in the case of knowledge and skill development for propagation and breeding. Breeding technology remains highly protected by international companies, with very little knowledge being transferred nationally. Furthermore, this branch of the floriculture sector requires high investments in R&D and specialised technical knowledge. That is not to say that the existing breeding companies should give up their patents, but there is clearly a need to provide finance and support to local R&D and public research in this domain. It will allow national companies to enter this part of the sector. Yet, public support alone is insufficient. If the sector is to develop further, the following skills are in high demand:

- Agronomist (incl. pests & diseases management)
- Breeding and propagation
- Good agricultural practices
- Post-harvest handling
- Technical (i.e. maintenance for machines)
- Management (including aspects of health & safety; logistics)
- Professional sales support

All the responding companies would be willing to invest more in training if there are policies in place that provide more tax breaks and greater incentives for hiring. Rebates or subsidies with respect to freight are also welcomed. The respondents also suggested enhancing training provided by the National Industrial Training Authority (NITA). Furthermore, expatriate staff should be urged to train their local counterparts in both management and technical skills.

4.4.4 *Supply chain and imported products*

The majority of the companies in the supply chain are local suppliers providing agro chemicals and fertilisers, but these companies are distributors of imported products. The local suppliers are valued positively, particularly for their efficiency and timely deliveries, although the cost of products is considered to be at the high end. Among the most frequently imported products, the following can be distinguished:

- Greenhouse and irrigation materials
- Organic inputs (peat, seeds and planting materials)
- Fertilisers / Chemicals

These products are imported because of three predominant reasons:

- There is no domestic source of the product in Kenya
- The domestic source is of an inferior quality
- The imported product or service is significantly cheaper

4.4.5 *Bottlenecks linked to the supply chain*

The floriculture chain provides an opportunity for the inclusion of a number of actors, including local actors. Nevertheless, the sector faces a number of challenges that affect both the forward- as well as backwards linkages, including challenges linked to the local content and local production. Among the main issues, the following can be distinguished:

- Bureaucracy
  - Delays with VAT refunds
  - Too much paperwork and delays in getting documents for import
  - Unreasonably high import duties
  - Long clearance time in Mombasa
- Transport
  - High freight charges
  - Bad roads
  - Harassment of transport by police
- Input/Seed
  - KEPHIS restrictions on importing seeds
  - Quality, price and availability of inputs
  - Many counterfeit products
  - High costs of royalties dictated by breeders (this often blocks flower smallholders)
- Quality and price of packing materials

4.4.6 *Corporate Social Responsibility*

The majority of the flower companies see Corporate Social Responsibility (CSR) as an integral part of their operations in Kenya. They feel the need or a pressure to support the local communities where they operate. All but one Dutch company and 77% of non-Dutch companies have an internal policy regulating their CSR engagement. Their activities in this field can be broadly divided into five categories: education, health, infrastructure, social and environment. The most prevalent programmes are summarised below. Among the most common is educational support for employees' children and to increase their chances of reaching higher education by providing bursaries and scholarships. Furthermore, a number of farms have their own clinic and support local communities with clean drinking water. Farms are also involved in the local community by supporting local orphanages, local football clubs, libraries or police stations. They contribute to improved environment and infrastructure by planting trees, engaging in conservation, building roads or providing street lighting. Only a few companies see the employment (and on-the-job training) they provide as part of their CSR. Finally, a number of companies have started to implement more environmentally friendly behaviours in their daily operations, such as installing solar systems, composting of organic waste or using LED lighting in the greenhouse. The majority of the farms have rainwater-collecting systems, but none of them mentioned this solution as part of their CSR or as part of an official sustainability policy.

Education:

- Supporting building and supplying local schools
- Provide bursaries for primary school children
- Provide scholarships for children of workers to pursue university degree
- Provide computer training (for employees, their children and others)
- Supporting workers who want to continue education

Health:

- Clinical facilities and nurses on the farm
- Supplying drinking water to the surrounding area
- Supporting local hospital
- Collaborate with NGOs to provide retroviral medications for employees who need them

Infrastructure:

- Building roads
- Water project
- Sponsor streetlight

Social:

- Provide employment
- Support local orphanages
- Support local football club
- Provide clothes for local kids and families
- Support Naivasha Children Rescue Centre
- Support the local police station
- Support local library
- Provide bicycles for employees
- Provide fish for the employees from the farm's fish pond

Environment:

- Planting trees
- Digging borehole
- Conservation of the (Naivasha) lake
- Composting organic waste
- Engage in wildlife conservation
- Use of solar system
- Use of LED lighting in the greenhouses

Looking at the activities in the field of CSR, it can be observed that companies are partly engaging in the social activities to improve their image and position in the local community by providing basic services that are not adequately delivered by the government. Some other activities remain ad hoc and are in response to requests from the local government or other authorities. There is a general feeling that the companies see CSR more in terms of corporate philanthropy or internal (or external) pressure to provide basic services to the local communities rather than having a long-term vision that focuses on integrating responsible and sustainable behaviour into core operations on the farms.

4.4.7 Government support

The respondents highlighted on a number of occasions that the sector has developed independently from the state and did not benefit from any substantial support. Only a handful of surveyed companies indicated that they were the recipient of governmental funding or received any incentives that would be helpful for the business development at any stage. The only governmental funding provided to the respondents came from the Dutch government to four Dutch companies: two received support through the Green Farming initiative,[197] one was a recipient of Emerging Markets Cooperation Programme (hereafter, PSOM)[198] and one of Private Sector Investment programme (hereafter, PSI)[199] (although the grant was not related to floriculture, but to the company's diversification into horticulture). All the external support was considered helpful, but additional sources were needed to further develop and operate.

Since 2005, the Dutch government has supported the floriculture sector with more than five million euros, channelled through 17 PSOM, PSI or PSD Apps[200] projects (see Annex 7). Half of the money went to linking Kenyan flower growers to new marketing opportunities, local bulb production, production and marketing of flower care products, introducing seed-based propagation; and local assembling and distribution of high-end irrigation dosing units (Netherlands Enterprise Agency, 2019; NL EVD International, 2005-2008; PSI, 2009-2012; Van Haren, Berends, Wiertsema, Van Der Gaag, & Verwer, 2007). That also shows that the support went predominantly to the companies operating in the flower sector supply chain, rather than to the direct growers (Belt & Spierenburg, 2013). It doesn't surprise, as majority of these funding was available for innovative projects, whereby by 2005, the growing sub-sector has already reached the maturity. An important support to capacity building within the sector was offered to update the national mechanism for industry-wide compliance that led to redesigning of the Kenyan national horticulture standards for flowers and ornamentals (KS 1758 Part 1) and fruits and vegetables (KS 1758 Part 2).

The Kenyan government did not offer any subsidies to the respondents, or a reduction on land or utility charges. Only one growing Kenyan company benefited from the tax breaks offered by the Kenyan government, and one Dutch breeder and one Kenyan grower received governmental guarantees on profit and capital repatriation. These incentives were critical for these companies to invest in the sector.

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[197] The Green Farming consortium consists of over 25 leading Dutch companies in horticulture technology. It unites horticultural networks in the Netherlands, Kenya and Ethiopia. Wageningen University and Research Centre supports the programme and is actively involved at the level of research and knowledge exchange. Green Farming activities related to water management, crop management, climate and energy, post-harvest and logistics; and research and knowledge exchange (Green Farming, 2013).

[198] Emerging Markets Cooperation Programme (PSOM) was an instrument of the Dutch government to support private sector development, initially introduced in 1990. It aimed at cooperation with emerging markets. It included balance-of-payment support, sectoral budget support, debt relief, and programmes to reinforce the institutional capacity of the recipient countries. Kenya became eligible for PSOM in 2004 (Van Haren et al., 2007). See also Chapter 2.

[199] Private Sector Investment programme (PSI), introduced in 2008, replaced PSOM. PSI was a subsidy programme to promote sustainable economic development by boosting investment in significantly innovative projects in the private sector in developing countries. The programme ran until 2013 when it was replaced by the Dutch Good Growth Fund instrument. See also Chapter 2.

[200] Private Sector Development (PSD) Apps is a toolbox that can assist Dutch embassies in their efforts to create a business-enabling environment, remove trade barriers and in matching local and Dutch business partners, in order to shape the local implementation of the Dutch agenda for Aid, Trade and Investment (Netherlands Enterprise Agency, 2018).

4.4.8 *Conclusions from the surveys*

The purpose of the survey and case studies[201] was to assess the extent to which the flower sector in Kenya has generated jobs that are sustainable, inclusive and productive; and to investigate whether there are any differences between practices and quality of employment created by the international players, particularly Dutch companies compared to the non-Dutch counterparts. In addition, it aimed at understanding and revealing the main challenges the companies in the flower sector experience in their day-to-day operations. The results described above (including case studies), together with the data collected through key informant interviews and literature review feed into the broader discussion about the main contributing and constraining factors of the sector's inclusive development potential. These are described in the next section.

4.5 Discussion about the contribution of the flower sector to inclusive development in Kenya

4.5.1 *Exclusive international mechanism: Plant Variety Protection (PVP) scheme*

Through the years, (then) the largely 'foreign'-owned floriculture and horticulture sectors have consistently lobbied for implementation and exacerbation of plant breeders' rights in Kenya (Louwaars et al., 2005; Rangnekar, 2014), because having a legal environment that grants intellectual property rights over the plant materials is vital to encouraging private sector investments in this domain (The World Bank, 2017a). The Seeds and Plant Varieties Act of 1972 first introduced provisions for the protection of plant varieties, providing proprietary rights to persons having bred or discovered new varieties of plants. The Act was revised in 1991, which led to the introduction of a PVP scheme in 1994 that ultimately became operational in 1997 (UPOV, 2005). Responsibility for PVP was taken on by the Kenya Plant Health Inspectorate Service (KEPHIS)[202] in 1998. Kenya officially acceded to the UPOV under the 1978 Convention in May 1999 and under the 1991 Convention in May 2016 (Munyi, 2015; UPOV, 2005). Since the first accession, several breeding companies have successfully entered the Kenyan market.

The most significant difference between the two UPOV Conventions is that its 1991 version grants considerably greater rights to plant breeders. While the 1978 UPOV does not extend breeders' exclusive rights to materials harvested from the plant variety, the 1991 UPOV gives breeders some control over the harvests of protected plants. Consequently, the 1991 UPOV, unlike the 1978 UPOV, substantially limits farmers from selling or exchanging seeds with other farmers for propagation and any other commercial purposes, ultimately safeguarding the interests of the breeder. The 1991 Convention has also included more extended protection to ornamental plants and cut flowers[203] (Munyi, 2015; Rangnekar, 2014; UPOV, 1961).

Historically embedded in global supply routes for fresh fruits and vegetables (and later, floriculture), a powerful global constituency with interest in UPOV-style plant breeders' rights exists in Kenya

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[201] See Annex 6 for the detailed description of the case studies.

[202] The Kenya Plant Health Inspectorate Service (KEPHIS) was established in 1996 as the national regulatory agency responsible for variety evaluation, release, and registration; PVP; seed certification; plant protection; and development and implementation of seed standards (Munyi, 2015; UPOV, 2005).

[203] Other variations between the 1978 and 1991 UPOV systems include longer term of protection granted for new varieties (15 vs. 20 years [with some exceptions]). Furthermore, both UPOV systems provide for a breeders' exemption and a farmers' privilege. However, the scope of these exceptions and limitations is much greater in the 1978 UPOV. The breeders' exemption allows breeders not to wield their rights to prevent other breeders from creating new varieties or marketing those new varieties. The farmers' privilege enables farmers to use the seeds (and other propagating materials) of protected plant varieties for non-commercial purposes without the breeders' prior authorisation (Munyi, 2015; Rangnekar, 2014; UPOV, 1961).

(Rangnekar, 2014). The UPOV guidelines regulate how the breeders are compensated for their investments through a system of royalties and licences (Wijnands, 2005). Royalties paid to breeders for the rights to their plant materials are important costs for the companies. Depending on the scale of production,[204] they can constitute between 1.2% and even up to 40% of the total production costs Fieldwork, 2016; Thoen et al., 1999 cited in Wijnands, 2005). Most growers source from multiple breeders (Perry, 2012). Picking the right variety is a critical element of the grower's operations, as the type and quality of the planting material will determine the future sales and revenues. Such structure results in a situation where a handful of breeding companies are in the position to dictate the prices and quantities of flowers sold each season.

Globally, there are 20 major rose breeding companies, practically all located in Europe. The Netherlands is among the most advanced producers and home to the majority of companies in this field[205] (Wijnands, 2005). A 'closed network' of breeding companies (Bolo, 2005 in Rangnekar, 2014) develops new varieties of flowers (typically) in their home countries[206] and further exports them to Kenya for trials. There is a clear need to conduct more research into Kenya's flora to identify and potentially develop new indigenous flower varieties for commercialisation locally (Bolo, Muthoka, Washisino, Mwai, & Kisongwo, 2006).[207] However, developing a new breed of a plant is a long, capital intensive and high-risk process that may take up to ten years (Whitaker & Kolavalli, 2006a). This branch of the floriculture sector requires high investments in Research and Development (R&D)[208] and specialised technical knowledge. This technology remains highly protected by international companies and so far, very little knowledge has been transferred to Kenya's national level. Lack of public finance and support for local R&D and public research in this domain in Kenya further exacerbates the barrier of entry to Kenyan companies, allowing this 'closed network' of international companies to regulate the sector in an 'occlusive' manner.

Under strict breeders' licences, young plant material is increasingly propagated at production facilities in low-cost countries. For this technical and highly delicate process, propagating farms in Kenya need to feature high-tech equipment and work according to pre-developed and tested production systems. Technical knowledge necessary in this process is not, however, a limiting factor, as reported – necessary skills are available locally. It is therefore interesting to observe that while local Kenyan investors have been able to enter into the cut flower growing business, the young plant segment remains highly exclusive and dominated by the established European breeding companies (Evers, Opondo, Barrientos, & Krishnan, 2014; Rikken & Van der Hulst, 2012).

Signing UPOV in 1999 and in 2016 was an important step in Kenyan floriculture as it strengthened intellectual property protection in Kenya (Bolo, 2006). It encouraged breeding companies to operate and introduce their flower (and other horticultural) varieties in Kenya. The subsequent diversification of the sector triggered a shift from growing carnations to (more demanding) roses,[209] increasing the importance of economies of scale.[210] This shift also introduced new, powerful actors in the sector that created nearly 'a parallel internal governing structure', as well as affected the local smallholder farmers

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[204] Royalties are charged either on the number of stems (small producers) or per Meter Square.

[205] Out of 20 rose breeding companies, 11 are Dutch, three are French and others are British, Spanish and Ecuadorian (own market research and calculations).

[206] In 2016, only one breeding company did the breeding in Kenya.

[207] Mobydick is one of very few local flower varieties that are grown for commercial purposes (Bolo, 2006).

[208] Approximately 15-30% of the turnover of breeding companies are spending on R&D (LEI Wageningen UR, 2011).

[209] Between 1997 and 2003, the number of applications for roses represented 40.4% of the total applications for protection (UPOV, 2005).

[210] As air transport constitutes one of the major costs within the flower value chain, it is important for the growers to produce high 'volumes' of flowers.

who had limited access to improved varieties and other sophisticated technologies necessary to grow roses (Whitaker & Kolavalli, 2006a; Bolo, 2006; Harris, 1992; Munyi, 2015). The consequences of this shift are further discussed in the next section.

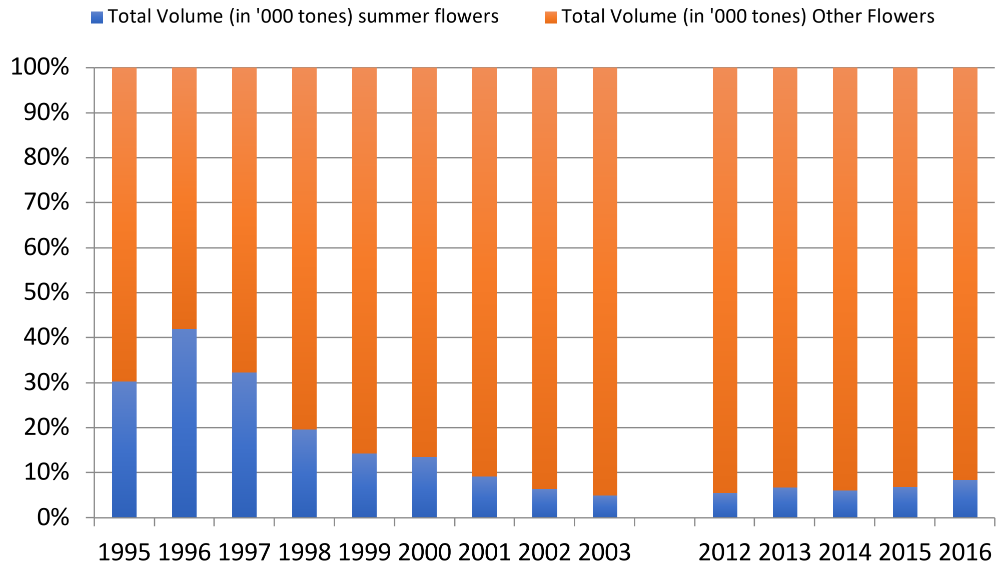
4.5.2 Inclusion of Smallholder flower producers

Smallholder flower production is estimated to contribute about 8% of the flower production for export and 11% of the total value of the flowers exported (Figure 24 and Figure 25). In 2016, its worth was approximately KES 7.7 billion.[211] The HCD categorises small-scale farming to be done on a plot of land less than four hectares (Chege, 2012). KFC estimates that there are approximately 5,000 smallholder farmers involved in flower growing today. Other sources indicate that their number can be between 2,500 and 10,000 (Mitullah et al., 2017; N. Mwangi, 2017; Whitaker & Kolavalli, 2006a). It is not possible to get exact numbers because such statistics are not collected.[212] Smallholder flower farmers predominantly grow summer flowers,[213] often older non-UPOV varieties, as these types of flowers do not require the payment of royalties[214] and can be grown in an open-field with limited technological and capital investments (Bolo, 2006; Mitullah et al., 2017; N. Mwangi, 2017; Whitaker & Kolavalli, 2006a).

The smallholder flower production in Kenya was encouraged in the late 1970s when the GoK tried to indigenise the industry dominated by foreigners (Muthoka & Muriithi, 2008; N. Mwangi, 2017). Smallholder farmers cooperated though outgrowing schemes, which are networks of unorganised smallholder farmers responsible for the coordination of supply, logistics and marketing of the collected flowers (N. Mwangi, 2017). The outgrower production was significant during the late 1980s; since the mid-1990s, however, it dropped as a result of the stricter implementation of breeders rights, declining demand for open field low-value crops and the shift towards rose production (Figure 24) (Kimenya, 1995; Westerman et al., 2005; Whitaker & Kolavalli, 2006a). So far, smallholders' participation and contribution to the overall production and value of the exported flowers is low (Figure 25), although lately their increased involvement in the sector has been observed (Rikken & Van der Hulst, 2012).

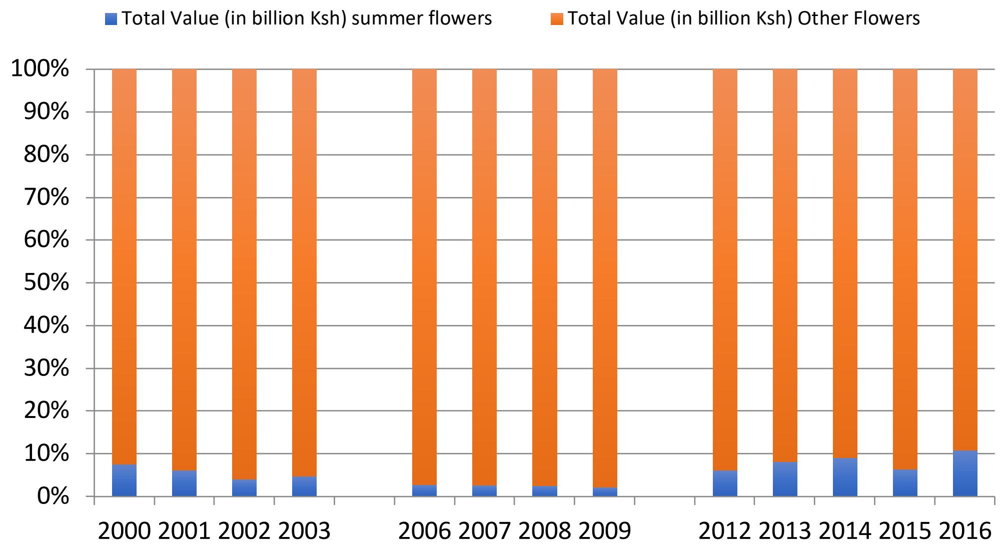
[211] Own calculation based on data provided by AFA/HCD (2016).
[212] The last comprehensive smallholder survey was done in 2010 by Fintrac (2010).
[213] 'Summer flowers' is the general name given to flower species traditionally grown during summer in northern Europe. They include: Alstroemeria, Eryngium, Arabicum, Polianthes tuberosa, Ornis, Cyperus alternifolius, Rumohra abiantiformis, Mobydick-Asclepias, Molucella, Lilies, Agapanthus and Limonium sinuatum, just to mention a few (Muthoka & Muriithi, 2008). Some of these varieties are used as additions to a bouquet of greenhouse varieties such as roses or chrysanthemums (N. Mwangi, 2017).
[214] Although it also often means lower prices on the market (Whitaker & Kolavalli, 2006a).

Figure 24. Share of the smallholder summer flowers in the flower export production (1995-2016)



Note: For years 1995-2000, the calculations include the production of only Alstroemeria, Limoniu and cut foliage.
Source: Own calculations based on (AFA/HCD, 2016; AFFA, 2014; Fintrac, 2010; Muthoka & Muriithi, 2008; Whitaker & Kolavalli, 2006a).

Figure 25. Share of the smallholder summer flowers in the value of flower export (2000-2016)



Source: Own calculations based on (AFA/HCD, 2016; AFFA, 2014; Fintrac, 2010; Muthoka & Muriithi, 2008; Whitaker & Kolavalli, 2006a).

Despite limited participation, Kenya is the only country in the world where smallholders grow cut flowers for export (N. Mwangi, 2017). Smallholders venturing into floriculture are generally experienced farmers who grow cut flowers as a diversification strategy from other (high value) crops (Mwangi, 2017). They perceive floriculture as profitable and an opportunity to become more financially secure (Fintrac, 2010; Kirigia et al., 2016; N. Mwangi, 2017). Nevertheless, they face challenges in becoming fully included in the sector.

The first major challenge is their lack of access to the international export market. The auction works best for smallholders because it absorbs all supply, irrespective of volumes and varieties and has minimal restrictions in terms of entry certifications (English et al., 2006; N. Mwangi, 2017). A 'direct' market, by contrast, requires a constant supply of (often a high volume) of flowers that meets strict standards (N. Mwangi, 2017; Rikken & Van der Hulst, 2012). Assuring consistent quality and quantity poses a difficulty for the smallholders, as unpredictable rain patterns cause fluctuations in seasonal production (Fintrac, 2010; Muthoka & Muriithi, 2008; Rikken & Van der Hulst, 2012). Hence, access to the international export market remains problematic. Some smallholders have started to focus more on less competitive local markets (Rikken & Van der Hulst, 2012). Street vendors and floriculture shops in high-/medium-class urban shopping centres increasingly sell flowers. Interestingly, the majority of street flower vendors belong to the informal economy, but a growing number is venturing into formalisation through the Flower Vendors Association (FVA).[215] Currently, the market is limited and the quality of the flowers sold at the local market is inferior compared to the produce dedicated for export, which, consequently, means lower prices and marginal profits for the local vendors.

Producing large volumes of flowers is a prerequisite to profitability in the floriculture sector and poses a second major challenge for smallholders. Therefore, most of the summer flowers are consolidated and sold through specialised export companies or exporters, who also grow and export their own flowers. Such partnerships have both advantages and disadvantages. On the positive side, the smallholders gain new knowledge on how to improve their flower production and access to international export markets. The intermediary also takes care of the substantial costs related to cold storage and transport, which are critical in maintaining the required quality of the product (Rikken & Van der Hulst, 2012; Whitaker & Kolavalli, 2006a). However, the middlemen keep the purchase prices low or fail to honour agreements, which may lead to high losses for the farmers (Bolo, 2006). Only a few farmers have managed to evolve beyond the outgrower schemes and open their own export companies (N. Mwangi, 2017).

Thirdly, smallholders reportedly face challenges in implementing international standards and gaining internationally recognised certifications, which (as described above) are designed for medium- and large-scale productions, thus making it almost impossible to apply from the position of small-scale production (English et al., 2006; Fintrac, 2010; PASGR and CABE, 2016; Rikken & Van der Hulst, 2012). KFC has acknowledged this problem and has been working towards a greater inclusion of the smallholders by developing a Smallholder Code of Practice that will provide guidelines for smallholders to adhere to in order to facilitate their access to competitive and regulated international markets. This has not yet been scaled up beyond the local level.

Fourth, the sector relies heavily on imported flower varieties for which farmers have to pay royalties (Bolo et al., 2006). Smallholder farmers access seed and planting materials predominantly through exchange and/or selling farm-saved seed (McGuire & Sperling, 2016). Nevertheless, the current plant breeders' rights policy prohibits them from such practices for protected varieties (Munyi, de Jonge, & Visser, 2016). In some cases, the export firms provide farmers with inputs (N. Mwangi, 2017) but in most cases smallholder farmers are forced to grow older non-UPOV varieties, as they cannot afford the high costs of royalties for the high-quality and 'trendy' planting material (Bolo, 2006; Kimenya, 1995; Rikken, 2011). Even if they can afford these, it was reported that the breeders themselves exclude smallholders. Breeders refused to sell the rights to their high-quality varieties to smallholders so they could regulate the supply of a particular breed to the market and decide who sells (and earns from) that breed.

Finally, other barriers for smallholders include access to relevant information and financing, long delays in VAT refunds, weak institutional and infrastructural support, absence of government extension

[215] FVA was formed with support of the KFC in 2007 and currently it has approximately 200 members (Own interviews, 2016; Daily Nation, 2008; N. Mwangi, 2017).

services, dependence on family labour and continued fragmentation that limits their voice in negotiating with investors and other actors in the industry (Bolo, 2006; Kimenya, 1995; Mitullah et al., 2017; Muthoka & Muriithi, 2008; PASGR and CABE, 2016; Van Der Velden et al., 2017; Zylberberg, 2013).

Smallholder flower production may represent a real opportunity for greater inclusiveness of the sector (as it did in the tea sector, see Chapter 3). Inclusion and integration of marginalised smallholders in agricultural production is being seen as a potential engine for large-scale poverty reduction and food security in most agriculture-based economies (The World Bank, 2009b; The World Bank, 2008; Salami et al., 2010; Rikken & Hulst, 2012; Zylberberg, 2013; English et al., 2006). Nevertheless, in Kenya so far, with limited involvement of smallholders in floriculture, the industry's inclusiveness and impact on poverty reduction has primarily been from employment in medium- to large-scale flower farms[216] and in the companies in the supply chain (Whitaker & Kolavalli, 2006a; Zylberberg, 2013). I turn to this in the next and final section of this chapter.

4.5.3 Employment Issues

Floriculture is a labour intensive industry and, consequently, a sector generating much-needed employment opportunities, often for unskilled female workers (Evers et al., 2014; Kirigia et al., 2016; Mitullah et al., 2017; Mlynska et al., 2015). The sector has accounted for over 65% of the new jobs created between 2010 and 2015 in the Kenyan agricultural sector (Mitullah et al., 2017). The KFC estimated that in 2010 the sector generated about 90,000 jobs directly at flower farms and about 500,000 indirectly in the value chains and related activities (KFC, 2017). Although these estimates may be slightly outdated,[217] they demonstrate the significance of the sector.

Despite being one of the most codified industries in the world (Dolan & Opondo, 2005; Lowthers, 2015; Riisgaard, 2007; Wijnands, 2005), the working conditions and labour standards in the industry have continuously been a subject of debate (Barrientos, Dolan, & Tallontire, 2001; Barrientos & Smith, 2007; Dolan & Humphrey, 2000; Dolan & Opondo, 2005; Dolan et al., 2002; Evers et al., 2014; Gibbon & Riisgaard, 2014; Hale & Opondo, 2005; KHRC, 2012; Leipold & Morgante, 2013; Loukes, 2008; Mlynska et al., 2015; V. Nelson, Martin, & Ewert, 2007; Ouma, de Feyter, de Haan, & Van der Stichele, 2008; Riisgaard, 2007; Smith et al., 2004). It is argued that within the last decade, the (voluntary) codes and certifications, as well as the improved national employment policy,[218] did indeed contribute to the improved working organisation (Riisgaard & Gibbon, 2014), environmental aspects and (to some extent) labour conditions (Evers et al., 2014; Hale & Opondo, 2005; Loukes, 2008; Nelson et al., 2007; Riisgaard, 2007; Vasagar, 2006; Wilshaw, Sahan, Boyle, Knaggs, & Neil McGregor, 2013). However, the

[216] A survey carried out by the Institute of Development Studies (McCulloch & Ota, 2002) concluded that households in Kenya involved in export horticulture (entrepreneurs, but mainly labourers in production and post-harvest handling) are better off than those, which are not, particularly in rural areas. The results indicated that enabling more households to participate in the sector could substantially contribute to poverty reduction in both urban and rural areas (Westerman et al., 2005).

[217] The same estimates have been in circulation since 2010 (Maina et al., 2011; Perry, 2012). Within the last eight years, the sector expanded in terms of production and it should be expected that this expansion has also generated additional employment. Unfortunately, there is no reliable data, also regarding employment among smallholders, as the Ministry of Agriculture (nor their extension services) does not collect them on a regular basis.

[218] The 2007 Employment Act guarantees that permanent employees are entitled to annual leave, sickness benefits, pension contributions, housing (or housing allowance), three months of paid maternity leave plus one month of paid annual leave for women and 14 days of paternity leave for men. Lactating mothers have the right to breastfeeding time and lighter duties during pregnancy (Evers et al., 2014). However, our fieldwork indicated that enforcement of these laws appears to be not standard procedure.

concerns and expectations of the workers themselves have not yet been fully addressed (Barrientos & Smith, 2007; Dolan & Humphrey, 2000; Dolan et al., 2002; Lowthers, 2015).

One of the most prevailing topics is the issue of the living wage[219] still not being achieved (Anker & Anker, 2014, 2017; HIVOS, 2018; Keter, 2017; Kirigia et al., 2016; Mlynska et al., 2015; Potjer, Bergman, Scholte, & Bani, 2015; Renon, Rusman, Zwart, Martinius, & Michel Scholte, 2018). The Global Living Wage Coalition suggested that the level of 14,000 Ksh (±US $135) per month would be adequate in the rural areas, yet it is not sufficient for the urban regions, where they estimate the living wage to be US $216 per month (Global Living Wage Series, 2016; Renon et al., 2018). The basic salary rates in the flower sector, as per Collective Bargain Agreement (CBA), are higher than the legal minimum wages for the agricultural sector (Anker & Anker, 2014; Dolan et al., 2002; Hale & Opondo, 2005; Kirigia et al., 2016; Potjer et al., 2015) and some breeding companies reportedly pay wages that surpass the (rural) living wage standard for production workers. Most of the companies are committed to equal pay, yet some visible differences between the salaries offered to female and male workers can be found. This study indicates that gender does not seem to be a discriminatory factor with regard to salary provisions. On the contrary, in some surveyed cases, female workers are paid better than their male counterparts. However, in most cases, the gender discrepancy can be understood by taking into consideration the duration of work within the company.

Regarding gender inclusion, the sector is known to attract many female workers. The tasks within the sector, especially regarding growing and production, are often distributed according to gender. For instance, women are predominately flower pickers, graders and packers; while men are hired as sprayers, irrigators, cold storage workers, maintenance, security, greenhouse workers and management (Dolan et al., 2002). Our findings confirmed that men also perform most of the executive tasks, although it has been estimated that 16% of the flower farms are currently owned by women, which could indicate that the number of female executives in the sector is on the rise.

Women are, however, not adequately represented in the structure and leadership of the trade union. KPAUW is considered to have a strong hierarchical and top-down controlled structure (KHRC, 2012; Riisgaard, 2007, 2009b), with poor governance, either caused by limited resources at branch level, demoralised officials, or simply lack of accountability on workers' funds (KHRC, 2012). The process of negotiations of the CBA also remains top down and does not involve much participation of the directly affected workers, especially women. Despite some improvements in the last years, the trade union is still considered inefficient and unprofessional, with cases of nepotism and patronage being mentioned on a number of occasions (Kazimierczuk, 2016).

Despite a much higher proportion of workers now being employed on a permanent basis, job insecurity persists[220] (Evers et al., 2014; Kuiper & Gemählich, 2017; Mlynska et al., 2015). The power of workers is generally weak: especially unskilled workers often remain marginalised and vulnerable (Wilshaw et al., 2013). There is limited awareness among workers about their rights to join the trade union and about the potential benefits of unionisation (Wilshaw et al., 2013). It is rather common that companies do not involve workers in the drafting of their internal policies and also do not effectively communicate these to their employees (KHRC, 2012; Smith et al., 2004). Despite the many improvements in the sector, much depends on the willingness and the ability of the company directors and managers to meaningfully implement the existing standards. Consequently, the employment provided by the sector cannot yet be considered fully productive.

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[219] A living wage should be "sufficient to afford a decent standard of living for the worker and her/his family. Elements of a decent standard of living include food, water, housing, education, healthcare, transport, clothing and other essential needs including provision for unexpected events" (Anker & Anker, 2014: 6).

[220] The Employment Act (2007) stipulates that employees who work consecutively for three months on a casual basis should be contracted as permanent (Evers et al., 2014).

4.6 Conclusions

The aim of this chapter was to examine the current state of the flower sector in Kenya and trace the processes behind the sector development, as well as to investigate the role of the international (especially Dutch) capital in this process. The sector-wide survey provided insights into differences between practices and quality of employment created by the international players, particularly Dutch companies compared to the non-Dutch counterparts. As stabilised African capitalist agricultural production linked to global value chains and an important 'industry without a smokestack', Kenyan floriculture is in the position to generate quality jobs and create substantial spill over to the local economy, thus generate inclusive development outcomes. However, as this case study showed, its full potential for inclusivity has not yet materialised while the process has been long and not fully inclusive either. The internal power structure and the plethora of international certification standards have resulted in limited knowledge sharing, exclusion of smallholder flower farmers and slow progress towards more productive employment.

Chapter 5. Lake Turkana Wind Power Project

5.1 Introduction

This chapter presents an in-depth case study of Lake Turkana Wind Power (LTWP) – Africa's biggest wind farm. It examines the process of project development over a nearly ten-year period, as well LTWP's contribution to inclusive development through employment creation and a Corporate Social Responsibility programme. This extensive case study illustrates that even for those companies that strive for both inclusive processes and inclusive outcomes from the outset of operations, it remains very difficult to accomplish both in practice. LTWP did achieve some inclusive outcomes[221] but the process that led to them has been long and was not necessarily inclusive. This process was affected by a number of external forces at a local and national level and, as a foreign investor, an additional international layer added to its complexity. This chapter describes both this process and the outcomes in more detail.

5.2 Methodology of the fieldwork in the project area

5.2.1 Literature review

Sub-chapter 5.3 provides a review of the latest status and policy framework for wind energy in Africa, taking Kenya as the main case study. It is based on an extensive literature review concerning the state of renewable energy (RE) and wind power in Africa and in Kenya. The literature review was also used to review the RE supporting policies on the continent and in Kenya, as well as to examine the history of the reforms that have occurred in the energy sector in Kenya.

The literature review is also used to describe the local context of the area where the LTWP project is located: the history of its marginalisation and a brief description of the complex local political and ethnic divisions.

Finally, throughout the chapter, a number of empirical findings are further triangulated with external sources found in available academic literature or media reports.

5.2.2 Interviews with founding fathers

Chapter 5.4 describes the process of establishing the Lake Turkana Wind Power project. It is based on an extensive literature review, as well as on a number of interviews with LTWP founding fathers, management, government representatives involved in the project development, and other stakeholders. The interviews were conducted from June through October 2016, in August 2017 and in January-February 2019. The information used is also drawn from a review of government and LTWP documents as well as media and internet sources when appropriate.

The most critical sources for Chapter 5.4, however, are the reiterated interviews conducted with two founding fathers. I met Willem Dolleman while he visited the wind park with his wife and some family members. I introduced myself over breakfast, explained the research project, partners and link to the Dutch Ministry of Foreign Affairs and Embassy in Nairobi. We had a brief conversation and exchanged contacts. When I was back in Nairobi, I contacted Dolleman and initially scheduled a short lunch meeting, which was later followed up by a more in-depth interview on another day. Dolleman further introduced me to and facilitated a meeting with Carlo van Wageningen. In total, over the course of three years, I conducted three (long) interview sessions with Willem Dolleman (during one, Dolleman's wife – Marie-Jose – was present and actively contributed as well); and three (long) interview sessions with

[221] The project is still in its initial stage, so more research must be done to assess whether the outcomes have been sustainable.

Carlo van Wageningen either in person or via phone/Skype. In addition to sharing their stories, the Dollemans provided me with additional documents, including 'Scoping and pre-identification study for the LTWP CSRP Report' from 2009, which was prepared at the start of the project development; Van Wageningen shared detailed financial data with me.

5.2.3 Fieldwork and its limitations

The fieldwork for this case study took place in two phases. In total, I spent three weeks (plus ±6 days for travels) in the LTWP camp and the surrounding villages in July/August 2016 and in September 2016. During my first stay, I focused on the company (official) side. I held interviews with company officials and Community Liaison Officers (CLOs) and had access to (local) employment official data. The purpose of the second visit was to interact with the communities in proximity to the project and along the road.[222] While on site, I stayed in the new LTWP camp, called 'The Village'.[223] While in the local communities, I stayed together with my (male) research assistant in a tented camp belonging to Civicon/LTWP in Illaut, in a lodge in South Horr and Loiyangalani, and in the house of my assistant's daughter in Mount Kulal.

During the first stay, I personally interviewed the company officials and CLOs, who all spoke English. During the second stage of the fieldwork, I interviewed people from the local communities. As I was interested in their perceptions of the impact of the employment provided by LTWP and its spill overs (including the new road), a decision was made to interview people the majority of whom had been hired at some point in time by LTWP or one of the contractors. This required the hiring of a local research assistant to facilitate those interviews. It was not that easy to find a competent, educated person with his own vehicle who would be knowledgeable about the area and the local customs as well as available for the job. I decided to hire a former teacher and retired Chief of Mount Kulal village, a senior Samburu. He was recommended by the LTWP Chief Operations Officer (COO) whom I asked for advice during my first stay. He used to work for Civicon during the road construction, yet more than a year had passed since his contract ended. It was a good choice, as the former Chief spoke most of the local dialects, except for Turkana.[224] Helpfully, he had his own car, which allowed me to maintain my position as a neutral academic researcher and not move around in a vehicle marked as LTWP.[225] Given his former chieftaincy position, he was known in the area and respected, and he also knew the current local Chiefs and had no problems contacting them in any of the visited villages.

It was hard to find someone in the study area who remained ambivalent towards LTWP. You are either for or against. My assistant can be categorised as a supporter of the project, although he was not entirely happy with it. He would have preferred to get another job with LTWP or at least lease his car to one of the companies.[226] Regardless, it should be said that my assistant did a good job. He was a kind and knowledgeable man who also shared many interesting stories about the local history and traditions with me. He facilitated the interviews and I am convinced that the information I received from him reflected what the respondents really said. Naturally, there is always a possibility that my respondents talked to me in hopes of getting a new job with LTWP or the subcontractors (despite my initial assurance that I was neither linked to, nor capable of influencing LTWP in any way in this regard) so the narrative may

[222] For a detailed list of people interviewed, see Annex 9.
[223] LTWP offered to cover the costs of up to 14 nights in the new camp.
[224] During interviews with the group of Turkana of men from Sarima village, a Turkana person translated into Kiswahili and my assistant then translated that into English.
[225] Not many cars were available locally at that time, as LTWP and the contractors had already hired many of them. An alternative would have been to drive a car from Nairobi but the rental costs would have been similar or greater. LTWP generously supplied fuel for our car.
[226] In the course of our collaboration, he was trying to broker a deal with LTWP to lease his car to the company.

have been overly optimistic. This is a major limitation of my study that must be acknowledged and confirmation of the results may require further replication studies.

5.2.4 Methods and limitations

My fieldwork was guided by a research protocol developed in advance and openly discussed with the management of LTWP who gave permission for the study to be conducted. The research protocol included a guide for interviews with the management, CLOs, and local population, as well as information about other documents and stakeholders that I wished to consult during the course of my stay in Kenya. While on site, it was not difficult to schedule an interview with the management, CLOs and key personnel. In most cases, unless otherwise agreed, the meetings were recorded in order to back up the notes taken on the spot. The atmosphere was always very friendly and open, and except for two contractors (Vestas and Civicon), there was no problem with sharing employment data. LTWP was particularly transparent and shared their employment databases, grievance database, as well as stakeholder engagement database together with the available minutes from those meetings. I was given a lot of freedom and I was allowed to talk to everyone in the camp. I was only limited with regard to visiting Sarima village. I was warned not to go there alone and preferably not to go there at all (as many of the LTWP employees had had their lives threatened there and the situation was still tense at the time of my stay). Despite being an independent academic researcher, I was perceived by many as a guest of LTWP. In order to avoid any complications and not to risk my relationship with the management, I decided not to go to this village (or Kijiji as it is commonly referred to) but instead invited the Sarima elders to the camp for the interviews. I am aware that methodologically, this decision weakens my case, as I thus allowed LTWP to pick the sample from this important (and controversial) village. Theoretically, there is a chance that the people who came for the interview were more favourable towards the project and did not necessarily represent the general views of their community. After considering the pros and cons, I made the decision to adopt this exceptional compromise.

The protocol for the other villages that I visited with my assistant was as follows. My assistant first contacted the Chief of the village who, having granted us permission to conduct our research in the area, called for people who would fit our sample. In the meantime, we found a convenient spot where we could sit and receive our respondents. It varied from the shade of a tree in Namarey to a little hut in a guesthouse where we stayed in South Horr and Loiyangalani. We started with an interview with the Chief and later moved on to (former) employees. Where possible, we also interviewed the LTWP CLO for a given village. We visited Illaut, Namarey, Ngurnit, Loiyangalani, South Horr, Gatab (Mt. Kulal) and talked to representatives of Sarima village. The aim was to interview ten people per village. In total, together with my assistant, we interviewed 58 members of these seven local communities. The only place where we encountered a problem was Ngurnit, where the Chief was not available to meet us, despite having set up a meeting, and he had failed to organise a group of people that we could talk to. He reportedly went away to be with his animals. Through the word of mouth, we managed to identify and interview only two people in Ngurnit who were available and fitted our sample criteria. According to one of the interviewees, a few people from the village went back to school after working with LTWP; hence they were out of town. As for the Turkana from Sarima who were invited for the interview, half had not been employed during the construction period. Importantly though, they were native Turkana Elders from the village who could tell me more about the changes and impact of the project on the area. The key personnel of LTWP and people familiar with the area argued that Sarima village had been taken over by 'newcomers' who came in search of work during the construction period. Consequently, many of the original inhabitants rent out their (new) manyattas and went away with their animals in search of better pasture. Some of the newcomers were also the major force behind troubles reported in the village and the source of negative information about LTWP that was used by Danwatch (Danwatch, 2016) or other detractors of the project. It was therefore important to talk to the village Elders who were born in the area and who had lived in proximity to the project area for most of their lives.

5.2.5 The Respondents

The sample was heavily male-dominated (see Table 9), also because the majority of employees during the construction period were men (see the analysis of the employment data in the Chapter 5.6). The majority of respondents were Samburu, mostly from Mt. Kulal and South Horr (Table 10). It should be noted here that most of the towns we visited can be classified as "Samburu towns" with the exception of Namarey (Rendille), Loiyangalani ("cosmopolitan", although predominantly Turkana) and Sarima (Turkana).[227] In most places, we talked to the local Chief (or his Assistant). In Ngurnit, as mentioned earlier, the Chief was not available; for Sarima, we talked to the Chairman of the village as, administratively, Sarima is a sub-location of Mount Kulal, yet, due to its predominantly Turkana inhabitants, it prefers to be considered a part of (also Turkana-dominated) Loiyangalani Ward (and thus falls under the Loiyangalani Chief). Unsurprisingly, the majority of the respondents were hired by Civicon and SECO (Table 11) and only eight people were hired by more than one company (14%[228]). The period of employment of the respondents varied from two weeks to two years. On average, the contract lasted 7.7 months.

Table 9. Gender division of the local respondents

	Total
Female	7
Male	51
Grand Total	**58**

Source: own elaboration based on fieldwork data

Table 10. Ethnic and location division of the local respondents

	Samburu	Rendille	Turkana	El Molo	Kikuyu	Total
Gatab (Mt. Kulal)	12					12
South Horr	11				1	12
Loiyangalani	2	4	1	3		10
Namarey		9				9
Ilaut	7					7
Sirima			6			6
Ngurnit	2					2
Grand Total	**34**	**13**	**7**	**3**	**1**	**58**

Source: own elaboration based on fieldwork data

[227] Illaut and Ngurnit are towns inhabited by both Samburu and Rendille, with a majority being Samburus.

[228] That is also the approximate rate used for the further analysis to correct the employment data and eliminate double counting of people who worked for more than one company.

Table 11. Local respondents divided by the company that hired them and location of recruitment

	Mt. Kulal	South Horr	Loiyangalani	Namarey	Ilaut	Sirima	Ngurnit	Total
Chief	1	1		1	1			4
Assistant Chief			1					1
Civicon	2	4		7	4		2	19
SECO	6	3	1					10
Siemens	2	2	2					6
Centurion (Siemens)	1		2					3
LTWP					1	2		3
No prior employment						3		3
AES		1	1					2
EGMF			2					2
G4S		1	1					2
Vestas				1	1			2
KETRACO						1		1
Grand Total	**12**	**12**	**10**	**9**	**7**	**6**	**2**	**58**

Source: own elaboration based on fieldwork data

5.2.6 The analysis

5.2.6.1 The company data

In order to assess the impact of the LTWP on employment, and particularly local employment, the employment data were compiled from three major sources: the LTWP local employment masterfile (with a list of names and employment details per local employee until August 2016); LTWP monthly overviews of local employment per contractor per community (compiled by LTWP local HR office from contractors on monthly basis; data available for a period between April 2015 and July 2017); and lists of employment per contractor for the month of July 2016 provided individually by EGMF, SECO, Siemens, RXPE, G4S and Worley Parsons (WP). Such information was not provided by Civicon, Vestas and other contractors that were no longer on site (TAI, ATL and AES). This information was instead compiled from internal documents provided by LTWP. SECO, EGMF, RXPE, G4S and sub-contractors of Siemens also disclosed the salary ranges per type of employment. Each dataset was further analysed and adjusted to harmonise and simplify the analysis. The information was categorised are as follows:

- Gender of an employee
- Position
- Category of employment
    - Non-skilled
    - Semi-skilled
    - Skilled
    - Expert
- Location detail
- Location category
    - Local (recruited from the catchment area, including Marsabit County)
    - National (Kenyan national from beyond the catchment area and Marsabit County)
    - Expat (from outside of Kenya)
- Salary range (where available)
- Sub-contractor (if applicable)

Categories of employment were further classified with the help of the Kenya National Occupational Classification Standard (KNOCS) (KNOCS, 2000), which had to be further adjusted to reflect the skill availability level in Northern Kenya. KNOCS recognises five skill-level occupational groups based on the Kenyan education/training system. The first KNOCS skill level has been defined as primary education that is followed by a period of on-the-job training. The second KNOCS skill level has been defined as post-primary education that lasts about two years and leads to artisan-level certificates and is followed by vocational training. The third KNOCS skill level is achieved when successful graduation from the secondary education is followed up by a period of on-the-job training. The fourth KNOCS skill level can be achieved after three years of post-secondary education that leads to an award of Certificate or Diploma but is not equivalent to a first university degree. Finally, the fifth KNOCS skill level is reached with a university or postgraduate university degree or the equivalent. As the analysis reveals, it became clear that the KNOCS classification would have to be adjusted for the context of Northern Kenya if it were to be used. The major problem was that already the first KNOCS skill level requires accomplishing the primary education level while most of the local population hired during the construction period from around the catchment area did not finish or even attend the primary school and were trained to do the work on-the-job. It was then decided to loosely use the guidance of the KNOCS classification and adjust the skill-level groups to accommodate the local context. As a result, four groups were distinguished that include the following categorisation of employment levels):

Table 12. Category of employment used in the analysis, based on adjusted KNOCS classification further adjusted to the local context

Analysis group	Non-skilled	Semi-skilled	Skilled	Expert
KNOCS skill group	Zero or 1st	2nd	3rd and 4th	5th
Examples of employment*	• Cleaners • Launderers • Domestic workers • Garbage collector, waste management • Watchman, security guards gatekeeper, • Labourer for roads/building construction[229] • Stone or root picker • Flagman/flaglady • Chainman • Traffic marshals, • "Odd-jobs men", etc.	• Carpenter • Plumber • Welder • Mason • Cook • Waiter • Steel fixer • Painter • Tile fitter • Fuel attendant • G4S Commander • KPR • Community educator • Storekeeper • Road Safety Educator, etc.	• CLOs • Mechanic • Electrician • Driver • Machinery operator • Lab • Administration Assistants • Chef • Nurse • Store manager • Supervisors, etc.	• Management • HSE Manager and Officer • ICT • Engineer • Medic • Surveyor • Technician • Coordinator • Manager • Technical specialist • Accountant • Lab (supervisor) • Data analyst, etc.

*Full list of positions per employment category can be found in Annex 10

Source: own elaboration based on (KNOCS 2000) and fieldwork data

The analysis of the three databases posed a number of challenges. Firstly, it was not possible to determine the exact number of employees (local, national and expatriates), as the numbers in the three datasets differed. For example, in July 2016, the LTWP monthly overview of local employment per contractor per community indicates in total 36 local employees. This is more than the total taken from

[229] Performs simple and routine tasks in connection with various aspects of building construction work (including building demolition). Such tasks include clearing various obstructions as instructed and carrying stones, bricks and mortar to the mason or bricklayer on construction site (KNOC 2000, p. 261).

the lists provided directly by the contractors,[230] with SECO and RXPE showing the biggest discrepancies between the two databases. For SECO, the LTWP monthly dataset shows 41% more employment in comparison to the dataset provided by SECO directly, while for RXPE, the employment captured by the LTWP monthly statistics are 27% less compared to the dataset provided by the contractor directly. The overall difference in the total number of people in local employment is 7% (36), which objectively is not that high and can be the result of either inconsistent administration (quite common and linked to limited computer literacy among the personnel), or purposeful manipulation of employment data (either inflating or deflating the numbers) by the contractors to accommodate the requirement for local staff (also quite common in construction work). In either case, the inconsistencies between the datasets should be acknowledged and kept in mind as a limitation for the analysis.

Secondly, despite efforts by the LTWP HR office, the LTWP Masterfile did not appear to be fully complete either. The database had not been developed at the very start of construction, but rather a couple of months into the project when LTWP took over from ATL. Consequently, there is a chance that not all local employees were registered, especially at the beginning of the project. Some information was missing for registered local employees, such as the starting date of employment or the community from where the person was recruited. By crosschecking the names with additional documents provided on site where available, it was possible to determine the communities for a number of local staff but not for all. For those, the category "Unknown" was introduced. Some information, such as ethnic group was collected inconsistently, thus cannot be included in the analyses. Furthermore, it can be noted that, at some point, there was some confusion about what the local HR office should have recorded in their Masterfile and consequently a number of national employees were listed as 'local' by one of the sub-contractors. For the purpose of this analysis, they were excluded from the dataset in order to extract information regarding only local employment. Lastly, it appeared that the database was incomplete as, during the fieldwork, some local employees hired by the contractors were interviewed but their names did not appear in the LTWP Masterfile (i.e. some of the contractors' Community Liaison Officers). Again, this might be a result of inconsistent administration (the names were known to the HR office) or miscommunication between LTWP and the contractors. These names were not added to the Masterfile in order to keep the analysis as close as possible to the official information provided by the companies.

Finally, in some cases, some of the databases provided by the individual contractors did not include names or detailed information about the community from where a person was recruited (i.e. just information local/national/expat). This information was supplemented with other datasets where possible, yet it was not possible to determine this information for all. Moreover, for some contractors, especially those no longer present on site, it was not always possible to determine the position of the employees. In both cases, when it was not possible to determine the necessary details, a category "Unknown" was introduced. Lastly, the dataset that supposedly gave the best overview of the overall employment (including national and expatriate employees) was composed of information provided by individual contractors and the LTWP Masterfile (for local employment only) for companies that did not provide such information. As a result, the timeline for employment became more fluid. Consequently, there was a chance that an overlap between some staff and companies was introduced. To tackle the issue, a total number of employments per community was diminished by 14% – a factor calculated based on the interviews from the second phase, where 14% of the respondents worked for more than one company. The 14% correction was also used when compiling the monthly employment statistics provided by the contractors to LTWP per community for the period April 2015 – July 2017.

5.2.6.2 The interviews with the former employees

The interviews with the local population were reviewed and summarised per theme: historical events, development of the area (incl. CSR provided by LTWP); changes; employment; and community

[230] For the contractors that provided the lists.

engagement. To analyse the perception of positive and negative changes in the project area, an exercise from PADev methodology was loosely adapted, mostly for the style of reporting (Dietz et al., 2013, Kazimierczuk, 2009, 2010). Per village, the changes were organised according to six 'domains' adapted by PADev from Bebbington (1999). These domains are as follows:

1. Natural (related to land, soil, water, animals, forest, plants and crops, and population growth);
2. Physical (related to roads and buildings, buildings' structures, dams, wells and boreholes, farm tools, telecommunication and electricity);
3. Human (related to knowledge, education level, skills, enrolment, health and hygiene, security);
4. Economic (related to women in farming and trading, access to money, access to banks and credits, market structures, shops and kiosks, transport, paid jobs and remittances);
5. Socio-Political (related to family relations, political parties, NGOs, various associations, leadership and land tenure);
6. Cultural (related to Christianity and Islam, ethnicity, languages, music and dance, clothes, food, appropriate behaviour, migration, tradition and ritual performances) (Dietz et al., 2013).

As a qualitative method, while this exercise depicts well the changes that took place in the area, it has its limitations. Firstly, it is important to acknowledge that, as is always the case with people's perceptions, the image may not necessarily align with the reality, but rather how people perceive it. The timing is also important. The perceptions assessed are valid for the specific period in time that the interview took place. Secondly, different actors, depending on their location and the degree of impact, may perceive the same change differently. Moreover, regardless of my efforts to present myself as independent researcher, my interviewees may have seen me as a representative of the company. That may have also influenced the responses to some extent, for instance, they may have been more positive towards the changes attributed to LTWP. Finally, it is always difficult to attribute a change to a specific agent. For instance, the same change was attributed to general change, the presence of LTWP, or the new road, making analysis more complicated. Finally, it is advisable to conduct a follow-up study to further assess how perceptions have changed and evolved over time (especially considering that the construction period is over now and less local employment is therefore available in the area).

5.3 Wind energy in Kenya. A status and policy framework review[231]

5.3.1 Introduction

Facilitating a transition to sustainable energy systems is required to mitigate climate change (Arent, Arndt, Miller, Tarp, & Zinaman, 2017). A clean energy transition occurs when the share of renewable energy (RE) in the power mix is growing faster than those of other energy sources (Isoaho, Goritz, & Schulz, 2017). Typically, the contemporary energy transition is strongly shaped by economic development, technological innovation and policy changes (Cherp, Vinichenko, Jewell, Brutschin, & Sovacool, 2018). However, it appears that supporting policies as well as effective institutions are among the most prominent factors shaping energy transition processes (Jacobsson & Lauber, 2006). Globally, most countries have committed to do more to achieve a clean energy transition in order to fulfil the ambitions of the Sustainable Development Goals (SDG) agenda regarding SDG 7 (energy and energy access) and SDG 13 (climate change), as well as the commitments made during the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in 2015. The analysis of energy transitions of developed countries has been well documented (see e.g. Cherp et al., 2018; Cherp, Vinichenko, Jewell, Suzuki, & Antal, 2017; Foxon, 2013; Haas et al., 2011; Hultman, Malone, Runci, Carlock, & Anderson, 2012; Jacobsson & Lauber, 2006), but less attention has been given to the analysis of such transitions in developing countries, particularly on the African continent.

Africa faces a serious challenge in fulfilling the above-mentioned global commitments. The continent's rapid growth trajectories imply a higher volume of emissions and it is highly unlikely that it will shelve its developmental aspirations in favour of climate change mitigation objectives. A recent wave of oil and gas discoveries in African countries, and the enthusiasm that it created, is only one example supporting this argument (IEA, 2014). With over 588 million Africans still lacking access to electricity (IEA, 2017), the deficit of energy is easily supplemented with diesel generators (Akinyoade & Uche, 2017). However, Africa's energy sector has a unique feature: a major portion of African energy currently comes from renewable energy resources, primarily from unreliable hydropower. With great sun, wind, geothermal, and hydropower potential, the continent has an inherent advantage in terms of clean energy (Bugaje, 2006; Sambo, 2015a; Van Kooten & Wong, 2010). Therefore, the clean energy transition in the African context should be understood not as a transition per se, but rather as clean energy modernisation and expansion (Arent et al., 2017; Mandelli, Barbieri, Mattarolo, & Colombo, 2014).

A number of initiatives have emerged to address Africa's energy challenges and to support the necessary expansion and modernisation, notably programmes such as Sustainable Energy for All, the African Union's Programme of Infrastructure Development in Africa (PIDA), Power Africa, the Africa-EU Energy Partnership, the African Clean Energy Corridor, as well as numerous bilateral, civil society and community efforts. Finally, in 2015, the African Union, supported by the G7 countries, officially launched the Africa Renewable Energy Initiative (AREI) at COP 21 in Paris. AREI objectives, aligned with the African Regional Flagship Programme (ARFP) on Sustainable Energy, include strengthening policy, regulatory support and incentive frameworks of African countries to develop their energy sector and achieve a sustainable energy mix, with priority given to, among others, the promotion of wind energy (AREI, 2015).

Wind energy is the world's fastest growing renewable energy technology (Aliyu, Modu, & Tan, 2018; Archer & Jacobson, 2005; Saidur, Islam, Rahim, & Solangi, 2010). It costs very little to maintain and, to date, it has proven to be one of the cheapest resources per unit of generated electricity (Aliyu et al., 2018). Proponents of wind energy argue that "[i]ncreased use of wind energy […] will spur economic growth, create job opportunit[ies], enhance national security, protect consumers from price spikes or supply shortages associated with global fuel markets and dramatically reduce the pollutant that is warming the planet which causes greenhouse effect" (Saidur et al., 2010): 1745). Wind energy has been the fastest-growing energy technology since the 1990s, but the growth of wind energy in terms of

[231] This sub-chapter is adapted from a published peer-reviewed article (Kazimierczuk, 2019).

installed capacity is not evenly distributed around the world. 85% of the total wind capacity is installed in ten countries in Asia, North America, Europe and Latin America (GWEC, 2018). With only 4,370 MW, Africa is lagging behind, constituting only 0.81% of the globally installed wind capacity in 2017. However, Africa's indicative potential for wind power is 109,000 MW (Castellano, Kendall, Nikomarov, & Swemmer, 2015; GWEC, 2018). Therefore, it is important to investigate why, currently, only a very small portion of such considerable potential is used, while the total primary energy demand on the continent continues to increase.

Kenya has one of the highest potentials for wind generation in Africa. The present contribution of wind to the total energy mix is marginal; however, it is expected to increase substantially in the coming years. Kenya has been particularly successful at attracting renewable and wind energy investments (Eberhard, Gratwick, Morella, & Antmann, 2016; Osiolo, Pueyo, & Gachanja, 2017), including the 310 MW Lake Turkana Wind Power (LTWP) project, the largest wind farm on the continent. LTWP is also the largest private investment in the country and is located on the south-east side of Lake Turkana in Marsabit County – a remote and so far, neglected part of Kenya. Additionally, a number of other large-scale wind power projects are under development, including Kipeto (100 MW), Isiolo (100 MW), Meru (60 MW), Ngong (51 MW) and the Baharini Electra Wind Farm project in Lamu (90 MW) (Edwards, Dent, & Wade, 2017; U. E. Hansen, Gregersen, Lema, Samoita, & Wandera, 2018; Ministry of Energy, 2016). Since the 1990s, Kenya has reformed its legal and institutional frameworks to accelerate the energy expansion process. Therefore, by taking Kenya as the main case study, the objective of this sub-chapter is to investigate the changes in regulatory, institutional and policy framework supporting the wind energy sector in Africa, specifically in Kenya. This can be seen as a starting point for understanding and critically reflecting on the process of clean energy transition in the African context.

To analyse energy transition in the wind energy sector, this sub-chapter builds on the work of Saidur et al. (Saidur et al., 2010) and Mukasa et al. (Mukasa, Mutambatsere, Arvanitis, & Triki, 2017), who previously conducted research into the global and African wind energy sector, respectively. Furthermore, the general framework for the analysis of energy transition developed by Cherp et al. (Cherp et al., 2018) will be loosely adopted, but the focus will be limited to the role of policy changes in the Kenyan energy system. Information used is drawn from an extensive review of the literature on energy transition (with the primary focus on Africa), African governments' documents, as well as media and internet sources. The review is supplemented with a number of interviews with government representatives from the Kenyan Ministry of Energy and developers of a major wind energy project in Kenya. The interviews were conducted from June 2016 through October 2016 and in August 2017.

The sub-chapter starts with a literature review concerning the state of RE and wind power in Africa, as well as a review of the supporting policies. Section 5.3.3 examines the energy transition taking Kenya as the main case study. It takes a historical approach to the reforms that have occurred in the energy sector more broadly and analyses the current energy mix. Finally, wind energy, supporting policies, as well as challenges to the expansion of wind projects in Kenya are discussed. The main conclusions are given in Section 5.3.6.

5.3.2 Wind energy in Africa: Literature review

Since 2002, sub-Saharan Africa (SSA) has gained increasing attention in scholarly work related to the energy situation on the continent (Trotter, McManus, & Maconachie, 2017), with Mandelli (Mandelli et al., 2014) providing the most comprehensive review of African (renewable) energy status, policies and literature to date. An increased number of detailed case studies focusing on the renewable energy policies of particular African countries have also been published (for example: (Bugaje, 2006) for South Africa, Egypt, Nigeria and Mali, (Sakah, Diawuo, Katzenbach, & Gyamfi, 2017) for Ghana, (Kousksou et al., 2015) for Morocco, or (Aliyu et al., 2018) for South Africa, Egypt and Nigeria). Nevertheless, less attention has been given to the status and policies supporting wind energy development as such, despite wind energy being considered one of the most cost-effective options among renewable energy sources (Davidson, Kahrl, & Karplus, 2017), but also needing particularly strong government policy for development (Mohammed, Mustafa, & Bashir, 2013). With only 0.81% of global wind capacity installed in Africa in 2017 (GWEC, 2018), reviews concentrating solely on the African region and an incentive system for its further integration and development are scarce (Mukasa et al., 2017; Saidur et al., 2010).

In their review of global wind energy policy, Saidur et al. (Saidur et al., 2010) include only two North African countries (Egypt and Algeria) and do not take into consideration sub-Saharan Africa. This gap was closed by Mukasa et al. (Mukasa et al., 2017), who provided the first comprehensive overview of the total region's wind energy sector (including both Northern Africa and SSA) up until 2010. Both Saidur et al. (Saidur et al., 2010) and Mukasa et al. (Mukasa et al., 2017), as well as other scholars analysing energy transition, conclude that in order to guarantee the energy transition and development of the wind energy sector, two factors in particular are considered crucial on the global level, namely: adequate infrastructure and a supportive national legal framework (Cherp et al., 2018; Jacobsson & Lauber, 2006; Mukasa et al., 2017; Saidur et al., 2010; The World Bank, 2017b). Regarding the necessary infrastructure, it has been proven that systems with pre-existing hydropower can accommodate irregular wind power more easily (IEA, 2014). However, to encourage higher usage of wind energy in Africa, there is a major need to provide further extensions to grid infrastructure (AfDB, 2012; Osiolo et al., 2017; The World Bank, 2017b; Van Kooten & Wong, 2010). Regarding the supportive energy policies, the study of the global wind champions[232] showed that the existence of wind energy policies contributed significantly to the increase in wind power generation (Saidur et al., 2010).[233] The question thus remains whether the same applies in the case of Africa.

The indicative potential for wind power in Africa is 109,000 MW (Castellano et al., 2015), with the best wind being found in the coastal regions (Mukasa et al., 2017). The Horn of Africa, eastern Kenya, parts of West and Central Africa bordering on the Sahara and parts of Southern Africa also show high quality wind resources (Archer & Jacobson, 2005; Mukasa et al., 2017). Somalia is considered to have the highest onshore potential, followed by Sudan, Libya, Mauritania, Egypt, Madagascar and Kenya (Buys, Deichmann, Meisner, That, & Wheeler, 2007), while the offshore wind energy potential is optimal off the coast of Madagascar, Mozambique, Tanzania, Angola and South Africa. By 2016, almost half of African countries (26 countries) have set ambitious wind energy targets (Table 14), and some are ranked among the highest in the world (REN21, 2016). Although the installed wind capacity is expected to quadruple within the coming five years (GWEC, 2017a), the current low speed of adding capacity indicates that it is unlikely that this goal will be achieved in the assumed timeframe.

In 2017, only 4,370 MW – a tiny fraction of the total potential – was being exploited in Africa (Table 13). This wind energy was produced by only 16 African nations, and was concentrated predominantly within three of them, namely South Africa, Egypt and Morocco, which together held 84% of the continent's total installed wind capacity (Table 13). Most of the wind development was located onshore (IEA, 2014) and there was no installed wind capacity offshore on the continent (GWEC, 2018). Although the amount of installed wind capacity in Africa has nearly quadrupled within the last five years (Table 13), and a total of 140 wind farms with a cumulated capacity of 21,000 MW are expected to be operational in Africa by 2020 (IRENA, 2015), the installed wind capacity remains low and far from reaching the continent's ambitious targets.

[232] The study of USA, Canada, Denmark, Germany, Turkey, Australia, China, Japan and South Korea.
[233] Although another study (Jenner, Groba, & Indvik, 2013) showed that in some EU countries policies didn't have a strong effect on wind power development.

Table 13. Wind energy installed capacity (MW) in Africa 1995-2017

	1995	1999	2001	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	%
South Africa				3	3	3	8	8	10	10	10	10	570	1,053	1,471	2,085	47.7%
Egypt	5	15	125	145	230	310	365	430	550	550	550	550	610	810	810	810	18.5%
Morocco			54	64	124	124	134	253	286	291	291	291	787	787	787	787	18.0%
Ethiopia									30	30	52	171	171	324	324	324	7.4%
Tunisia				20	20	20	54	54	104	104	104	104	245	245	245	245	5.6%
Mauritania												4	4	34	34	34	0.8%
Kenya				0.4	0.4	0.4	0.4	0.4	5	5	5	5	5	26	26	26	0.6%
Cape Verde		3	3	3	3	3	3	12	24	24	24	24	24	24	24	24	0.5%
Mauritius								1	1	1	1	1	1	1	11	11	0.3%
Algeria													10	10	10	10	0.2%
Seychelles												6	6	6	6	6	0.1%
Somalia											2	2	2	3	3	3	0.1%
Nigeria				2	2	2	2	2	2	2	2	2	2	2	2	2	0.05%
Madagascar										1	1	1	1	1	1	1	0.02%
Chad															1	1	0.02%
Eritrea						1	1	1	1	1	1	1	1	1	1	1	0.02%
Total	**5**	**18**	**182**	**237**	**382**	**463**	**567**	**761**	**1,013**	**1,019**	**1,043**	**1,172**	**2,440**	**3,327**	**3,756**	**4,370**	**100%**

Source: (Ackermann & Söder, 2000, 2002; Aliyu et al., 2018; ECREEE Secretariat, 2011; GIZ, 2015; GWEC, 2007-2018; IRENA, 2017; KPLC, 2005-2017; Mandelli et al., 2014; Ministry of Energy & WinDForce, 2013; Mohammed et al., 2013; Praene et al., 2017; Sambo, 2015b; World Energy Council, 2016)

The main reason behind this may be the fact that established policies and regulations appear not to be the decisive factors for the development of wind farms in Africa (Mukasa et al., 2017). Table 14 indicates that five out of 16 African countries involved in wind energy production have no explicit wind energy policy or established targets. Simultaneously, 11 out of 23 countries[234] with established targets for wind energy production are currently not active producers of such energy. Such findings suggest that in the African context the presence of legislation is important, but, despite this, it remains insufficient in the energy transition process.

A number of countries around the world consider Feed-in-Tariffs (FiT), Renewable Portfolio Standard (RPS), production incentives, pricing law and quota requirements as key policies for increasing the use of RE (Saidur et al., 2010). The main advantage of the FiT scheme is its predictability, but it also eliminates price competition. Within Africa, the FiT scheme is not very popular, with only 13 countries adopting the scheme (and 11 of these schemes consider wind energy). The FiT rates also differ substantially from country to country, with the cheapest rates found in Algeria (10 US cent per kWh) and the highest rate of 16.5 US cent per kWh in Tanzania.[235] The average FiT rate across African countries is 12.6 US cent per kWh.[236] Among the top three wind-producing countries, only Egypt has an active FiT scheme, while all of them engage in competitive tendering processes. Competitive bidding is currently the most popular form of tendering for RE and is also considered a more effective method for driving the prices of RE down (Eberhard & Kåberger, 2016; Mukasa et al., 2017). The example of South Africa shows that since the introduction of this process, competitive tenders have attracted new and substantial private investments, while bid prices for electricity production from wind and solar PV power fell by 46% and 71%, respectively, in nominal terms (Eberhard & Kåberger, 2016). RPS and tradeable Renewable Energy Certificates (REC) are much less popular on the continent, with the latter being adopted only by Ghana. What appears to count more than a strong regulatory framework are fiscal incentives and public financing. The majority of countries that generate electricity from wind, including those without an explicit wind energy policy or established targets, do offer reductions in sales or taxes, and/or provide public loans, grants, capital subsidies or rebates (Table 14).

It is argued that a clear regulatory framework will attract new investors, but in the African context it is not a prerequisite. What appears to be more important is creating a conducive environment to attract wind and other RE projects. Kenya is the only country on the continent that has not only implemented major reforms to its energy sector and introduced a range of fiscal incentives and public financing possibilities (Table 14), but has also been particularly successful in attracting renewable and wind energy investments in recent years (Osiolo et al., 2017). It is therefore worthwhile investigating what the process behind Kenya's energy transition was and the extent to which the adequate infrastructure and supportive national legal frameworks have addressed the energy demand gap in the country.

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[234] In total, 25 countries have established targets for wind energy production, however for Togo and Mali this target is set for zero MW.

[235] Mauritius' rate of 33 US cents per kWh is the highest, yet this rate applies to very small wind projects <50kW.

[236] Excluding Mauritius.

Table 14. Renewable Energy Support Policies, Targets for wind power per country in Africa (2016)

Country	All Renewable energy targets	Renewable energy in INDC or NDC	Wind energy targets (or a % of total energy mix)	Current wind energy production	Regulatory Policy								Fiscal Incentives and Public Financing			
					Feed-in tariff/premium payment	Feed-in tariff set for wind (US cents/kWh)	Electric utility quota obligation/RPS	Net metering	Transport obligation/mandate	Heat obligation/mandate	Tradable REC	Tendering	Investment or production tax credits	Reductions in sales, energy, VAT or other taxes	Energy production payment	Public investment, loans, grants, capital subsidies or rebates
Algeria	X	X	5,100 MW by 2030	10 MW	X	10						X			X	X
Angola	X	X	100 MW by 2025						X							X
Benin	X		10 MW by 2020		X*							X				
Botswana	X		30 MW by 2016											X		X
Burkina Faso	X	X										X	X	X	X	
Burundi	X	X	10 MW by 2020									X		X		
Cape Verde	X	X	76 MW by 2020	24 MW				X				X	X		X	
Cameroon	X	X												X		
Central African Republic (CAR)	X	X														
Chad				1 MW										X		
Comoros																
Côte d'Ivoire	X	X										X		X		
Democratic Republic of the Congo	X	X												X		
Djibouti	X															
Egypt	X	X	7,200 MW by 2020	810 MW	X	11.5		X				X		X		X
Equatorial Guinea																
Eritrea	X		5 MW (no date)	1 MW												
Eswatini (Swaziland)	X															
Ethiopia	X	X	7,000 MW by 2030	324 MW					X					X		X
Gabon	X															
Gambia	X	X												X		
Ghana	X	X			X	16	X	X	X		X			X		X
Guinea	X	X	2% by 2025											X		
Guinea-Bissau	X															
Kenya	X	X	2,036 MW by 2030	26 MW	X	11		X		X		X		X	X	X

Lesotho	X	X	6,000 MW by 2025					X			X	X		X	X
Liberia	X	X											X		
Libya	X		1,000 MW by 2025										X		
Madagascar	X	X	5% by 2030	1 MW									X		
Malawi	X	X			X	13				X	X		X		X
Mali	X	X	0						X				X		X
Mauritania	X			34 MW											
Mauritius	X	X	6% by 2020 & 8% by 2025	11 MW	X	33					X		X		X
Morocco	X	X	2,000 MW by 2020	787 MW				X			X		X		X
Mozambique	X	X	2,000 MW (no date)		X	13			X				X		X
Namibia	X	X			X	10.6				X					
Niger	X	X											X		
Nigeria	X	X	40 MW by 2025	2 MW	X	12.5	X		X		X		X		X
Republic of the Congo											X				
Rwanda	X	X			X**						X		X		X
Sao Tome and Principe	X														
Senegal	X	X					X	X			X		X		
Seychelles	X	X		6 MW				X				X	X		X
Sierra Leone	X		2 MW by 2030										X		
Somalia				3 MW									X		
South Africa	X	X	9,200 MW by 2030	2,085 MW			X		X	X	X		X		X
South Sudan	X														
Sudan	X	X	680 MW by 2031						X						
Tanzania	X	X	50-100 MW by 2030		X	16.5							X	X	X
Togo	X	X	0										X		
Tunisia	X	X	1,800 MW by 2030	245 MW				X					X		X
Uganda	X	X			X	12					X		X		X
Zambia	X	X									X		X		X
Zimbabwe		X							X				X		X

* For solar and biomass only ** For hydropower only

INCD - Intended Nationally Determined Contribution, NCD - Nationally Determined Contribution, RPS - Renewable portfolio standard(s), REC - Renewable Energy Certificates

Source: (ALER, 2017; Aliyu et al., 2018; Bundhoo, 2018; Climatescope 2017, 2917; ECREEE Secretariat, 2011; EWURA, 2016; IEA/IRENA, 2017; Praene et al., 2017; REN21, 2016, 2017; RISE, 2017; Sambo, 2015b; World Energy Council, 2016)

5.3.3 Case Study: Energy Transition in Kenya

5.3.3.1 The Energy Sector in Kenya

In 2017, Kenya's total installed energy capacity stood at 2,333 MW. The whole system generated 10,205 GWh, of which 74% came from the state-owned Kenya Electricity Generating Company and 24% from a number of Independent Power Producers (IPPs). The remaining 2% was imported from neighbouring countries, mostly from Uganda. Electricity currently reaches 55% of the population, which shows major progress with regards to the electrification of Kenya (in 2013 only 27% of the population had access to electricity) (Ford, 2017; KPLC, 2017). It is estimated that 77% of electricity is generated using renewable energy sources, which are predominantly hydro (33%) and geothermal (44%), while 21% comes from thermal plants, thus from fossil fuels (KPLC, 2017). The further expansion of other renewable energy sources, including wind, has been given a high priority in key national policies (Kenya Vision 2030, the Rural Electrification Master Plan) (GoK, 2007; Rural Electrification Authority, 2009).

5.3.3.1.1 Short history of Kenya's energy sector and first reforms

In 1906, Clement Hirtzel, an ambitious electrical engineer from Britain, established the Nairobi Electric Power and Lighting Syndicate, a company with the exclusive right to supply electric light and power to the town and district of Nairobi. In 1908, a wealthy merchant in Mombasa, Hassanali Esmailijee Jivanjee, bought the electricity generating plant from the Electric Company of Zanzibar, which was the first of its kind in Africa. This plant was sold to the newly formed Mombasa Electric Light and Power Company Limited. The two companies (Nairobi Electric Power and Lighting Syndicate and Mombasa Electric Light and Power Company Limited) merged in 1922 to become the East African Power and Lighting Company (EAP&L). In 1983, the company was renamed Kenya Power and Lighting Company Limited (KPLC) and then again as Kenya Power in 2011, however the acronym KPLC is still in use today (GoK, 2014a; KPLC, 2011).

For a long time, Kenya has relied heavily on hydropower plants for its electricity generation capacity. However, the droughts in the 1990s, which resulted in severe power shortages and crippled the formal economy, forced the government to initiate a number of policies and reforms (CEPA, 2015). Moreover, in the mid-1990s, as the country emerged from an aid embargo, the reforms in Kenya's electricity supply sector were critical, as the country intended to attract much-needed private sector investments to complement limited public sector funding (Eberhard et al., 2016; Newell & Phillips, 2016). Consequently, following the Electric Power Act of 1997, it was decided to split KPLC's core functions into two entities: the Kenya Electricity Generating Company (entirely state-owned KenGen; responsible for power generation) and KPLC (responsible for the transmission and distribution of power). The Electric Power Act of 1997 also stipulated that the government's primary function, through the Ministry of Energy and Petroleum (MoEP), is policy formulation, thus devolving its regulatory authority to a newly established Electricity Regulatory Board (ERB) that became functional in 1998. Despite the reforms, electricity in Kenya remained unreliable and beyond the reach of most of its citizens. In 2004, further reforms were instituted through the National Energy Policy (Sessional Paper No. 12 of 2004) and the subsequent enactment of the Energy Act of 2006. These reforms reorganised the sector again by, among others, the establishment of the Rural Electrification Authority (REA) and restructuring of the Electricity Regulatory Board (ERB) to the Energy Regulatory Commission (ERC), whose mandate was expanded to encompass the entire energy sector. Additionally, the Geothermal Development Company (GDC) and the Kenya Electricity Transmission Company (KETRACO) were created to promote geothermal development and facilitate transmission network expansion, respectively. The government also committed to facilitating the development of a competitive market structure for the generation, distribution and supply of electricity (CEPA, 2015; Eberhard et al., 2016; GoK, 2014a; KPLC, 2011).

5.3.3.2 Reforms towards market liberalisation and current institutional set-up

Further reform efforts and strategic targets followed. In 2008, Kenya's 2030 Vision set a new generation target of 23,000 MW by 2030. This ambitious target represents a ten-fold increase from the country energy capacity in 2008 and it is planned to be achieved through a mix of hydropower, geothermal, wind, coal, liquefied natural gas and imported power (Bryan Cave Leighton Paisner (BLP), 2017). To realise the high growth rates assumed in the Vision 2030, the government emphasised the importance of enabling private sector participation in the process, which led to the development of a subsequent comprehensive investment framework for Public-Private Partnerships (PPPs). The First Medium Term Plan (2008 – 2012) provided the basis for improving the institutional and regulatory framework for PPPs, while the final policy was formalised with the passing of the PPP Act in 2013. Meanwhile, at the generation level, the ERC stated that "electricity generation in Kenya is liberalised," with Independent Power Producers (IPPs) given an opportunity to enter the sector and compete alongside the state incumbent KenGen (Energy Regulatory Commission, 2017). A competitive market structure became a goal and the proposed National Energy and Petroleum Policy and Energy Bill 2015 suggested further reforms to legal and institutional frameworks to facilitate a competitive wholesale market structure in the country. Despite market liberalisation, and a growing number of IPPs present in the sector, KenGen and the KPLC remain the dominant players (CEPA, 2015; Eberhard et al., 2016). Below, Table 15 gives an overview of the key institutions and their current functions in the power sector in Kenya, while Figure 26 visualises the relations between different actors in Kenya's Electricity Sector.

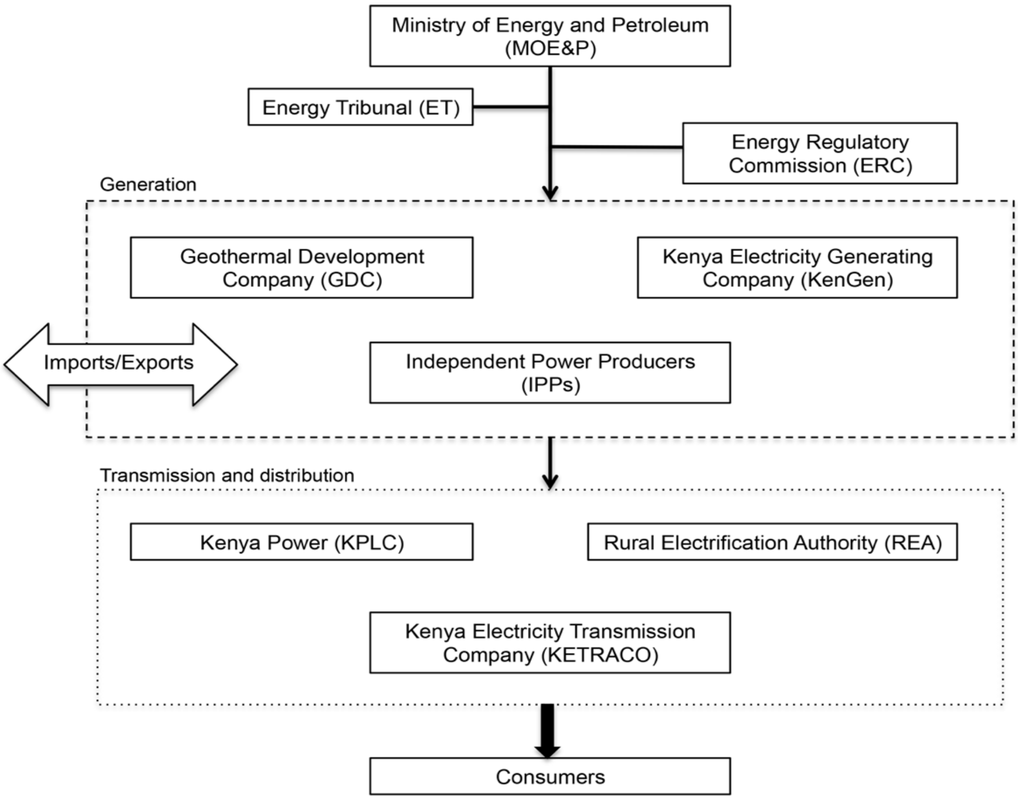
Table 15. Key Institutions and Their Functions in the Power Sector in Kenya

Key institution	Functions
Ministry of Energy and Petroleum (MOE&P)	In charge of making and articulating energy policies to create an enabling environment for efficient operation and growth of the sector.
Energy Regulatory Commission (ERC)	Responsible for regulation of the energy sector. Its functions include licencing, retail and bulk tariff setting and oversight, coordination of the development of Indicative Energy Plans, monitoring and enforcement of sector regulations.
Energy Tribunal (ET)	An independent legal entity, established to arbitrate disputes in the sector.
Kenya Electricity Generating Company (KenGen)	The main player in electricity generation, with installed power system of 7,513 MW (2017). It is listed at the Nairobi Stock Exchange with 70% shareholding by the Government of Kenya and 30% by private investors. The company accounts for about 74% of the installed capacity from various power generation sources that include hydropower, thermal, geothermal and wind.
Geothermal Development Company (GDC)	A fully government-owned Special Purpose Vehicle (SPV) intended to undertake surface exploration of geothermal fields, conduct exploratory, appraisal and production drilling and manage proven steam fields as well as enter into steam sales agreements with potential investors.
Independent Power Producers (IPPs)	Private investors in the power sector involved in generation either on a large scale, or for the development of renewable energy under the Feed-in-Tariff Policy. Current players are: IberAfrica; Tsavo; Or-power; Rabai; Imenti; Mumias; Thika Gikira; Triumph; Gulf; Biojule and Regen-Terem. Collectively, they account for about 24% of the country's installed capacity from thermal, geothermal, hydro, biomass and biogas.
Rural Electrification Authority (REA)	Established in 2007 with a mandate to implement the Rural Electrification Programme
Kenya Power (KPLC)	The off-taker in the power market buying power from all power generators based on negotiated Power Purchase Agreements for onward transmission, distribution and supply to consumers. It is governed by the State Corporations Act and is responsible for existing transmission and distribution systems in Kenya. KPLC is a listed company on the Nairobi Stock Exchange with the ownership structure

	being 50.1% by the National Social Security Fund (NSSF) and the GoK and 49.9% owned by private shareholders.
Kenya Electricity Transmission Company (KETRACO)	Incorporated in December 2008 as a State Corporation, 100% owned by the Government of Kenya. The Mandate of KETRACO is to plan, design, construct, own, operate and maintain new high voltage (132kV and above) electricity transmission infrastructure.

Source: (GoK, 2014a; KPLC, 2016)

Figure 26. Overview of Kenya's Electricity Sector



Source: adopted from (GoK, 2014a)

5.3.3.3 Private participation in power generation on a big scale

The introduction of the Feed-in-Tariffs (FiT) policy in 2008 was a specific intervention designed to truly accelerate the energy expansion process and encourage more investors in the RE sector. The first iteration of this policy, however, failed to attract many investors and tariffs were subsequently reviewed in January 2010 (Ministry of Energy, 2012). A second FiT regime was introduced two years later (Table 16). While the FiT policy has increased investor confidence to some extent, it is generally held that rates have not yet reached a cost-reflecting level (Eberhard et al., 2016; Owino et al., 2016).

Table 16. FiT regime in Kenya

	Duration	Installed Capacity (MW)	Standard FiT (USD$/kWh)	Max Capacity (MW)
FIT FOR PROJECTS LESS THAN 10MW				
Wind	20 Years	0.5 - 10	0.11	10
Hydropower		0.5	0.105	10
		10	0.0825	
Biomass		0.5 - 10	0.10	10
Biogas		0.2 - 10	0.10	10
Solar (grid)		0.5 - 10	0.12	10
Solar (off-grid)		0.5 - 10	0.20	1
FIT FOR PROJECTS MORE THAN 10MW				
Wind	20 Years	10.1 - 50	0.11	500
Geothermal		35 - 70	0.088	500
Hydropower		10.1 - 20	0.0825	200
Biomass		10.1 - 40	0.10	200
Solar (grid)		10.1 - 40	0.12	100

Source: (Ministry of Energy, 2012)

In 2009, the ERC established a multi-stakeholder Least Cost Power Development Planning Committee (LCPDP). In 2013, the 5,000+ MW capacity and expansion programme was launched with the goal of deploying 5,000 MW within 40 months. The programme was presented by the Government of Kenya as the means to transform the country, by providing adequate generation capacity at a competitive rate (Kenya Ministry of Energy and Petroleum, 2013). The 2013–33 LCPDP was further modified to support the 5,000+ MW programme and to champion the development of indigenous resources, including geothermal power, wind power, coal and, potentially, gas. While KenGen was to be the anchor investor in most of the projects, the plan relied heavily on independent power producers, with the latter expected to develop 70% of the new installed capacity (Eberhard et al., 2016). However, nearly two years from its inception in 2013, the 5,000+ MW programme was scaled back. Lack of adequate (transmission and distribution) infrastructure proved to be a major obstacle to adequately absorbing and handling the envisioned rapid capacity additions. The roll-out and subsequent scaling back of the 5,000+ MW programme sheds light on how planning and procurement are handled in the nation: when KenGen is unable to finance new investments, the private sector is invited to participate (Eberhard et al., 2016).

Typically, bids for IPPs are requested by the KPLC, and winners are selected via a competitive process, although in some cases (such as for the emergency thermal generators required in 2000 and 2011, and tenders for large LNG and coal plants in 2014) procurement has been handled by the government, either directly or through its appointed agent – KenGen. The government, through the Ministry of Energy and Petroleum, may also consider unsolicited bids. The majority of current IPPs were procured through competitive bidding or direct negotiations with the government. Most IPP capacity is supplied by diesel generators (75%), followed by a geothermal installation (20%), and biomass, a small hydro and biogas installation (altogether 5%). Only two wind farms are a result of the FiT scheme, and the construction of one of these was later cancelled (Eberhard et al., 2016). The percentage of IPP capacity has grown considerably since 2005 (see Table 17), however the share of renewable energy sources other than geothermal has so far been very limited (Eberhard et al., 2016).

Private participation in power generation is not new to Kenya; what is new, however, is the anticipated scale. For instance, of the capacity envisioned in the 5,000+ MW programme, the majority (70%) would be through the private sector. In 2017, Kenyan IPPs[237] accounted for approximately 30% of the installed capacity in Kenya (691 MW). What is noticeable is the importance and involvement of international actors in the Kenyan energy sector. The budget of the Ministry of Energy is for two thirds offset through appropriations in aid (National Treasury, 2012-2016). Furthermore, the majority of companies behind current IPPs, are international investors, mostly from Europe and the USA, with international and multilateral funding. Private Kenyan companies are also present but their involvement is limited to two heavy fuel oil emergency power plants and 20% stake in one of the wind energy projects (Table 18). LTWP, when commissioned in late 2018, will add 13% of capacity to the national grid (Kazimierczuk, 2017). That will mean that 43% of Kenyan energy will be in private, mostly international, hands. That may have a major implication for the country's energy security in the future.

[237] In addition to Kenyan IPP, approximately 184 MW was purchased via regional IPPs (Uganda Electricity Transmission Company Limited and Ethiopia Electricity Power Company) in 2017 (KPLC, 2017).

Table 17. List of Kenyan Independent Power Producers (IPPS) and their energy generated between 2005-2017

Kenyan Independent Power Producers (IPPs)	Type	Capacity (MW) as at 30.06.2016		Energy Purchased in GWh												
		Installed	**Effective**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
OrPower 4 – Geothermal I, II, III & IV*	Geothermal	139	139	115	117	112	98	276	400	372	392	503	851	955	1,066	1,172
Iberafrica I&II Power	Heavy fuel oil	108.5	108.5	330	408	321	306	344	621	722	705	592	550	198	128	252
Tsavo Power	Heavy fuel oil	74	74	508	569	547	556	566	495	368	283	178	152	83	39	121
Mumias – Cogeneration	Biomass	26	21.5	-	9	4	9	4	99	87	100	71	57	14	-	-
Rabai Power	Heavy fuel oil	90	90					-	318	394	338	443	633	609	536	606
Imenti Tea Factory hydro	Hydro	0.3	0.3					-	0,3	0,4	0,8	0,7	0,1	0,5	0,7	0.3
Thika Power	Heavy fuel oil	87	87					-	-	-	-	-	454	233	70	168
Gikira small-hydro	Hydro	0.514	0.514					-	-	-	-	-	0,4	1,6	1,9	1
Triumph Power	Heavy fuel oil	83	83											4,8	82	83
Gulf Power	Heavy fuel oil	80.32	80.32											60	8	61
Biojule Kenya Limited	Biogas	2	2											-	0,3	0.7
Westmont Power Kenya Ltd.	Kerosene	-	-	3												-
Regen-Terem	Hydro	5	5													1
IPP Total		**696**	**691**	**956**	**1,103**	**984**	**969**	**1,190**	**1,933**	**1,943**	**1,819**	**1,788**	**2,698**	**2,159**	**1,932**	**2,466**

*OrPower 4 -Geothermal IV (29 MW) became operational as of 2016

Source: (KPLC, 2006-2017)

Table 18. Independent Power Project Sponsors and Debt Holders in Kenya

Project	Type	Equity partners (country, % of equity held)	Debt provider
Westmont*	Kerosene	Westmond (Malaysia, 100%)	Equity financed
OrPower4	Geothermal	Ormat (Israel/USA, 100%) since 1998	Equity financed until 2009, European DFIs $105mln loan in 2009, then OPIC loan of $310mln drawn down in 2012-13
Mumias	Biomass	Mumias Sugar Company Ltd (Kenya, 100%)	Not available
Iberafrica	Heavy fuel oil	Union Fenosa (Spain, 80%), Kenya Power Pension Fund (Kenya, 20%) since 1997	Union Fenosa ($12,7mln in direct loans and guaranteed $20mln); Kenya Power Pension Fund ($9,4mln in direct loans and guaranteed $5mln through local Kenyan bank)
Tsavo	Heavy fuel oil	Cinergy (USA) and IPS (Int'l) jointly owned 49,9%; Cinergy sold to Duke Energy (USA) in 2005, CDC/Globeleq (UK, 30%), Wartsila (Finland, 15%), IFC (Int'l, 5%) retain remaining shares since 2000	IFC own account ($16,5 mln), IFC syndicated ($23,5 mln), CDC own account ($13 mln), DEG own account (€11 mln), DEG syndicated (€2 mln)
Rabai	Heavy fuel oil	Aldwych International (Netherlands/UK, 34,5%), BWSC (Danish, but owned by Mitsui of Japan, 25,5%), FMO (Netherlands, 20%), IFU (Danish bilateral lender, 20%)	FMO ($126 mln), Proparco (25%), EAIF (25%), DEG (15%), European Financing Partners (10%)
Thika	Heavy fuel oil	Melec PowerGen (part of Matelec Group) (Lebanon, 90%)	AfDB (€28 mln), IFC (€28 mln), Absa Capital (€28 mln)
Triumph	Heavy fuel oil	Broad Holding (Kenya), Interpel Investments (Kenya), Tecaflex (Kenya), Southern Inter-trade (Kenya)	Industrial and Commercial Bank of China (ICBC) ($80mln), Kenya's CFC Stanbic Bank ($28mln) (of which Standard Bank is the parent, in which ICBC has 20% stake)
Gulf	Heavy fuel oil	Consortium of Gulf Energy Ltd. (Kenya) and Noora Power Ltd. (Kenya)	$76mln in long-term debt financing (IFC A Loan, and commercial lending through IFC B Loan and OPEC Fund for International Development)
Kipeto Wind Power Project	Wind	AIIF 2 (South Africa/Mauritius, 55%), Craftskills Wind Energy International (Kenya, 20%), IFC (Int', 20%) The Kipeto Community Trust (Local community, 5%)	Overseas Private Investment Corp (OPIC) ($232.6mln/€208.8mln)
Kinangop**	Wind	AIIF2 (South Africa/Mauritius, 81%), Norfund (Norway, 19%)	Kenyan CFC Stanbic

Lake Turkana Wind Power	Wind	Aldwych International (UK, 30.2%), KP&P Africa B.V. (Netherlands, 26.5%), Norfund (Norway, 12,3%), FinnFund (Finland, 12,3%), Vestas (Denmark, 12,3%), IFU (Denmark, 6.1%), Sandpiper (Mauritius, 0,2%)	EIB (€200mln), AfDB (€135mln), FMO (€35mln), ICCF (€30mln), Proparco (€20mln), PTA Bank (€10mln), Triodos (€5,5mln); [Mezzanine: DEG (€20mln), PTA Bank (€10mln), EADB (€5mln), AfDB (€5mln)] [Preference shares: EU-AITF (€25 mln)]

Notes: AfDB = African Development Bank, AIIF = African Infrastructure Investment Fund, BWSC = Danish Engineering company owned by Mitsui; CDC=Commonwealth Development Corporation, DEG=German Investment and Development Corporation, DFI =development finance institution; EADB=East-African Development Bank; EAIF = Emerging Africa Infrastructure Fund; EIB = European Investment Bank; EU-AITF = EU-Africa Infrastructure Trust Fund; FinnFund = Finnish Fund for Industrial Cooperation Ltd; FMO = Netherlands Development Finance Company; ICCF= Interact Climate Change Facility; IFC =International Finance Corporation; IFU= Danish Investment Fund for Developing Countries; Norfund =Norwegian Investment Fund for Developing Countries; OPIC =Overseas Private Investment Corporation; OPEC =Organisation of the Petroleum Exporting Countries.
* Westmont did not renew its contract in 2004 after it failed to agree on tariff levels.
**Project stalled.
Source: (Eberhard et al., 2016; Kipeto Energy Ltd., 2017)

5.3.4 Wind energy in Kenya

The potential for wind generation in Kenya is among the highest in Africa with a total of 346 W/m2, which, theoretically, could fulfil power requirements for the whole country (Ministry of Energy & WinDForce, 2013; Oludhe, 2013). Geographically, Kenya has a number of specific areas with significant wind resources throughout the year, as a result of its complex topographical features and varying nature of surfaces in various regions (Barasa & Aganda, 2016). Generally, the North West of the country (Marsabit and Turkana districts), the edges of the Rift Valley as well as the coastal area enjoy fairly good wind speeds and have the potential to be successfully exploited (KEREA, 2017; Ministry of Energy & WinDForce, 2013).

Wind energy in Kenya was introduced at the turn of the 20th century by European settlers and it was one of the earliest forms of industrial energy introduced into the country (Oludhe, 2013; Theuri, 2008). The first windmills were imported from Europe and used for agricultural water-lifting purposes. They were later replaced by diesel and petrol engines (O'Keefe, Raskin, & Bernow, 1984). A number of wind projects started in the late 1970s and early 1980s, but most of them were abandoned because of inadequate feasibility assessments, poor planning and lack of funding (Tigabu et al., 2017). Non-subsidized wind energy production in Kenya became competitive only after a substantial increase in the price of oil in 2005. The contribution of wind as a source of energy in 2017 was very small – only 1.09%. It came from the only wind project connected to the grid installed near Nairobi on Ngong Hills (25.5 MW).[238] It is, however, expected to jump upwards significantly in the next years. In 2016, four wind IPPs with a combined capacity of 221 MW were licenced under the FiT scheme; another six with a total capacity of 390 MW were in the queue to obtain licences, and nine envisioned projects were conducting feasibility studies (Ministry of Energy, 2016). Finally, the LTWP (310MW) wind park is ready and awaiting official launch in late 2018 (REVE, 2018).

Regarding supportive wind energy development policies, Kenya's new constitution does not explicitly provide for the right to access energy. Nevertheless, it commits to sustainable development, which requires access to energy, preferably renewables, as stipulated in subsequent documents (Muigua, 2013). Kenya Vision 2030 and the updated LCPDP set a target of 2,036 MW of wind power, or 9% of the

[238] The first two wind turbines (already retired) were commissioned in 1993 from Belgian TPF-Econoler SA (TPFE). This further expanded to six windmills, the wind power plant was generating 5.1 MW of clean electricity and it was upgraded again in 2015 to 25.5 MW capacity. The wind farm is owned by KenGen. Ngong Wind Phase II is planned and the total potential for annual energy yield is estimated to be 14.9 GWh, which represents almost 3,000 full-load hours (Lahmeyer International, 2016).

expected total maximum generation capacity to be developed by 2030 (Tigabu et al., 2017; Triple E, 2014). With other planned wind power project development efforts, Kenya expects to reach almost 2,500 MW by 2035. Furthermore, the FiT scheme allows a private investor to sell wind electric power to the national grid at a fixed tariff of US Cents 11.0 per kilowatt-hour for 20 years (for IPPs between 500 kW and 100 MW – see Table 16 above). This rate remains one of the cheapest on the continent. The Ministry of Energy is currently considering introducing energy auctions (following the example of South Africa) and net metering (to encourage citizens to invest in RE). The Government has also put in place a zero-rated import duty for wind energy equipment. Similarly, it has removed VAT on imported renewable energy equipment and accessories (Ministry of Energy & WinDForce, 2013). Finally, the Energy Act of 2006, National Climate Change Response Strategy of 2010 and the LCPDP Committee all emphasise the facilitation of wind energy development to meet Kenya's long-term energy ambitions.

5.3.5 Challenges to the wind power expansion in Kenya

Kenya is a growing economy with highly ambitious energy targets set out in the Kenya Vision 2030. If Kenya wants to achieve these targets, it must build over 80% of the additional wind energy capacity by 2030.[239] A number of large-scale wind power projects are under development, including Lake Turkana Wind Power project (310 MW), Kipeto (100 MW), Isiolo (100 MW), Meru (60 MW), Ngong (51 MW) and the Baharini Electra Wind Farm project in Lamu (90 MW) (Edwards et al., 2017; U. E. Hansen et al., 2018; Ministry of Energy, 2016). This presents an attractive investment opportunity in the area of wind power generation, including transmission and distribution in the years to come. Nevertheless, investors report a number of challenges linked to national wind energy development.

The main problem is obtaining and finalising a a Purchasing Power Agreement (PPA) in a reasonable time period and the fact that the PPAs are not indexed. Consequently, the tariff set in the PPA will apply for many years and will not be adjusted to inflation or the consumer price index. Such PPAs may be sufficient for now to mitigate the risks of potential investors; however, such a solution will not be sufficient in the long-term, as the price of wind energy will need to reduce further. A PPA inflation adjustment would help Kenya to protect the real value of renewable energy project revenues against changes in the broader economy and further reduce investors' risks (Brugman, 2013; Triple E, 2014). Moreover, the FiT scheme is applicable only for wind power projects with a generation capacity of up to 50 MW, while most of the ongoing projects are above this capacity. Both Kipeto (100 MW) and Kinangop (60 MW) were commissioned through the FiT scheme, but tariffs for LTWP (310 MW) were negotiated directly with KPLC. This demonstrates an inconsistency in the government's handling of wind projects above 50 MW.

Secondly, developers contend that the wind energy tariff would only be viable on sites with constant high wind speeds (Eberhard et al., 2016; Owino et al., 2016). That means that projects must be stretched to their limits to become profitable. For example, LTWP installed capacity of 310 MW was necessary to ensure the financial viability of the project in their remote location. The wind farm also had to be big enough to justify and capitalise on two associated, major infrastructure investments that accompany the wind park, namely the construction of a local road and transmission lines.

Thirdly, land and community issues remain problematic for the wind projects that, per definition, require space to operate. Kinangop, Kenya's first FiT wind project, is a prominent example of a wind power project that was halted due to exactly these issues. The wind park was already in development and had the necessary agreements with the local community, while some local landowners made additional claims. A series of protests ensued (in 2015), resulting in the death of one citizen. Following unsuccessful mediation between the company and the local community by the Kenyan government, the project was halted in late 2015 and ultimately cancelled in 2016 (Eberhard et al., 2016).

[239] Assuming that LTWP is already fully operational in 2018.

A final issue with installing wind projects in Kenya is linked to the current grid infrastructure. For wind energy, the issue of transmission and integration are particularly important, as the intermittent character of wind power can potentially increase grid instability. The Kenyan grid has been recently upgraded to absorb the additional high amount of planned energy, including energy to be produced by the LTWP. Nevertheless, the ready wind park was awaiting connection to the grid for over a year as the transmission line construction has been severely delayed. KETRACO, responsible for the grid extension, was faced with a number of challenges regarding how to connect the remote LTWP with the main substation near Nairobi. Among other challenges, the process of land acquisition for the line has been very lengthy and more expensive than initially anticipated. Furthermore, KETRACO has been accused of being ineffective due to their business model and having an inefficient internal structure, which does not encourage a quick finalisation of the lines' construction. This example shows that the Kenyan government should consider investing more in connecting other remote areas in the North, which have the highest potential for wind energy generation, with the existing network. The example of LTWP and a similar case, the Tarfaya wind farm in Morocco (301 MW), imply that an additional developmental effect could be created by transforming the currently neglected parts of the African continent into a productive producer of green energy by becoming a major contributor to the continent's energy security (Dietz, 2016).

5.3.6 Conclusions

The presence and enforcement of well-designed national supportive policies and incentives to guide development and use of renewable energy resources is vital, although not sufficient to promote wind energy development in Africa. Following numerous bilateral and multilateral efforts, by 2016, the majority of African countries had defined RE supporting policies, with nearly half also having defined their wind energy targets. However, among those 23 countries, 11 are currently not active producers of such energy. In contrast, a third of 16 African countries involved in wind energy production have no explicit wind energy policy or established targets. Fiscal incentives and public financing provided by the government appear to be very important for potential investors, as is the possibility of negotiating the terms directly with governments. With such inconsistency and lack of transparency, it is, therefore, much more challenging to ensure that African countries are and will be capitalising on their inherent advantage in terms of clean energy where it exists.

The example of Kenya shows that supportive policies and fiscal incentives have indeed stimulated the energy transition, through the modernisation and some expansion of the sector. However, the energy demand gap persists, while the country's high wind energy potential remains untapped. Therefore, the public sector should continue to invest in further sectorial development by improving the capacity and effectiveness of the sector's institutions, conducting feasibility studies as well as investing in grid expansion and upgrades. This is especially important if the government wants to stimulate the development of wind power projects in remote and currently neglected parts of their country, with a view to such projects having an additional developmental impact on the local and national level.

The example of Kenya also indicates that international private participation in the generation and expansion of renewable energy is critical for an African country to meet the global SDG 7, SDG 13 and COP 21 commitments. Private participation is also expected to increase. For two decades, private and public power projects in Kenya have been developed in parallel. Private developers have been essential in mobilising funding to meet the nation's demand for electricity, and their involvement has gradually expanded to complement publicly owned projects. They appear to be a driving force for national policy, grid adjustment and upgrades rather than a result of it. This can, however, seriously challenge and even compromise the function and responsibilities of the national accounting mechanism. The fact that predominantly international Independent Power Producers, including the forthcoming Lake Turkana Wind Power project, will soon account for 43% of the country's energy generation demonstrates just how big the role of the international private sector is in Kenya's energy security. It should be noted that this is not only symptomatic to Kenya, but also to other African countries and it will clearly influence the continent's ongoing energy transition.

5.4 The African Wind-mine: The process to establish the largest wind farm in Africa

5.4.1 LTWP Development and challenges in the context of actors and institutions

The previous sub-chapter indicates that the presence and enforcement of well-designed national policies and incentives to support the development and use of renewable energy resources is vital, although not sufficient to promote wind energy development in Africa. Furthermore, fiscal incentives and public financing provided by the government appear to be crucial for potential investors, as is the possibility of negotiating the terms directly with governments. In Kenya, private developers have been essential in mobilising funding to meet the nation's demand for electricity, and their involvement has gradually expanded to complement publicly owned projects.

This is well illustrated by the case study of the Lake Turkana Wind Power (LTWP). Completed in April 2017,[240] it is Africa's biggest wind farm capable of delivering ±15% of steady and clean energy to the national grid of Kenya. As briefly mentioned in the introduction, the investment was accompanied by a number of infrastructure investments, with the two most prominent being the construction and upgrade of the local road and construction of 438 km of transmission lines. In its nearly ten-year development process, LTWP faced many challenges, starting with a lack of adequate political and institutional framework in Kenya at the initial stages of project development, through to the lack of necessary infrastructure, the withdrawal of a main donor, and technical challenges related to timely construction of the transmission lines. This international private investor appears to be a driving force for national policy and grid adjustments and upgrades. The analysis of the process to establish this largest wind farm in Africa therefore confirms the importance of direct relations between business and politics in Kenya.

5.4.2 A Wind-mine

The idea to build a wind farm on the east shore of Lake Turkana came to Willem Dolleman – a Dutch entrepreneur[241] based in Kenya – many years ago. He has been visiting the lake site on family trips since the early 1980s. The story of the project's origins is that Dolleman had the idea after experiencing difficulties caused by strong winds while fishing and trying to put up a tent on the lake's shore. The wind was so strong that his small children had to be tied to their beds at night in order not to be blown away. Arguably, many people who visited the site before Dolleman experienced similar problems and likely had similar thoughts about the strong winds and their untapped potential. Nevertheless, nobody else was as determined, skilful, persuasive and resourceful as him in actually making the project a reality.

Initial inquiries about the feasibility of a wind farm in such a remote location had already taken place in the 1980s. Dolleman was turned down by any potential investor because of a lack of necessary infrastructure in place, especially the transmission lines. In the 1990s, Dolleman was in talks with a Dutch power company, Nuon, but they were not interested in investing in Africa at this stage. Nevertheless, the Managing Director of Nuon was fascinated by the story of the very windy place and continued talking

[240] The construction of the wind farm was completed in April 2017. The project only became operational, however, in October 2018 due to a delay in the construction of the transmission lines executed by the state-owned KETRACO company.

[241] Dolleman is a Dutch entrepreneur and agriculture professional who came to Kenya in 1983 to work for a Dutch seed house, Pop Vriend. He fell in love with the country and decided to stay. In 1989, Dolleman and his wife – Marie-Jose – started their own business, AVM K Ltd., drying flowers and fruit for decorative purposes for export to Europe. Later, in 1994, together with Gordon Murray – a "white Kenyan" and a son of a British settler and farmer on the Highlands around Mount Kenya – and Vitacress Salads, he founded Vitacress. The business was growing and packing vegetables on their farm in Tamau (Mt. Kenya) for export to European retailers. Dolleman was also instrumental in setting up a practical training school for the Kenyan horticulture industry in Thika. He now owns AgriFresh – a horticulture company based in Nairobi and Nanyuki (Mt. Kenya), which grows French beans and now potatoes for export (KP&P Africa BV, 2014; Molteno Family, n.d.; I. Mwangi, 2013).

about it with Dolleman. His personal enthusiasm for the project gave Dolleman even more confidence and he decided not to abandon the idea just yet.

In 2004, Dolleman approached Harry Wassenaar and Kasper Paardekooper – two Dutch wind power specialists who have been active in this sector since 1991 and 1999 respectively. Both were initially sceptical about the idea, but a casual trip to the site changed their minds. Wassenaar, a former neighbour of Dolleman in the Netherlands, is an independent entrepreneur in the wind energy industry and a co-owner and a board member of several wind energy projects (77 MW in total), while Paardekooper is an expert in energy legislation, involved in the development of approximately 35 wind projects in the Netherlands and a board member of both PAWEX (Association for Dutch wind turbine owners) and NWEA (Dutch Wind Energy Association). With the help of Henk Hutting, another Dutch veteran of wind power and Ed Schieke, an experienced and qualified Dutch electrical engineer, they confirmed the reliability of the wind flow in the Lake Turkana area. It was time to find and involve a project developer.

Anset Africa – a project management and development company led by Dolleman's friend Carlo Van Wageningen[242] was consequently asked to consider the idea of developing a wind farm on the site of Lake Turkana. It again took some time, as non-subsidised wind energy production in Kenya became competitive only after 2005 when global oil prices rose above £50 per barrel. Anset Africa started developing the project with Van Wageningen at the helm together with Christopher Staubo as the Anset Regional Representative and John Thiong'o Mwangi, a partner in Anset Africa Ltd and a well-known and well-connected businessman in Kenya with long experience in the steel pipe manufacturing industry. Consequently, the group of six "founding fathers" set up KP&P Africa B.V. in 2006, which further established the project company Lake Turkana Wind Power (LTWP) Ltd. and started the development of the Lake Turkana Wind Power project (KP&P Africa BV, 2014).

The first wind measurements started in April 2006 after KP&P received executive permission from the Ministry of Energy to study the wind resources in the area (SGS Climate Change Programme, 2011), followed by a letter of intent that was sent to the district office to lease the land. In October 2007, LTWP and the Council of Marsabit District signed a lease agreement (the first step towards procuring a title deed), which was followed up by a gazette notice setting the land apart in January 2008 through the Marsabit District Council. With no objections at that time, the Office of the President confirmed the allocation of land to LTWP in February 2008. Of the 150,000 acres, only 40,000 are for the actual project infrastructure while 110,000 acres is a buffer zone to allow the wind to reach the turbines and for a potential expansion of the wind farm (Muchui, 2014). The first wind mast was installed one kilometre south of Loiyangalani town, near Lake Turkana. A 90-metre-tall mast was measuring and recording wind speed every ten minutes at different heights of 43, 62, 81, and 83 metres above the ground (AfDB, 2011b). The results were sent for further analysis on a monthly basis. The experts taking the initial wind measurements on site – a German company DEWI – thought that there was a fault in their equipment because the winds were so strong and steady. After rebooting the system and still receiving the same wind readings, Dolleman received a phone call from DEWI informing him that he had found a "wind-mine".

The wind near the lake, however, was too strong to locate wind turbines. Hutting studied the topography of the area and conducted a number of flyovers in a small plane. He discovered that the wind that they are dealing with is a low-level jet as the wind was changing its direction beyond 1,500 m. By flagging GPS coordinates while in the air, supplemented by additional studies, he was able to identify a more optimal location for the wind farm. The location of the wind farm is unique. It is affected by two

[242] Carlo van Wageningen was born in Rome to a Dutch family. In 1988, he came to Kenya as a director for Africa of an Italian FATA European Group. In 1993, he set up his own business in the Kenyan manufacturing industry and continues to invest in Kenya to this day. Today, Van Wageningen's investments in Kenya vary from a major shareholding in a private bank (Chase Bank Kenya Ltd.), owner of a chemical indent company (Anset International), and shareholder of a project management and development company (Anset Africa Ltd.) (KP&P Africa BV, 2014).

opposing, low-level seasonal winds in East Africa: the Kaskazi and the Kuzi, which run for six months from north east to south west and for six months in a south east to north west direction. Split in one case by the mountains of Kilimanjaro and Kenya and in the other by the Ethiopian plateau, in both cases some of the wind is directed northwards, up the Turkana corridor, by the constant low pressure of the Sahara. Accelerated by the venturi effect of the hills to the north of Meru, the unidirectional wind to the south east of the lake averages 12 metres per second (Finnfund, 2014; O'Hanlon, 2015).

Since 2008, research into wind capacity, together with additional studies into existing grid infrastructure, has intensified. In this case, an Environmental and Social Impact Assessment (ESIA) study was conducted.[243] What was crucial at this stage for a private investor such as LTWP was a guarantee that, as an independent power producer, they would be able to sell the energy produced to the national power distributor – Kenya Power (KPLC) – at a pre-determined tariff for a given period of time, thus ensuring the viability and return of their investments. As described in the previous chapter, the necessary Feed-in-Tariff (FiT) policy was only proposed by the Ministry of Energy in a Position Paper in FY 2007/08 for electricity generated from renewable energy sources, including wind and further developed at the beginning of 2008 (Ministry of Energy, 2012). Nevertheless, at that point, the FiT was only applicable for wind power projects with a generation capacity of up to 50MW. Because the LTWP project generation capacity was 310 MW,[244] the FiT was not applicable and a tariff needed to be negotiated directly with KPLC (CDM, 2011).

In October 2009, official negotiations of a Purchasing Power Agreement (PPA) between LTWP and KPLC started. A PPA is a contract between the investor and the Government of Kenya (GoK) for the sale of generated power based on an agreed rate and on the condition that the investor delivers the energy metered in an agreed way at the point of production and at the point of entry to the grid. The LTWP was not part of the Least Cost Power Development Planning Committee (LCPDP) of 2009 at that point. Instead, the project was initiated as an unsolicited bid directly with the government of Kenya at a time when the government was actively promoting renewable energy, but before it had formulated the FiT policy and later the Public Private Partnership Act. Also, the Energy Regulatory Commission (ERC) was not involved at the time the project was initiated (Eberhard et al., 2016). The final negotiated rates, agreed in November 2009 – relatively quickly, within one month from the beginning of the talks – appear to be competitive with the present FiT wind tariff of $0,11/kWh[245] (Ministry of Energy, 2012). The remaining negotiations took an additional 24 months, not least because it was the first wind PPA in Kenya. One of the major problems that had to be solved while negotiating the PPA was related to the commissioning of the wind farm, which is significantly different from commissioning a 'traditional' plant where the amount of energy produced can easily be determined. In the case of a wind farm, each turbine constitutes a separate plant, so in terms of LTWP, 310MW is produced by 365 separate power plants. Commissioning of the wind farms is done differently and it is based on the theoretical power curve of a turbine. The power curve determines the amount of energy produced by a wind turbine at a given wind speed and, based on this reading, a decision is taken on whether it is commissioned or not. This global method of commissioning was initially very difficult for KPLC to accept. At this point, KPLC had to enhance their knowledge of wind energy global standards. Independent engineers were consequently contracted by LTWP to work for KPLC to train and advise them about global wind energy standards. This included study trips to Denmark, the Netherlands and Spain to show how they work in practice.

[243] The first ESIA was conducted by Prof. Francis M. Muthuri (Environmentalist), Ms. Pauline Ikumi (Socialist) and Mr. Frank Msafiri (Resource Assessment Expert and Botanist) and published in 2009 (LTWP, 2011b). The updated ESIA was published in 2011 (LTWP, 2011b).

[244] The installed capacity of 310 MW was necessary for LTWP to assure the financial viability of the project in such a remote location. The wind farm also had to be big enough to justify and capitalise on two major infrastructure investments, namely local roads and the transmission lines.

[245] Although, the load factor assumed for the LTWP is ±55%, which is significantly higher than that for the FiTs, which makes the comparison less accurate (Eberhard et al., 2016).

The 187-page PPA was finally signed in 2011. It contained a Take-or-Pay provision, meaning that KPLC is obliged to buy all energy produced by LTWP at an agreed fixed rate: up to 1,445,400 MWh/year for 7.52€ cent/KWh and 50% of this base tariff for energy exceeding this threshold. These calculations were based on the assumed load factor of 62%. What does it mean? A modern wind turbine produces electricity 80-98% of the time, but it generates different outputs depending on the wind speed. This contract therefore assumed that, for one year, the wind turbines would generate 62% of their theoretical maximum output for 50% of the time. Typically, an average global load factor of wind turbines is about 24% onshore (41% offshore), while conventional power stations reach 50-80% (Wind Europe, 2018). Meanwhile, the necessary Letters of No Objections from the National Environment and Management Authority (NEMA) were obtained for the project and the transmission line. In 2009, the route surveys started[246] and were carried out by SDV Transami and Civicon following approval of a road upgrade by the Ministry of Roads. In September 2010, a Letter of No Objection was issued by the Marsabit Council for the construction plans on site. KP&P now had to obtain the necessary equity to move forward (CDM, 2011; Eberhard et al., 2016).

5.4.3 Financial challenges

The project budget was estimated at €625 mln. In order to reach such financial viability, KP&P needed to bring more equity partners on board. Major global investors initially approached KP&P but were more interested in buying the project cheaply rather than investing the requested share. In 2009, LTWP brought on-board Aldwych International – a leading expert on the power industry in Africa.[247] Aldwych had no experience of establishing a wind farm but it did have experience in managing power generation plants[248] and delivering energy in Kenya based on a PPA. It was also a strategic move, as KP&P's consortium needed a 'known' strategic partner with a good reputation in the sector to increase its credibility with potential lenders. Furthermore, KP&P approached the Norwegian Investment Fund for Developing Countries Norfund, the Danish Investment Fund for Developing Countries (IFU) and the Danish wind turbine manufacturer Vestas. Vestas would not only deliver the necessary technology but would also be involved in the turbines' maintenance. Moreover, Vestas already had relations with the IFU. The Finnish Fund for Industrial Cooperation (FinnFund) was the last partner to join the consortium, mainly because of its link with the Scandinavian neighbours. Finally, a minority shareholder Sandipaper was added to the group.

KPA&A was the principle developer and Aldwych the co-developer. All equity partners developed and signed a Joint Development Agreement (JDA), in which they committed to buying a certain percentage of the project and to nominate a representative to sit in joint development meetings in order to keep up-to-date on various stages of the project development. The development costs were to be borne by all equity partners in accordance with the percentage of each parties' pledge on the equity.[249] Per JDA, as the initiator of the project, KP&P were given a 'free carry' on 18% of the shares. This means that as KP&P owns 26.5% of the company, they had to pay for equity shares only above 18%. The 18% of the 'free carry' was covered by other equity partners who thus paid a premium for becoming a part of the project. The right to the 'free carry' was performance based, however. KP&P had to guarantee all equity

[246] For the road upgrade and construction from Laisamis town to the project site. The existing road at that time was in a very poor condition and not suitable for transporting wind turbines.

[247] They later established Aldwych Turkana Limited, which in 2018 was owned by Anergi, an African power company established through the joint and Harith General Partners of South Africa (Nairobi Business Monthly, 2018).

[248] Another IPP: Rabai thermal plant (Eberhard et al., 2016)

[249] However, Aldwych and KP&P spend nearly $5.7 mln before bringing other equity partners, so they all agreed that for a period of time, the new equity partners would take on their portion of costs until they caught up to their initial spending of $5.7 mln. Once it was reached, it became *pari passu,* meaning that from that time on, all equity partners were sharing the costs of development.

partners 18% of IRR (internal rate of return) on the final financial model, otherwise the free carry would be brought down. The collected shareholder contribution constituted only 20% of the required funds. Therefore, LTWP was now obliged to approach lenders to secure the remaining amount in loans. Table 19 below summarises the final equity distribution between the consortium partners.

Table 19. Equity distribution between the LTWP consortium partners

Nature of financing	Institution	Country of origin	Financing provided (€ mln)	%
Equity	Aldwych Int.*	UK	37.7	30.2%
	KP&P BV Africa	Netherlands	33.0	26.5%
	Norwegian Investment Fund for Developing Countries (Norfund)	Norway	15.3	12.3%
	Finnish Fund for Industrial Cooperation Ltd (FinnFund)	Finland	15.3	12.3%
	Vestas Wind Power AS	Denmark	15.3	12.3%
	Danish Investment Fund for Developing Countries (IFU)	Denmark	7.7	6.1%
	Sandpiper Limited	Mauritius	0.3	0.2%
Total Equity			**124.6**	

* Through Aldwych Turkana Limited
Source: Own elaboration based on fieldwork data.

The main obstacle to overcome in order to secure the funding for a project of this size and that relates to a single customer – the government-owned KPLC, as well as a separate project providing the transmission lines necessary to evacuate power to the grid – was obtaining a partial risk guarantee from the lender. A partial risk guarantee (PRG) covers any potential political and economic risks of the project, which in the case of LTWP were substantial. As such a letter of credit in favour of the lender that mitigates such risks was hard to procure at that time, a more creative financial structure was needed to convince the lenders.

In terms of lenders, the newly formed consortium first engaged in talks with the World Bank (WB) in order to gain financial guarantees for the project. The official WB document states: "Following a Government of Kenya (GoK) request, the World Bank Group (WBG) intends to provide risk guarantees that will enable the realization of the Lake Turkana Wind Project (…)" (WB, 2011 :1). However, during the research interviews, the founding fathers stated that the collaboration with the World Bank was imposed on them by the Kenyan government. One said that the World Bank "used their political power to force themselves in [the project]". According to the interviewee, Joseph Kinyua – then Permanent Secretary in Treasury (in then the Ministry of Finance who was later the Chief of Staff of the President & Head of Public Service) called Van Wageningen with the information that the World Bank was offering to cover the Partial Risk Guarantee (PRG) for the project. Van Wageningen was sceptical as, firstly, the matter of the PRG had already been resolved between LTWP and the Government of Kenya, who initially agreed to provide it; secondly, he considered the WB an inefficient institution and not innovative enough to be involved in this project. Nevertheless, "the World Bank has a lot of power in the country", said the founding father, "over 50% of Kenyan international debt sits with IMF and WB, thus the Permanent Secretary could not refuse their offer". At that point though, there was no alternative to the WB for the PRG and so the investors reluctantly agreed.

The due diligence process conducted by the WB proved to be cumbersome, lengthy (22 months) and expensive (it cost LTWP $5mln). The investors were losing their patience and asked the Kenyan government to put some pressure on the WB to finally decide about their involvement in the project. In 2012, the World Bank officially withdrew its support for the project citing a number of concerns, in particular regarding energy demands, a delay in transmission line construction and the Kenyan grid's inability to absorb all the electricity produced by LTWP (Nairobi Business Monthly, 2018). The withdrawal of the WB was reportedly welcomed by the founding fathers, who claimed that the WB was intentionally stalling the process due to political reasons. They explained that, at that time, the World Bank was co-financing the development of transmission lines from Gibe III dam in Ethiopia[250] and two thermal plants (thus no-green-energy projects[251] in Thika (Thika Power, 87 MW) and Athi River (Triumph Power, 80 MW) (Kyendo, 2012; Odaro, 2012; The World Bank, 2012, 2015). Both thermal power plants have been operating as independent power producers (IPP) and are used to plugging the gaps in the country's energy demand. The thermal power plants operate on heavy fuel and have been used in Kenya as back-up energy providers for many years. In the last decade alone, the number of thermal plants operational as IPPs has tripled (see Chapter 5.3). It is a reliable but costly and non-environmentally friendly source of energy. Within all IPPs operational in 2017, thermal plants generated 75% of energy purchased from Kenyan IPPs, costing the country 13.7bln KES (55% of all costs paid to Kenyan IPPs, excluding fuel costs). Moreover, most of the additional fuel costs necessary to run such power plants are passed to the consumers (KPLC, 2017). The founding fathers also stated that the withdrawal of the WB was welcomed by the government. It was said that the solution suggested by the WB (to start with a 100 MW project and add capacity over the years) would cost Kenya an additional $580mln due to the increased FiT necessary to make the smaller wind farm financially viable. The final meeting between LTWP, the Government of Kenya and the WB took place in the presence of Prime Minster Odinga, who, after the official WB withdrawal, reassured LTWP of the GoK's full support for the project. There is no proof that the WB's involvement in the thermal plants projects and the transmission line construction in Ethiopia influenced their decision not to fund the LTWP. Nevertheless, a project like LTWP with its capacity to inject ±15% of new and cheap (green) energy into the grid could potentially threaten the established (expensive) thermal IPPs and the need to import power from Ethiopia, thus possibly diminishing the importance of some projects supported in the region by the World Bank.[252]

The same day that the WB pulled out of the deal, the African Development Bank (AfDB) stepped in, seeing an opportunity to 'compete' with the WB in providing Partial Risk Guarantees (PRG) in low-income countries.[253] Furthermore, AfDB had identified infrastructure as one of the main priorities for development of the African continent and tried to promote more private investments in this sector. As Kenya was slowly opening up to more private participation in the energy sector by adjusting its laws (see Chapter 5.3), AfDB saw an opportunity to support Kenyan efforts in this regard with the vision that it may lead the way for similar projects in the future. LTWP was a risky but also a very visible and viable project for the AfDB to support. The bank's experts confirmed the wind viability for energy production, the risk was more in meeting the logistical challenges and working in a remote area. In exchange for becoming the lead arranger, AfDB stepped in and through the Africa Development Fund deposited €20

[250] Gibe III dam is a controversial project that was said to threaten the livelihoods of the local population living in the southern part of the Omo River valley as well as the ecosystem of Lake Turkana. Part of the energy produced by the Gibe III dam was supposed to be sold to Kenya.
[251] A thermal power plant is a power station in which heat energy is converted to electric power through a steam turbine that is running on fossil fuels such as diesel, heavy fuel oil (HFO) or natural gas. Both Thika Power and Athi River plant are running on heavy fuel oil.
[252] WB was not reachable for an interview.
[253] Since 2004, the AfDB has provided PRGs for private investment in middle-income countries. With the introduction of the African Development Fund's Partial Risk Guarantees (ADF PRG) in 2011, the instrument was made available to ADF low-income countries (AfDB, 2013). It should also be pointed out that the a lot of the funds invested by the ADF are controlled by donor countries, with similar top donors as these of the WB (R. M. Nelson, 2015). A profound analysis of these relations goes, however, beyond the scope of this thesis.

million into an escrow account[254] of €90 million for the project. This was sufficient to secure the off-taker's PPA payment obligations for the first six months, once the project starts to generate power. Kenya's government has provided the other €70 million and issued a letter of support to cover political risk. The Partial Risk Guarantee played a pivotal role in the financial closure of this project. This is because it covered the delay risk for the construction of a 438-kilometre[255] publicly owned transmission line between substations needed to connect the project to the national grid (IRENA, 2016).

To mobilise the necessary finance took an additional two years. Among the lenders, there were the African Development Bank (AfDB) as the lead arranger, the European Investment Bank (EIB), Proparco, FMO, the Interact Climate Change Facility[256] (ICCF), PTA Bank[257] and Triodos. A part of AfDB and EIB loans were covered by the Denmark's Export Credit Agency (EKF) guarantee. For the EIB commercial bank loan, Standard Bank UK and Nedbank of South Africa were the co-arrangers for the commercial debt portion being offered through the EKF and provided bank guarantees of €50mln each. Moreover, German Investment and Development Corporation (DEG), PTA Bank, East African Development Bank, AfDB provided mezzanine finance.[258] Finally, the EU-Africa Infrastructure Trust Fund (EU-AITF) financial instrument was added in the form of a cumulative redeemable preference share, which is part of the share capital of the project company (OECD, 2016b). Table 20 below summarises the debt financing for LTWP.

[254] An escrow account is a temporary pass through account held by a third party (usually a law firm) during the process of a transaction between two parties. This is a temporary account as it operates until the completion of a transaction process, which is implemented after all the conditions between the buyer and the seller are settled (http://economictimes.indiatimes.com/definition/escrow-account).

[255] In the initial plans, the transmission line measured 428 km. After the line was completed, the measurement was adjusted to 438 km.

[256] The Interact Climate Change Facility (ICCF) finances renewable energy and energy efficiency projects in the private sector in developing countries and emerging economies. It is funded by the French Development Agency (AFD), the European Investment Bank (EIB) and several EDFI members, including the Belgian Investment Company for Developing Countries, the United Kingdom's Commonwealth Development Corporation, the Spanish Development Finance Company (COFIDES), Germany's German Investment and Development Corporation (DEG), the Finnish Fund for Industrial Cooperation, the Netherlands Development Finance Company (FMO), the Norwegian Investment Fund for Developing Countries, the Development Bank of Austria (OeEB), France's PROPARCO, the Swiss Investment Fund for Emerging Markets and Sweden's Swedfund (OECD, 2016b).

[257] A number of private banks were at that stage interested in investing in the wind farm. The consortium envisioned that a substantial component will be covered through commercial loans. Building on the interest, LTWP decided to organise an auction in London for lenders with a long list of their wishes. Offers from commercial banks that came closest to the wish list were further asked to join the consortium.

[258]Mezzanine financing is a hybrid of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in the company in case of default, after venture capital companies and other senior lenders are paid (http://www.investopedia.com/terms/m/mezzaninefinancing.asp#ixzz4vOzbcteY). In practice, it is about the sequence of money being spent by the investor. When an investor starts making payments for (in this case) a construction projects, first the equity money is used. In finance, although being a debt, Mezzanine financing is treated like equity on a company's balance sheet, thus it takes the same risk as equity and that means it is paid out first with equity. Once equity and mezzanine are exhausted, the payments are done using the loan.

Table 20. Debt and mezzanine distribution between the LTWP lenders

Nature of financing	Institution	Country of origin	Financing provided (€ mln)	%
Debt	Tranche A - AfDB Facility	Multilateral	115.0	28.4%
	Tranche B - AfDB ECA facility*	Multilateral	20.0	
	EIB senior Loan C**	EU	100.0	42.1%
	EIB Senior Loan A	EU	50.0	
	EIB Senior Loan B	EU	50.0	
	Tranche C - DFI Facilities			
	FMO	NL	35.0	7.4%
	Proparco	France	20.00	4.2%
	ICCF	EU	30.00	6.3%
	PTA Bank	Financial arm of COMESA	10.0	2.1%
	Triodos	NL	5.5	1.2%
	Mezzanine funding			
	German Investment and Development Corporation (DEG)	Germany	20.0	4.2%
	PTA Bank	Financial arm of COMESA	10.0	2.1%
	East-African Development Bank	EAC	5.0	1.1%
	AfDB	Multilateral	5.0	1.1%
	EIB EU-Africa Infrastructure Trust Fund (EU-AITF) Preference Shares***	EU	25	
Total Debt			**500.5**	

Notes: AfDB = African Development Bank, EU=European Union, EAC=East African Community, ICCF = Interact Climate Change Facility
* Covered by Denmark's Export Credit Agency (EKF) guarantee.
** Covered by an EKF guarantee. Standard Bank UK and Nedbank of South Africa are the co-arrangers for the commercial debt portion being offered through the EKF and provided bank guarantees of €50 mln each for the EIB commercial bank loan.
*** This financing is a preference share, therefore regarded as junior to other subordinated debt in the financial structure
Source: Own elaboration based on fieldwork data

It took a considerable amount of time to develop and reach financial closure for LTWP, which also required a lot of patience for many lenders. As one of the risks was related to logistic challenges and working in a remote area, lenders requested from KP&P to source a construction project management company who will guarantee the project timing. Contracting a company that would be willing to take such risk at that time would explode the budget. The developers wanted to take this task on themselves. In order to convince the lenders of being capable of doing it, they created an extremely detailed project planning with over 200 interphases over 32 months of the construction period and a detailed plan how to address them and create enough buffer between the interphases. Once the plan was done, the developers would hire the well-known Australian engineering company WorleyParsons Limited (WP, with its brunch in South Africa) to manage the interphase schedule. That meant that LTWP would have overall control of the project, while WP would act as project management contractor, reporting to the LTWP. That was an acceptable solution for the lenders and affordable option for the developers.

The preliminary loan agreement was signed in March 2014. This preliminary document came with many condition precedents (CPs) that needed to be addressed by the developers. In practice, the loan can be released only once all the CPs are closed. For LTWP, all CPs were completed in November 2014 and the final financial closure was reached in December 2014. Reaching financial closure was also a condition in JDA to release equity and transfer shares to the partners that was done through an escrow agent in early September 2014. That was done before closing all CPs, showing the determination but also the confidence of the investors and the partners. Normally, without the final loan agreement in place, the investors would not start any costs but in this case, the developers wanted to start the project as soon as possible. Therefore, they kick started some of the contracts already in October 2014 using the equity money. The priority was given to the road[259] and the housing units' construction. Once the loans were released, the consortium reimbursed themselves for paid costs and refilled the equity money.

The financial closure highlights the importance of guarantees to secure financing from particular lenders due to their risk profiles, as well as the importance of networks and involvement of certain actors. The involvement of Nedbank and Standard Bank was primarily driven by the PRG provided by AfDB for the risk of the transmission line not being completed. Moreover, the financial closure was a result of countless meetings, hours of negotiations and tenacity of two main people dealing with finances: Carlo van Wageningen and Rizwan Fazal, a Kenyan project finance manager with an in-depth knowledge and ample experience in African banking sector. The participation of the IFU was linked to the involvement of Vestas, a Danish wind turbine company, which was awarded the maintenance contract and is also providing equity to the project. Aldwych had already established working relations with FMO, IFU and Proparco during establishing the Rabai plant in Kenya, and Carlo van Wageningen had access to DEG as they are both major shareholders in the Chase Bank Kenya. Moreover, an agreement with KPLC that they would receive (part of) the carbon credit revenue in return for a higher guaranteed tariff enabled the project to offer an acceptable return to potential investors and make the project financially viable. (Aldwych, 2014; CDM, 2011; CEPA, 2015).

Reaching the financial closure on the project was a major accomplishment, considering that the initial people behind the idea, Dolleman and Van Wageningen, were not established wind experts. They were, however, able to convince and bring on-board people and companies considered the best in their respective fields. That was necessary for the consortium to build their credibility and provide comfort to the lenders. Almost ten years of project development amounted to 40,000 pages of documents and cost the founding fathers €27mln. All preparations paid off. The project was on time (even one week ahead of schedule) and on budget (with over expenditure of less than 1%). This is a major achievement for a project of this size, complexity and location. The founding fathers highlighted the level of details that they went into during the project development period, the importance of rigid contract designs with all contractors,[260] as well as the passion that all of the people involved shared – the passion and the desire to prove the project's disbelievers wrong.

5.4.4 Political challenges: The importance of the 'A-factor'

The founding fathers and people involved in the initial setting up of the project have over 30 years of experience of working on the continent and they are very familiar with how business is done in Kenya. The structure of doing business in Africa is different than it is in the developed world (Kgomoeswana, 2015; Leke, 2018; Leke et al., 2018; Van Beemen, 2019) and, according to Van Wageningen, this should be acknowledged by (potential) foreign investors. Africa is not transactional like the United States or Europe, rather it is "a relationship continent" (Leke, 2018). It is very important to be on the ground to

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[259] The Government of the Netherlands, through the African Development Bank (AfDB), has offered a grant of €10 million and the balance of €12.5 million was provided by LTWP from their investment budget (LTWP, 2013).

[260] All contracts were FIDIC Silver Book-based construction contracts. Such type of contract put LTWP in the position of control over the contractors and ultimately did not accepted any delays in payments.

understand the working environment and to be patient. It takes time to build trust and relationships, so people would sense that "you're there to help them [personally] as much as they're there to help you" (Leke, 2018). For a new foreign investor, it is important to have a trusted 'local guide' with enough experience and connections. Someone who can explain and help you to understand the local *savoir-faire*: knowing when you can raise your voice and when to keep quiet, as well as how to move around in the given context. In a country like Kenya, business and politics goes hand in hand and the environment is prone to corruption. Some scholars refer to this as 'crony capitalism' (Booth et al., 2014; Harvey, 2007), Van Wageningen called it 'the A-factor'.

According to Van Wageningen, 'the A-factor', is a profound understanding of the local context. It means acknowledging that you are dealing with corruption and a corrupt system. It means acknowledging that the laws are there but their enforcement is weak (unless they are to be used against you). It means acknowledging that, politically, things can change overnight and although you signed a contract with an institution, a shift in the ministerial position could mean that the new minister does not necessary recognise agreements signed by his/her predecessor. It means acknowledging that, as an outsider – if you don't follow the law and cut corners – you become vulnerable and eventually get yourself into trouble. And the learning curve is usually very expensive.

If the environment is prone to corruption, then the investor must know how to operate without being affected by this. It is not easy. It often takes longer to get things done, but people who have been working in this environment for a long time know how to navigate it. "If you drive on the same road every day, you know where the potholes are and find ways to avoid them", said Van Wageningen. For instance, try scheduling meetings only in formal places or, if you can't avoid an informal meeting, don't go alone. If you receive 'an indecent proposal', be intelligent and friendly about it. Empathise and try to understand the reason behind such behaviour instead of taking a patronising approach. It is possible to refuse paying a bribe but it should be explained in a credible way that does not offend the other person. If that happens, think strategically, anticipate next moves and consequences. Working with big institutions, like EIB or AfDB in such cases can be helpful for mitigating such political risks, also because people working for these institutions are often senior officials with high-level contacts in the country – something that is truly invaluable in Kenya.

Having a local network is the key in Kenya. An investor should devote considerable time to building relationships with relevant people. Initially, this is done with the help of 'local guides' and later through time and on a person-to-person basis, like putting in a "good word", helping to arrange an internship or a job for a relative or providing a reference letter for an international university application. In this way, and with time, you establish your network, build trust and create a *rapport* with people, which is a critical element of project development in Kenya. Is it inclusive? No, as everyone should have equal right to access in particular government officials, but at this stage it is the reality on the ground and it will take time and a serious commitment from the government's side to change it.

In the response to 'the A-Factor' on the institutional level, a potential investor should be persistent, patient and always follow the law, even if that means the project development taking more time. They must make sure that the negotiated contracts are solid and without any loose ends. Working with a very good law firm that is well aware of the local context is important. Finally, it is advisable to remain apolitical. By picking one political side, you become "married" to their political influence. If power shifts, your project may lose this support and very likely become obsolete. Looking at the LTWP, which went through three different governments, the political instability of 2007/2008 that was marked by political violence, a new Constitution and the country's devolution, one can say that the founding fathers did indeed embrace the 'A-factor' and knew exactly how to co-exist with it. Indeed, the example of the LTWP development is a perfect illustration of this 'A-factor'.

The crucial element in the successful closure of the LTWP financial agreement was, without doubt, the fact that LTWP had the support of the government of Kenya from the outset (Picture 1). In order to get the Kenyan government on board, the consortium had to, firstly, have enough connections to get access to it and, secondly, it had to prove their case, as at that point Kenya had practically no previous experience with wind power.[261] Another challenge at that time was that Kenya had only ±945MW installed energy capacity.[262] That made this a very risky venture for both sides: for LTWP having a single client was very risky and for the Government of Kenya it meant that a third of their energy production would be in foreign private hands. Consequently, the case became highly political.

The local networks built over the years by the founding fathers proved to a critical factor in the project's success. For example, at the start, Carlo van Wageningen was introduced to (then) Permanent Secretary of Energy Patrick Nyoike by a mutual friend who the latter respected very much. During this first meeting, Van Wageningen asked the Ministry of Energy for two letters: the first was a letter of intent from the government indicating a preliminary interest in buying the 310 MW from LTWP at a competitive price (if possible to generate it). The second letter asked for the exclusive rights to the area for three years in order to carry out feasibility studies. Out of respect to their mutual friend, Nyoike agreed to provide the letters despite his own scepticism about the feasibility of such an ambitious endeavour. Three years later, in 2008, LTWP came back to the Ministry of Energy with figures that were favourable. With evidence that LTWP could save €120mln each year in oil imports, earn ±€10mln a year from the carbon credits, contribute €22.7mln a year in taxes, reduce the dependence on unreliable hydropower and contribute to local economy development by bringing an additional ±18% energy to the grid, Nyoike was enthusiastic. Nyoike saw the potential benefits of such a pioneering project for the country (it will put Kenya on the world wind energy map) and the project area (so neglected to date) and consequently he changed his mind. In fact, he became a crucial supporter and liaison for the project within the government. An endorsement of the project by a person in his position, with his network and respect opened many doors for LTWP within the Kenyan government and it also generated a lot of internal and international 'good press' for the project.

Picture 1. The Chairman of Lake Turkana Wind Power Project Carlo Van Wageningen, Kenya Power CEO Ben Chumo, African Development Bank, Regional Director Gabriel Negatu, former PS Patrick Nyoike and Energy Principal Secretary Eng Joseph Njoroge exchange notes during the signing of the Financing Agreements for the Project at a Nairobi hotel.

Source: Photo by Andrew Kirui (http://kenyanewsagency.go.ke/en/turkana-wind-powerr-deal-sealed/ (6.11.17))

In October 2012, LTWP was endorsed by the Vision 2030 Delivery Board and LTWP became one of the so called "flagship projects" for achieving goals included in this blueprint for long-term development in Kenya. At the same time, LTWP became an important element in achieving the "5,000+ MW" programme as well as a part of the Least Cost Development Power Plan, as one of the least cost power generation options available in the country along with geothermal power and at even less cost than the feed-in-tariff for other wind projects. Consequently, completing the LTWP project became of strategic national importance. The Director General of the Kenya Vision 2030 Delivery Secretariat[263] at that time was Mugo Kibati – Massachusetts Institute of Technology (MIT) and Oxford educated Kenyan businessman. Prior to joining the government, Mr Kibati was Group Managing Director and Chief

[261] Except for a few wind turbines on the Ngong Hills near Nairobi.
[262] In 2007 (KPLC, 2007).
[263] Kenya Vision 2030 Delivery Secretariat was then under the direct responsibility of the Prime Minister Raila Odinga.

Executive Officer of East African Cables (2004-2008) and he is credited with key successes and regional expansion of the firm. His past experience includes marketing and engineering roles in the cement and petroleum sector as well as high-level board positions in the Federation of Kenya Employers, Kenya Association of Manufacturers and Kenya Private Sector Alliance. After leaving the Vision 2030 DG, he became a Group Chief Executive Officer of Pan Africa Insurance Holdings (now Sanlam Kenya), an insurance and investments company based in Kenya. He also sits on several corporate boards, such as M-KOPA (as chairman), I&M Bank and the Apollo Group. In 2014, Mr Kibati was appointed new Chairman of the LTWP board, following the financial closure and the resignation of the chairmanship of Carlo Van Wageningen.[264] Finally, President Uhuru Kenyatta has personally broken the ground for the construction of the Lake Turkana Wind Power project in July 2015 (Kenya Vision 2030, 2012; Kibati, n.d.; Kisero, 2009; LTWP, 2014b; M-KOPA Corporate, n.d.; Sambu, 2012).

5.4.5 Technical challenges

After the political challenges were addressed, the project experienced some technical challenges during the development phase. The first technical challenge was linked to the capacity of the national grid to absorb the new high amount of (intermittent[265]) power produced. The consortium had to lobby the government to invest in the grid upgrade. With the ambitious energy increase plans of the GoK, an improvement of the weak segments of the grid (especially some substations and old transmission lines) was necessary anyhow. With a project like LTWP in development, this process could, however, be accelerated. This work was skilfully done by a Dutch energy consulting company KEMA[266] contracted by LTWP.

Another problem on the technical side was a static synchronous compensator (STATCOM). Essentially, with wind being an uncontrollable resource and the nature of distributed wind induction generators, integrating a large-scale wind-farm into a power system poses challenges, particularly in a weak power system. STATCOM is a regulating device that adjusts the fluctuations of the power flow by adding static power to improve stability on power grids (Han et al., 2006). STATCOM would have been a big cost for LTWP and there was a 30% chance that it would not work, as Kenya was lacking static power. The biggest company in the world that designs and installs STATCOMs refused to take this risk. This decision left the founding fathers doubting whether the project could succeed for a brief time. The only other company that was capable of this task is a Chinese company RXPE. RXPE was working with a newer technology that had been already tested on two (larger than LTWP) wind farms in China. KEMA was asked to visit RXPE to assess the quality and suitability of their technology. Their opinion was positive and the project was back on track.

A major technical issue was linked to the construction of the transmission line. Initially, LTWP was granted a concession contract for the construction of new electric power transmission lines for the project. In 2008, in line with this assumption, LTWP commissioned Schicon to undertake a power integration and economics study and to evaluate the optimal routing of the transmission line. Six options were studied and the preferred option was a line from Suswa, northwest of Nairobi, to the Lake Turkana Wind Power site near Loiyangalani, via Naivasha, Gilgil, Nyahururu, Rumuruti, Maralal and Baragoi, a distance of 438 km (LTWP, 2011b). In the concession document, the GoK reserved a 'step-in right', meaning that at any time they could 'step-in' and take over the development of the T-Line from LTWP. During the negotiation process, LTWP agreed on the step-in right under one major condition: in case of the execution of this right, the GoK would take over the project in the state it was developed by LTWP

[264] After the financial closure, the board agreed that the Chairman should be an independent non-shareholder. They wanted someone who was Kenyan and ideally not political. After Kibati's episode in government, he decided to go back to the private sector and leave his political ambitions behind. In practice, with their institutional knowledge, Carlo Van Wageningen and Rizwan Fazan remain highly involved on the board.
[265] The wind power is intermittent.
[266] Meanwhile, KEMA was bought by a Norwegian company DNV GL.

at that date and that it would move forward with the previously agreed planning. The GoK agreed to this condition. As the take-over of the project by the government was a plausible scenario, LTWP decided to involve Kenyan officials in the development of the T-Line from the start. Strategically, they created a task-force managed by a representative of LTWP, comprised of a Senior Engineer from the Ministry of Energy, a Senior Engineer from Kenya Power (KPLC), a Senior Engineer from KETRACO and invited KPMG to be the watchdog ensuring compliance with the procedure and laws. It was also security for LTWP in a situation where the T-Line had to be transferred to GoK (to KETRACO more precisely). These parties were involved in the decision-making process from the outset and were not in a position to cancel the project or start over again, which would cause substantial delays.

The tender for the T-Line construction was released by LTWP. Of 38 proposals, 11 were shortlisted in the first of a two-stage process. In the meantime, the Government of Kenya managed to secure funding from the Spanish Government for the T-Line construction and, through KETRACO, decided to execute its step-in right. KETRACO highlighted the importance of the T-Line, as it was projected to evacuate power from the future power plants to be located in the geothermal fields along the Rift Valley and other wind farms in the Northern Kenya. Furthermore, the line would be important for Kenya’s plan for better regional integration into both the Eastern and Southern Africa Energy pool. Consequently, the transmission line development became an “associated” project, as the wind farm still depended on these lines to deliver the power produced to the national grid, yet it became a separate infrastructure project to the wind farm.

The takeover by the government was welcome, as the potential lenders to LTWP also expressed their preference for two separate projects as a way to spread the already high risks. LTWP handed over the chairing of the taskforce to the government but did not fully lose its oversight as they were invited to stay on board. By taking over the T-Line tender, KETRACO took on the entire risk related to the construction. Consequently, the Government of Kenya took on financial obligations towards LTWP in case of a delayed delivery of the T-Line. To ensure minimum delays, LTWP paid the lawyers to assist KETRACO in negotiating a FIDIC Silver Book-based construction contract[267] with the selected Spanish company - Isolux Corsan S.A. FIDIC Silver Book Engineering Procurement and Construction (EPC) contracts are used in complex engineering facilities, such as process or power plants, where a high degree of certainty related to cost, time and performance is required, often because of 'bankability' issues in funding the project. This type of contract bestows wider responsibilities on the contractor, which restricts the contractor in terms of time extensions or additional payment. The concept is that the Employer obtains a fully functioning facility, capable of operating immediately to guaranteed standards of performance, i.e. ready at the 'turn of a key' (Ilter, Alp, Akturk, & Yagci, 2014). Despite the rigid contract and the 10-month head start, the T-Line construction experienced severe delays. A lack of adequate legislation, a lengthy process of land acquisition along the line and a problem with the contractor were three main reasons behind the delay and ultimately caused a contract breach.

It took until 2014 for the Kenyan Parliament to pass clarifications to its Public Finance Management Act to allow commercial loans (ostensibly as part of government-to-government funding) to be paid to contractors directly. It was only in late summer 2014, therefore, that funding for Isolux Corsan S.A. was secured. Furthermore, the process of land acquisition for the T-Line was lengthy and prevented Isolux from starting their work. On one side, KETRACO has been accused of inefficiency due to its bad business model and poor internal structure. According to some interviewees, KETRACO staff were receiving high per diems for every day spent in the field. Such a structure does not encourage staff to finalize their fieldwork fast and efficiently, rather it encourages the opposite and results in delays. On the other side, landowners along the T-Line stalled the process by demanding extremely high compensation for their

[267] This is also the type of contract that LTWP used for their contractors.

land.[268] Closer to the site, too, there were cases of manyattas (nomadic semi-permanent huts) mushrooming overnight in the way of the T-Line, with owners hoping for compensation. This process exposed a serious problem in Kenya with respect to way leaves. A final blow came when Isolux encountered debt and liquidity challenges in early 2017, which ultimately led to the termination of the contract a few months later.[269]

As the wind farm was ready to use on 15 May 2017[270] but the transmission infrastructure was not in place, LTWP was entitled to financial compensation for the energy it was producing, amounting to ± €11,083 a month. The risk of delay to the transmission line construction was considerable and acknowledged during the development stage of the project. There were two mechanisms that were supposed to minimize this risk: a Partial Risk Guarantee facility provided by the African Development Bank and the introduction of a penalty called a 'deemed generated energy payment'. This meant that per PPA, GoK was committed to pay for the energy generated by the wind farm, despite the KPLC's inability to use this energy due to the lack of transmission lines.

After much deliberation and having accepted the delay (inherent to the 'A-factor'), the LTWP Board agreed to delay invoicing the government for the deemed energy and also not invoke the African Development Bank's PRG, as such a move would surely undermine confidence in the capacity of Africa to support similar large projects in the near future. LTWP had another suggestion. Initially, KETRACO predicted the completion of the T-Line for 31 May 2018, which equated to a full year of deemed generated energy (equivalent of approximately €133mln). During this year, LTWP was expected to pay back two instalments of their loan. The fact that the construction of the project was on time and on budget allowed LTWP to make use of their reserves to partly service the loans, although it was not enough. They requested the government to pay them the (then) €48 mln (out of €133 mln) that was necessary to service the loan and the operations, while the remaining €85 mln would be paid back over six years through a slight increase on the tariff. Consequently, both sides agreed that an additional sum of 0.8 on each eurocent per KWh would be added to the current tariff to recover this 'debt' for the next six years, after which the tariffs would return to the rates originally agreed on. The PPA was amended accordingly. This arrangement meant a delayed dividend for investors but LTWP could not delay this and payment of other costs beyond 31 May 2018. As of June 2018, they started to invoice GoK for the deemed generated energy on monthly basis.

The PPA contract stated that deemed generated energy can be claimed based on readings confirmed by the Supervisory Control and Data Acquisition (SCADA) system. SCADA is software that digitally confirms the wind reading data from the turbine. Such a reading can also be done, however, by either using the wind turbine theoretical curve or by using a simple anemometer (a device used for measuring wind speed) fitted to each wind turbine. Because of the lack of a transmission line, LTWP was not able to use a digital meter to check how much (deemed) power they were producing. Instead of using SCADA, they used readings from anemometers. Consequently, the Ministry of Energy and Petroleum, KETRACO and KPLC have all disputed LTWP's invoice on the basis that the wind farm did not provided a technical report showing the project's output as required in the power purchase agreement (PPA). The matter was debatable and open for legal interpretation. In order not to lose any more time, LTWP suggested a compromise: they would energise their internal grid (connecting all turbines with the substation to reach SCADA) for one month and then compare the SCADA readings with the anemometer readings. If they could prove that the anemometers are as accurate as SCADA, the government would accept to pay

[268] Some interviewees argued that the land was specifically acquired by some politically connected people with a view to selling it later to KETRACO at inflated prices. Others argue that some people from within KETRACO were colluding with the landowners also to inflate the price of land for future personal financial gain.

[269] The company subsequently filed for bankruptcy. KETRACO claimed that the Isolux's financial problems started only after they were awarded the Kenyan contract and were due to their rapid expansion in other countries. Based on the due diligence conducted at the time the contract was awarded, KETRACO could have not predicted Isolux's subsequent financial difficulties.

[270] After additional testing, the wind farm was fully ready for commercial operations in July 2017.

the costs of deemed generated energy based on such readings. This was a rather expensive and logistically complicated exercise for LTWP, as they had to bring 5MW of generators, provide fuel to use them for a month, as well as start up the turbines. Ultimately, LTWP proved that anemometer readings were no different from the SCADA readings and the Kenyan side reluctantly agreed to pay their invoices. Some people have argued that it was a way for the GoK to buy time to complete the transmission line without paying the compensation set out in the PPA.

Following the termination of a contract with Spanish Isolux in 2017, in February 2018, KETRACO awarded a KES 9.6 billion ($98 million) contract to a Chinese consortium consisting of the NARI Group Corporation and Power China Guizhou Engineering Company. The firms committed to paying a fine of KES 1.3 billion ($10 million) per month should they fail to meet the new agreed deadline: 31 August 2018 (ESI Africa, 2018). By that time, approximately 90% of all pylon foundations were ready, 60% of pylons were erected but not all had cables installed. Ultimately, the Chinese firms, working mostly with Chinese staff, achieved the agreed deadline (although it was debatable whether the T-Line was truly ready by the end of August or by the end of September). LTWP was able to start the plant operation tests and commissioning of the wind farm in late September 2018. The commissioning was done in a scheduled and modular way by adding ten turbines a day, gradually adding their power to the system. The full capacity was finally achieved in mid-January 2019. After positive plant commercial operational tests, the wind park was officially certified and in full commercial operation on 6 March 2019 (LTWP, 2019b).

5.4.6 Conclusions

This sub-chapter examined the process of establishing the Lake Turkana Wind Power project, the biggest wind farm in Africa. It aimed at investigating the financial, political and technical challenges confronted during the development phase of the Lake Turkana Wind Power project. The LTWP case study illustrates that it was the determination and resourcefulness of the international private investor that was a driving force for national policy and grid adjustments and upgrades in order to service and make their investment operational. Furthermore, it also confirms the argument posited by Hochstetler (2011), Newell et al. (2014), Geels (2014) and Scoones, Leach, & Newell (2015) that political factors and networks are important, if not the most crucial drivers of energy decision-making in developing countries – and certainly in the case of Kenya.

The role of the LTWP 'founding fathers' must not, therefore, be underestimated. It was their resourcefulness, excellent connections established through their earlier work in the country as well as their awareness of the national political dynamics (the so-called 'A-factor') that was the main ingredient for the project's success. Their strong relations with (some) key government officials and consequently official political endorsement were vital in ensuring that the project could run and that a suitable and sustainable power purchasing agreement was negotiated. The founding fathers see themselves as "serious investors fully aware of the local context" and highlight that the project was a good opportunity for the investors but also a good opportunity for Kenya. The investors should reach a return on their investment after 11 years of operations, while Kenya has been put on the map as the leading promoter of renewable energy production in Africa. In this case, Kenya can be considered "lucky" to some extent. Social ties and networks were "used" to promote renewable energy sources but, as the history of the energy sector in Kenya shows, similar tactics may be used to promote not-so-clean energy development in the country.

Finally, the founding fathers must be credited with the ability to attract excellent and passionate people. Everyone involved in the project shares a great enthusiasm and are proud to be a part of it. One of the key stakeholders interviewed said that if it were not for this particular mix of people, the wind farm would most likely never have become a reality.

5.5 Location of the project, history and local ethnic politics

The objective of this sub-chapter is to introduce and focus on the specific area where the LTWP project is located: the history of its marginalisation and a brief description of the complex local political and ethnic divisions. A profound knowledge and understanding of the national and local context and dynamics is critical for the private investor, as the case study of the LTWP has shown, and as will be clear from the subsequent chapters.

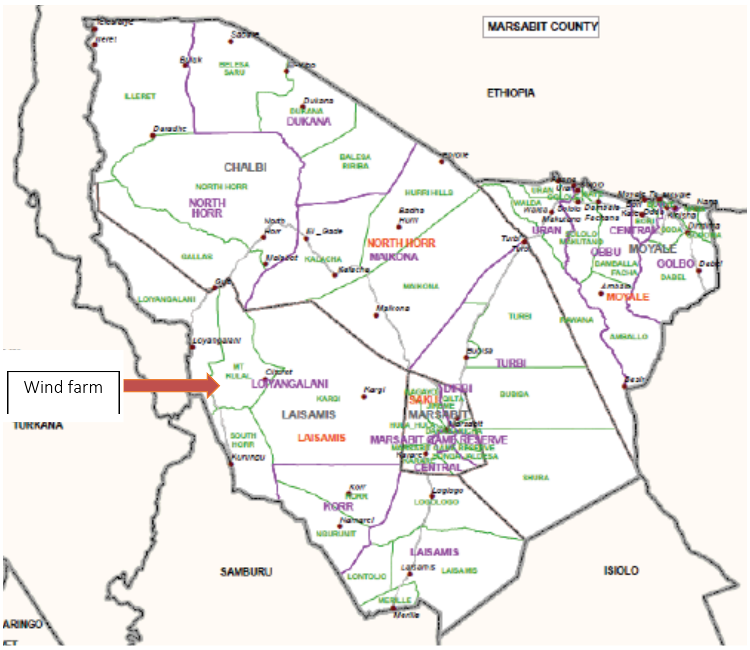
5.5.1 Location of the project

The wind project is located in Marsabit County (former Eastern Province), Laisamis Constituency, a ward of Loiyangalani, in the wider region called Sarima, near a village also called Sarima (Figure 27 and Figure 28). The location can be defined as pastoral margins (Catley, Lind, & Sconnes, 2016); one of the most remote, underdeveloped and poorest regions of Kenya composed of mostly arid and semi-arid lands. It is characterised by harsh climate conditions, widespread poverty, mistrust towards foreigners/outsiders and tribalism. About 80% of the population of the region are pastoralists and derive their livelihood from livestock-based industries. The area generally has low arable, agricultural potential and the people living there have long experienced economic and political marginalisation (African Union, 2010; LTWP, 2014a).

Figure 27. Location of the LTWP wind farm

Source: (Mutiga & Smith, 2015)

Figure 28. Administrative and political units of Marsabit County



Source: (County Government of Marsabit, 2013)

Marsabit County is the biggest County in Kenya (total land area of 70,961.2 sq km) and at the same time the least densely populated (County Government of Marsabit, 2013). Its total population is 364,249 in 2017 (Kenya Election Database, 2017a). Marsabit County is divided into four constituencies: Moyale; North Horr; Saku; and Laisamis (Table 21). Laisamis Constituency, where the Wind Project is located, is further divided into five wards: Loiyangalani; Kargi/South Horr; Korr/Ngurunit; Loglogo; and Laisamis (Kenya Election Database, 2017b). In 2017, its total population was estimated to be between 82,152 (Table 21) and 84,381 (Table 22).

Table 21. Laisamis constituency facts

Constituency	Area km2	Population 2009*	Population projected 2012	Population projected 2015	Population projected 2017
Moyale	9,370.7	103,799	112,726	123,708	129,853
North Horr	3,9248	75,196	81,662	89,619	94,07
Saku	2,052	46,502	50,501	55,421	58,174
Laisamis	20,290.5	65,669	71,317	78,264	82,152
Total		**291,166**	**316,206**	**347,012**	**364,249**

Source: (County Government of Marsabit, 2013, 2015; Kenya Election Database, 2017b; KNBS, 2015a)

*Census year

Table 22. Laisamis wards – summary

Ward	Population (2009)	Population (LTWP analysis*)	Area in m^2
Loiyangalani	16,358	16,868	4,202.50
Kargi/South Horr	9,753	9,753	7,528.00
Korr/Ngurunit	21,305	29,308	2,780.90
Loglogo	5,144	5,144	1,893.90
Laisamis	13,109	23,308	3,885.20
Total	**65,669**	**84,381**	**20,290.50**

Source: KE Election DB 2017, LTWP internal document

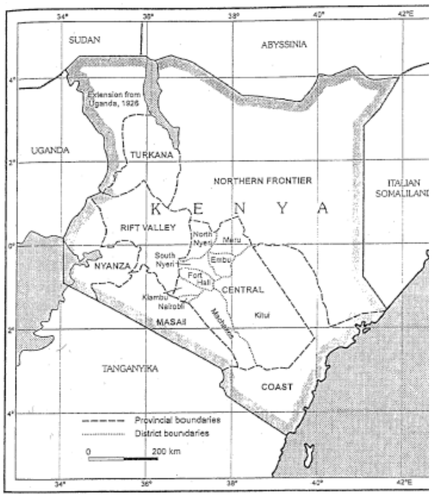
* LTWP internal population calculations based on the census and local knowledge. The number is higher than official predictions by KNBS (in Table 21).

5.5.2 *The short history of marginalisation*

The whole of Northern Kenya had been largely ignored during the early years of Kenya's colonisation by Great Britain and there are no sources reporting any permanent settlements in the region before 1909[271] (Brown, 1989; Witsenburg & Roba, 2004). Only after drawing a border with Ethiopia to stop Menelik's expansion further south, did the British decide to create the 'Northern Frontier District (NFD)' in 1909. This was an area of approx. 265,000 square kilometres that stretched roughly along a line from Lake Turkana (then Rudolph) in the west to the Tana River in the east and from Isiolo in the south to Moyale in the north (Figure 29) (Adam & Maende, 2009; Hogg, 1986). In reality, the NFD consisted of six Administrative Districts (Lewis, 1963) and in 1947 the colonial authority combined the NFD with Turkana District to form Northern Kenya (Figure 30). The southern border of the NFD marked the contrast between the fertile and arable land of the southern part of Kenya and its mostly arid and dry land of the north (Lewis, 1963).

[271] The arrival of the first European explorers, Count Teleki and Lieutenant von Höhnel, is estimated as 1888 (Brown, 1989).

Figure 29. Northern Frontier District of Kenya

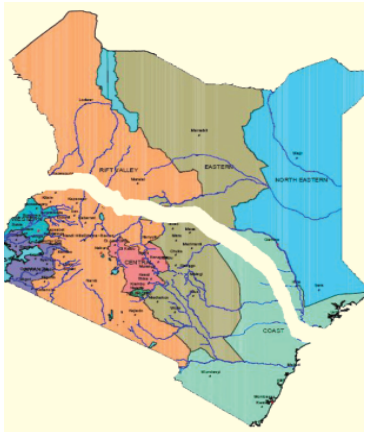


Source: (J. Hansen, 2015)

Figure 30. A map depicting administrative districts that constituted the Northern Frontier District and the Northern Kenya (after including the Turkana District).

Source: (Hogg, 1986)

Figure 31. A Map depicting Kenya divided into the North and the South as per provinces introduced in 1962.



Source: (Adam & Maende, 2009)

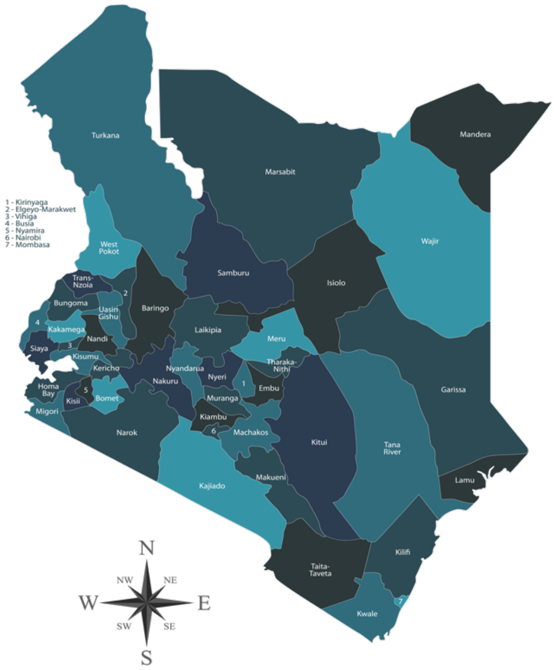
The NFD was supposed to act as a buffer between (Italy and) Ethiopia and the (British) 'high potential' land for farming in central Kenya (Adam & Maende, 2009; Carrier & Kochore, 2014; Elliott, 2016; J. Hansen, 2015; Kochore, 2016). The passing of the Outlying District Ordinance (1902), the Closed District Ordinance (1926) and the Special District Administration Act (1934) by the British restricted movements in, out and within the area; entry and exit to and from the region was only possible for bearers of a special pass. At the point of independence, Kenya was effectively divided in two - the North and the South (Figure 31) (Adam & Maende, 2009; Hogg, 1986; Whittaker, 2015b).

In 1962, the Eastern Province was created from parts of the colonial Northern Province, Central Province and Southern Province (Figure 32). It was the second most populous province (out of eight) and also the second largest in land area. After Kenya gained independence in December 1963, the status of the Eastern Province did not improve substantially. The northern part remained marginalised through laws and administrative practices. For instance, Tom Mboya, the Minister for Economic Planning and Development and the co-author of the "Sessional Paper No. 10 of 1965 on African socialism and its application to planning in Kenya" (GoK, 1965), divided Kenya into 'higher' potential areas – the Kenya Highlands – and 'wastelands' of little economic potential – among others, the dry lands of the former NFD – hence not worthy of serious investment. Consequently, the newly established Kenyan government continued to neglect the region in terms of resource allocation and infrastructural development (Adam & Maende, 2009; Kochore, 2016).

Figure 32. Kenya administrative division after 1962

Source: Adobe Stock

Figure 33. Administrative map of Kenya after 2010



Source: Adobe Stock

Administratively,[272] the Province was led by Provincial Commissioners (PCs) of Eastern Province (see Table 23 for the list of PCs between 1992-2019). The PCs were supported by District Commissioners (DCs), who ruled over districts, District Officers (DO) over divisions, Chiefs over locations and Assistant Chiefs over sub-locations. PCs, DCs and DOs were centrally appointed and hardly ever came from the District. Being appointed by the President made them 'agents' of the central government across the country. In return, they were expected to loyally serve and not question the decisions taken in Nairobi (Steeves, 2015) and implement decisions as instructed. As post-colonial Kenya was highly centralised, decisions regarding Districts were made either at provincial headquarters (Embu for the Eastern Province), or directly in Nairobi (Czuba, 2017). Eight provinces ceased to exist with promulgation of the new Constitution on 27 August 2010, which devolved the country into 47 Counties that roughly correspond to the 46 administrative districts that existed as of 1992, along with Nairobi County (D'Arcy & Cornell, 2016). Eastern Province was further devolved into eight counties – Marsabit, Isiolo, Meru, Tharaka-Nithi, Embu, Kitui, Machakos and Makueni (Figure 33) (GoK, 2010: 117 'First Schedule').

Table 23. List of Provincial Commissioners of Eastern Province since 1992

Years in the office	Provincial Commissioner's Name
1992- 1994	Antony Oyier
1994-1996	Zachary Ogongo
1996	Ishmael Chelang'a*
1996-1999	Nicholas Mberia
1999-2002	Philomenah Koech
2002-2006	John Nandasaba
2006	Patrick Osare**

[272] It should be kept in mind that traditional governance structures, such as Council of Elders, were also present in the area. Although not formalised from a legal point of view, it is a highly respected body on the local level that has a say on decisions taken at the community level. The Provincial (and later County) Administration typically recognise their role and collaborate with them (Muchena et al., 2009).

2006-2009	David Jakaiti
Since 2010 as Eastern Regional coordinator	
2009-2014	Claire Omolo
2014-2019	Wycliffe Ogallo
2019-now	Isaiah Nakoru

* Died in a helicopter crash in Marsabit in 1995.
** One of survivors of the plane crash in Marsabit in 2006.

Source: Aggregate data collected by the author from Kenyan newspapers and websites

Before devolution, a very weak 'local government structure' existed alongside the very strong Central Government presence and influence. After devolution, many more governance functions became the decision-making area of (elected) County politicians (Table 24), although national government kept jurisdiction over security, energy, education and health policy, as well as most of the taxes, including income and value-added tax. Practically all other government functions were devolved to the County level, including agriculture, health services, transport and infrastructure, trade development and regulation, planning and development, public works and services, disaster management and local governance among others (GoK, 2010: 122 'Fourth Schedule'). Importantly, the County governments also control public and community land rights (Steeves, 2015). Powers were fully transferred to County governments in August 2013. Consequently, the County level administration became a very attractive ground for politicians seeking a post and the new administrative structures offer an increased number of such possibilities (Table 25).

Table 24. Comparison of number of posts in national administration before and after the devolution

Unit	Administrator	No in 1992	Administrator / Unit	Comment	No in 2013
National	President	1	President		1
National	National Assembly	200	National Assembly	Elected MPs from constituencies	290
National			National Assembly	Elected Women Member to the National Assembly	47
National			National Assembly	Nominated representatives	12
National			Senate	Elected Senators from counties	47
Province	Provincial commissioner (PC)	8	Region	Nominated Regional Coordinators	8
District	District commissioner (DC)	47	County	Nominated County Commissioners	47
			County	Elected Governors	47
			County	Elected Members of County Assembly	1,450
Division	District officer (DO)	236			
Location	Chief	1,325			
Sublocation	Assistant chief	3,945			

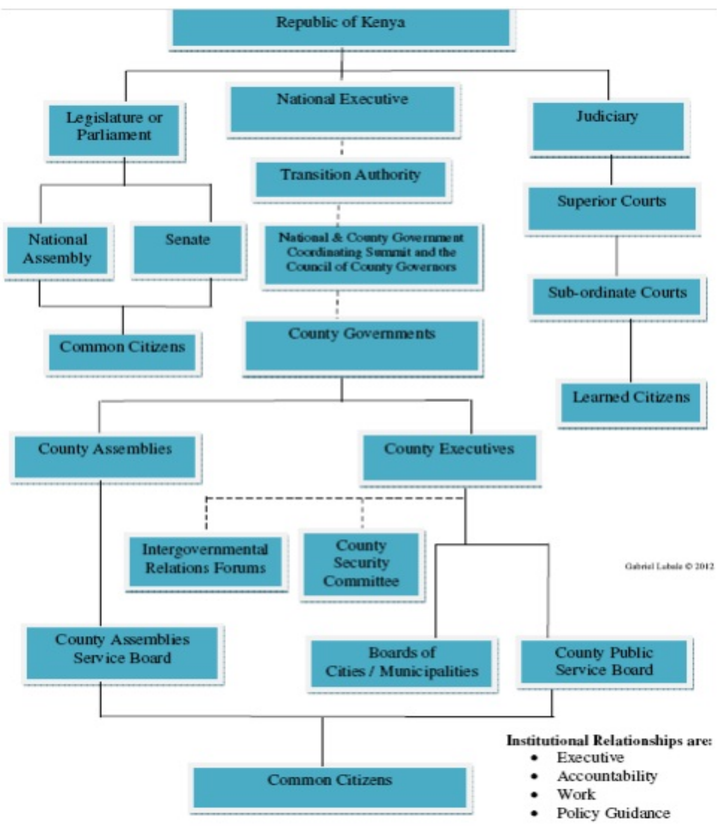
Source: (Hassan & Sheely, 2017; IEBC, 2013; Kivuva, 2011; Wafula, 2014)

Table 25. Number of elected posts in Eastern Province in 1997 vs. number of elected posts in devolved Eastern Province in 2013

	1997	2013							
	Eastern Province	Marsabit County	Isiolo County	Meru County	Tharaka-Nithi County	Embu County	Kitui County	Machakos County	Makueni County
Elected MPs	33	4	2	9	3	4	8	8	6
Elected County Women Representative to the National Assembly	-	1	1	1	1	1	1	1	1
Total Elected National Assembly	**33**	**52**							
Elected Senators	-	1	1	1	1	1	1	1	1
Elected Governors	-	1	1	1	1	1	1	1	1
Elected Members of County Assembly (Ward representatives)	-	20	10	45	15	20	41	40	30

Source: (Hassan & Sheely, 2017; IEBC, 2013; Kivuva, 2011; Wafula, 2014)

Figure 34. The Kenya County Governments Devolved Structure



Source: (Lubale, 2014)

New political positions at the County and national levels are either elected for a five-year term during general elections or are nominated by the central government (Figure 34). Among the elected positions, there are County Governors, County-based Senators, Members of Parliament (MPs, based on local constituencies; a few per County), and Members of the County Assembly (MCAs; based on wards) (Cheeseman, Lynch, & Willis, 2016; Czuba, 2017; Steeves, 2015). The governors serve as the political head of government and work with the local team consisting of a Deputy Governor and a Women Representative (Cheeseman et al., 2016; Czuba, 2017; Steeves, 2015). A governor is responsible for appointing the County Executive Council consisting of administrators at the ward and sub-county and village levels, managing the funds transferred from central to county governments and development planning.[273] The initial idea was that governors were supposed to be the technocrats who preferably have not been previously involved in politics, yet in practice the majority of the winning candidates (in 2013, and again in 2017) were previously involved in state jobs and have a track record of delivering patronage (Cheeseman et al., 2016; D'Arcy & Cornell, 2016). Senators represent the county in the Senate. The Senate, as created by the Kenya's 2010 Constitution, is a second chamber of the parliament that is designed to represent county interests and help craft bills affecting the counties. The Senate also has the power to impeach the President, Deputy President, Governor and Deputy Governors (Cheeseman et al., 2016). Members of Parliament (MPs) represent the constituency level of each county in the central government in Nairobi. MPs have responsibility for their constituencies, including control over the Constituency Development Fund (Steeves, 2015). Finally, the Members of the County Assembly (MCAs) operate at the county level and are the representatives elected from single member constituencies known as wards. Consequently, MCAs are seen as the representatives of "local people", even more so than MPs who are elected to represent a larger constituency (Cheeseman et al., 2016; Czuba, 2017; Steeves, 2015). With the introduction of the posts of County Governor, Senator and MCAs, the status of MPs has diminished (Steeves, 2015). Simultaneously, County Governors have become the real centre of power at the county level (Carrier & Kochore, 2014; Czuba, 2017; Steeves, 2015).

Among the centrally nominated posts, we distinguish the Regional Coordinators, County Commissioners and nominated members of the County Assembly. Regional Coordinators replaced the former Provincial Commissioners and from Nairobi, they are charged with the responsibility of coordinating selected clusters of counties (Leftie, 2015; Mutahi, 2018). County Commissioners replaced the former District Commissioners (DCs) and work together with Deputy County Commissioners, Assistant County Commissioners, Chiefs, and Assistant Chiefs (line public administration of the national government) in the order seniority. County Commissioners, also usually not locals, are the representatives of the President in the County and are responsible primarily for security but, in fact, they are in charge of all national government functions at the county level (see Table 26 for the list of Marsabit District and County Commissioners) (Leftie, 2015; Steeves, 2015; Wanzala, 2014). Some perceive the position of County Commissioners under the Office of the President as an attempt to undermine devolution by allowing the central government to retain its power at the county level (Mutahi, 2018). Hierarchically, the position of County Commissioner takes precedence over the Senator (Figure 34) but, to some extent, it is parallel to that of the Regional Coordinators and this inevitably causes tensions. It has been argued that the latter position should be abandoned as the County Commissioners are much more efficient at coordinating national government functions in the counties and do not need the coordinators, who are seen only "when the President visits the regions. Otherwise there is nothing substantial that they do" (Apollo, 2018).

Finally, at the County Assembly level, there are a number of nominated members to ensure that neither male, nor female members constitute more than two thirds of the assembly and an additional six nominated members represent marginalised groups (persons with disabilities, and the youth) (see Table 27 for the list of elected and nominated MCAs in the Laisamis Constituency) (Czuba, 2017; GoK, 2010; Lang'at, 2015; Ombati, 2013). The new administrative structure has introduced new political dynamics

[273] His agenda must be approved by the County Assembly (Cheeseman 2016).

into the country, but it also caused a number of tensions, especially in a complex and multi-ethnic environment, like Marsabit County.

Table 26. Marsabit District and County Commissioners

Marsabit District Commissioners				County Commissioner	
1994-1995	Paul Olando	2006-2007	Mutea Iringo	2012-2013	Isaiah Nakoru
1996-1997	Muli Malombe	2007-2008	Njenga Miiri	2013-2014	Christopher Kaima
1997-1998	Salim Ali	2008*-2009	Samuel Towett**	2014-2015	Peter Thuku
2000-2001	Joash Muyoma	2009-2010	Daniel O. Obolla***	2015-2016	Moffat Kangi
2003-2004	Joseph Otieno	2010-2011	Mburu Mwangi **	2016-2017	Magu Mutindika
2004-2005	KM Katee	2011-2012	Ruto Kipchumba^	2017-2018	Michael Mwangi Meru
2005-2006	Amos Gatheca			2018-now	Gilbert Kitiyo

* There was a period of 4 months without any DC in Marsabit.
** Acting DC for Marsabit North
*** DC Laisamis
^ DC for Marsabit Central
Source: Aggregate data collected by the author from Kenyan newspapers and websites

Table 27. Elected and nominated MCAs in the Laisamis Constituency

Ward	MCA 2017	MCA 2013
Loiyangalani/Mt. Kulal	Mark Napurdi Ekale (Turkana)	Mark Napurdi Ekale (Turkana)
Kargi/South Horr	Galgitele Assunta (Rendille)	Jitewa Issa Gambare (Rendille)
Korr/Ngurunit	Daud Tamagot Arakhole (Rendille)	Daud Tamagot Arakhole (Rendille)
Loglogo	Beranado Bata Leakono (Samburu)	Kochale Somo Jale (Rendille)
Laisamis	Daniel Ltinyilan Burcha (Rendille)	Mohamud Iltarakwa Kochale (Rendille)
Nominated (from Loiyangalani Ward)		Daniela Lenatiama (El Molo) Phabby Narumbe (Turkana)

Source: (GoK, 2017; IEBC, 2013; interviews)

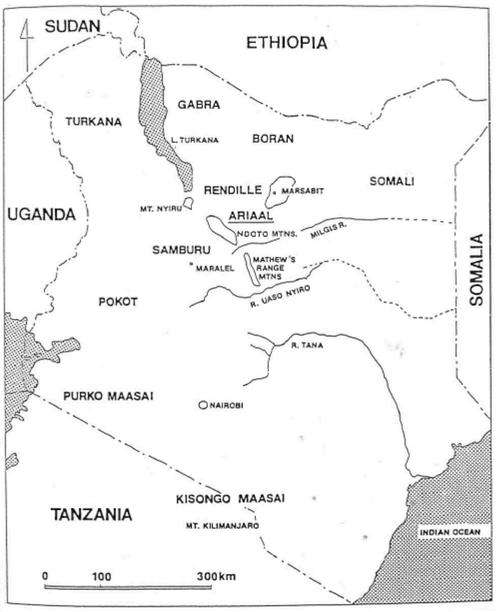
5.5.3 Ethnic composition of Marsabit County

Marsabit County has a diverse ethnical population composition, yet none of the local ethnic groups have an absolute majority. The area is known to be inhabited by pastoralists of different ethnic backgrounds, predominantly the Boran, Gabra, Rendille, Samburu, Somali and Turkana group (Figure 35). Each of these ethnic groups is made up of clans and sub-clans with different backgrounds (cf. Fratkin, 1994, 2001; Fratkin & Roth, 2004; Schlee, 1989; Spencer, 1973; Tablino, 1999, 2004). Initially nomadic, over time some of the groups succumbed to sedentarization around so-called famine-relief towns (Fratkin, 2001). The central and eastern part of Marsabit (including Marsabit Town), the "highlands", is predominantly inhabited by the Boran.[274] Long ago, the cattle-herding Boran came from Southern Ethiopia and are a part of the larger Oromo nation, which runs from central Ethiopia to the Tana river in south western Kenya. They speak an eastern Cushitic/Oromic language or Borana language, which is similar to the one used by the Gabras (Fratkin, 2001; J. Hansen, 2015; Witsenburg & Roba, 2004). The Burji, also a native group of Southern Ethiopia, is a minority ethnic group on the Marsabit Mountain that is considered the local elite. They are involved in trade, local businesses and farming, thus holding prime agricultural land on the mountain. They speak a Cushitic Burji language and use it among each other to

[274] It is also sometimes written as Borana or Booran (Witsenburg & Roba, 2004).

bargain for low animal prices on the livestock market (Carrier & Kochore, 2014; Witsenburg & Roba, 2004). The Marsabit "highlands" are also inhabited by a few Turkana and Somalis (Fratkin, 1994).

Figure 35. Some Pastoralist Groups in Kenya



Source: (Fratkin, 1994)

The lowlands of Marsabit District, the south western area closer to the LTWP project location, are inhabited by the Gabra, Rendille, Samburu and Turkana who are pastoralists relying on camels, cattle and small ruminants of sheep and goats. They live in either mobile manyattas or have partly settled in villages and their hamlets around water sources, such as Kargi, Korr, Illaut, Laisamis, Bubisa, or North-Horr among others. There is also an enclave of the smallest ethnic group in Kenya – the Elmolo – fisher folks around the shores of Lake Turkana (previously Lake Rudolf) who live near Loiyangalani town (Brown, 1989; Witsenburg & Roba, 2004). The Gabra[275] mostly live in the northern and north-western parts of the County. They speak a similar language as the Boran but their cloths, calendar, rituals and even some of their clan name resemble the Rendille and Somali (Schlee, 1989). The Gabra are also camel herders and have a similar age-grade system as the Rendille but the two groups have frequently been in conflict (J. Hansen, 2015; Schlee, 1989; Spencer, 1973; Tablino, 2004).

The Rendille live in the south-western part of Marsabit and have the "historical right" to the trust land where the LTWP is currently locate.[276] The Rendille appear to be of Somali origin, as their Cushitic/Hamitic language is closely linked to Somali (and the one used by the Gabras). The Rendille have very strong cultural ties and clearly defined identity boundaries. The ethnic group is made up of nine clans, who define themselves by camel herders and by participation in the 'Galgulame' ceremony - a ritual gathering that takes place every fourteen years and require co-operation of all the nine clans[277] (J. Hansen, 2015; Schlee, 1989; Spencer, 1973). Historically, the Rendille lived with their camels in large semi-nomadic settlements in the broad desert lowland below Mount Marsabit but following the droughts of 1968-73, many Rendille households settled near small trading towns and police posts in the district, including Laisamis, Loglogo and Marsabit town (Fratkin, 1998; Spencer, 1973). Those who settled in the highlands have engaged in arable agriculture but have experienced conflict and armed attacks from the Boran farmers. Those who stayed in the lowlands have faced attacks by the livestock-raiding neighbours Gabra and Turkana, and extensive raids by Somalis during the Shifta war[278] of late 1960s (Fratkin, 2001).

Rendille maintain close ties with the Samburu. The Samburu are cattle-keepers who have an ethnic relationship with the Nilo-Hamitic Maasai; they share a similar language (Maa), dress codes, traditional ceremonies and rituals (Brown, 1989; Spencer, 1973; Witsenburg & Roba, 2004). The majority of the Samburu live in Samburu County, south of Marsabit County but a small number also live in close alliance with the Rendille in the south-western section of Marsabit County (Spencer, 1973). The ethnic identities between these two groups are dynamic. As a result, many Rendille and Samburu are bilingual due to their close ties; they share resources, allow intermarriage and borrow from each other's traditions and social values. The blend of the Samburu and Rendille culture gave birth to 'the Ariaal', a pastoral group

[275] It is also sometimes written as Gabbra (Spencer, 1973; Witsenburg & Roba, 2004).
[276] About the debate regarding claims to this land and the changing interpretation of the local history, see Cormack & Kurewa (2016).
[277] The last 'Galgulame' ceremony was conducted on the LTWP concession site in 1953. The most recent such ceremony was conducted within Marsabit National Park, near crater Lake Paradise (Cormack & Kurewa, 2016).
[278] More on Shifta war can be found in, for example Whittaker (2015a).

keeping both camels and cattle who live south towards the Ndoto Mountains (Brown, 1989; Fratkin, 1994; Schlee, 1989; Spencer, 1973; Witsenburg & Roba, 2004).

Finally, the Turkana are a Nilotic ethnic group who originally came from South Sudan and Northeast Uganda and who settled in the arid land west of Lake Turkana. Although their original home is beyond the borders of Marsabit County they are an important group in the western part of the county. They initially came from the other side of the lake to assist the Rendille and some decided to stay. The archival records indicate that the Turkana were poor servants of the Rendille in the past (Cormack & Kurewa, 2016). They have been known as an aggressive group that frequently raids their neighbours, including Rendille (Brown, 1989; Tablino, 2004; Witsenburg & Roba, 2004). However, they also contributed to developing the county's infrastructure, as the British often employed Turkana labourers for heavy manual work, such as road-making, digging, construction, etc. (Witsenburg & Roba, 2004). Today, the Turkana are the dominant ethnic group in Loiyangalani Town[279] and inhabitants of Sarima Village, which is in close proximity to the LTWP wind farm. They also participate in local politics and secured two seats in the Marsabit County Assembly following the 2013 general elections and one during the 2017 election (Table 27).

5.5.4 Complex local political dynamics

There are two decisive factors behind a successful political campaign in Kenya: ethnicity and patronage[280] (Cheeseman et al., 2016; D'Arcy & Cornell, 2016). Consequently, election campaigns usually feature promises of local ethnic patronage and promotion of communal interests (Cheeseman et al., 2016). Furthermore, rent-seeking is one of the main motivations to venture into politics in the first place. The motivation for financial benefits and control over territory, resources, licenses and other properties linked to the elected office is so high that the candidates distribute gifts and money handouts during their rallies in a bid to win, or rather buy, the trust and support of local communities (Cheeseman et al., 2016; D'Arcy & Cornell, 2016). As a result, most local politicians, especially those aiming for the most powerful position of governor, come to power indebted both politically and financially. This subsequently incentivises the repayment of debts through corrupt means (Cheeseman et al., 2016; D'Arcy & Cornell, 2016) or to exploit ethnicity during their tenure thus dividing communities along ethnic lines and increasing personal benefits[281] (Cormack & Kurewa, 2016; Drew, 2018; Greiner, 2016).

Religion has played a political role to some extent. In Marsabit County, Islam and Christianity are the main 'introduced' religions but many pastoralists keep their traditional religions (or practice both at the same time) (Fratkin, 2001). Religious divisions often cross ethnic, clan and family boundaries but are rarely a source of tension. For the pastoral communities, livestock is considered as a cultural and religious asset, with animals being central in rituals and ceremonies (Witsenburg & Roba, 2004; cf. Tablino, 1999; Zaal, 1998). Nevertheless, in towns and villages churches and mosques can be found near to each other. The Bible Churchmen's Missionary Society (BCMS), the African Inland Church (AIC) and the Roman Catholic Mission (Consolata) were among the most important religious missions in the North of Kenya (J. Hansen, 2015; Witsenburg & Roba, 2004). Historically, such missions provided education and health services in the area and assisted the government with emergency relief distribution in case of droughts. BCMS missionaries were the only missionaries allowed to work in all of the Northern Frontier District. Starting in 1931, BCMS initiated the formation of the first Christian communities,

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[279] An acronym ELMOSARETU is often used to describe the ethnic groups that inhabit Loiyangalani. It stands for El Molo, Samburu, Rendille and Turkana. In addition, a few Meru and Somali people can be found in town where they run most of the businesses (Friends of Lake Turkana, 2011).

[280] Patronage is understood as a form of clientelism where public jobs and other public resources are traded in exchange for political support (D'Arcy & Cornell, 2016).

[281] This is even further intensified in the context of large local investments (Cormack & Kurewa, 2016; Drew, 2018; Greiner, 2016).

created the first primary school and medical facility but their overall contributions to the development of Marsabit and the NFD as a whole is considered limited. As of the 1960s, the Consolata and Africa Inland Mission joined the previously unreachable region.[282] Particularly, the case of AIM is interesting to mention. AIM was an interdenominational and evangelical faith mission founded in the United States and one of the earliest Protestant missions in East Africa. Their aim was the conversion of non-Christians but they also wanted to focus on educational and medical work. Consequently, their responses to pastoralists of Northern Kenya were characterized by pragmatism rather than evangelical ideology. In the late 1960s and 1970s, AIM missionaries in the region, relying on their technical expertise, became involved in resettling pastoralists and conserving grasslands and forests, as ad hoc responses to the famine camps that developed around mission stations. In this way, they supported the sedentarization among the pastoral groups and spread evangelisation through their medical and education work. The AIM missionaries, especially Paul and Betty Lou Teasdale,[283] expressed concerns about the effects of modernization on the pastoralist communities, which partly destroyed the local traditions, brought alcohol abuse and family neglect. They called for building a good moral backbone of this society to cushion the unintended effects of modernisation (J. Hansen, 2015). The missionaries continued their work in the region by building new roads, boreholes, schools, and health clinics and providing teachers and doctors throughout Marsabit District. Their role has increased with time as a result of the central government neglect of this politically declared "unproductive" area. Therefore, although not political per se, the missionaries can be considered an important stakeholder at the local level.

In the case of Marsabit County, political ethnic dynamics also have a long history. Saku and Moyale[284] are ethnically diverse but dominated by the Boran: both constituencies have always elected Boran MPs (for the full list of MPs in Marsabit constituency see Table 28) (Carrier & Kochore, 2014). Most of North Horr and Laisamis have been ethnically homogenous, populated predominantly by the Gabra and Rendille,[285] respectively, as reflected in their choice of MPs (Czuba, 2017). Until devolution, MPs were regarded as agents of the central government with very little sovereignty and power, as they had to obey the decisions taken by the centralized system. Nevertheless, with the absence of another administrative structure, the position of the MP was the best available option for any political influence and was a gateway to obtain otherwise unreachable resources (Czuba, 2017). In the case of Marsabit, the contest for parliamentary seats had mainly been between the Gabra and Boran (Table 28) (Carrier & Kochore, 2014; Czuba, 2017).

[282] From 1970 to 1980, many organisations cooperated in establishing settlement schemes in the area. They were mainly targeted on helping impoverished pastoralists and refugees from Ethiopia. In 1973, the National Council of Churches of Kenya (NCCK) started a settlement scheme on the Marsabit mountain for impoverished pastoralists from Laisamis in Songa, Nasikakwe (Karare) and Kituruni, where the AIC missionary Anderson was mainly involved in the practical implementation (cf. Witsenburg & Roba, 2004).
[283] Paul and Betty Lou Teasdale directed the AIC work around Marsabit since the mid-1960s (J. Hansen, 2015).
[284] Moyale was added to Marsabit County in 2010.
[285] Within Laisamis Constituency, the Rendille and Samburu are perceived to be the majority with the former believed to be slightly more in numbers, followed by Turkana, Boran and Gabra in that order (Muchena et al., 2009).

Table 28. Members of Parliament in Marsabit County (District)

Year	Marsabit South Constituency/Laisamis Constituency (since 1988)	Marsabit-Moyale Constituency		
1963	Elisha Daniel Godana (Burji)	Galgallo Godana (Gabra)		
		Marsabit North Constituency		**Moyale Constituency**
1966	Philip Kurungu (Rendille)	Galgallo Godana (Gabra)		Sora Ali Galgallo (Boran)
1969	Mohamed Kholkholle Adichareh (Rendille)	Alex Isako Umuro (Gabra)		Abajillo Osman Araru (Boran)
1974	Mohamed Kholkholle Adichareh (Rendille)	Elisha Daniel Godana (Burji)		Mohamed Osman Said (Barawani)
1979	Mohamed Kholkholle Adichareh (Rendille)	Alex Isako Umuro (Gabra)*		Guyo Halake Liban (Boran)
1983	Mohamed Kholkholle Adichareh (Rendille)	Abdikadir Yatani (Gabra)		Mohamed Malicha Galgallo (Boran)
		North Horr Constituency	**Saku Constituency[286]**	
1988	Samuel Ntontoi Bulyaar (Rendille)	Bonaya Adhi Godana (Gabra)	Jillo Jarso (J. J.) Falana (Boran)	Philip Galma Godana (Boran)
1992	Robert Iltaramatwa Kochalle (Rendille)	Bonaya Adhi Godana (Gabra)	Jillo Jarso (J.J.) Falana (Boran)	Mohamed Malicha Galgallo (Boran)
1997	Robert Iltaramatwa Kochalle (Rendille)	Bonaya Adhi Godana (Gabra)	Abdi Tari Sasura (Boran)	Guracha Boru Galgallo (Boran)
2002	Titus Ngoyoni** (Rendille)	Bonaya Adhi Godana** (Gabra)	Abdi Tari Sasura** (Boran)	Guracha Boru Galgallo** (Boran)
2007	Joseph Lamasolai Lekuton (Ariaal)	Francis Chachu Ganya (Gabra)	Hussein Sasura (Boran)	Mohammed Mahmud Ali^ (Boran)
2013	Joseph Lamasolai Lekuton (Ariaal)	Francis Chachu Ganya (Gabra)	Ali Rasso Dido (Boran)	Roba Sharu Duba (Boran)
2017	Marselino Malimo Arbelle (Rendille)	Francis Chachu Ganya (Gabra)	Ali Rasso Dido (Boran)	Qalicha Gufu Wario (Boran)

* Killed in 1982
**Died in the plane crash in Marsabit on April 2006
^ Known as Abshiro.
Source: Combined by (Czuba, 2017), updated from (GoK, 2017)

The relations between the Boran and Gabra have deteriorated, exacerbated by the so-called Turbi massacre in 2005.[287] The then Boran MPs Abdi Tari Sasura and Guracha Galgallo, and Gabra MP Bonaya Godana, traded accusations over who incited the violence. Moreover, MP Godana was seen as a supporter of a distinct Gabra political and cultural identity that was against the perceived Boran 'hegemony' (Carrier & Kochore, 2014). Devolution intensified ethnic rivalry in the county, as the Boran and Gabra had to compete with other ethnic groups (including minorities, such as the Burji) for the County's MPs but also other elective positions (Carrier & Kochore, 2014; Czuba, 2017).

After devolution, the specific ethnic composition of Marsabit's population "forced" local politicians in the county to form inter-ethnic alliances to challenge the Boran and Gabra dominance in county politics. In the 2013 elections, the Rendille-Gabra-Burjis created a political entity known as ReGaBu and won all key elected seats. The winning team consisted of Rendille Senator Abubakar Godana Hargura, Gabra Governor Ukur Yatani (former MP for North Horr), Burji Deputy Governor Omar Abdi Ali and Women

[286] Marsabit town, the biggest urban centre and the capital of the county, is located in Saku constituency.
[287] In 2005, bandits raided Turbi village killing about 95 people, 23 of whom were children (Carrier 2014).

Representative Nasra Ibrahim Ibren from a minority group Garre. It was a major blow for the Boran and led to a rivalry between the Gabra governor and one of the local MPs in 2014, which consequently led to an outbreak of violence and threats by the Deputy President to dissolve the county government (Carrier & Kochore, 2014; Cheeseman et al., 2016; Wanzala, 2014; cf. Carrier & Kochore, 2014; Czuba, 2017). The 2017 general elections reconfirmed the importance of the inter-ethnic alliance. This time the alliance consisted of the re-election of Rendille Senator Hargura and the new Burji Deputy Governor but brought the Boran back to the front seat of the local politics with Mohamud Mohamed Ali taking over the Governor's position (Table 29). Finally, in the Laisamis constituency, the Ariaal MP Joseph Lekuton who held the position the previous two terms was not re-elected. Lekuton, a Harvard educated teacher, has been recognised as a highly skilled politician but a close ally of Ukur Yatani, the first County Governor and was alienated from the popular Senator Hargura. Consequently, he was replaced by a new Rendille MP, Malimo Arbelle[288] (Czuba, 2017).

Table 29. Marsabit's Senators, and Governors and their teams

	Senator	Governor	Deputy Governor	Women Representative
2013	Abubakar Godana Hargura (Rendille)	Ukur Yatani (Gabra)	Omar Abdi Ali (Burji)	Nasra Ibrahim Ibren (Garre)
2017	Abubakar Godana Hargura (Rendille)	Mohamud Mohamed Ali (Boran)	Solomon Gubo Riwe, (Burji)	Safia Sheikh Adan- Buko (Boran)

Source: (Czuba, 2017; Mbaka, 2017)

5.5.5 LTWP and local politics

LTWP has always claimed to be apolitical project, yet being the biggest private investment in the country and a flagship project of Kenya Vision 2030 gave it a lot of visibility. From the start, LTWP has had a strong support from the central government (see Chapter 5.4) and locally, it had the backing of the AIC mission. Furthermore, its prominence and scale provided a perfect opportunity for the local politicians to use it for their political and personal benefit. The local MPs have been (indirectly) lobbying in the National Parliament in favour of LTWP since 2004. Firstly, the North Horr MP Bonaya Adhi Godana tried to convince the chamber to invest further in renewable energy sources in the region, including wind (Hansard, 2004), as did the MP for Laisamis Joseph Lekuton in 2009 (Hansard, 2009). At that time though, MPs had to follow the directives of the central government.

Locally, Senator Hargura has been in the project's opposition, while both MP Lekuton and Governor Yatani have been known to be supporters of the project (PSCU, 2015). It was alleged they both personally profited from the LTWP 'land deal' (Czuba, 2017). Officially, LTWP and the County Council of

[288] Ukur Yatani, after losing the Governor's seat in the 2017 elections, received a Presidential nomination for the post of Labour Cabinet Secretary in January 2018. During the election campaign, President Kenyatta promised a position in the national government to a defeated Governor of Marsabit County to reduce the ethnic tensions that escalated during the governors' campaigns (Czuba, 2017). This nomination was opposed by the leadership of Marsabit County (a group that can be considered a fraction supporting new Boran Governor Mohamed Ali). A petition highlighted the involvement of Yatani in misallocation of public funds and pictured him as morally unfit for such a high post (Marsabit Times, 2018; Nation Team, 2018; Oruta, 2018). Yatani was indeed investigated by the national Ethics and Anti-Corruption Commission in 2015 (and Czuba [2017]) reports on Yatani's ethnic favouritisms towards the Gabras and general dissatisfaction with his performance as the governor among his ReGaBu allies). Consequently, Rendille and Burji decided to team up with the Boran in the 2017 elections and Yatani lost the governor's seat (Czuba, 2017). Yatani in his reaction to the petition against his nomination as Labour Cabinet Secretary accused his rival Mohamud Ali of political provocation (Marsabit Times, 2018). The petition did not have an effect and the nomination of Yatani as a Cabinet Secretary by the President was vetted and appointed by the National Assembly (Nation Team, 2018).

Marsabit (then a District) signed a land lease agreement for 150,000 acres[289] in October 2007. It was the first step towards procuring a title deed, which was followed up by a Gazette Notice of setting the land apart in January 2008 through the Marsabit County Council (Kenya Gazette, 2008). With meeting no objections at that time, the Office of the President confirmed the allocation of land to LTWP in February 2008 (LTWP, 2011b). When in 2014, the construction activities intensified, so did the tensions between rivalry pastoralist groups over the leased land[290] and potential for rent-seeking, which led to both cultural and political conflict (Cormack & Kurewa, 2016; Drew, 2018). The Turkana, Samburu and Rendille all claimed to have rights to the leased land and more importantly – to the benefits that the project will bring.[291] The Turkana claim the right to land based on rights through occupation (as they have been living in the area for over 50 years). The Rendille claimed their benefits based on ancestral rights and the fact that their camel corridor is passing through the area. Moreover, the shores of Lake Turkana have been used by the Rendille for their cultural practices (particularly for the age-set ceremony of 'galgulame'). Finally, the Samburu claimed the rights to land based on their ancestral rights and occupation, with particular ties to one of the clans who have a strong association with water points in Sarima (Cormack & Kurewa, 2016; Drew, 2018). Some members of the local communities claimed not to be properly consulted in the process back in 2007 and consequently they have never received appropriate compensation for the land leased to LTWP by the central government (who then had the power over District land under Trust Land laws) (Danwatch, 2016; Vos, 2015). Lekuton's involvement and support of the LTWP project, as well as his alleged personal benefits from a number of County government contracts distributed under the supervision of his alley Yatani, damaged his relationship with his constituency and consequently, he lost the MP seat in the 2017 elections (Czuba, 2017; GoK, 2017). According to some interviewees, the newly elected MP for Laisamis did privately benefit from the LTWP presence through a contract with Civicon that hired his earth moving equipment during the road construction. He therefore can be viewed as a project supporter for the time being, yet time will show his position in the long-term.

Another example of using LTWP to obtain political advantages by the local politicians follows up on the land acquisition case. In October 2014, residents from Laisamis Constituency and Karare Ward (Saku Constituency) filed a lawsuit against LTWP for illegal land acquisition. LTWP denied the allegation and claimed that the land lease was obtained through a due legal process[292] and they held numerous local consultations and stakeholder meetings since April 2006.[293] The project has received assurances of

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[289] The entire concession area leased from Marsabit County to the LTWP consortium for a term of 33 years with an option to extend twice up to 99 years is 150,000 acres. However, the actual project site required for the wind power project covers a total of 40,000 acres (162 km²). 99.8% of this area is currently being used as a funnel in which the wind streams accelerate to high speeds. LTWP's permanent structures, which include 365 wind turbines, a substation and workers' accommodation, occupy less than 87.5 acres (3.5 km²). Two of these structures are fenced and have a restricted access: the substation (for health and safety purposes), and the workers' accommodation (for security reasons). The rest of the land is open to the public and continues to be used by the local population for settlement, grazing of livestock, and access to water points (LTWP, 2019a).

[290] The area is also known to be Gatab, - a site of frequent clashes between the rivalling pastoralist groups, especially between Boran and Samburu cattle herders (J. Hansen, 2015).

[291] The tensions between the groups led to a violent attack on Sarima village in May 2015 by Samburu men, and subsequent retaliatory attacks by Turkana on Rendille/Samuru that caused one more retaliation of the latter group. Framed as livestock raid and a revenge to killing of a (Samburu) woman, Drew (2018) argues that the attack was politically motivated and sponsored, as no livestock were stolen. He argues that the attack was "incited by leaders (…) in order to exclusively claim land and Wind Power benefits." (Drew, 2018: 35 of chapter 7).

[292] It must be considered that between the granting of the project site and its financial closure, Kenya underwent two major changes to its laws affecting land rights: In 2009, a National Land Policy was approved by parliament. The following year, land policy was embedded in a new constitution; and in in April 2012: new Land Act, the Land Registration Act and the National Land Commission Act was agreed on (Manji, 2015).

[293] According to CDM (2011), the first official consultation took place on 26 May 2007 in a meeting with community Elders at Loiyangalani town but the minutes of the meeting are not available. The first available minutes are from

support from all the local communities surrounding the project site (CDM, 2011; LTWP, 2016c). The lawsuit can be considered political, as the plaintiffs are MCAs from Laisamis, Kargi/South Horr, Loglogo and Korr/Ngurnit,[294] villages that are not in the close proximity of the project site, nor directly affected by the project. It can be therefore argued that the local politicians behind the court case wanted to use the lawsuit to gain political support ahead of 2017 elections and hopefully gain financially in case any financial compensation would be enforced. The case still rests with the High Court of Kenya in Meru[295] (Abdi & Mutembei, 2014; Aboo, 2015; Critical Resource, 2016; Daily Nation, 2015; Danwatch, 2016; Muchui, 2014; Sena, 2015). Looking at the composition of the County Assembly after the 2017 elections, one can argue that the lawsuit had the adverse political consequences for the MCAs involved. Three out of four implicated MCAs were not re-elected in 2017. While the MCA for Loiyangalani/Mt.Kulal, who has been a supporter of the project, did gain a place for his second term. With the exception of Senator Hargura, such situation may allude towards local communities' support of LTWP as they appear to vote for local politicians who are rather in favour of this big investment.

Finally, the role of LTWP Community Liaison Officers (CLOs) became somewhat political as well. CLOs are people recruited locally who speak the local languages and are knowledgeable on the local ethnic dynamics.[296] CLOs are employed by LTWP (and subcontractors) and as a result, they are seen as representatives of the company's interest. However, there were cases when some CLOs were not very loyal towards their employer and cases of CLOs dividing and inciting the communities to claim more financial benefits from LTWP were reported.[297] Furthermore, some CLOs reportedly used their position for personal benefit. The position was "used" mostly to build political power, and support, but cases of theft of community money have also been registered. Consequently, many CLOs who have been working for the project throughout the process have been laid off, thus rotations on the positions were common.

5.5.6 Concluding remarks

Despite ongoing efforts, LTWP could not escape the claims of being political in the highly sensitive and ethnical context of Marsabit County. High visibility and scale of the project became a sudden opportunity for complicated and competitive local politics that continued being motivated by personal rent-seeking behaviour and ethnic patronage. Balancing these dynamics is undoubtedly not an easy

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a meeting that took place on 15 November 2007 on the Environmental and Social Impact Assessment (ESIA) Study of the wind farm (LTWP, 2011b). According to an LTWP internal document, 137 official meetings with stakeholders in the area took place between November 2007 and June 2016 (and a number of informal meetings since 2005 that have not been captured in the official file). In addition, the company has been engaging with local stakeholders through a number of informal consultations either on site or during frequent visits of the LTWP team or via their dedicated Community Liaison Officers (CLOs) (CDM, 2011; LTWP, 2016c). During the fieldwork, a number of respondents confirmed that the consultations were taking place since 2006, yet it was highlighted that it could have still not be enough. In addition, as majority of the local pastoralists are nomads, it is possible that they were not present in the area during the official meetings. Furthermore, Drew (2018) points out that the initial consultation took place with only selected committees of elders who were more inclined to lease the land to the company than the wider community that they supposedly represent.

[294] The remaining two plaintiffs are a teacher from Mount Kulal who currently lives in Nanyuki and a former politician from Korr who lives in Nairobi (GoK, 2014b).

[295] LTWP did try to mediate with the plaintiffs but was unsuccessful, so the case is again in full trial. In the meantime, though, one of the plaintiffs pulled out of the lawsuit after the 2017 elections (Fieldwork).

[296] There have been 3 CLOs for the LTWP and 1 CLO for each of the seven contractors engaged in the construction of the wind farm. Particularly one of the LTWP CLO has been with the project since the wind measurements started back in 2006. Another key person on the ground has been the former LTWP Chief Operations Officer (COO). Together they have been playing a key role in addressing communities and managing the arising tensions.

[297] Similar problems with CLOs was reported by Lind (2018) in case of Tullow Oil in Turkana County, on the other side of the lake.

task, as nobody in the area can be considered truly 'neutral' or objective to the merits of having the project there. It also means that pragmatically, the company has to side with those in favour of the project if they want to move forward and hope these people will be paid and “cared for” enough to keep the community sufficiently calm in the interim. It is a truly complex situation as both sides are trying to push their own, often political, agenda. These political dynamics can have major ramifications for the existence and successful operations of the project, and thus had to be taken into consideration in analysing the local impact of the project.

5.7 Local impact of the Lake Turkana Wind Power project: The company view

This sub-chapter will examine the contribution of the LTWP to the local (inclusive) development by assessing the impact of local employment creation, road construction and impact on the society (through the WoC foundation activities) based on the company's official records. It should be noted that the project is operating in the context of pastoral margins – the most remote, underdeveloped and poorest region of Kenya with a predominantly pastoralist population who have long experienced economic and political marginalisation (African Union, 2010; LTWP, 2014a). The attempt is made to address potential trade-offs that had to be made on the community level during the process of project development and implementation in order to reach inclusive outcomes and promote renewable energy investment in Kenya.

5.7.1 Infrastructure update

Figure 36. The landscape at the project site

Source: Photo by A. Kazimierczuk

The arrival of LTWP to this remote part of Kenya brought many changes. The 'founding fathers'[298] of the project often refer to the area as "moon-like". In their interviews we hear that "There was nothing there", "…just stones".[299] Indeed, the region is arid and sparsely populated. The desert-like area is mainly covered with rocks and sand, with only a few acacias, sporadic desert rose and some thorny bushes interrupting the arid landscape (Figure 36). For this previously untouched area, the major change has been the developed and upgraded infrastructure. In order to make the project functional, everything had to be built from scratch: the wind farm, 150 housing units for the staff (called "The Village"), administration offices, a fully equipped turbine maintenance workshop, the substation to connect the wind farm with the national grid, 438-km of high voltage transmission lines, and finally the construction and upgrade of the road from the A2 highway at Laisamis to the project site (O'Hanlon, 2015). The changes in the landscape can be seen on the satellite images of the area between 2010 and 2017 below (Picture 2 and Picture 3). The upgraded road, "The Village", substation and some of the wind turbines' rows are clearly visible from the air on the Picture 3. Both pictures illustrate the scale and level of interference in the natural landscape of the project.

[298] Willem Dolleman, Carlo Van Wageningen, Christopher Staubo, Harry Wassenaar, Kasper Paardekooper and John Thiong'o Mwangi are referring to each other as the 'founding fathers' of the project (KP&P Africa BV, 2014). For more information about the 'founding fathers' and LTWP initial developments see Chapter 5.4.

[299] See for example COP19: Carlo Van Wageningen, Chairman, Lake Turkana, https://www.youtube.com/watch?v=yOoTLs4fAUI

Picture 2. LTWP area, 2010

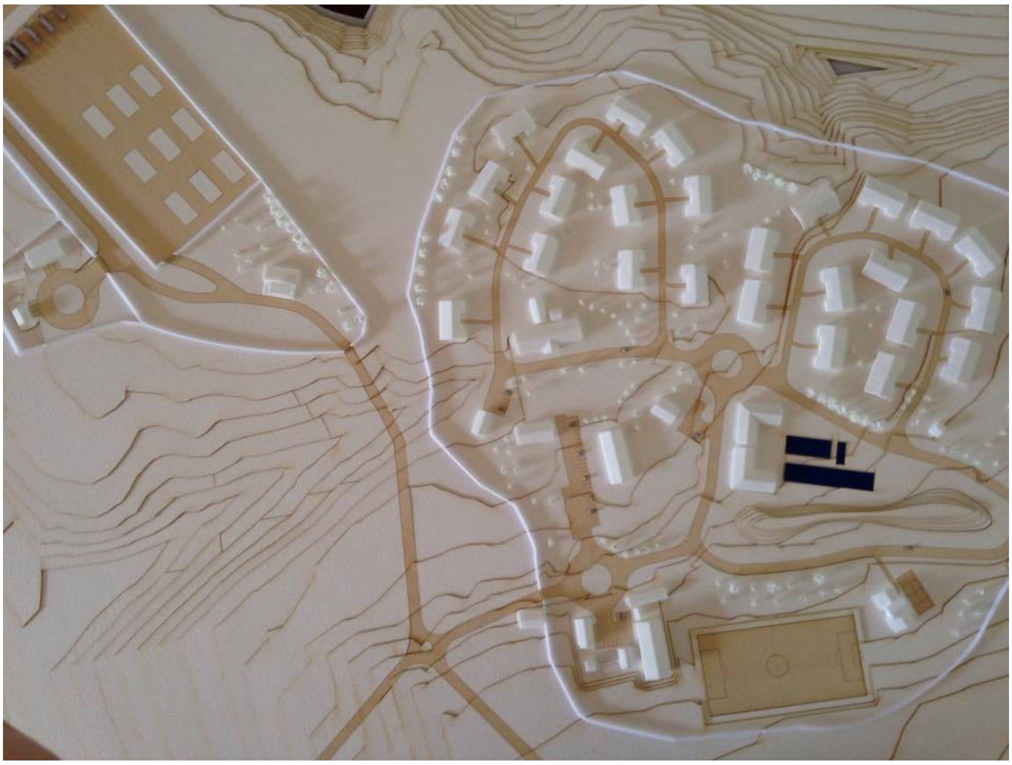
Source: Google Earth 2019

Picture 3. LTWP area 2017

Source: Google Earth 2019

"The Village" is the permanent camp that was built from scratch to house the staff for the duration of the project (see Pictures). It is expected that the project will have a long-term presence in the area (20 years according to the Power Purchase Agreement), thus 150 housing units were complemented with administration offices and a fully equipped turbine maintenance workshop.[300] "The Village" has already become 'a local legend', as an oasis of modern lifestyle and comfort constructed in the middle of the desert. Indeed, the camp constructed by SECO is noteworthy. It is a fully self-sustaining camp. There is a canteen that serves three meals a day, a water purification station, a little shop, clinic, recreation area, incineration plant, waste water system, petrol station, IT unit, a small vegetable garden and necessary office units. The air-conditioned houses are fully equipped with comfortable beds, TVs, showers with running water, toilets, mini-fridges and high-speed internet is available in the entire camp.[301] A large 6 mln-litre water tank is located on the hill above the camp and is supplying "The Village" with the necessary water under excellent pressure. Employees can enjoy a bar, swimming pool (which in practice is a fire emergency water tank), squash and tennis courts, gym and a football pitch. In September 2016, the camp was still running on four generators but has since been connected to the substation and is powered by the plant.

Picture 4. A model of "The Village" and maintenance workshop



Source: Cocoon studio (ND)

[300] With the 62% load factor and working in a particularly dusty and remote area, the turbines will have to be maintained frequently and locally.

[301] Despite providing a very high standard of living conditions within "The Village" (especially realising that it was constructed in the middle of a desert), the management of the camp received a number of complaints from the (vastly international) workers. Slow Wi-Fi, weak TV reception and monotone menu in the canteen were among the most common complaints.

Picture 5. The Village under construction, approx. March 2015

Source: Kenyan Facts

Picture 6. Bird's-eye view of the completed Village

Source: Photo by A. Kazimierczuk 2016

The second major infrastructure investment was the construction of 438 kms of high voltage transmission line that also carries communication data.[302] The Spanish government supported the Kenyan government and Kenya Electricity Transmission Company (KETRACO) to fund its construction to also facilitate further electrification of the country and the region. The construction of the transmission lines has been classed as an 'associated' contract and was overseen by KETRACO (see also section 5.4.5 in Chapter 5.4). However, the project was of critical importance for LTWP, as without the transmission line it would be unable to evacuate the power to the national grid[303] (O'Hanlon, 2015).

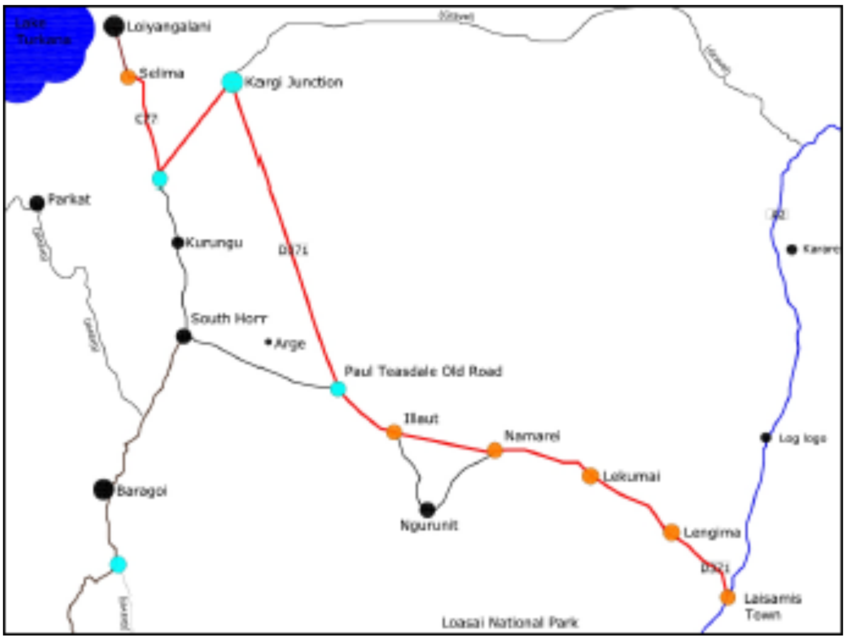
Finally, the road – an integrated part of the LTWP project – was executed under their supervision. The main purpose of the road upgrade was to transport the wind turbines and necessary goods to the site. In total, there was a need to transport 365 wind turbines by road over a distance of 1,200 km to the project site from the port of Mombasa where they were received by sea freight from Vestas' factory in China (LTWP, 2016a). While the part between Mombasa – Nairobi – Nanyuki - Isiolo – Laisamis (see Figure 37 and Figure 38) is an 'A-Class' road of bitumen construction, the last 208 km leg of the journey between Laisamis and the project site was a gravel and murram road in a very poor condition that was unsuitable for carrying the heavy and delicate cargo (AfDB, n.d.). Consequently, the 208 km road had to be partly upgraded and partly constructed (Figure 38), together with three flood bridges and an access road network in and around the construction site for the total cost of €22.5 million. The Government of the Netherlands, through the African Development Bank (AfDB), has offered a grant of €10 million and the balance of €12.5 million was provided by LTWP from their investment budget (LTWP, 2013). Although the road upgrade was primarily to allow for the wind turbines to reach the site, the road was expected to have additional major impacts on the local communities by opening the area for further developments and improve accessibility to and for all the local communities. The road was officially opened in February 2016 (LTWP, 2019b).

[302] The new transmission lines will also carry fibre-optic cables that will carry communications data.
[303] The construction of the transmission lines has been severely delayed – see section 5.4.5 in Chapter 5.4 for more details on this topic.

Figure 37. Transportation route for the Vestas turbines

Source: (AfDB, n.d.)

Figure 38. Upgraded and newly constructed read from Laisamis to the wind farm project site



Source: (LTWP, 2011b)

5.7.2 *Construction of the wind farm*

There were five major contractors for the project: Vestas for the wind turbines; Siemens for the collection grid and sub-station; SECO for the permanent accommodation; Civicon for the on- and off-side roads; and RXPE for the STATCOM (a device that is used on alternating electricity transmission networks and to reduce voltage fluctuations) connecting of the sub-station to the national grid. Finally, G4S should be acknowledged as well, as they have been providing security on site. Many of the main contractors further sub-contracted additional companies, involving in total over 20 companies[304] (Table 30). Half of those were Kenyan companies, with SECO and Civicon being awarded two out of three largest contracts. During the construction period, each contractor established a temporary construction camp on site with its own canteen and housing facilities, although often less sophisticated than "The Village". Each contractor was responsible for establishing and managing their own camps. Although all the camps met the national and international required standards,[305] the conditions provided varied per camp.

Table 30. List and roles of the LTWP contractors and sub-contractors

Contractor | Subcontractor	Country	Role in the project
LTWP	Kenya	Principal, wind farm construction
ATL	UK/Kenya	Project management, replaced by Worley Parsons
Worley Parsons	Australia/ South Africa	Project management, taken over from ATL
CEDIM-Marsabit	Kenya	Implement HIV/AIDS and Road Safety training, CSR programme on behalf of Winds of Change
Africa Eco Services (AES)	Kenya	(Partial) Construction of 'Camp Mbali'
SECO	Kenya	Construction and servicing of the permanent accommodation
Civicon	Kenya	Construction of the on- and off-side roads
TAI Enterprise	Kenya	Hire equipment and road construction services
RXPE	China	STATCOM connecting of the sub-station to the national grid
G4S	USA	Security
Siemens	France	Collection grid and sub-station
Polyphase	Kenya	Electrical and civil work
HBS	Kenya	Electrical and civil work
Aqua Scope	Kenya	Lines and drilling
Ultimate Engineering	Kenya	Lines and drilling
Centurion	Kenya	Civil work
Vestas	Denmark	Wind turbines (but produced in China)
Droplex	USA/Kenya	Quality check of nacelles
EGMF	Belgium	Turbines' foundations
Anipsotiki	Greece	Turbine's installations
Bollore	France	Transport of turbines from Mombasa to the project site
Olive	UAE	Additional security to the convoy from Laisamis to the project site

Source: own elaboration based on fieldwork data

[304] The list is most likely not exhaustive, as many of the sub-contractors also further sub-contracted other companies for tasks such as car maintenance, HR matters, admin, etc. Therefore, it was decided to mention only the companies that were physically present on the project site at some point in time.
[305] Performance against IFC/EBRD accommodation guidelines was audited every three months by an external party, working on behalf the Project's Lenders.

5.7.3 Research Findings

5.7.3.1 Employment

In the exploitation of natural resources, wind in this case, unmet community expectations, particularly regarding employment, can be identified as the key conflict driver (Schilling, Locham, & Scheffran, 2018). Given the complexity of the context of the project location and high expectations from the community in terms of obtaining employment, LTWP had to manage this project very carefully and in a sensitive and culturally appropriate manner.

LTWP's recruitment policy during the construction phase was "to employ as many local people as possible, i.e. people from Laisamis Constituency and/or wider Marsabit County. Where a local suitable candidate was unavailable, the Project would seek to employ a Kenyan national. If a suitable candidate was unavailable in Kenya, then LTWP and its contractors would seek to find a candidate internationally" (LTWP, 2017). In its initial plans, LTWP declared that it would create 2,000 jobs for the local population (Finnfund, 2014; Kahungu, 2011; Kenya Vision 2030, 2012). This declaration was subsequently revised and diminished to 600 local jobs during the peak construction and 150 in the operational phase (LTWP, 2011b). Until August 2016, LTWP has created approximately 1,491 jobs for local, national and expatriate employees[306] (Table 31). The majority of the positions (57%) was created locally and 39% of the positions were filled by Kenyans from beyond the county and the catchment area. About 4% of all the positions were given to expatriates (Figure 39). This indicates that the Africa's largest wind farm was built predominantly by the Kenyans.[307] This could be considered a major achievement and inclusive outcome of the project, and was possible because of the dedicated policies that LTWP put in place to prioritize local and national recruitment.

Table 31. Total employment until August 2016, divided by the source of data

	Total employment Combined	Total employment Combined**	LTWP Masterfile	Peak employment from monthly statistics*,**
Expat	69	59		
National	672	578		
Local	993	854	858	1,079^
Total	**1,734**	**1,491**		

*Peak until and incl. July 2016

** Total sum corrected for a possible company overlap (14%)

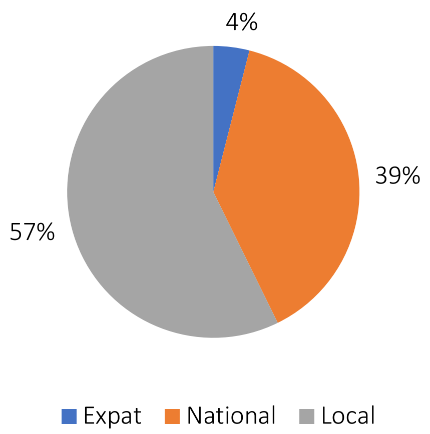
^ A sum of the peaks of employment per individual contractor up until July 2016. The sum of the peak employment per individual contractor until and incl. July 2017 is calculated as 1,102.

Source: Own calculations based on internal documents obtained during fieldwork.

[306] Despite much effort, it was not possible to obtain a full picture of national employment created. It was also not possible to obtain a complete list of employment for Vestas and Civicon. The number therefore may be higher.

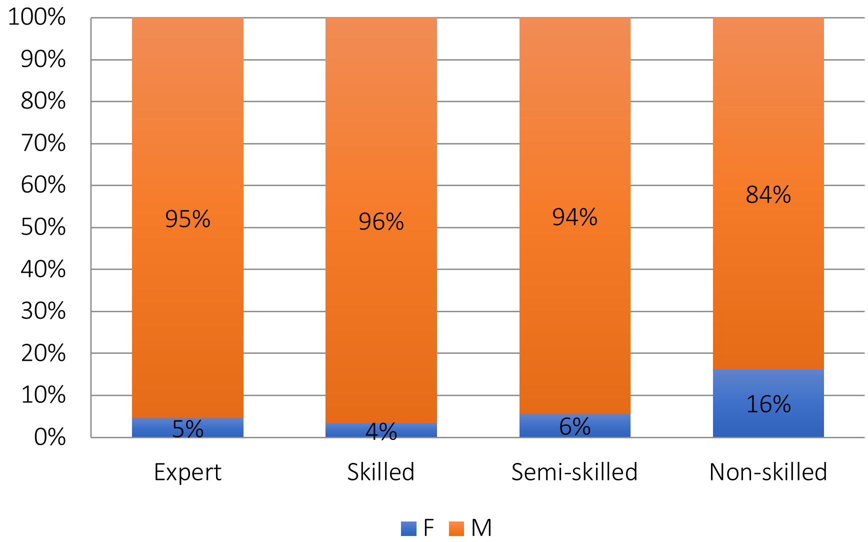
[307] During the entire construction phase, which ended in June 2017, the Project employed an overall total of over 2,500 people (of whom about 75% came from Marsabit County) (LTWP, 2017). In December 2018, the Project employed 455 people, of whom 73% were from Marsabit County, 24% were from other parts of Kenya and 4% were expatriates. Going forward, during operations, the total number of employees is forecasted to fluctuate between 320 - 350 people.

Figure 39. Number of jobs created by LTWP until August 2016



Source: Own calculations based on combined Masterfile.

Figure 40. Gender division of work places divided by category of employment



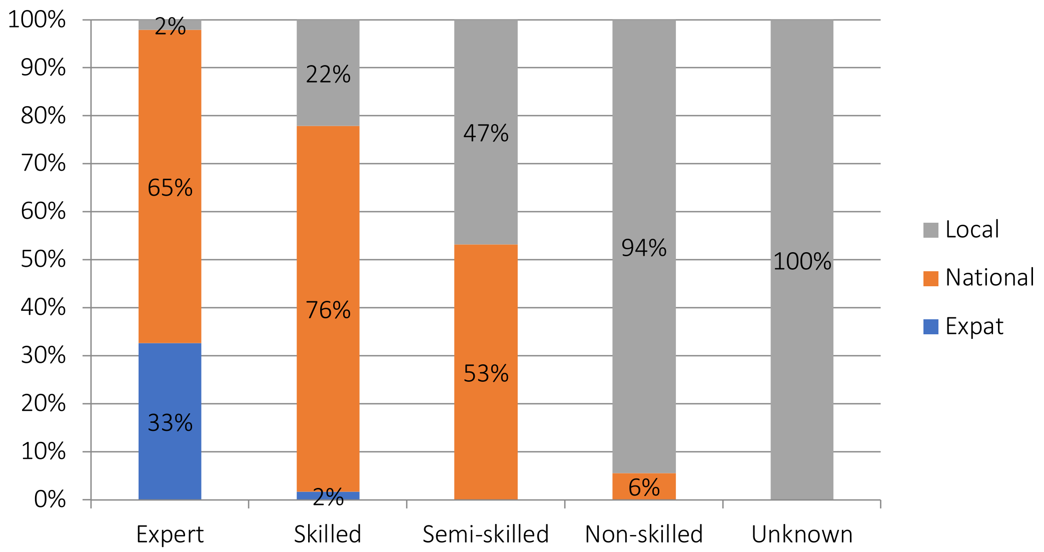
Source: Own calculations based on combined Masterfile.

The construction of the biggest wind farm in Africa is a complicated undertaking that requires highly specialised manpower. Such work is known for being predominantly a male-dominated field of work and the LTWP case was not different (Figure 40).[308] Wind energy is still an upcoming industry in Kenya, which can explain the constraints in finding locally and nationally all necessary technical expertise. Figure 41 below shows how the available positions were redistributed between local, national and international employees according to their set of skills. It is noticeable that the majority of experts and skilled workers were nationals (although rarely local) or expatriates, while the majority of non-skilled labour came from local communities around the project. Interestingly, some of the national experts and

[308] The Project had few female construction workers (i.e. surveyors, timekeepers, a backhoe operator), while the majority of women were employed as cleaners, housekeepers and administrators. Some women were also employed as HSE Officers or in other more senior roles (LTWP, 2017).

skilled personnel interviewed had previously worked on the other side of Lake Turkana on the projects related to the activities of Tullow Oil in Turkana County. Among the experts, the positions of accountant, HR manager and HSE Officers were filled in locally. Community Liaison Officers (CLOs), drivers, chefs, supervisors and various assistants were among those functions categorised as skilled and supplied locally. In the semi-skilled category, the division is quite balanced with cooks, some plumbers and carpenters[309] coming both from inside and outside of the catchment area while security commanders and Kenya Reserve Police (KPRs) were all supplied locally. According to some interviewees, LTWP or the contractors hired practically every local person (in an expert/skilled/semi-skilled position) if he or she was educated to some degree or had pre-obtained skills. Among the local population, a majority found a job as casual labour or guards, with a number of unskilled local women being hired as housekeepers, cleaners or providing laundry services

Figure 41. LTWP work places divided by category of employment and location



* From the data provided by the contractors, LTWP and WP, it was not possible to account for the employment category of 120 positions (practically all local). As it was not possible to determine the category of employment for this group, the Unknown category was created. However, it is expected that the large majority of these people (and probably all could be classified as non-skilled.

** Second challenge was to establish the exact number of national employees (Kenyans coming from outside the County and the catchment area). Therefore, some of the calculations for the national staff are estimates based on a number of documents provided by LTWP and others.

Source: Own calculations based on combined Masterfile.

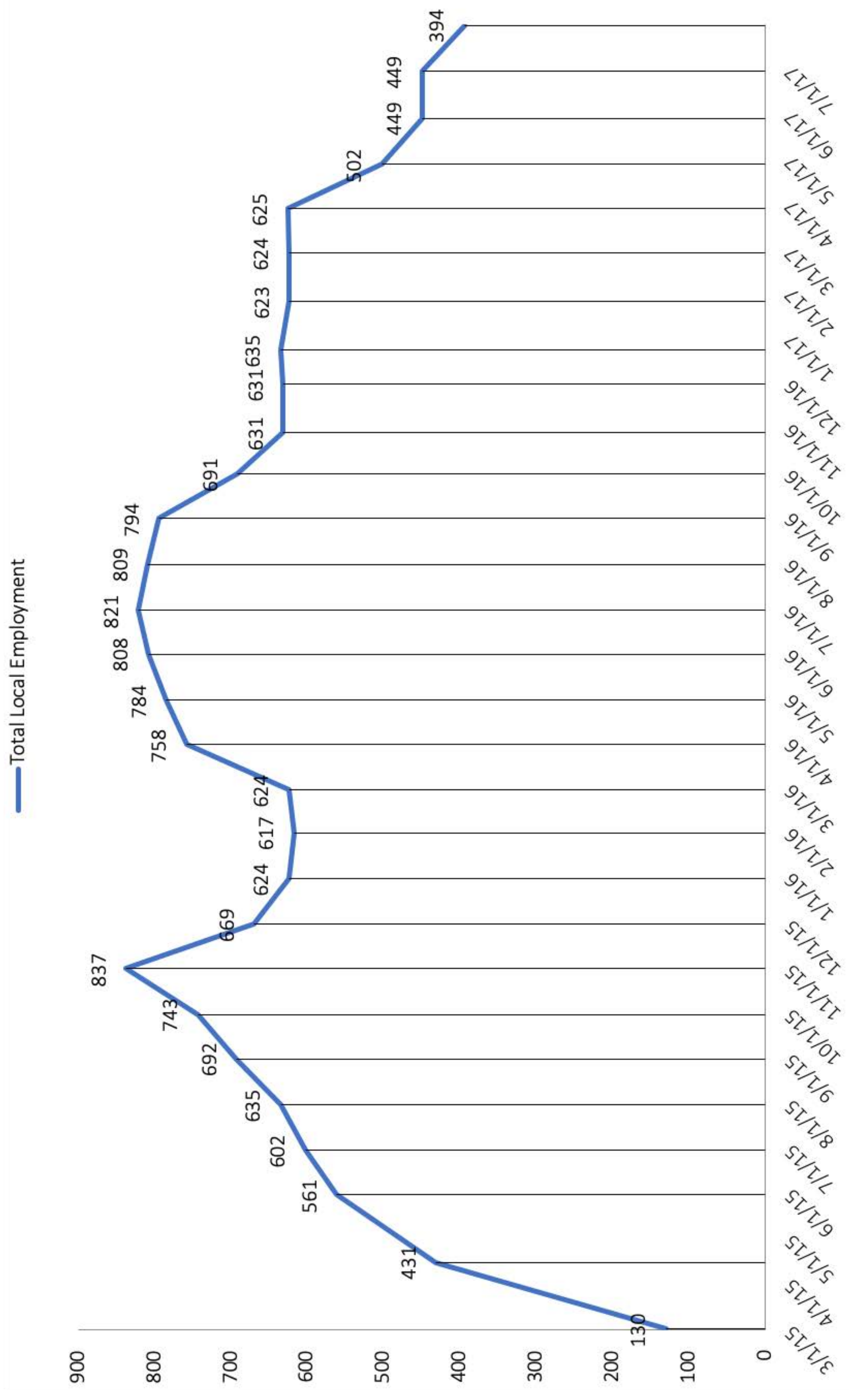
During the construction phase (incl. the road construction), there was a very high demand for non-skilled local employees, with 584 people hired only in this category (until August 2016), and some of these jobs (guards/security and housekeeping) continued past the construction phase. Within the structure, there were also chances to be promoted. Some local men were trained on-the-job by the nationals in masonry, carpentry, and vehicle operation while starting as casual labour. Other examples showed that some female employees started as cleaners but were further promoted to assist in the canteen or at the reception when their skills and abilities were noticed. On the other hand, the

[309] The majority of the experienced carpenters and plumbers came from the other parts of Kenya and were expected to train the local labour on the job. Some local people admitted to learning the "modern" way of constructing while on the job with one of the contractors of LTWP.

communities continuously put pressure on LTWP to hire more local staff despite not having the necessary skills for the vacant positions. Managing these high expectations about obtaining employment was not an easy task, especially because some local communities engaged in coercive methods, such as protests, roadblocks, or even vandalism or destruction of the company's property. In response, the company often agreed to create some additional non-skilled positions or accommodate more people in the existing ones. To some extent, it was a compromise that the company had to make to assure the fragile peaceful coexistence necessary to advance the work.

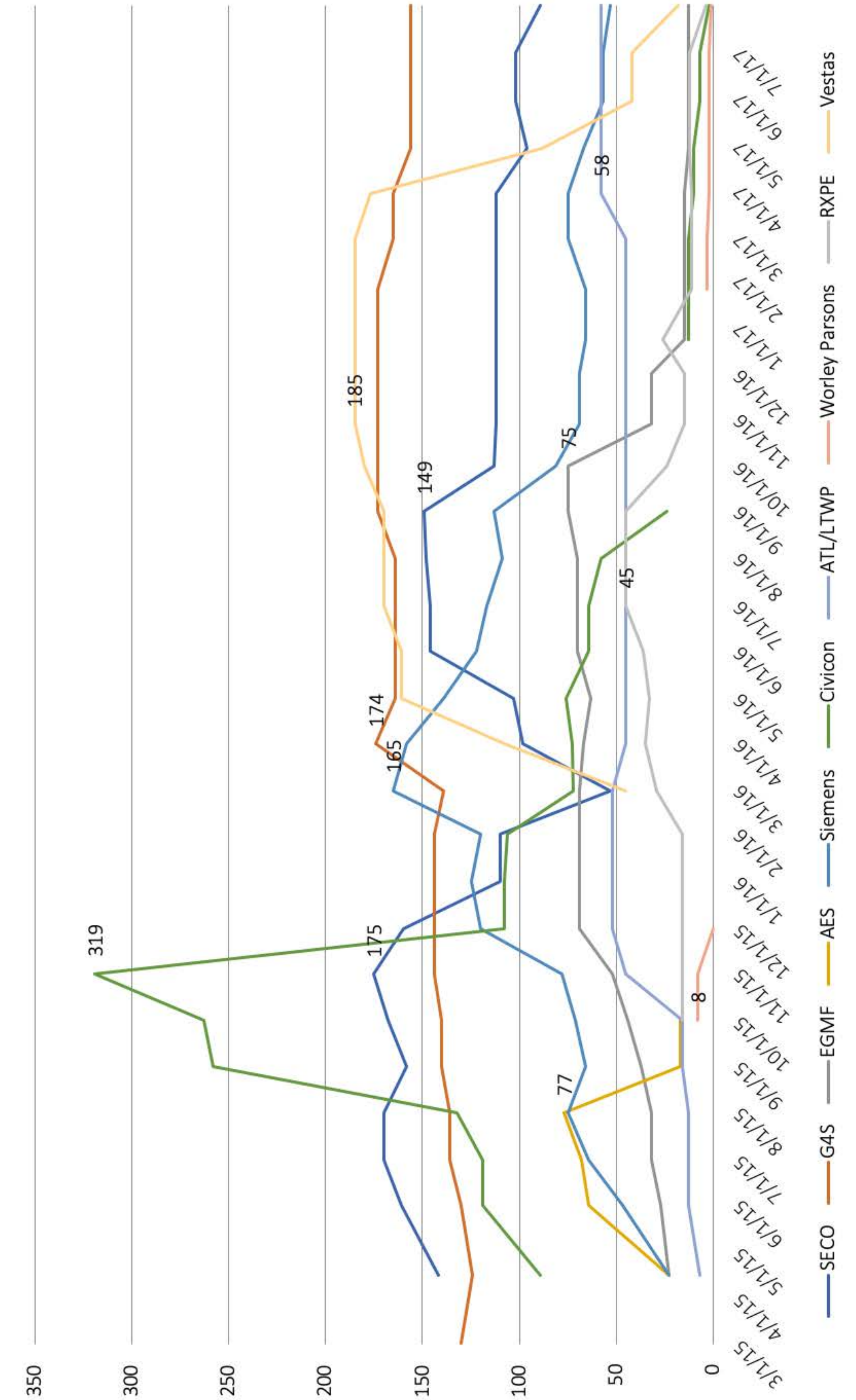
A common problem with casual construction workers is that their work is only needed during the construction period, meaning that the majority of this type of employment was short-term. After September 2016, the decline in local employment can be noted (Figure 42), as the main construction works (road and camp) reached completion. Figure 43 indicates that LTWP, SECO and G4S have been among the most stable employers for the local population. They are also there to stay. The offered jobs related to housekeeping and maintenance of the workers camp (canteen, waste management, gardener, etc), as well as to security (security guards, KPRs). Regarding the possibilities for the skilled/expert jobs supplied locally, Vestas committed to train and employ a number of local staff to maintain the turbines. As for January 2019, LTWP had an engineering team of 20 people to looked after the substation and wind farm, all of them were Kenyans, although so far just a few were from the Marsabit County.

Figure 42. Total local employment (for the period March 2015 – July 2017).



Source: Own analysis based on monthly LTWP and contractors data

Figure 43. Total Local Employment per contractor (with indicated peak employment per contractor) (for the period March 2015 – July 2017).



Source: Own analysis based on monthly LTWP and contractors data

There were two employment strategies related to hiring local (unskilled) staff. The first one related to the road construction and the second to the wind farm construction. In case of the road works, Civicon was obliged to hire 100% of the local staff from the County with priority given to communities located directly on the new road (but not the primary catchment area[310]). The contractors working on the wind farm were, however, obliged to provide 70% of the local employment from the catchment area and 30% from the rest of the County.

At the initial stage of the project, the recruitment of the local staff took place via employment committees established in every village and coordinated by two LTWP employments offices in Kurungu (officially opened in November 2014) and Loiyangalani (officially opened in July 2015) (LTWP, 2017). In addition, the five LTWP CLOs often stationed at these offices to ensure close collaboration between them and their HR colleagues on all community and local labour matters. Despite these efforts, tensions arose between the Turkana and the Samburu over the distribution of the casual jobs among their respective ethnic groups. They argued that local politics and nepotism have played a role in job distribution.[311] LTWP firmly rejected these accusations by restating their apolitical stance, nevertheless, action had to be taken. As a result, local recruitment processes was adjusted and became centrally coordinated by the local human resources manager of LTWP who started to work regularly with the community Chiefs to ensure equitable distribution among the population in their respective areas. Every subcontractor was consequently obliged to pass by the HR office of LTWP to recruit local (mostly unskilled) employees.

In addition, it was decided to conduct the distribution based on communities and not based on ethnicity in order to minimalize risks of potential conflict. The difficult ethnic dynamics and connections between groups would make the job distribution along the ethnic lines not feasible and less desirable for the overall stability of the area. For example, members of the same Samburu clan live in both South Horr and Mount Kulal – both being large and important villages in the proximity of the project. In case of job selection based on ethnicity, it would not be possible to satisfy the residents of both villages due to such connotation. Another example can be Sarima, which officially is a sub-location of Mount Kulal, yet due to its predominantly Turkana inhabitants prefers to be considered a part of (also Turkana-dominated) Loiyangalani. In case Sarima would not be seen as a separate community but would fall under either Mount Kulal or Loiyangalani community for job distribution, it is very likely that less Sarima-locals would be selected in the recruitment process. In both cases, job distribution based on ethnicity would most likely cause more tensions in the area than ultimately implemented community-based job distribution. It has been reported that even the opponents of the projects did appreciate the new job division system, although it was not fully free of local political influence (Drew, 2018).

The procedure was followed although some malcontent among the communities remained, claiming that two key persons responsible for employment continued to favour their communities in the job distribution.[312] The employment data does not support this claim, although it also shows why such a perception could have persisted among some communities. In nominal terms, the majority of the employees came from South Horr and Mount Kulal – Samburu strongholds, while Turkana-dominated Loiyangalani and Sarima came only fourth and fifth, as a large number of local employment came from Rendille-dominated Laisamis, Korr, Illaut and Kargi, and other parts of the County (Figure 44). Nevertheless, if we compare the number of employed staff with the total population of the community,

[310] The catchment area comprises of main towns, villages, hamlets, or other settlements within 2km of the new and old road, stretching from the wind farm site to Laisamis, such as Mount Kulal, Sarima, South Horr, Kargi, Illaut, Korr, and includes Loiyangalani (Internal LTWP document).

[311] Similar observation regarding perceived job distribution along the ethnic lines was also made by Schilling et al. (2018).

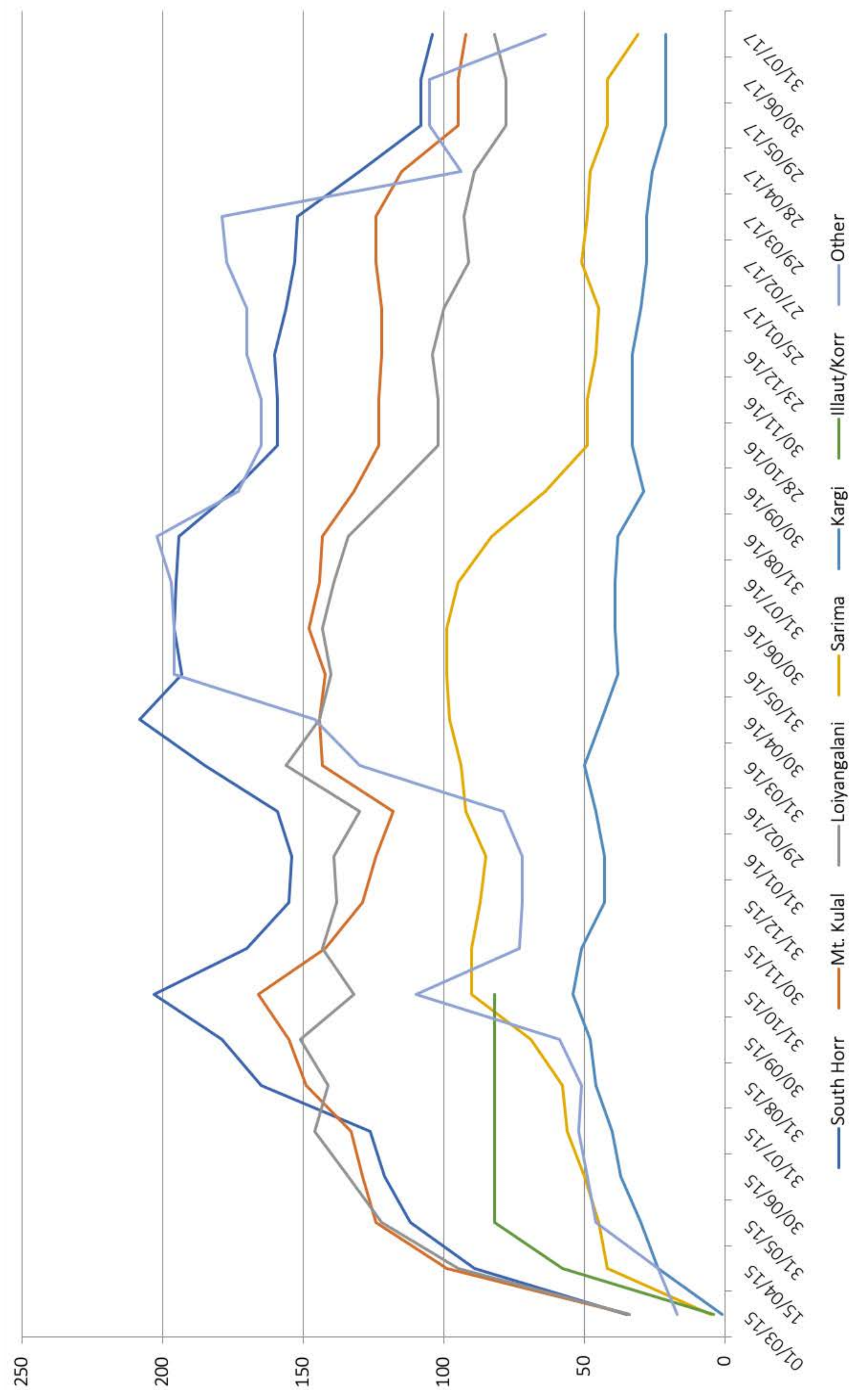
[312] That resulted in a number of 'negative forums' within the communities that often led to roadblocks and demands for more jobs. Initially, the company did agree on hiring more casual labour, yet with time, the coercive methods were less tolerated.

it was the Turkana from Sarima who proportionally benefited the most from local employment,[313] followed by South Horr and Mount Kulal (Table 32).

If we look at the distribution among the communities for the maximum employment per contractor, the data unveils a rather fair picture in job distribution (Table 33), although this data capture only one particular month during the construction period. To confirm that, a monthly and total distribution of local employment per community was additionally analysed based on two data sources: the monthly LTWP and contractors data (Figure 45) as well as the masterfile compiled by the author (Figure 46). Both figures confirmed the rather equitable distribution between the communities (especially between South Horr, Mount Kulal, Loiyangalani and Sarima), with only a slight advantage noticed towards South Horr.

[313] Reportedly, in Sarima village, at least one person per manyatta was employed.

Figure 44. Total (local) employment per community



Source: Own analysis based on monthly LTWP and contractors data

Table 32. Proportion of the total local population hired per community during the peak employment per contractor (for the period March 2015 – July 2017).

Location	Population projected 2017^	Hired peak by LTWP	% of population
Sarima (*)	1.500	106	7,07%
South Horr (*)	8.000	257	3,21%
Mt. Kulal (*)	8.180	214	2,62%
Loiyagalani	12.079	176	1,46%
Other (predominantly Laisamis)''	19.135	200	1,05%
Kargi	6.058	62	1,02%
Ilaut (*)/Korr/Ngurunit''/Namarey (*)	44.063	87	0,20%

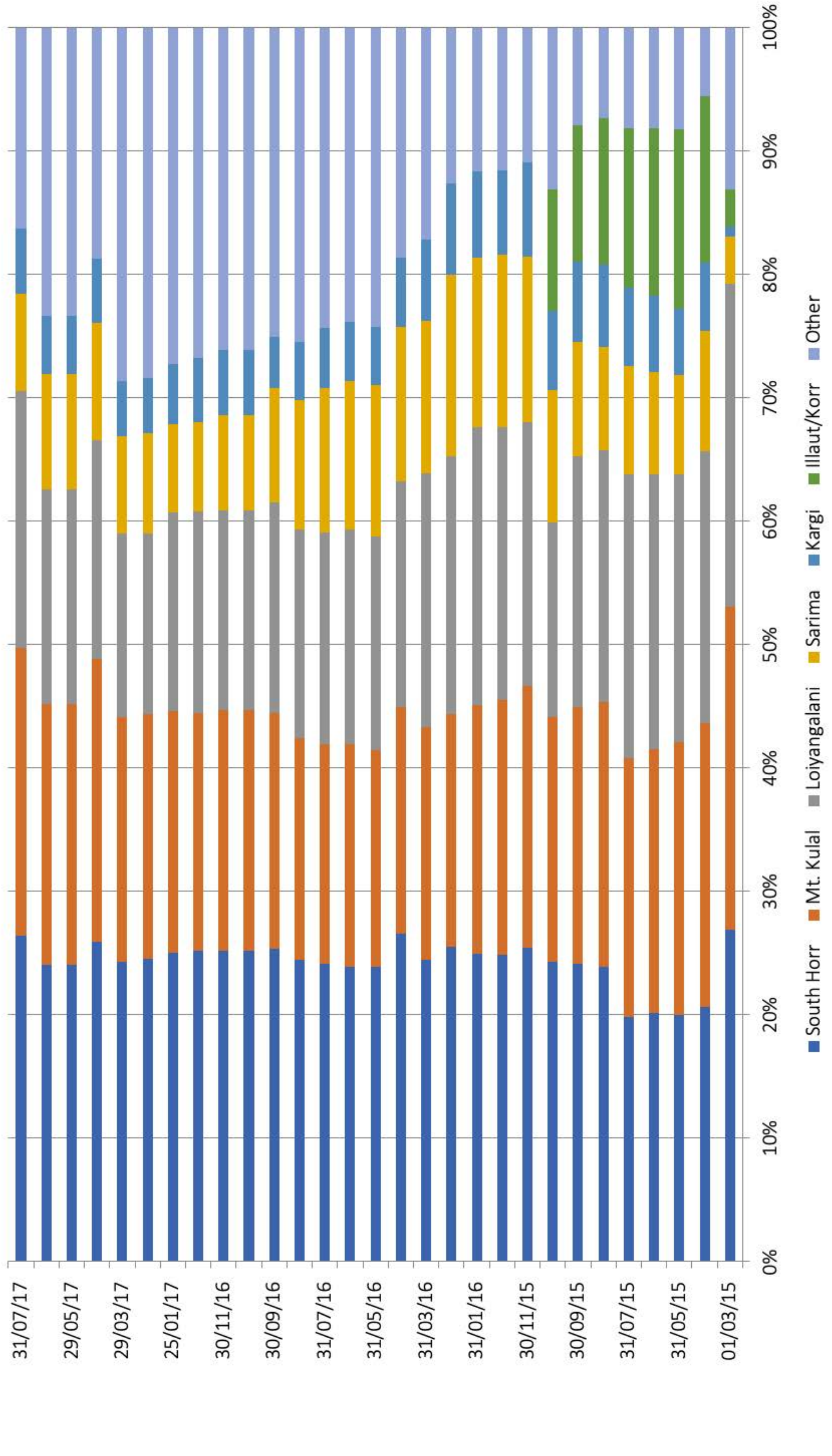
^Own calculations, based on the official prediction for the constituency or taken from LTWP ('') and Chiefs (*)
Source: Own analysis based on monthly LTWP and contractors' data

Table 33. Maximum number of (local) employment hired at once per community per month (for the period March 2015 – July 2017).

Company	South Horr	Mt. Kulal	Loiyangalani	Sarima	Kargi	Illaut/Korr	Other	Max
AES	7	14	21	5	6	19	6	21
ATL/LTWP	19	12	8	2	3	1	20	19
Civicon	44	33	28	24	12	82	129	129
EGMF	15	12	17	21	8	0	12	21
G4S	48	46	39	11	9	28	28	48
RXPE	16	8	6	9	3	1	8	16
SECO	39	39	48	15	16	19	66	66
Siemens	46	31	32	30	20	8	11	46
Vestas	45	27	16	6	6		85	85
Worley Parsons	1	1	2	5	0		1	5
Max	**48**	**46**	**48**	**30**	**20**	**82**	**129**	**129**

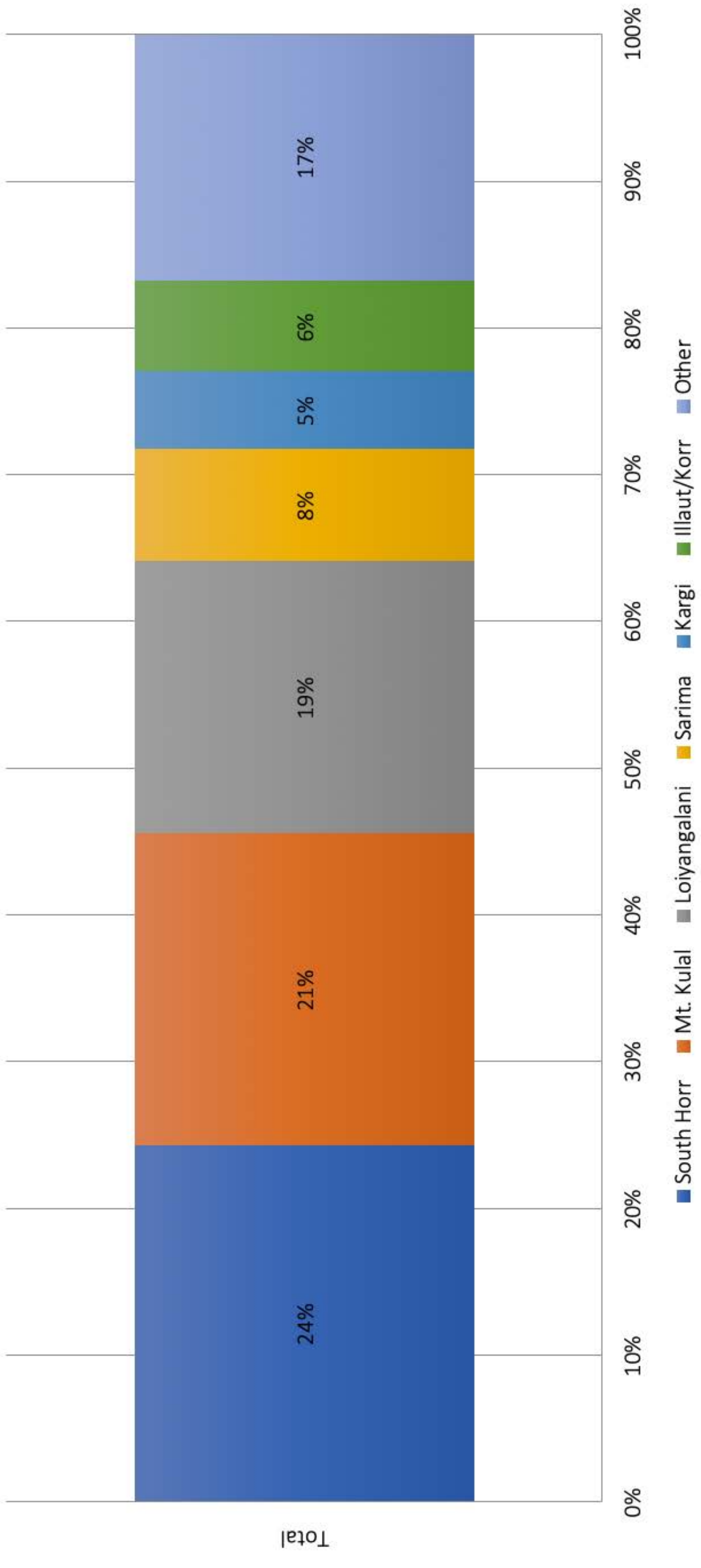
Source: Own analysis based on monthly LTWP and contractors data

Figure 45. Proportional distribution of local employment per community per month (source LTWP)



Source: Own analysis based on monthly LTWP and contractors data

Figure 46. Proportional distribution of total local employment per community (source contractors)



Source: Own calculations based on combined Masterfile

5.7.3.2 Salaries

Regarding salaries, LTWP implemented unbiased measures that would prevent potential conflict by enforcing a minimum flat rate of KES ±520[314] net a day for non-skilled workers among all the subcontractors. Some subcontractors did offer a slightly higher minimum payment or additional hardship allowance, which was allowed as long as the rate did not fall under the agreed minimum. Officially, everyone had to be hired on contracts drafted according to Kenyan Law, with social security, health care and other compulsory contributions paid to the government; overtime payments, rights to holidays, housing (allowance), transport (allowance), on site daily meals, as well as sick leave, and maternity and paternity leave. Salaries were paid to personal bank accounts that the company helped to open for this purpose in the name of the employee. Additional training had to be provided to explain the logic behind obligatory salary deductions.

The minimum daily rate for the non-skilled personnel can be considered decent in the Kenyan and local context.[315] Accordingly, non-skilled employees gained on average min. KES 20,650 net (Table 34). In comparison, a kindergarten teacher's salary starts with KES 12,000 net a month. Due to its remote character, the north of Kenya can be considered expensive even compared to Nairobi.[316] Therefore, the living wage in the area has been estimated by the interviewees to be between KES 20,000 and KES 30,000 a month.

Table 34 illustrate average salary distribution among employees with different skill sets per subcontractor. Not all subcontractors provided salary information. Moreover, for those who did, salary information for experts and expatriate was hardly disclosed. It can be noted that the absolute minimum was paid by Kenyan and Chinese subcontractors, while security was being among the best-paid job in the unskilled category. The salary rates for unskilled labourers were also mostly below the estimated living wage rate, although they reached the estimated living wage limit already for the semi-skilled staff. On average, the salary rates increased proportionally along the skill sets, with semi-skilled personnel earning almost twice as much as the non-skilled, skilled three times more and experts four times the average of the non-skilled. For the two companies that provided long-term employment possibilities for the locals, namely SECO and G4S, the latter offered a better salary for the non-skilled workers compared to SECO, while SECO was more generous for their semi-skilled and skilled employees. In both cases, relatively high salaries offered to experts apply mostly to Kenyan nationals coming from outside of Marsabit County and not the local labourers.

Table 34. Average monthly salary per contractor per skill set (in KES)

	Expert*	Skilled	Semi-skilled	Non-skilled	Average
EGMF		74,483	57,143	20,345	56,653
G4S	250,000	53,750	30,000	25,000	28,869
RXPE		30,850	26,895	16,000	20,740
SECO	134,576	62,484	32,480	18,267	43,389
Siemens/Centurion	85,000	36,645	32,016	18,542	28,386
Siemens/HBS	41,667	23,974	24,633	15,529	23,885
Siemens/Ultimate	51,200	50,000	21,000	18,050	45,137
Average	**81,248**	**59,492**	**37,280**	**20,649**	**38,226**

*Salary information for many experts were not disclosed, and the information was available only for some national and local employees in this category.
Source: Own calculation based on combined Masterfile.

[314] KES 520 = ± \$5.20; KES 520 = ± €4.16.
[315] Back in 2009, an estimated income per capita in the area was KES 260, excluding livestock value (LTWP 2009).
[316] A local car rental costs approximately \$100 a day, excluding diesel, which is a substantial expense as well. The costs of diesel and petrol used to be 50% higher than in Nairobi.

5.7.3.3 Training programmes and capacity building

The subcontractors did not provide extensive and structured training programmes, although a number of local staff had a chance to learn on the job basics of some professions. This situation relates mostly to masons, carpenters, plumbers, some electricians and drivers, where some unskilled locals were employed to work alongside, and be trained by semi- and skilled national/international colleagues to develop their own capabilities. For other jobs that did not require much additional instructions, such as root or stone pickers, and other casual labour, training on Health and Safety and general training on "how to work" were conducted. It has been reported that, especially in the initial phase of the project, local staff had to be sensitised and schooled on general rules and regulations related to contracted paid work. They had to learn to be on their working post at a certain time and during an agreed amount of time a day, not to leave their posts without notice, fulfil the obligations as per management requests, and so on. The real challenge was, however, to learn how to put all local and national ethnic animosities aside and work together in a team. After some initial tensions and a number of community meetings, this problem was overcome to a large extent. As one of the respondents said: "We build history around here. I want to be a part of it."

5.7.3.4 Local content and Corporate Social Responsibility

The negative aspect of jobs provided during the construction phase was their short-term character for the majority of the local employees. That means that it could only generate short-term direct impact and rather act as a catalyst for spill over economic activities. LTWP assumed that the upgraded infrastructure and increased security that came with the project would contribute to conducive economic environment. Tendering opportunities for local suppliers to supply LTWP and subcontractors could be a great opportunity for local business development (Lind, 2018). The local content element of the project was one of the avenues for generating income for the local communities. The companies involved rented a number of local cars (with local drivers), earth moving equipment (from the local politician), purchased locally some alimentation, such as meat, vegetables and other foodstuff to feed staff. Subcontractors were buying water and sand from some villages (Ngurnit, Mt.Kulal). A local contractor was hired to upgrade and maintain LTWP roads, local Panel Beaters company hired to repair bodywork of damaged vehicles; and a local businessman from Mt. Kulal built 'Camp Joshua' in the vicinity of the project to house some project workers. Finally, a substantial number of local contractors have been hired for projects implemented in the frame of the LTWP's Corporate Social Responsibility (CSR) programme.

LTWP channels its CSR activities through the Winds of Change (WoC) Foundation. When fully in operation, a minimum amount of €500,000 will be dedicated each year[317] for community development projects for the next twenty years (the period which is covered by the current PPA). Willem Dolleman and his wife Marie-Jose Dolleman played an important role in setting up the Foundation and developing the CSR programme. They perceived it as a long-term partnership between the project and the beneficiary communities that had to take place from the very start of the initiative. Back in 2009, they commissioned the scoping and pre-identification study for the LTWP Corporate Social Responsibility Programme (Muchena, Okello, Onduru, & Otieno, 2009), which further constituted a base for the LTWP Corporate Social Responsibility Programme (LTWP, 2011a). Using participatory approaches, the study identified four priority areas for the Foundation, which are education, water, health and community development. The priorities appear to be well aligned with the needs of the local population also expressed during the fieldwork and show a good understanding of the local context.

The Foundation was supposed to become fully operational only after the wind farm is connected to the grid and generating income. Nevertheless, the CSR Programme from 2011 assumed the so-called "Fast

[317] These funds will be available once the wind farm is operational and generates revenue. Given that the associated transmission line was delayed, WoC had limited funds to invest in community projects.

track" implementation of CSR activities during the road and wind farm construction. The fast track CSR was established to fulfil the expectations of the local communities and enhance harmony between LTWP and the local people (Muchena et al., 2009). It initially focused on 'quick wins' in order to meet the most pressing needs of the communities. It was also internally decided to focus primarily on the directly affected communities first. In practice, the local complexity, low expectations towards the local government and very high hopes of all the local communities towards LTWP for more direct benefits forced the company to expand their CSR activities during the construction phase (and it continued until the transmission lines were ready). It was a challenging situation for the investor for two main reasons. Firstly, they did not factor in the additional funds for CSR in the initial construction budget, which forced them to look for funding elsewhere. Secondly, it put LTWP in a position where they felt the need to provide services and projects that normally should have been delivered by the state. They knew, however, that finding additional funds and providing these services in the short term would (to a large extent) assure a peaceful and least-problematic implementation of their project.

Consequently, WoC (before LTWP became operational) had invested €2.1 mln in community development projects. For these projects LTWP contracted local businesses only. Until the end of 2018, WoC sank a number of boreholes in the local communities along the new road, and built several water storage tanks and watering troughs important for the households and animals of the local people. They also furnished and equipped regional schools, dispensaries and a maternity ward; and provided a solar system to these dispensaries, the nearest schools and the local hospital.[318] The main priority though is to support education and skill development in the area to increase employability. Seventeen members of local communities were sent for an official training for solar technicians to Nairobi. They also funded Winds of Korr – the IT Centre giving residents of Laisamis constituency IT classes. Moreover, WoC had constructed two classrooms at the new Loiyangalani Youth Polytechnic site where students will develop vocational skills, and they became involved in discussions to develop vocational training in the Marsabit South Technical Institute to boost tertiary education. In future, establishment of a scholarship fund for secondary and vocational education in the area are planned. Other development possibilities through WoC are support for feasible community business initiatives (i.e. an abattoir, commercial fishing, veterinary services, tourism development) and the electrification and extension of electricity to five urban settlements in the area (although collaboration with the Kenyan government is an imperative in this case) (LTWP, 2016b).

LTWP has been increasingly working in partnerships with the County government.[319] Among the collaborative CSR projects, the dispensary in Sarima or the maternity ward in Kurungu where LTWP provided the buildings, while the County provided nurses and equipment can be mentioned. Furthermore, in Arge, LTWP partly repaired, partly constructed 14km of a water pipeline that belongs to the County. In case of drought, LTWP also partnered with the local government who provided water while LTWP provides fuel. Finally, LTWP is also financially supporting the annual cultural festival organised by the County government in Loiyangalani.[320] Since the devolution, the area has seen an increased presence and involvement of the local government compared to the years before the reform, but more quality and intensity is needed. This was also an area where WoC has been contributing to.

[318] For the full list of WoC projects, see Annex 11.

[319] Although some local officials also remained passive and expected LTWP to take over their responsibilities. Some of them reportedly claimed some of the LTWP CSR projects as the County initiative. The central government is also committed to share the income gained from the carbon credits generated by the project with the communities on the site as well as along the transmission line but it remains unclear how these benefits will be distributed within the County (Kazimierczuk, 2017).

[320] This is a very delicate matter. The company had to sponsor the cultural festival in order to 'please' the local County leadership, secure political capital and assure its own visibility within the communities. Similar things happened on the other side of the lake, where Tullow Oil in order to secure its position locally, sponsored popular cultural events and investments, as well as established a University bursary scheme for the local Turkana youth (Lind, 2018).

For example, WoC played a role in ameliorating existing government-built school infrastructure by i.e. constructing a teacher's office, an accommodation and storage unit, as well as sanitation for the Sarima Primary school, or providing solar systems, and constructing a laboratory and dormitory in secondary schools. Similarly, in the health care area. For instance, most of the local dispensaries had no access to electricity and limited sanitary facilities. So far, WoC supported two of them with solar systems, a water system, fridge/freezer for keeping vaccinations cool, installed two toilets, supplied maternity beds and constructed an incinerator. Finally, in Kurungu, a building that previously was an LTWP employment office was handed over to the community and upgraded to a maternity ward.

One of the main lessons learnt with regard to the social engagement with the local communities was that the company should have started their CSR activities much earlier – even before the actual construction phase – to assure a positive local perception of the investment already ahead of time. Such view, as well as ultimately implemented projects during the construction phase support the critical voices that CSR is not really 'for' local people but it is ultimately 'for' the company, so they can operate and pursue with the project, particularly in such complex areas. Nevertheless, it does work both ways. The communities were provided with the long-awaited infrastructure and/or services, in exchange, the company was ‘allowed’ to proceed with the planned investment. The time was needed for LTWP to be accepted by the local communities, and for both sides to learn and develop ways of requesting and distributing the funding.

To indicate its serious and inclusive engagement in the local community development, LTWP tried to fund CSR projects among all communities to better balance the distribution of CSR benefits within the whole Laisamis constituency. Furthermore, in 2017, they conducted a mapping exercise capturing the real and perceived promises that have been made to the local communities by various actors (not necessarily by the LTWP leadership, but perceived as such). Based on this participatory assessment, LTWP redrafted the CSR plans and would decide together with the communities about the way forward. Parallel to this, WoC staff has been locally present and has been sensitising the communities about the status and the role of the Foundation, also to position themselves as a non-governmental body with a limited budget to lower the communities’ immediate expectations but also assure them about their long-term presence and strategy for local development. Finally, they have been increasingly partnering with the local government to omit any possible project duplications and, more importantly, not to fall into a trap where the private investor would be held accountable for entirely filling the development void in the region.

5.7.3.5 Community impact and engagement

In the internal LTWP documents, on number of occasions, it was highlighted that the company was committed and wished that their activities would positively impact the local communities. They wished to achieve that through the activities of the WoC (described above), improved security and the new upgraded road. Regarding the security in the area, it has been reported that it had indeed significantly improved since the beginning of the project. Most importantly, the road, as a public good, was expected to benefit all by opening up the area to new economic developments and bringing new investments. However, the communities for the time being were not able to directly benefit from the energy produced on their territory, as they were not connected to the grid. Practically speaking, the area is so sparsely populated that off-grid solutions are much more suitable form of electrification, yet the fact remains that in regard to power distribution, for today, the wind farm is benefiting more the private investor and the rest of Kenya that has a grid connection, rather than the local communities.

Regarding the community engagement, LTWP should be complemented for their efforts to understand local cultural norms and values, and skilfully (and patiently) navigating them in search of most pragmatic compromises. Naturally, the judgement of such attitude and aptitude is not straightforward. The broad analysis of over 230 pages of internal documents, including number of reports and minutes from community consultations pictures well the amount of time dedicated during the project development to the community engagement. The first official consultation took place on 26 May 2007 in a meeting with community Elders in Loiyangalani town but the minutes of the meeting are not available (CDM 2011). The first available minutes were from a meeting that took place on 15 November 2007 on the Environmental and Social Impact Assessment (ESIA) study of the wind. According to an LTWP internal document, 137 official meetings with stakeholders in the area took place between November 2007 and June 2016. Furthermore, the company has been engaging with local stakeholders since 2005 through a number of informal consultations (that have not been captured in the official file) either on site or during frequent visits of the LTWP team, or via their dedicated CLOs (CDM, 2011; LTWP, 2016c). Some of the minutes as well as interviews during the fieldwork confirmed that the consultations were taking place since 2005/2006.

Community Liaison Officers are people recruited locally who speak the local languages and are knowledgeable on the local ethnic dynamics. In case of LTWP, this position was critical, as it acted as a proxy between the company and the local communities. However, in practice, it also caused some problems for both sides. By August 2016, there were 3 CLOs for the LTWP and 1 CLO for each of the seven contractors engaged in the construction of the wind farm. CLOs were employed by LTWP (and subcontractors) and as a result, they were seen as representatives of the company's interest. On the other hand, past cases of CLOs dividing and inciting the communities to claim more financial benefits from LTWP were reported.[321] Furthermore, some CLOs reportedly used their position for personal benefit. The position was 'used' to build political capital and support, but cases of theft of community money have also been registered. It shows how quickly some local people did skilfully use each opportunity to their own benefits. It also illustrates how important but difficult was to find a dedicated CLO.

There have been two key persons that have been playing a pivotal role in addressing communities and managing the arising tensions. One is a LTWP CLO who has been involved since the wind measurements started back in 2006. Another key person on the ground was the former LTWP Chief Operations Officer (COO), who sometimes was referred to as the 7th 'founding father' of the project. Ten years of the project development allowed the key personnel to spend enough time with the communities and get to know their customs, culture and local dynamics. The dedicated individuals invested considerable amount of their time and resources to develop these relations. The messages convened by the COO to the local communities were consistent, honest, respectful, highlighted unity and promoted peace. This person is until now consider trustworthy and honest even by the local opponents and critics of the project (Drew, 2018). LTWP representatives were meeting with local Chiefs, Elders of the villages and carefully selected community influencers. We could call them the local political and traditional elite. Such consultations are the standard practice in the Kenyan setting. It would be upmost disrespectful, especially for an outside investor, not to meet with these groups of people to discuss the project. During most of the meetings, the said leadership expressed their strong support to the project.[322] As these were the people who should have represented well the interest of their communities and their attitude was positive to the project, an investor may have been inclined not to question their motives (despite knowing that they would very likely be expecting something in return). Once this permission was secured, what was needed was time to build trust. This time was dedicated to organise a number of additional community consultations[323] and respond to a number of ad hoc (small) requests from the

[321] Similar problems with CLOs was reported by Lind (2018) in case of Tullow Oil in Turkana County, on the other side of the lake.

[322] It should be noted that James Drew (2018) in his PhD dissertation points out that the initial consultation took place with only selected committees of elders who were more inclined to lease the land to the company than the wider community that they supposed to represent.

[323] Some of the LTWP minutes as well as interviews during the fieldwork confirmed that the consultations between the company and the local population were taking place since 2005/2006. Yet, the communities and some respondents highlighted that it could have still not been enough. As majority of the local pastoralists are nomads, it is possible that they were not present in the area during the official meetings.

community members, such as need for diesel and water, vehicle assistance, or bringing miraa. Positive response to such requests built an important *rapport* between the outside investor and the local population. It was a way for the LTWP key personnel to gradually build their network and partial solid local support for the project. However, as one cannot fulfil all the expectations at once, it also led to creation of a local opposition to the project that would be discussed in the next section.

5.7.4 Conclusion

To conclude, successful completion of the wind farm can be considered a major achievement. Even more so given that the wind farm was built predominantly by Kenyans. This was possible because the company put dedicated policies in place that promoted local and national recruitment. This can be considered a major inclusive outcome of the project.

At the local level, the arrival of the wind mega project clearly impacted the area, as well as generated substantial (temporary and permanent) employment. Managing high expectations regarding local employment and equal distribution of other benefits from the project were the most challenging processes. The company policy was to distribute jobs based on communities and not based on ethnicity in order to minimalize risks of potential conflict. Moreover, during the road construction, the priority was given to employ people from communities located directly on the new road. The salary schemes were also streamlined among all the contractors, with established decent minimum rate for all employees in order to provide equal opportunities for all. A similar strategy was applied to the distribution of CSR projects, which have been implemented not only in the direct project’s vicinity, but also in the greater Laisamis constituency, to better balance the distribution of CSR benefits among the larger territory. For their CSR projects, LTWP contracted only local businesses, which also created a business opportunity for local entrepreneurs. These are other major inclusive outcomes of the project.

However, to reach this balance was not an easy task. The process was long and some local communities engaged in coercive methods. Initially, the company was more tolerant towards the local communities claims and requests voiced through such methods. They knew that allowing additional local employment or funding additional CSR project in the short term would assure a temporary peaceful and least-problematic implementation of their project. To some extent, it was a compromise that the company had to make during the process to be accepted by the local communities. Often, the compromise achieved had rather exclusive character. Only once this was done, the company started to slowly and carefully introduce its own rules of the game regarding their activities that ultimately led to a number of inclusive outcomes.

An outside investor which operates in the complex area of pastoral margins, like LTWP, would always need time to develop relationship with the local communities. The case of LTWP shows that the long-term presence of the key personnel and their will to understand and accept the complexity of the local remote context and poverty is critical. This understanding allowed for adapting a pragmatic and culturally accepted approach by the external private investor, which ultimately was necessary to build the necessary relationship with the local communities. This relationship allowed the successful completion of the project and hopefully will be sufficiently maintained during the forthcoming operation phase.

5.8 Local Impact of the Lake Turkana Wind Power project: The local community view

This sub-chapter will examine the contribution of the LTWP to the local (inclusive) development by assessing the impact of local employment creation, road construction and impact on the society (through the WoC foundation activities) as perceived by the local communities. Inhabitants of seven villages were consulted in order to assess their perceptions of the project and the new road. As described in detail in the methodology section, the villages were chosen for two main reasons: first, they were the most affected by the project and second, they provided the majority of local employees to the wind farm. During the interviews, the subjective impact of the changes in the area was pictured. Through additional questions, it was also possible to learn about the history of the villages, and the very few development activities initiated by the local government and a handful of NGOs before the arrival of LTWP. To analyse the perception of positive and negative changes in the project area, an exercise from PADev methodology was loosely adapted (Dietz et al., 2013, Kazimierczuk, 2009, 2010). This section begins with a brief history of the development of the villages before reporting the perceived changes and impact of LTWP and the new road on people's and community lives.

5.8.1 Brief (perceived) history and development of the visited villages

Chapter 5.5 provided detailed history of the marginalisation of the project area. This section will zoom in even closer to the level of visited villages. As described before, the area is inhabited mostly by people from nomadic groups. Most of the visited villages became permanent settlements in the 1960s with the arrival of the Roman Catholic Mission (Consolata) and the Africa Inland Mission (AIM) missionaries who established first schools and churches.[324] All villages, except from Mount Kulal (Mt. Kulal), were important centres located on the old road from Laisamis to Loiyangalani. Most of them started very modestly, with 2-3 shops often run by the Somalis, a school, a church and a few manyattas. With time, the towns were increasingly used as distribution centres for the famine relief, provided schooling and some basic health services. As often was the case elsewhere, also in Laisamis district (some) pastoralists have been progressively adopting a sedentary life style in such locations (African Union, 2010; Witsenburg & Roba, 2004). Illaut and South Horr are among the oldest 'towns' in the area (Table 35). Illaut is an important location because of its "singing wells" – a source of fresh water that "never dries out". Sarima is the 'youngest' of all seven visited villages. It became a more permanent location only after the resettlement by LTWP in 2014, which also provided the village with a source of fresh water.

Table 35. Basic facts per village

	Illaut	Ngurnit	Namarei	South Horr	Loiyangalani	Mt. Kulal	Sarima
Inception	1964	1968	1984	1964	±1960s	1967*	2014
Population	2,645	8,293	5,400	1,456	7,761	2,595	1,500
Dominant ethnic group	Samburu & Rendille	Samburu & Rendille	Rendille	Samburu	Turkana	Samburu	Turkana

* Settlement established around 1947, possibly earlier, while in 1967, missionaries established the first school.
Source: LTWP internal document, field notes

Life in the area is shaped by the rhythm of the seasons. It is the weather that to a large extent determines whether to stay or to move to another location in search of water and pasture for the animals. It is therefore no surprise to see that the respondents, when asked about the major historical events in the area, listed natural disasters most frequently. From this list (Table 36) it is evident that the area has been subjected to very harsh weather patterns. Severe droughts have been recurrent and

[324] Read more about it in the Chapter 5.5.

they have become more frequent.[325] In 1997, the heavy rains caused by the El Niño effect seriously affected the area. One respondent described it as a situation "when it rains but animals are dying". Indeed, a number of them died. The rains also caused the malaria outbreaks and led to ethnic clashes over access to water. Since then, a number of droughts and floods have affected the area forcing the government to provide food relief. Other recurrent historical events are related to the long history of inter-ethnic conflict, particularly between the Samburu and the Turkana. The respondents listed a number of such incidences (although there were probably much more of them). Finally, two other events were significant to the interviewees: the solar eclipse of 1973 and the filming in 2006 of the American movie "The Constant Gardener". The latter was particularly positively perceived as it provided a number of temporary jobs for the local people during the filming.

Table 36. Major historical events

Year/Decade	Event	Event description and effects
Long time ago	Very severe drought	Many people and animals died. A reported case of cannibalism. A number of people left the area.
1917	Inter-ethnic conflict	1st war between the Samburu and the Turkana.
1970s	Inter-ethnic conflict	Major conflict between the Samburu and the Turkana.
1971	Major drought	Almost all animals died. Government provided food relief.
1973	Solar eclipse	Solar eclipse.
1984	'Yellow maize' drought	Many people and animals died. Government and US Aid provided food relief.
1990	Drought	
1997	El Niño	Flood. Many animals died. Malaria outbreak. Ethnic clashes over water.
2002	Drought	Many animals died. Government provided food relief.
2004	Drought	Many animals died. Government provided food relief.
2006	Entertainment	Shooting of the movie "The Constant Gardener"
2008-2009	Drought	Many animals died. Many people migrated to Baragoi.
2014	Flood and drought	
2015	Inter-ethnic conflict	Fight near Mt. Kulal between the Samburu and the Turkana.
2015	Flood	

Source: Own elaboration based on information obtained during fieldwork.

The interviewees were asked to list the known (to them) development interventions by the government and NGOs. There was an observable difference in knowledge regarding development interventions per respondents and per village. The lists included in Table 37 and Table 38, therefore, are indicative rather than exhaustive. The assessment of the development projects was not the main objective of this

[325] The list is not exhaustive and from data collected by Adano and Witsenburg (2004) we know that more droughts took place before the 1970s. As the respondents were the former employees and most of the work was physical mean that they were not the representatives of the local elders. That would explain why there are almost no events listed that happened before the 1970s. For the few 'older' respondents the changes in weather patterns were prominent.

research, therefore not much follow up efforts were made to assure that the project lists were completed per location. This question was partly used as an icebreaker, nevertheless it is important to include it to show how limited, fragmented and short-term the presence of NGOs and the government has been so far (or at least it was perceived as such).

The projects funded by the government were mostly in the domain of education and health. Reportedly all villages have at least one school and a dispensary. In some cases, churches or NGOs constructed the buildings, but it was the government that provided the teachers, nurses and medicine for the daily operations. The government also provided the emergency famine relief in response to cases of the recurring natural disasters, and provided very appreciated financial support to the elderly, orphans, widows and disabled people. With regard to the security, the government also trained and equipped the Kenya Reserve Police (KRP), as well as funded the police. The resources put in this area could, however, increase according to the respondents. Similarly, regarding the infrastructure. Before the upgrade and the construction of the new road, the existing roads (main road and small local roads between the villages) were in a very poor shape and were not maintain regularly. The government was also rarely credited for the water projects, which in such arid area one would assume should have been among its top priorities.

This gap was partly filled in by NGOs, which focused their efforts on water and animal care projects. Some also worked in the education and health care domain, provided trainings (often for women), focused on conservation and established women saving groups. The presence of most of them was project-based, thus a number of the organisations withdrew from the area after the funding ended. Consequently, most of the NGOs listed in Table 38 were no longer present in the area. One of the respondents from Loiyangalani said that there is “not much [presence of the NGOs]. Many empty buildings now”.

Finally, LTWP with its ambitious long-term corporate responsibility component also became a development agent. The list of projects implemented so far by the Winds of Change Foundation (WoC) is listed in Annex 11. A number of people were aware of the projects implemented by LTWP, however the community perception of the CSR programme of LTWP was less positive that the one of the company. During the fieldwork back in September 2016, many respondents recognised that some projects were implemented. Water projects were particularly appreciated. However, a rather pertinent feeling of a number of respondents was that the WoC didn't consult the communities enough and that many promises were made but very little has been done so far. Despite numerous consultations between the company and communities and their assurance that more projects would eventually be established once the wind farm is operational, the high expectations and impatience persisted. One community made a long list of expected projects;[326] another one was planning to prepare a request for CSR in writing (which was a rather positive sign of improved communication between the community and the company). Nevertheless, the general feeling regarding the CSR activities of the LTWP up until that day[327] could be summarized by one of the interviewees who said: “They did a lot – we are grateful but we expect more”.

Most of the respondents had a low opinion of the effectiveness of the NGOs and the local government, as well as low expectations towards fulfilment of the promises made by the officials. There was, however, an observable trend in people’s perceptions that the involvement of the local government had slightly increased since the devolved system of governance came into effect. The cash transfer to the elderly, widows, orphans and disabled people was recurrently referred to (in five out of seven

[326] The desirable interventions were as follows: sponsoring poor people, electricity, road repair, construction of a health facility, establishing university scholarships for local students, more water tanks, more employment and more local content.
[327] September 2016.

villages) as one of the major positive actions implemented by the government.[328] Most of the respondents though, preferred to put their hopes in LTWP – a much more capable and resourceful agent, committed to stay for the next 20 years. With its substantial local presence, it was also easily available and much closer to the communities.

Table 37. Development projects funded by government

Domain	Project	Illaut	Ngurnit	Namarei	South Horr	Loiyangalani	Mt. Kulal	Sarima
Education	Primary school	X	X	X (3)	X (7)		X (5)	X
	Secondary school				X (3)		X (1)	
	Nursery	X					X	
	Teachers	X	X	X	X		X	X
	Scholarships	X				X	X	
	School feeding					X		
	Dormitory		X					
Health	Dispensary	X	X		X			X
	Medicines	X	X	X	X	X	X	X
	Nurses for the dispensary	X	X	X	X		X	X
	Mobile clinic			X				
Social welfare	Financial support to elderly, orphans, widows and disabled people	X		X		X	X	X
Infrastructure	Small road to the villages	X					X*	
	Stadium		X					
Water	Borehole	X	X**	X				
	Dams for animals	X	X	X (3)				
	Rock catchment		X	X				
	Motorboat					X		
Emergency response	Famine relief	X	X	X	X			
Security	KPR	X					X	
	Police post				X		X	

*Road was a very bad shape
** At local school.
Source: Own elaboration based on information obtained during fieldwork.

[328] As it is a national policy, it is highly likely that such social protection measures were also reaching target groups in two remaining villages but were not explicitly reported by the respondents.

Table 38. Development projects funded by NGOs

NGO	Description of the project	Illaut	Ngurnit	Namarei	South Horr	Loiyangalani	Mt. Kulal	Sarima
AIC	Support school fees and needing		X					
	Dispensary						X	
Boma project	Women savings group	X	X	X		X		
Building Bridges Northern Kenya	Excavations		X					
Care International	Computer	X						
	Social welfare (w/gov.)	X						
	Ponds for water						X	
	Sanitation						X	
Church (unspecified)	Support school fees and needing		X					
	Dispensary (construction)			X				
Constant Gardener Trust	Construction of 3 primary schools					X		
	Construction of a secondary schools					X		
Cordaid and Food for the Hungry (FH)	Dam			X				
	Rock catchment			X				
CRS	Seedlings				X			
Doctors without Boarders	Provided soap after shigellosis outbreak (in 1997)		X					
Food for the Hungry (FH)	Food relief				X	X	X	X
Food for Work	Water pumps			X				
GIZ	Fish project					X		
	Off-grid solar project (new)						X	
Mosque	Support school fees and needing		X					
NDMA	Seminars about droughts					X		
National Museum of Kenya	Conservation						X	
PISP (Pastoral Integrated Support Project)	Water project		X	X		X		
	Nutrition and diet supplements		X			X		
	Mobile clinic		X					
Red Cross	Vegetable garden in Kurungu				X*			
Solidarity	Water project						X	X
	Sanitation						X	
	Farming						X	
	Deworming the animals						X	
	Boats for the community					X		
UNESCO	Environment (tree planting)	X						
	Livestock	X	X					

	Women education	X						
Vets without Boarders (VSF)	Animal care			X		X	X	
Vicoba	Women empowerment and savings groups					X		
World Vision	Health	X			X			
	Sanitation	X						
	Support for widows and children	X		X				
	Distribution of animals	X						
	Training	X						
	Construction of market hall		X					
SIDA, AidLang, Concern Worldwide, CEFA		NGOs no longer present in the area but mentioned by the respondents (without specific project)						

*The Red Cross abandoned the project a number of years ago. Since then, the garden and its infrastructure seriously dilapidated.

Source: Own elaboration based on information obtained during fieldwork.

5.8.2 LTWP and the road: perception of changes

The purpose of this exercise was to get a detailed list of perceptions of the participants about the positive and negative changes in the project area, and if possible, attribute them to the presence of LTWP or the construction of the new road.[329] Respondents were asked to reflect on the differences they observed in their lives and surroundings between their childhood and the present day. As most of the respondents were between 20 and 40 years old, it was assumed that this was the time period they had referred to.

From the interviews we can note that there has been a number of changes in the area, which were predominantly perceived as positive (70%) (Table 40 in Annex 12). Most of them can be classified as general changes in the natural, physical and cultural domain (Table 41 in Annex 12). These were the changes that happened with time and were not attributed specifically to the presence of LTWP or the new road (although that depends on the location for some of them). The changes attributed to LTWP were perceived either as positive or both, i.e. simultaneously positive and negative. There were no direct negative changes attributed to the company's presence.[330] One of the major changes attributed to the presence of LTWP was the infrastructure upgrade. The rest of the perceived changes attributed to the presence of LTWP were related to their direct activities (incl. CSR) and employment created, while the changes attributed to the road went beyond that. The arrival of such mega project and the major infrastructure upgrade in a remote area with a long history of marginalisation certainty would impact the area in both positive and negative way. This was also how interviewed local people perceived it. From all the changes attributed to both the presence of LTWP and the road, 75% of them were perceived as positive, 12% as negative and 14% as having both positive and negative aspect.

Participants noted most frequently the changes in **the natural domain**: erratic weather patterns, less regular rains thus less water, decreasing grazing land and forest area (only one village noted that there

[329] For a detail list of changes per location see Annex 13.

[330] Methodological reflection: the interviews were conducted in a friendly and rather open atmosphere. Respondents didn't shy from listing a number of negative changes. Nevertheless, in regard to changes attributed to the company, a possibility of a bias should be considered. Despite my best effort to present myself as an independent researcher and assurance about full anonymity of the respondents; there was a chance that I was still associated with the company. As most people wished for more employment, it was likely that they were more positive about the company in general. On the other hand, all changes associated with the road and described above could be also associated with the presence of the company.

were more trees now), decreasing number of wild animals and fish in the lake. Most of these changes were perceived as negative and they can be attributed to global climate change. It is striking to see how much this global process caused by environmental exploitation and degradation in one place affected people elsewhere on the planet (Altaf, 2019). This negative impact of climate change appears to be severe to those whose livelihoods depend on animal economy, thus regular and predictable weather patterns. Finally, the population growth was perceived as both good and bad. Only respondents from Sarima perceived the increase in population as negative. On a positive note, it was a sign of improved health, hygiene, sanitation, access to modern medicines that all contributed to a longer life and less deaths (all positive changes also mentioned under the human domain). On the other hand, an increase in population meant increased pressure on already scarce resources: pasture, water, and land. Respondents from Mount Kulal and Sarima noted separately the influx of foreigners – in both cases it was perceived as both positive and negative. It was seen as good as many people mentioned, that through interactions, they saw and learnt many new things, including English and Kiswahili language skills. People started to wear modern clothes, women wore beadwork less frequently, they worked and some left their husbands and emigrated. Bad, as many people explained, the influx simply put too much pressure on scarce resources and brought “bad behaviour”. The problem was particularly persistent in Sarima, initially a village of ±1,000 people that nearly doubled in population during the peak of the construction works. At the time of the fieldwork, a number of people living in Sarima had reportedly decreased to 1,500,[331] as no more new employment was offered at that stage.

Regarding the changes in **the physical domain**, people mostly attributed them to LTWP and the new road. Schools and dispensary in Ngurnit and Namarey were attributed to the government or NGOs, while in Sarima the respondents recognised the role of LTWP in establishing school, dispensary and toilets. Surprisingly, school extensions and upgrade, dispensary, maternity ward were not really noted or attributed nor associated with CSR activities of LTWP. Within the CSR programme, LTWP sponsored office extension for Loiyangalani Police – this project was mentioned during the interviews but was perceived by some as a project for the local government and not for the community.

There were numerous new or upgraded houses in the area built with cement, brick and iron-sheet roof. Such (positive) upgrade was attributed to the presence of LTWP in all villages but Ngurnit (where it was considered a general change). Inspired by the new type of constructions (such as “The Village”), with available expertise (a number of local employees were trained how to build ‘a modern house’) and often finances from employment or compensations, a number of people decided to upgrade or build a new ‘modern’ house. New boreholes were attributed to LTWP and perceived very positively in Ilaut, Ngurnit and Sarima.

The upgraded road was generally perceived positively, but some adverse effects of it were also mentioned, such as dust, accidents and cars’ over-speeding. Initially, people didn't know how to behave and that caused some accidents. They involved mostly animals. The company provided compensations for the lost animals and started to educate people on road safety. Two villages that the new road bypassed (Ngurnit and South Horr) did notice less cars passing by, which impacted the occupancy of their lodges and local ‘hotels’. People from Mt. Kulal and Loyiangalani generally were positive about the road upgrade but they wished that the ‘good road’ would be extended to their own villages. Another adverse effect of the road construction, especially for one community that initially hosted the road constructing team, was additional garbage generated in their village.

On a negative note regarding new infrastructure, one senior person noted that he was actually “a bit scared of the turbines” at first. LTWP dedicated time to train and sensitise people by organising a visit

[331] The population of Sarima in January 2019 was reportedly 1,000.

for a group of community educators to Ngong Hills to see the installed turbines in action and not fenced.[332]

One of the most important game-changers in the area was the cellular network coverage. The cell phones became a very important tool in Kenya not only for communication, but also for largely used mobile payment system, called M-PESA. People in South Horr also mentioned available (for some) off-grid mobile solar system called M-KOPA. The quick adaptation of the mobile phone technology has been impressive and outran the speed of general 'modernisation' of the area. It did, however, create an interesting blend of modern and tradition. For instance, it was quite common to spot a young warrior, a moran, wearing customary cloths, traditional face decorations and a typical haircut talking on his cell phone in the middle of an empty road.

The culture and traditions, although declining, remained important. The majority of changes in this domain mentioned by the respondents were attributed to the general changes. The only change in the tradition sub-domain associated positively with LTWP was noted in South Horr and Mt. Kulal. The respondents considered themselves now less dependent on the animals for livelihood, increasingly seeing jobs and businesses as an option. The general major difference noted by respondents from all villages but Mt. Kulal related to the way of life. More people have adopted a sedentary lifestyle. This change was also reflected in the change in diet, which no longer consisted of only meat, milk and blood, but was increasingly supplemented with other foodstuffs. These products could be purchased at local markets and from local shops for money gained from selling animals. On a negative note in cultural domain, people noticed increased consumption of alcoholic beverages and consumption of miraa (khat). With money available from the associated employment it became much easier to pay for many things, including alcohol, miraa and women, with their associated problems. One of the respondents said "Samburu knows how to deal with animals. They don't know how to deal with money". South Horr and Loiyangalani respondents reported on increased prostitution in their locations. Overall, these were negative but also rather typical consequences associated with infrastructure development and modernisation.

Finally, the substantial cultural changes related to the status of women, who traditionally was very low. Women were finally allowed to participate in barazas (community gatherings), talk in front of the men, and even teach them new things. There have been a decrease number of FGM practices and increased liberty in regard to marriage: one can marry regardless his or her age group and there have been less arranged marriages. With more women now also involved in economic activities, men have been more frequently assisting women and taking care of children.

In **the human capital domain**, the major positive effect of the project and the road according to the respondents was the substantial security improvement of the area, which used to be marred by recurrent inter-ethnic violence.[333] Only in Loiyangalani, some respondents noticed more theft since the road upgrade. Moreover, it appeared that the upgraded infrastructure and LTWP made it easier to access the hospital in Meru and contributed to a higher enrolment of kids in schools, as due to the salary, more people could have afforded the school fees. However, with more kids at school, there was nobody to look after the animals. Respondents from Ngurnit felt that the new road contributed to their increased standard of living, while the former employees from South Horr appreciated their increased skills through on-the-job training they received, and how they learnt how to stay together with many different people. Interestingly, all changes in the human capital domain were perceived as positive in Sarima (increase school enrolment as positive and negative) and were all attributed to LTWP and the road. The only negative change in this domain, which was mentioned by interviewees in more than just

[332] At the initial stages of the project, regardless assurance from the company, people were concerned about potential fencing of the concession area. The wind farm remains not fenced (apart from the substation and 'The Village'), therefore people are allowed to pass through it with their animals.
[333] Some clashes were still taking place but they moved on the outskirts of the area and were reportedly less.

one location, was the increase number of diseases. In Ilaut and Mt. Kulal, it was perceived as a general change, while in South Horr and Loiyangalani it was attributed to the road. This observation, however, was not possible to confirm with the local medical service.

The majority of changes were noted in **the economic domain** and were attributed to the new road and the project (Table 41 in Annex 12). The only change not attributed to LTWP or the road was the increased number of women's economic groups, which should be most likely attributed to the above-mentioned BOMA project. Since the ungraded infrastructure "Everything became easier" for the people, as it improved accessibility and opened up the area for many new economic activities. At the time of the fieldwork, in 2016, trade was flourishing, with many people coming from other parts of Kenya to purchase animals on the local market. There was a new regular bus connection (every two days) between the local town Loiyangalani and the county capital Marsabit, which also transported dry fish and meat for sell in the city and exchange for other foodstuff and goods. One of the respondents concluded: "Life is easier, as transport is easier". Trade activities were taking place in local manyattas. The availability of foodstuff and goods had increased substantially. M-PESA, shops, bars, hotels and lodges, and even highly perishable miraa became available in almost every town in the area. The quality of food and goods available had increased the quality of life of many families, especially children for whom, in some cases, the daily food intake would double. One respondent stated: "Those who were not drunk, help themselves" (and the neighbours).

The remaining changes in the economic domain can be associated with employment provided by activities related to LTWP. "Salary helped a lot". The salary allowed most of the people to 'save' in a sense that they did not have to sell their animals to cover their daily expenses – in contrary, most of them were able to increase their savings by purchasing new animals. Moreover, in the Kenyan setting, people are generally helping each other. Therefore, those who worked also supported a number of other family and community members with food, school fees and hospital fees. With cash available from the employment (including the short-term) provided by the LTWP or the contractors, money was available and circulating in the local economy. Some people got married, opened or upgraded shops, or simply bought small items to trade or to rent (for instance utensils). Some got a new bike, motor or a car, new cloths. "The family was happy because of the money". "I cleaned all debts". Other respondents got land, built or upgraded their houses, fenced their compound, bought a chair, installed solar system. Some got empowered and decided to invest in themselves. They went back to school to get further training to become professionals or went to Nairobi to look for a new job.

Once the work was over, financial liquidity was surely affected. Some people went back to herding, worked on their plots (shambas) or were not doing much at that moment ("just sitting"); after all, "not everyone is an entrepreneur". From this research, the long-term effect and sustainability of the temporary jobs provided are not possible to determine.[334] What was clear, however, was the fact that people really appreciated the cash injection and a stable salary. This was also the reason why so many people were hoping to be employed again. The next section will look more closely into the effects of local employment and the tensions that arose during the job distribution among the communities.

5.8.2.1 Employment and community engagement

Employment was highly appreciated by nearly all interviewees. However, the distribution of jobs was among the most problematic and challenging aspects to manage between the communities and the company. Most of the respondents were hired as casual labour for LTWP or one of the contractors.

[334] It should be reminded here that the fieldwork took place in the moment when the temporary local employment, although in decline, was still substantial. It meant that more cash was available in the local economy at that moment. It would be therefore necessary to conduct a follow up research to verify to what extent the initial boost of the local economy related to the cash influx from the local employment was sustainable.

They were engaged mostly on short-term contracts and majority of the contracts had already elapsed by the time of the interviews. The respondents mostly appreciated the salaries and meals provided by LTWP during the course of their employment.[335] "Nobody went to bed hungry", also as the leftover water and food were shared with the nearby communities. The employment contract was covering the obligatory subscription to the National Social Security Fund (NSSF) and the National Hospital Insurance Fund (NHIF). The latter was highly valued, as it covered hospital fees in case of sickness. People also appreciated to be picked up by a vehicle for work and brought back home afterwards. During the interviews, one of the respondents also discussed the 'side business' of some people. According to him, some people were secretly selling project diesel for half price and bags of cement they got at the construction site. Moreover, some wooden pallets couldn't be accounted for. They are now, allegedly, used as beds or tables in some of the local manyattas.

The majority of the respondents liked to be employed, to gain experience but it was a process in itself. Many people had to learn first what did it mean to actually work. Some acquired new skills, although usually basic and on-the-job. The general trainings were provided on health and safety, fire eventuality and first aid. Otherwise, depending on the position, people learnt wiring, welding, cleaning, riding a wheelbarrow, using a rope and flags, how to build and repair, how to mix cement and sand and to do blocks. Some people were trained as drivers, got a certificate as cook or fundi.[336] CLOs were taught how to talk and mediate with the communities to keep peace between them and the project. Some respondents started small with casual posts but later got promoted on the job.

The negative aspect of the employment was that it was short-term in nature. Furthermore, for many, the work was physically hard, from Monday to Saturday, far from home, and the salary, although objectively decent, could have been higher. Some people complained about their (Kenyan) supervisors and their unfair treatment of local employees (a case of physical abuse [1], some dismissals[337]). The respondents wished for more training, for instance on HIV/Aids, waste disposal, Kiswahili or calculations. Generally, there was a big need for more work, but at the time of the fieldwork, it was no longer possible to get a casual job.

From the outset of the construction period, there was a very high demand for employment and local content. The company (as seen in Chapter 5.6) made an effort to create a number of opportunities for the local businesses, but in practice, it was not possible to hire everybody or supply much locally. The communities felt that the local employment and local content element of the project were too limited, it eventually led to a conflict between the communities and the company. As the construction progressed, the communities started to block the road demanding more employment, benefits and local content despite the initial support of number of the local leaders to the project. For instance, some people from the community of Ngurnit destroyed the water tank of Civicon (which was used to collect water later sold to the company). Following mediation, the community settled for work and agreed to repay the tank. In response to other roadblocks, and after fulfilling the demands (usually more employment), the communities went calm for a while. The interviewees also felt that Kenyans from outside of the County took too many of the (casual) job opportunities. This, however, is clearly a perception, as the analysis in Chapter 5.6 showed that only 6% of non-skilled jobs were given to the non-local population. Nevertheless, such negative belief inhabited a number of respondents.

In theory, the chiefs were supposed to equally distribute jobs among the community members, but some interviewees said that was not always the case. Some chiefs did not always advertise the job

[335] Those on the job were provided with food and beverages in addition to the salary.

[336] A person bought fundi tools from the salary and opened his business. Increasingly, more buildings in towns have been built in 'modern' style. See the section on perceived changes above.

[337] Some of the reported dismissals were performance based or disciplinary (as a result of prolonged absence at work). In few cases though the respondents were embittered with their dismissal, as reportedly they informed their supervisors about their absence in advance, yet they lost their job upon their return. In such cases, the sacked employees felt that the dismissal was caused by ethnic prejudice.

posts. Others claimed that some jobs were distributed along the ethnic lines and some CLOs played a role in this process. Drew (2018) described in details how certain local leaders and brokers used their position and social status to divide and incite local people against or in favour of LTWP to access the investment benefits (cf. Drew, 2018). Especially, at the very beginning of the construction period these were the chiefs and those from the inner circle who would get the extra jobs, have the car rented or their animals bought from by one of the subcontractors. In one village for example, it was the Chief himself who sold over 300 goats to one of the subcontractors. Indisputably, these were often people with education and means, so also capable of delivering the necessary skills or services. However, it also raised the question of the integrity and bias of the local leaders and brokers who per definition should have the best interest of their people in mind. Nevertheless, in the Kenyan setting and in the context of extreme poverty, it appeared that they may have favoured themselves, their relatives and clan members once an opportunity arises.

At some point, LTWP had to step in and responded to the growing tension in the communities related to unequal job distribution. However, the time had passed before they centralised the local recruitment, which provided a window of opportunity for the local leaders and brokers to benefit first before including the others. LTWP could have done that partly to respect the local hierarchy and norms, and partly to build a good relationship with these local decision makers. Bringing these leaders on side would strengthen the company's negotiating position in the future. Such a strategy appeared to work in the long-term. Ultimately, after the centralisation of the recruitment by LTWP, long-term and regular involvement of Chiefs, the redistribution of jobs improved (as showed in Chapter 5.6). According to some interviewees, at least one person per manyatta was hired at some point of time in (most of) their respective villages. Nevertheless, the interviewees still felt that the local leadership should have protected more their own people and push for more local employment from the very beginning.

5.8.3 Conclusions

This sub-chapter showed that in the case of LTWP, the company was able to bring some positive changes that, over time, led to (some) inclusive outcomes at the local level, as perceived by the residents. It was not, however, an easy task. By providing (temporary) employment, improving infrastructure and security, LTWP changed the status of the entire area from a 'neglected' to a 'productive' one, with numerous economic and social development happening and more possibilities to come.

As for a foreign private investor, like LTWP, building a long-term relationship with the local leaders was critical. To do so, it had to respect the local hierarchy, local politics and dynamics, meaning that especially at the very beginning, they had to play by the local rules, which favours some and disregards others. The process, although rather exclusive, required time and good understanding of the local context. This knowledge was essential to anticipate the growing expectations, managing them, as well as ultimately slowly pushing for a greater inclusion of everyone in the communities. This was an extremely time-consuming and fragile process that was managed with great caution by skilled and dedicated individuals.

Chapter 6. Analysis and answering the research questions

6.1 Introduction

As discussed in the introduction to this thesis, the private sector is currently expected to play a critical role in the inclusive development process necessary to achieving the Sustainable Development Goals, yet their contribution to inclusive development (in terms of outcomes and processes) in developing countries has not been explicitly empirically explored. Based on three independent case studies of Dutch firms in the tea, flowers and renewable energy sector in Kenya, this thesis identified and examined the possibility of using the five dimensions of ID (economic [E], socio-cultural [SC], ecological [ECO], spatial [S] and political [P]) in this explorative analysis of the contribution of the private sector to achieving inclusive development outcomes and the processes behind them. Examples of such processes and outcomes are (productive) employment generation, inclusive staff recruitment, knowledge transfer, expansion of the economic space for local businesses and their involvement in the value chains, paying taxes, and corporate social responsibility (CSR) programmes. The literature urged paying particular attention towards possible trade-offs between development outcomes achieved in different dimensions, which may happen depending on the contexts, the commitment and/or interest of national governments and other strategic actors working towards achieving these outcomes (INCLUDE, 2013; Rocha Menocal, 2017b; Widianingsih & Paskarina, 2019).

In order to understand the desired context and mechanisms within each of the sectors, this study applied an exploratory research design with the overarching qualitative method of process tracing, in both its theory-building and theory-testing capacity. To achieve this, process-tracing was combined with case studies, within which 'mixed methods' were used. Within each case, possible links between identified inclusive outcomes and processes are traced by documenting sectors' and/or individual corporate histories, as well as the historical context of their operations, and the sequence of events within the respective sectors' developments. This process adopts an inclusive development lens, as posited by Dekker (2017) and (partly) Santpoort, Bosch, Betsema, & Zoomers, (2017). Such an approach has been encouraged by a number of scholars (de Haan, 2015; Kolk et al., 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017) yet, to the best of my knowledge has rarely been empirically explored. In doing so, this thesis takes the reader on a historical journey through the main stages of the Kenyan economy in the 20th and 21st century intertwined with corresponding global development orders as seen through the lens of the three studied sectors in their respective development processes. The next section will address the guiding research questions of this thesis before moving to the reflection section, followed by the recommendations that conclude this thesis.

6.2 Addressing the research questions

Based on the review of Dutch development policies as well as the analysis of the processes behind the development of three sectors in Kenya and the case studies of Dutch businesses in the country, this part of the chapter addresses the main research question posed at the beginning of this thesis:

***What is the contribution of the Dutch private sector operating in the tea, flower and renewable energy sectors in Kenya to inclusive development in that country*?**

This guiding question was further subdivided into two main sub-questions:

1. What were the key factors and processes supporting or constraining the analysed Dutch private sector in Kenya in achieving inclusive development outcomes?
2. What was the role of the Dutch government's private sector development policies in supporting the Dutch private sector in becoming more inclusive in their operations in developing countries (and particularly Kenya)?

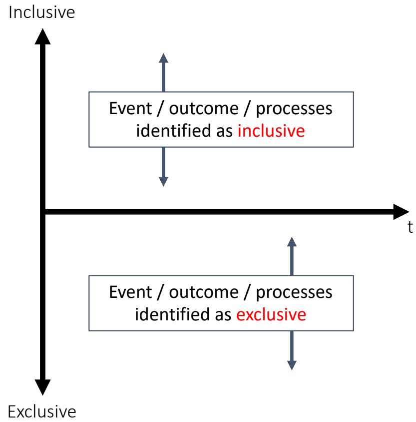
The first sub-question uses the three selected case studies to conduct the theory-building process tracing, while the second sub-question conducts the theory-testing process tracing in the context of the three selected case studies. I will now address these questions.

6.2.1 Addressing sub-question 1
What were the key factors and processes supporting or constraining the analysed Dutch private sector in Kenya in achieving the inclusive development outcomes?

To answer this sub-question, this section will condense the processes traced in detail within the three cases studies (Chapter 3-5) and summarise their respective development outcomes and development processes. My first step is to establish a chronology of events in three case studies and produce a narrative that lead to the emergence of some possible outcomes and processes. Secondly, I position the identified processes and outcomes in a broader context of the inclusive development. As discussed, development outcomes and processes may have inclusive or exclusive (meaning non-inclusive) character. Moreover, analysis of processes automatically implies reference to time and time periods. In search of the potential causal dynamics, it may be worthwhile visualising these outcomes and processes in a broader historical perspective.

In order to do so, I propose using a two-dimensional graph that consists of a horizontal timeline that intersects with a vertical line capturing the inclusive or exclusive nature of events, outcomes and processes within the studied cases according to my argued assessment (Figure 47). This argued assessment was necessary as the vague and untheorised nature of the explicit nexus between the private sector and inclusive development makes it difficult to quantify.[338] Moreover, not all of the above information was available for each of the case studies due to the limitations of and challenges experienced during the field data collection (more about it in the Section 6.4.2 below). The proposed graph will be constructed as follows.

Figure 47. The two-dimensional graph used for the analysis



Source: Own elaboration by the author

The vertical line on the graph depicts the level of inclusivity or exclusivity of the identified events, outcomes and processes in their given dimension, based on my argued assessment. The closer the outcome or the process is positioned to the extremes of the vertical axis, the more inclusive or exclusive nature of this occurrence.[339]

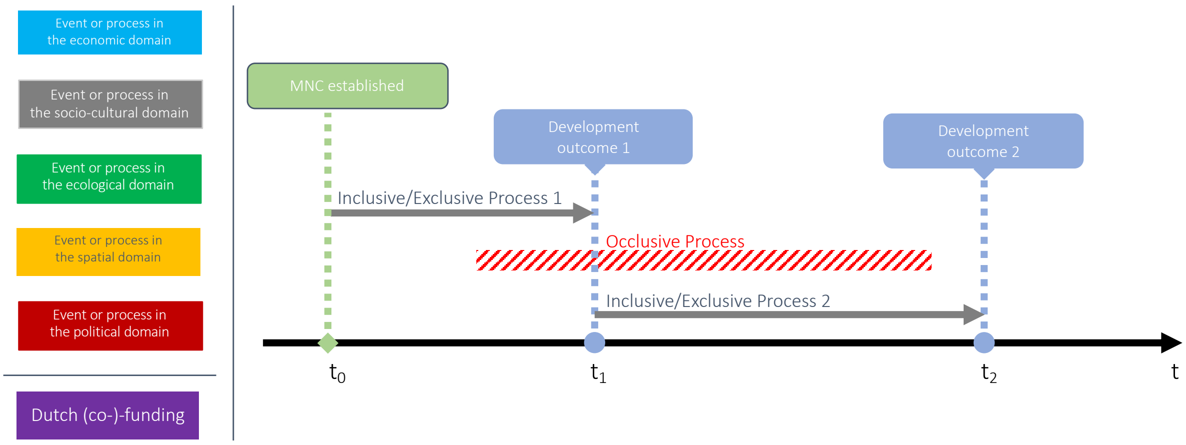
The horizontal timeline marks the beginning of the studied MNC operations in Kenya as well as the identified development outcomes. The empirical chapters attempted to capture the key events, outcomes and processes that led to achieving outcomes in five dimensions of inclusive development (economic, socio-cultural, political, ecological and spatial). The extent to which they are all relevant, thus

[338] The main components of these interactions considered in this thesis – productive employment – can be assessed to a certain extent based on some quantifiable indicators, such as number of jobs created, remuneration or stability of the employment. Potential tax contribution of the private sector can also be quantified. Nevertheless, other factors, such as knowledge transfer, the precise extent of the involvement of the local businesses in the value chains or the impact of CSR programmes were harder to assess in a quantifiable way, as the value chain analysis or evaluation of CSR interventions was not in the scope of this thesis.

[339] A more precise positioning of an occurrence is possible if a scale is applied to this axis. One idea would be to use a Likert scale or the Inclusive Development Index (IDI). However, such an approach would require a more quantitative research design and additional data collection, which were beyond the scope of this thesis.

addressed, depends on the case study. These events, outcomes and processes will be classified according to their dimension and marked with a respective colour (Figure 48). As suggested by Awortwi & Dietz (2019), political economy and political settlements are important factors to consider when discussing especially the political dimension of ID. Based on my prediction about the empirical fingerprints of the main causal mechanisms of the process traced in this thesis, I look for potential relationships between the policymakers and businesses within the case studies. These processes clearly emerged in the empirical chapters in all three cases. The political settlements and relationships between different strategic actors, including the state and MNCs, should be seen as dynamic processes. Arguably, they could all be seen as exclusive development processes (as opposed to inclusive processes), but my research has shown that there is more nuance that needs to be taken into account. Exclusive processes may occur openly, in public, but generally the processes described in this thesis happened behind closed doors in a rather 'occlusive' way. These 'occlusive' processes are the moments when settlements are negotiated among selected groups of strategic actors. In the figures, this is marked as a corresponding shaded (bright) red block (Figure 48). The graphs also indicate Dutch financial support provided to the studied sectors. This support is marked in violet. The inclusive or exclusive nature of this support is not assessed and so features randomly in the figures.

Figure 48. Explanation of the timeline used for tracing the process in this chapter



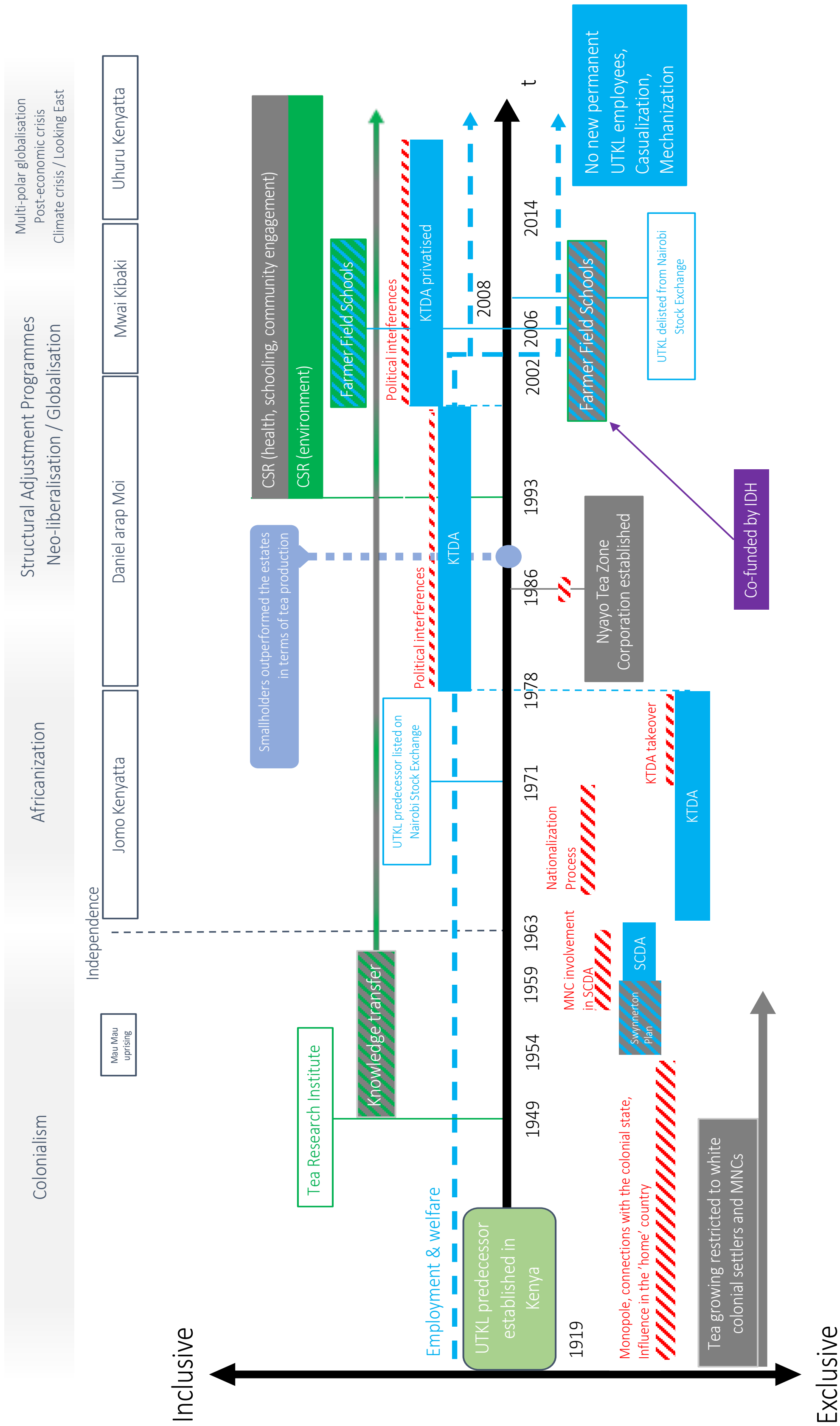
Source: Own elaboration by the author

Taking into account the methodological constraints and mindful of the limitations, I will now present the contribution of the three studied cases to inclusive development in Kenya in its five dimensions within the historical context.

Unilever Tea Kenya Limited

The first case study (Chapter 3) in this thesis documents a process behind nearly a century of tea sector development and the role of Unilever Tea Kenya Limited (UTKL), and its predecessors, in it. UTKL is a Dutch-British MNC that owns one of the largest tea estates in Kenya. This case study described different corporate strategies that this MNC (and its predecessors) has adopted over nearly a century of its operations in Kenya in response to the changing international and national economic and political climate. It deepened the understanding of the contribution of this MNC to the promotion of productive employment and inclusive development in the country. The development outcomes of the operations of UTKL and its predecessors in their respective ID domains and based on their assessed inclusive or exclusive nature are visualised in the historical context on Figure 49 (which is further explained below).

Figure 49. The development outcomes and processes in the tea sector development; the case study of Unilever Tea Kenya Ltd.



Source: Own elaboration based on Chapter 3

The actual inception and organisation of the commercial tea sector, knowledge transfer, improved farming techniques, inclusion of the smallholder farmers, large-scale employment, as well as welfare and CSR programmes can be classified as development outcomes in the economic (E), socio-cultural (SC) and ecological (ECO) dimension that are associated with the presence of UTKL and its predecessor in the sector. The MNC contributed the most in the economic dimension, as compared to the other dimensions. UTKL, and its predecessors, played a pivotal role in the development, professionalisation and adaptation of more sustainable agricultural practices in the tea sector in Kenya – one of the most important export products to date. The MNC was among the first companies to produce and sell tea locally on a large-scale (E). During the early period of the establishment of the tea industry (±1924-1936), it also substantially invested its corporate capital in the import of seeds (E, ECO). Furthermore, it brought know-how and R&D that, in time, spilled over to smallholder farmers (SC, ECO). The MNC supported the smallholder tea farming schemes in the 1950s and 1960s and the creation of KTDA – the key institution for smallholder tea farming development (E). As of 2006, UTKL has been increasingly involved in knowledge exchange with smallholder tea farmers through Farmer Field Schools (FFS), jointly established with KTDA and co-funded by the Sustainable Trade Initiative (IDH), a Dutch organisation, and the (then) Dutch Ministry of Economic Affairs, Agriculture and Innovation through the Dutch Embassy in Nairobi. This extension method aimed to improve the sustainability of tea production by increasing the rate of adoption of good agricultural practices and to improve the profitability of smallholder tea producers (E, ECO). Furthermore, the company has been one of the largest employers in the country (E). Substantial investments have been made to train managers, build houses for the plantation workers, and provide healthcare and schooling for them and their families (SC). A number of these social welfare actions goes beyond the requirements of the law, and are coupled with an extensive CSR agenda in the education, health and environment domains (implemented on a more structural basis since 1993), with the benefits of it often extending to the wider community (SC).

Figure 49 reveals that, according to my argued judgement, none of these outcomes reached its full inclusiveness potential. There are number of reasons for this. For instance, regarding employment, UTKL, and its predecessors, was in a constant struggle with the representatives of the plantation workers who demanded increased wages and improved working conditions. The increase in labour and other costs eventually led to restructuring of the company and a reduction of permanent staff. Although it was recognised that UTKL did pay a basic wage that was higher than on other estates, the wage remained low and a practice of hiring casual labour on short-term contracts persisted. Thus, this development outcome in the economic dimension, although inclusive, yielded moderate inclusive outcomes. Based on my own argued assessment, these outcomes should partly fall into the exclusive position on the graph after restructuring and introduced mechanisation. Despite its efforts, the work of the sectoral trade union has not been perceived well by its members, who largely feel misrepresented. The marginalisation of women in the sharing of tea income also remained problematic. Moreover, UTKL, and its predecessors, did not hesitate to use its position to influence the shape of the sector and maintain a certain control over tea production, while determining on the global scale what 'sustainability' in the sector is. The MNC supported the smallholder tea farming schemes, as it assured a steady supply of high quality raw materials to their own factories without bearing substantial additional labour costs. This is why FFS, as an outcome, are positioned on both the inclusive and exclusive side of the graph. This was the case in the 1950s and 1960s when the Swynnerton Plan (1954-59) was introduced to undermine peasant rebellion through economic incorporation of a selected group of rural 'progressive' African farmers, and a parallel was observed in 2007, with the decision of UTKL to buy all of its tea from Rainforest Alliance certified sources. In both schemes, UTKL, and its predecessors, as well as international donors (including 'home' governments) played a major role and ensured their interests were safeguarded. Both schemes were also targeting 'progressive' African tea farmers, which made tea a rather exclusive crop. Scaling up proved to be difficult and lengthy, especially for the lower strata farmers, forcing many of them to grow tea illegally (in the 1970s) or consigning their high quality yet non-certified tea farmers to an unprivileged position on the Mombasa Tea Auction (in the 2000s). It therefore reveals a rather exclusive character of the inclusion process of sector development, especially towards smallholder farmers. This results in these development outcomes not being as inclusive as they could have been.

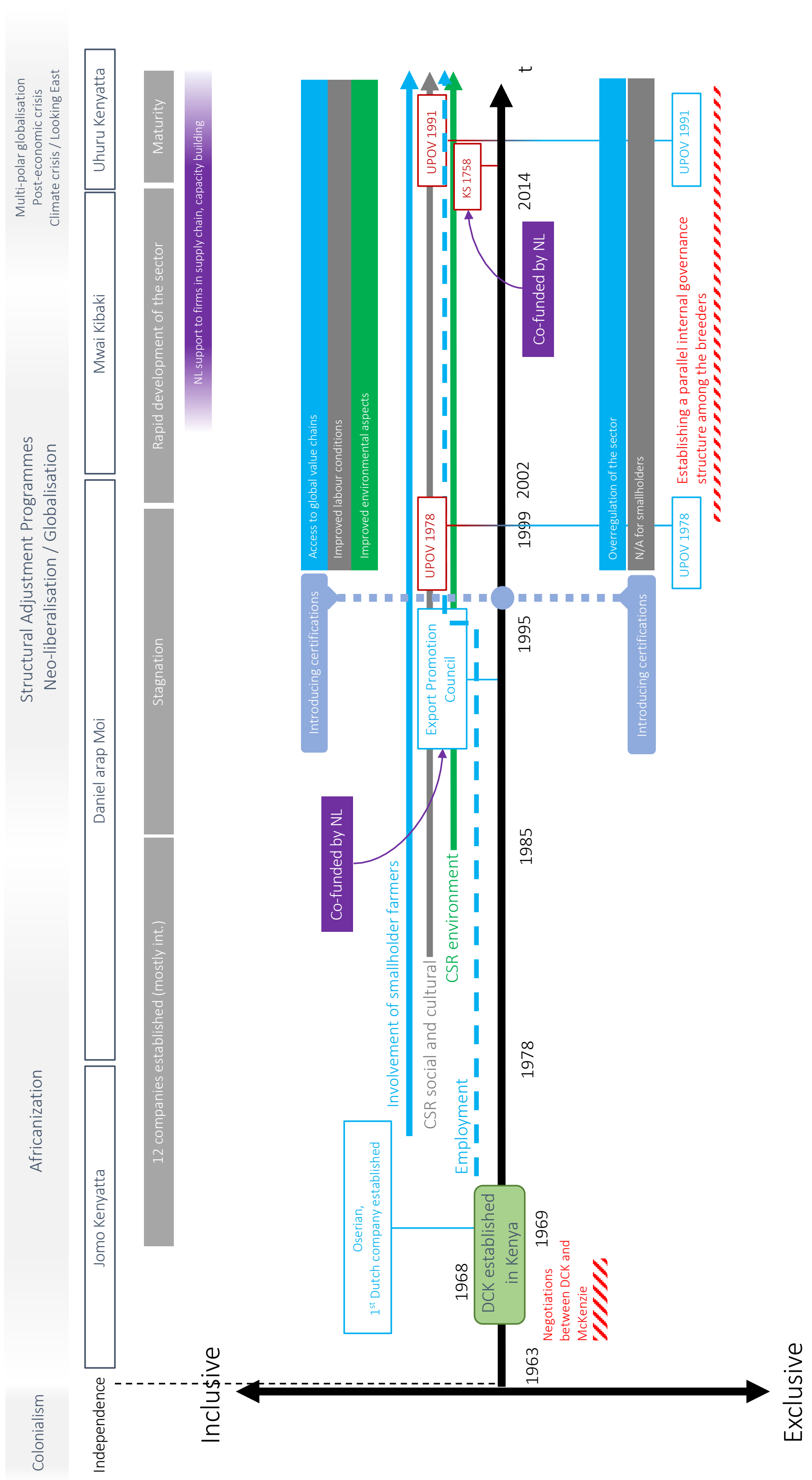
The government, firstly colonial and then Kenyan, played an equally important, albeit sometimes contradictory, role in the inclusion process. Firstly, the highly exclusive developmental process supported by the colonial administration in favour of settlers and multinational companies during the first 25 years of the tea industry's expansion (1924-1948) clearly contributed to the speed and, indirectly, to the success of the UTKL predecessor as one of the main marketers of teas and one of the two largest tea producers in the country. Later, the colonial government again, under the Swynnerton Plan, strategically used the crop as a peacekeeping tool in supporting the development of agricultural capitalists and rich farmers, preferably from the Kikuyu ethnic group. Once the power was transferred to the Kenyan government in 1963, tea remained a highly political crop, attractive for many farmers, including the Kenyan bourgeoisie and political elites. Tea-growing regions (former Central and Rift Valley Provinces) were electoral strongholds of the most important political figures during the period under investigation: Presidents Kenyatta, Moi and Kibaki. Development of tea in these two regions was therefore important for political and ethnic reasons. Ethnic politics played a role in the KTDA takeover of the UTKL predecessor's highly profitable marketing arrangement on the local market in the 1970s. This takeover deprived the MNC of a substantial source of profit and was an example of the successful 'Kenyanisation' of one of the key economic sectors in the country. As a result, the area under tea cultivation more than tripled between the 1970s and 1990s and by 1988, smallholders outperformed the estates in terms of tea production. Establishment of the heavily politicised Nyayo Tea Zone Corporation in 1986 by President Moi is another example of ethnic politics in the tea sector, this time acting in favour of the Kalenjin ethnic group. These 'occlusive' events and processes visualise the importance of the coincidental convergence of interests between smallholders and ethnic politics in the developmental process.

This case study concludes that although the development of the tea sector in Kenya is considered one of the success stories of the inclusion of the indigenous smallholder farmers in the sector formerly initiated and dominated by MNCs, the fully inclusive character of the sector can be contested. It took decades before allowing meaningful smallholders' representation (even today, it is still not free from criticism), thus for a long period it was and, to some extent, remains a highly exclusive sector. The increase in production by small-scale farmers remains mainly due to expansion in hectarage rather than better agronomic and processing skills/technology. Achieving a greater inclusion of the national farmers was not a given either. It was a time-consuming process and an outcome of long 'occlusive' negotiations, often behind closed doors, between the MNCs, international donors, national and local governments and elites. Therefore, this case study demonstrates how important the role of political settlements and strategic actors is for assuring the spill over effects of the MNCs operations to the local economy.

The flower sector in Kenya

The aim of the second case study (Chapter 4) was to examine the current state of the flower sector in Kenya (based on a sectoral survey and interviews) and trace the processes behind the sector development, as well as to investigate the potential role of the Dutch capital in promoting productive employment and inclusive development. Employment, smallholder production, CSR and some (still contested) environmental sustainability may be considered development outcomes in this sector, covering yet again mostly the economic (E), but also the socio-cultural (SC) and ecological (ECO) dimensions. The development outcomes in their respective domains and based on my argued assessment of their inclusive or exclusive nature are visualised in the historical context in Figure 50 (and further explained below).

Figure 50. The development outcomes and processes in the flower sector development; the sectoral study.



Source: Own elaboration based on Chapter 4

Looking at the timeline and related processes visualised in Figure 50, it is noticeable that the sector developed in a period of rapid globalisation and lacking a strong state. Since liberalisation in the 1990s, the private sector took the lead and the sector has largely been driven by market forces. Foreign investors and partners played a critical role in launching and expanding the floriculture industry in Kenya. The large-scale flower production in Kenya only started as a result of personal connections and an 'occlusive' convergence of the political (and personal) interests of the (then) Minister for Agriculture with one of the foreign investors (Danish DCK). Dutch companies followed the Danish company and started flower export businesses alongside DCK, while Dutch and Israeli advisors have been important sources of technical support. It is highly possible that the flower sector developed in Kenya because Dutch entrepreneurs were encouraged by the Dutch government to look for business opportunities abroad. The companies in the sector did not, however, benefit from any of the private sector development instruments available during the initial years. Dutch support for the sector came mostly as the sector matured, with few exceptions implemented during the professionalisation period. Support from the Government of Kenya (GoK) in promoting the floriculture sector has been mixed over the years. As long as the sector remained profitable, the Kenyan government adopted a rather passive approach, which was considered favourable by many exporters at that time. Although subtler than in the case of tea (Chapter 3), the flower sector also attracted prominent (and politically connected) Kenyan families.

In the 1990s, without adequate protection for breeders, the flower industry stagnated, as no new varieties were introduced in the country. Through the years, the largely 'foreign'-owned floriculture and horticulture sectors have consistently lobbied for implementation and exacerbation of plant breeders' rights in Kenya. The Government of Kenya officially acceded to the Plant Variety Protection (PVP) scheme under the UPOV 1978 Convention in May 1999 and under the 1991 Convention in May 2016. This move consequently encouraged foreign breeding companies to introduce their flower (and other horticultural) varieties into the country (E). Since then, the sector has rapidly developed and stabilized, while a small group of international breeding companies have taken advantage of the absence of state control and advancing globalisation to take over the key regulatory role in the sector, creating an 'occlusive' nearly parallel internal governance structure. The exclusivity also relates to knowledge transfer with regard to breeding techniques. Today, all rose varieties available are of foreign origin, although it should be noted that, under strict breeding regulations, young plant material is increasingly propagated at production facilities in Kenya. Generally, though, a lack of public finance and support for local R&D and public research in this domain in Kenya further hinders the entrance of Kenyan companies to the sector, thus allowing this 'closed network' of mostly Dutch and other international companies to regulate the sector in an 'occlusive' manner.

Despite criticism regarding the position of the breeders, as well as some productive employment generated by the growers (E), it is argued that within the last decade, the (voluntary) codes and certifications, as well as the amended national employment policy contributed to the improved working organisation (E), environmental aspects (ECO) and (to some extent) labour conditions in the sector (E, SC). A majority of the private flower companies, and nearly all Dutch companies in the sector, have also supported local communities through their CSR activities (SC). Although fragmented, such programmes are seen as an integral part of operations in Kenya and have benefited employees and communities in the proximity of the farms. There is also a significant potential in small-scale flower production for poverty reduction and employment creation (E).

Again, as observed from Figure 50, according to my argued assessment, none of the above-mentioned outcomes reached its full inclusiveness potential and, in some instances, the occurrence generated both inclusive and exclusive outcomes. The UPOV and PVP were important for stimulating the sector's development, yet the schemes continue to marginalise smallholder farmers in terms of access to quality seed and thus excluding many of them from accessing the global value chain. Certifications are important for the flower growers as they facilitate access international markets and have contributed to improved organisations, environmental aspects and (to some extent) labour conditions in the sector.

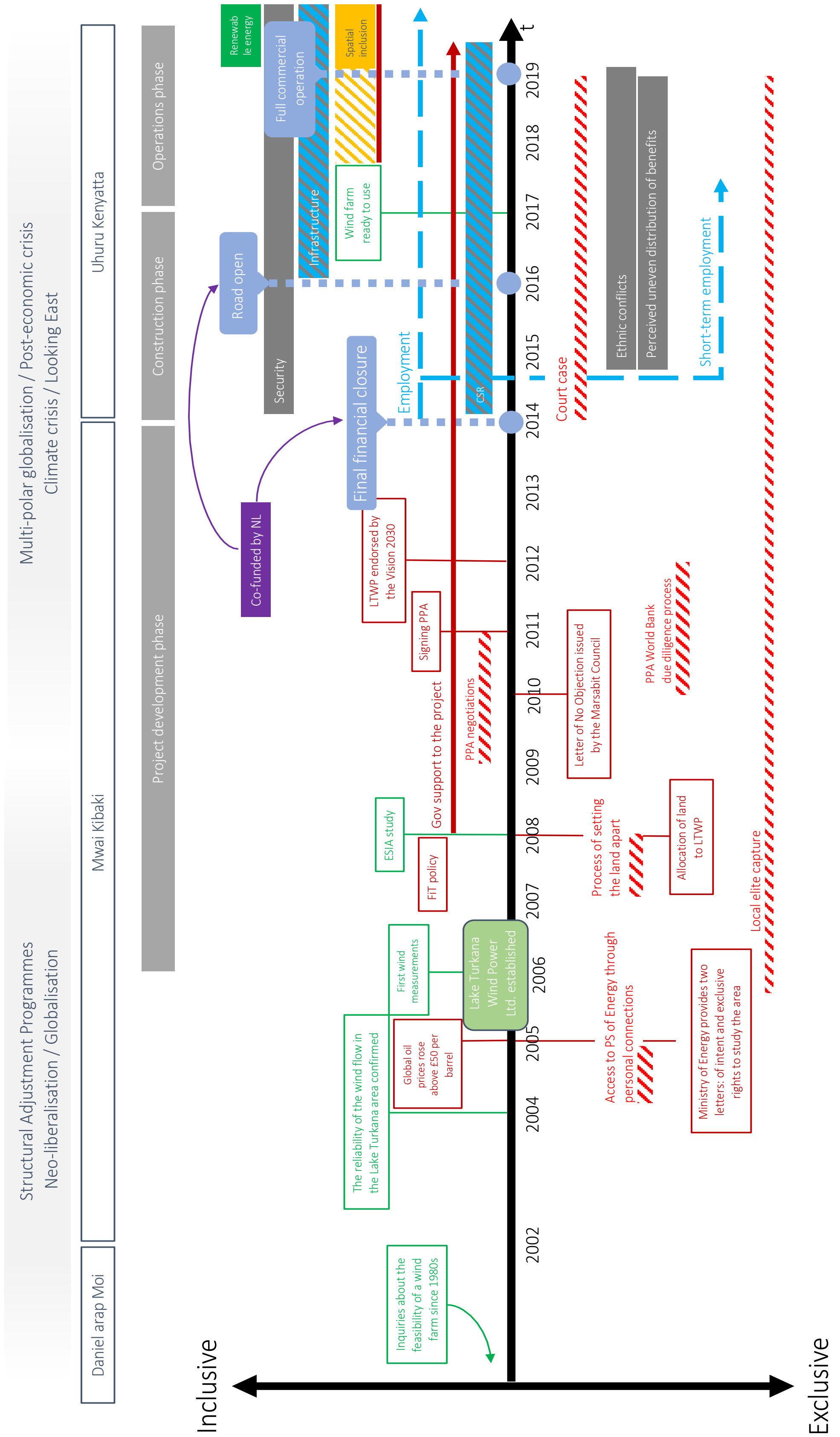
However, it must be acknowledged that floriculture is overregulated, with too many certification labels with overlapping requirements, which leads to higher costs. The existing certifications are designed for medium- and large-scale production and consequently create yet another barrier to smallholder flower growers entering the market. The requirements do not apply to the breeders or propagators, thus the certifications fail to challenge the underlying power structures in the sector's (international) value chain, perpetuating existing inequalities. Finally, the concerns and expectations of the workers themselves regarding obtaining a living wage, greater gender inclusion and representation in the leadership of the trade union, and job security have not yet been fully addressed.

As stabilized African capitalist agricultural production linked to global value chains (Whitfield, 2017) and an important for employment creation 'industry without a smokestack' (Newfarmer et al., 2018), Kenyan floriculture is in the position to generate quality jobs and to create substantial spill-over into the local economy, thus generating inclusive development outcomes. However, as this case study showed, its full potential for inclusivity has not yet materialised and the process has been long and not fully inclusive either. The internal power structure and the plethora of international certification standards have resulted in limited knowledge sharing, exclusion of smallholder flower farmers and slow progress towards more productive employment. Ultimately, this case study indicates that developing countries, like Kenya, appear to be more willing to choose policies that benefit the buyers and international breeders, by e.g. complying with international regulatory regimes, at the cost of raising entry barriers for smallholder farms. It is consequently the UPOV that governs the sector more than the state (and most likely not only in Kenya but in all countries), as the state has limited interest and space for manoeuvring in current governance configurations of the globalised value chain. This leads to a general critical observation that as long as this development remains market-driven and embedded in neo-liberal ideology, it is unlikely that it will reach its full inclusive development potential.

Lake Turkana Wind Power Project

The third case study (Chapter 5) reviews renewable energy policies in Africa and wind energy in Kenya. It further traces the process behind the nearly ten-year development period of Lake Turkana Wind Power (LTWP) project. It is an example of a 'modern' private sector model that looks beyond profit. This in-depth case study describes how LTWP achieved the development outcomes in political (P), economic (E), socio-cultural (SC), spatial (S) and ecological (ECO) domains by being a producer of clean and renewable energy in the era of climate crisis (ECO), employment creation (E), infrastructural upgrade (E, SC), improved security (SC) and Corporate Social Responsibility programmes (E, SC). The project, however, operates in a sector of high national importance on the national level (P), and locally, in the context of pastoral margins (S, P). These factors substantially influenced its developmental process, which is further captured in Figure 51 (and further explained below).

Figure 51. The development outcomes and processes in the renewable energy sector development; the case study of Lake Turkana Wind Power project.



Source: Own elaboration based on Chapter 5

A major achievement and inclusive outcome of the project is the fact that the wind farm was built predominantly by Kenyan companies and Kenyan workers (E). By August 2016, the majority of the positions (57%) were created locally, 39% of the positions were filled by Kenyans from beyond the County and the catchment area, and about 4% of the all positions were given to expatriates. Such composition of labour was possible because the company implemented dedicated policies that promoted local and national recruitment in this priority order. The company policy was also to distribute jobs based on communities and not based on ethnicity in order to minimise the risks of potential conflict. The employment data support this statement. Officially, everyone was hired on contracts drafted according to Kenyan Law. The salary schemes were streamlined among all the contractors and established a decent minimum rate for all employees in order to provide equal opportunities for all employed. Going forward, during operations, the total number of employees was estimated to be 455 people (2018).

The arrival of LTWP to the remote part of Kenya where it is located, brought many changes, predominantly perceived as positive. New and upgraded infrastructure has been the major change (E, SC, S). The construction and upgrade of 208 km of road cost €22.5 million. To finance it, the Government of the Netherlands, through the African Development Bank (AfDB), contributed €10 million and the balance of €12.5 million was provided by LTWP. The Dutch government, through FMO, also provided a loan of €35 million for the project's development. The road upgrade was primarily to allow for the wind turbines to reach the site, but the road was expected to additionally open the area for further development and improve accessibility to and for all the local communities (S). At the time of the fieldwork in 2016, the local economy was vibrant, which led to an increased local availability of foodstuff and goods. Bus connection, M-PESA, shops, bars, hotels and lodges, and even highly perishable miraa became accessible to almost everyone in the area (E). The spatial inclusion of the area thanks to the road and the project itself, as well as the policy of LTWP to consult and interact with local political and traditional leaders also translated into their inclusion in the national political debates, thus an inclusive outcome in the political dimension (P). Another major positive outcome of the project and the road according to the respondents was the substantial security improvement in the area, which used to be marred by recurrent inter-ethnic violence (SC).

LTWP accepted its role as development agent from the outset. Its ambitious long-term corporate responsibility programme is channelled through the Winds of Change (WoC) Foundation (E, SC). The Foundation became fully operational only after the wind farm had been connected to the grid and started generating income. Nevertheless, before LTWP became operational, the company invested €2.1 million in a 'fast track' implementation of CSR activities during the construction period. It focused on 'quick wins' in order to meet the most pressing needs of the communities and enhance harmony between LTWP and the local people. For these projects, LTWP contracted local businesses only. LTWP has also been increasingly working in partnership with the County government, especially on programmes that provide services and projects that are conventionally delivered by the state. To indicate its serious and inclusive engagement in the local community development, LTWP tried to fund CSR projects among all communities to better balance the distribution of CSR benefits within the whole constituency. A substantial number of local contractors have also been hired as suppliers of goods and services to LTWP and subcontractors.

The above-described outcomes can be considered inclusive; yet, based on my argued assessment captured in Figure 51, again not in their full potential. The upgraded infrastructure was coupled with a resettlement of Sarima village and bypassed two local villages that were situated along the former route. The jobs provided during the construction phase were short-term for the majority of the local employees, thus they could only act as a catalyst for spill over economic activities and it is too early to assess their long-term impact. With money available from the associated employment it became much easier to pay for many things, including alcohol, miraa and women, with their associated problems. Despite great efforts, tensions arose between the Turkana and the Samburu over the perceived distribution of the casual jobs among their respective ethnic groups. Some people argued that local politics and nepotism played a role in the process. The company's CSR programme, although appreciated, was criticised for patchy community consultation and for limited activities on the ground. High expectations and impatience persisted. The company regretted not having started their CSR activities before the actual construction phase to assure a positive local perception of the investment already ahead of time. Such a view supports the critical voices that CSR is not really 'for' local people but it is ultimately 'for' the company, so they can assure a peaceful and least-problematic implementation of their project, particularly in such complex areas. Finally, the communities in question have not benefitted directly from the green energy produced on their territory, as they are not connected to the grid. Thus, with regard to current power distribution, the wind farm benefits the private investor and the rest of Kenya connected to the grid, rather than the local communities.

LTWP has always claimed to be an apolitical project; yet, as the biggest private investment in the country and a flagship project of Kenya Vision 2030 it was high profile. The chronology of the LTWP project development illustrates a number of 'occlusive' processes that took place at the local, national and international level during the project's development. At the international level, the process related to the initial involvement, due diligence process and, ultimately, the withdrawal of the World Bank from the project remains highly contested and 'occlusive'. At the national level, the exclusive access to study wind in the area was obtained from the PS of Energy to whom access was granted through a personal connection of the 'founding fathers'. The PPA negotiations were taking place behind closed doors (the negotiated tariff for LTWP was ultimately lower than the rates in the freshly approved FiT though).[340] Locally, LTWP had strong support from a number of the local leaders and the AIC mission. However, when in 2014, the construction activities intensified, so did the tensions between rival pastoralist groups over the leased land and potential of rent-seeking, which led to both ethnic and political conflict. Ultimately, a politically motivated lawsuit against LTWP for illegal land acquisition was filed by a group of local politicians. The process of land acquisition remains to this day unclear. The company presents the necessary paper trail but the role of the government in the process, especially on the local level remains questionable and occluded.

The case of LTWP is yet another example of a Dutch private investment in Kenya that has been essential in developing a national sector. This time it is wind energy. The 'founding father' spent ten years meticulously developing the project, while the key personnel devoted this time to developing relations with the local communities; getting to know their customs, culture and local dynamics. LTWP should be complimented for their efforts to understand national and local cultural norms and values, and skilfully (and patiently) navigating them in search of the most pragmatic compromises. However, achieving a balance between international, national, local and company's interests was no easy task. The process was long and required the company to compromise. Often, the compromises achieved had a rather exclusive character, especially in the short-term. Over time, the company started to slowly and carefully introduce its own rules of the game for their activities, which ultimately led to the project's successful completion and to a number of inclusive outcomes.

[340] As it was the first PPA for the wind energy, the individual negotiations between the company and the government actually led to substantial capacity building within the Ministry of Energy and related institutions in this regard.

6.2.2 *Addressing sub-question 2*

What was the role of the Dutch government's private sector development policies in supporting Dutch private sector in becoming more inclusive in their operations in developing countries (and particularly Kenya)?

This thesis started with a review of Dutch development policies (since the 1949) in the context of private sector development and (productive) employment creation (Chapter 2). This is done from a historical perspective to provide a background on the motives and main attitudes of the 'home' policies that potentially influenced Dutch companies to be more inclusive in 'host 'countries.

This review shows continuity in the Dutch approach towards development policies as a way to promote Dutch businesses and exports to developing countries. Poverty alleviation, private sector development and security were the three dominant focus areas for the Netherlands over the years. PSD in particular played a central role, as it was assumed that poverty could only be alleviated when the economy of a country is stimulated.[341] In the 'home' country, available PSD instruments, such as ORET, PSI and DGGF, required Dutch companies to adhere to international CSR principles and create productive employment, but there has only been a greater emphasis on employment creation in developing countries in the last two decades. Since then, the role of embassies has changed and expanded to also engage in 'economic' diplomacy. Embassies are expected to assist Dutch firms in their entrepreneurship efforts in the 'host' country, as well as to provide them with the necessary insights and connections at the local level (Van Tulder, Osmochescu, & Vink, 2014).

Since the establishment of the ministerial post for Development Cooperation and Foreign Trade in 2013, Dutch self-interest and the combination of trade and development cooperation were officially placed at the core of national development cooperation policy. The general agreement among various stakeholders is that development cooperation should support economic opportunities in developing countries, as long as it is done in a responsible way. However, issues of tax avoidance by MNCs, a limited focus on supply chains, insufficient knowledge infrastructure and the continued lack of a broadly accepted evaluation framework for business' impact on inclusive development (which also remains vaguely defined) hamper the assessment of the role of government funding and instruments for private sector development as well as the quality of employment created.

Establishing the precise impact of the Dutch PSD through more rigorous methods was beyond the scope of this thesis. One of the objectives of this dissertation was to explore the possibility of verifying the main assumption behind the Dutch PSD policy by using the theory-testing process tracing method in the context of the three selected case studies. The theorised assumption introduced by the Dutch government in their development policies established a causal mechanism between increased economic collaboration stimulated by development policies (bilateral aid, exports and direct involvement of the Dutch private sector in developing countries), and the creation of (productive) employment, thus contributing to inclusive development in developing countries. To confirm the validity of the tested policy assumption, one must identify a precise and direct causal mechanism between Dutch development policies and the contribution of the Dutch private sector to inclusive development in studied sectors in Kenya. This has been done based on the policy reviews and the process traced and narratives provided by the representatives of the Dutch firms in tea, flower and renewable energy sectors in Kenya.

As we see in this thesis, a number of Dutch companies are present in three key sectors in Kenya: tea, floriculture and renewable energy. These companies played a crucial role in the sectors' establishment

[341] These policies were naturally also influenced by the Dutch political economy processes with its own complex dynamics. Exploring these dynamics, however, was not a part of this dissertation but could be found in some of the literature referred to in Chapter 2 (i.e. Stokke, 2019).

and development. Their presence directly and indirectly contributed to employment creation in the host country (although often not fully productive) and their CSR activities (although fragmented or not yet at full capacity), supported, to some extent, the local communities in which they operate. However, in the studied cases (Chapter 3-5), only a few companies benefited from direct financial support through Dutch PSD programmes and mostly in the mature phase of the sector's development (Table 39). LTWP is the exception, as it received such support in its development phase (some of which was further used during the construction phase). Some of the initiatives funded by the Dutch government may have or had an important impact on the sector as a whole. For example:

- In the case of UTKL, the Sustainable Trade Initiative (IDH) co-funded the Farmers Field Schools (FFS) which worked towards knowledge transfer and greater inclusion of the smallholder tea farmers.
- In the flower industry, support to the Kenya Flower Council (KFC) to drive an update of the national horticulture standard for flowers and ornamentals (KS 1758 Part 1) was meant to assure a greater environmental inclusion by pushing for more appropriate environmental conditions and safer use of chemicals in the whole sector.
- In the case of LTWP, the direct contribution of the Dutch government to the road construction and upgrade, as well as in the project itself through the loan provided by the Netherlands Development Financing Company (FMO), was not only useful for the wind farm, but also opened up the long-neglected area. In this sense, it contributed to alleviating its territorial exclusion and to economic and political inclusion of some local groups.

Table 39. Dutch government support in analysed case studies

	Unilever Tea	Flower sector	LTWP
Phase: Development	None	None	10 mln € road FMO co-funding
Phase: Professionalization / Construction	None	Co-funding EPC, Capacity building for smallholders	
Phase: Maturity / Operations	Support to FFS through IDH (2008)	Supporting the companies operating in the flower sector supply chain; capacity building within the sector through KFC (esp. KS 1758)	N/A

Source: Own elaboration

On the other hand, these initiatives were not uncontroversial. FFS have been criticised for their exclusive character, i.e. only being accessible for 'frontrunner farmers' and certified farmers, as well as the problems of achieving the necessary scale. They are also seen as a contributing factor to the decreasing numbers of permanent workforces and increasing casualisation of employment on the tea estates. As for the flower sector, Dutch PSD support went predominantly to companies operating in the flower sector supply chain, including some breeders and propagators. Given their already strong position, this may lead to further exclusion in terms of knowledge transfer and inclusion of smallholder farmers. With regard to the road and LTWP itself, the road and the wind farm construction caused one local village (Sarima) to be resettled in a process that has been contested by local opponents of the project (Danwatch, 2016). As discussed, the process of land acquisition for the project, as well as issues related to equitable distribution of benefits (employment and CSR) during the construction phase sparked a number of controversies at the local and national level.

Unfortunately, the data collected does not make it possible to pinpoint a precise and direct causal mechanism between Dutch development policies and funding provided to Dutch firms in the studied sectors and, in turn, their contribution to inclusive development in Kenya. Consequently, it is not possible to confirm the validity of the tested policy assumption. This is a matter of great complexity that requires a more systematic approach that was not possible to adopt in this exploratory study. However, a specific link has been observed between the 'home' policies and the companies operating in the studied sectors: Dutch development policies, among other important factors, did encourage Dutch businesses to invest in developing countries. Since 2005, these policies have also put increased pressure on Dutch firms working in developing countries to do so in a responsible way. Dutch businessmen have been present in Kenya for decades and have played an important role in the development and professionalisation of the national tea, flower and renewable energy sectors. Ultimately, these companies have created substantial direct and indirect employment and engaged in a number of CSR programmes. With the Dutch attitude oriented towards broad consultations and partnerships (Hanemaaijer, 2019), Dutch businessmen were often the driving force behind establishing sector organisations that supported the better organisation and representation of the sectors. Finally, the Dutch Embassy is playing an important role in bringing the Dutch business community together through their monthly Dutch Business Council meetings.

6.2.3 Addressing the main research question
What is the contribution of the Dutch private sector operating in the tea, flower and renewable energy sectors in Kenya to the inclusive development in that country?

The study shows that the Dutch private sector operating in the tea, flowers and renewable energy sectors in Kenya contributed to achieving inclusive and exclusive development outcomes in economic, socio-cultural, spatial, ecological and political dimensions. The processes that were critical to achieving some of the inclusive outcomes occurred predominantly in the political dimension and were mostly exclusive and 'occlusive' in nature. The identified outcomes per ID dimension, both previously identified from the literature as well as new additions from the case studies, are summarised in Figure 52 and further described below. This description is guided by a sideband in colours corresponding to different ID dimensions, as used in this figure and in previous sections of this thesis.

Figure 52. Identified inclusive outcomes of the private sector operations classified in four main dimensions of ID*

Economic
- Core business
- Expansion of the economic space for local businesses
- (Productive) employment
- Organisation of the sectors
- Involvement of local businesses in the value chains
- Access to international value chains
- Knowledge transfer
- Taxes
- Markets
- Internal dividend policy
- Infrastructure development
- CSR (economic)

Socio-cultural
- Core business
- Knowledge transfer
- Infrastructure development
- Improved security
- CSR (social)
  - Access to education for employees' children
  - Access to healthcare
  - General support to the initiatives and events in the local communities

Spatial
- Core business
- Worker recruitment
- Turning a neglected part of Kenya into a productive producer of green energy

Ecological
- Core business
- Renewable energy
- More sustainable operations
- CSR (environment)
- Certifications
- Adoption of sustainable agricultural practices

Political
- Core business
- Parallel internal governance structure
- Number of 'occlusive' processes in the political dimension that took place on the local, national and international level

* In yellow/brown: identified outcomes of the three studied cases in addition to previously identified outcomes in Chapter 1.

Source: Own elaboration by the author

Economic dimension

The outcomes of the operations of three case studies are primarily concentrated in the economic dimension, through the expansion of economic space for local business. Foreign private investors, in this case mostly Dutch, played a critical role in launching and expanding all three studied sectors in Kenya. Starting operations in new sectors further created an opportunity for the greater involvement of local companies in these sectors or in MNCs value chains and (productive) employment creation. The wind farm was built predominantly by Kenyan workers, with relatively equal distribution of jobs among local communities. Such distribution was possible thanks to the company's dedicated internal policies. The flower sector generated about 90,000 direct and about 500,000 indirect jobs in 2010, while the tea sector created an estimated – both directly and indirectly – 3 million jobs in 2006. These two studied sectors were therefore important for generating necessary large-scale long-term employment, especially for low-skilled labour. It appears that all the studied Dutch companies offered wages that were above the requested legal minimum and additional benefits for the workers and their families. Other forms of economic inclusion happen through CSR programmes focused on economic stimulation, infrastructure development (in case of LTWP), some knowledge transfer that encouraged local entrepreneurship and organisation in the studied sectors, involvement of local businesses (all cases) and smallholder farmers (in the flower and tea sector), tax contributions or access to global value chains (tea and flowers). The inclusion can take different forms (Bebbington, 2013) and can have different scopes (INCLUDE, 2013; Rocha Menocal, 2017b; Widianingsih & Paskarina, 2019). From the argued assessment of the inclusive or exclusive nature of these outcomes, illustrated in Figures 49-51 above, it is concluded that the full inclusiveness potential of these development outcomes have not yet materialised. The wages offered rarely reached the level of a living wage. Employment generated on the local level by LTWP was mostly temporary. Jobs created in the tea and flower sectors, according to literature, are not fully productive, and a more in-depth analysis of who exactly got these jobs was not possible due to the limitations of this study related to data access (see Section 6.4.2). Both flowers and tea are grown for export, with limited local consumption, which led to partial local market exclusion (although this is more the case for the flower sector than the tea sector). Over the years, UTKL adopted an active dividend policy, while Dutch breeders maintained their dominant and exclusive position in the sector. Finally, the road construction and upgrade by LTWP was important for opening up the area to new economic activities for the local population. Moreover, as a public good, it comes closest to being considered a fully inclusive outcome, yet it was placed just beneath this line. The information gathered was not enough to determine full inclusiveness potential, while it is known that the positive effects of similar infrastructure developments are not always distributed equally, socially or spatially (Rammelt et al., 2017).

Socio-cultural dimension

The road was considered a development outcome in both the economic and socio-cultural domain as it also contributed to improved access to healthcare and education, social inclusion (to some extent) and, together with the project, it led to improved security in the area. Knowledge transfer from the MNC to local firms and farmers was important too in both economic and socio-cultural dimensions, as it supported development of local knowledge and facilitated access to increased businesses opportunities, which led, indirectly, to improved access to healthcare, nutrition and education for children. In all three cases, CSR programmes supporting local communities contributed to achieving some inclusive outcomes in this dimension, such as access to education for employees' children, access to medication, or general support for initiatives and events in the local communities. It should be noted that all these programmes are voluntary, thus they depend on the good will and personal motivation of the companies' managing directors.

Ecological dimension

The examined case studies also contributed to certain inclusive development outcomes in the ecological dimension. LTWP is the most obvious example, as clean and renewable energy is at the core of its operations. UTKL, with its own dam constructed within the Kericho estate, is also a renewable energy producer. Some Dutch flower farms installed renewable energy solutions and adopted a number of sustainable practices in their operations in order to minimise their ecological footprint. All companies also engaged in CSR programmes promoting environmental sustainability in their respective areas. LTWP assisted communities with water access and solar panels for local schools and clinics. In the flower and tea sector, Dutch capital and know-how was important in introducing certifications and in the adoption of more sustainable agricultural practices.

Spatial dimension

LTWP was the only company from the studied cases to contribute to the spatial inclusion of the area where the wind farm is located by transforming currently neglected parts of Kenya into a productive producer of green energy and an important contributor to Kenya's energy security (Dietz, 2016). Surprisingly, in the case of LTWP, spatial inclusion led to some inclusive outcomes in the political dimension too, namely, LTWP consulted and interacted with local political and traditional leaders in order to get the project off the ground. These actors from the north, rather marginalised so far in national political debates, now have a voice in what happens to the project and the area.

Political dimension

Finally, the political dimension of inclusive development. The interaction between the studied Dutch private sector and international, national and local politics is possibly the most essential aspect of this analysis. The examined sectors were of great political and economic significance for Kenya's economic development. They developed during different global and national historical periods, thus their developments were shaped by different underlying power structures and incentive systems relevant for the given era (Hickey et al., 2015). Tea development started during the colonial period, with high levels of state protection for MNCs. UTKL's predecessor did not hesitate to use its position to influence the shape of the sector and maintain control over tea production. Once power was transferred to the Kenyan government, tea remained a highly political crop, attractive for many farmers, including the Kenyan bourgeoisie and political elites. The Kenyan nationalisation process, which was unprecedented in remaining open to foreign capital, was strategically used by the MNC to strengthen its position and create a form of political insurance. After independence, the tea industry was considered an attractive investment for many farmers, while the Kenyan bourgeoisie and political elites increasingly owned large tea estates and held important posts within KTDA. Moreover, the tea-growing regions (former Central and Rift Valley Provinces) were electoral strongholds of all Kenyan presidents. Development of tea in these two regions was therefore important for political and ethnic reasons. It also created incentives for patronage. Ethnic politics played a role in the KTDA takeover of the UTKL predecessor's highly profitable marketing arrangement on the local market in the 1970s, as well as in establishing the Nyayo Tea Zone in 1986. These events show how coincidental convergence of interests between smallholders and ethnic politics played a pivotal role in advancing smallholder interests at critical points in time. Although the process was rather lengthy and 'occlusive', it led to some inclusive development outcomes in the sector.

The flower sector, in contrast, developed in a period of rapid globalisation and lacking a strong state. Taking advantage of this reality during the sector's stabilisation period (since 1999), a small group of international breeding companies took over the key regulatory role in the sector. This led to the creation of an 'occlusive' and exclusive nearly parallel internal governance structure within the sector. Similarly, despite a number of advantages, international certification schemes may be seen as yet another parallel regulator in the sector. This time, though, they resulted from the pressure put on the growing companies by international consumers (which also led to some inclusive outcomes, see above). Nevertheless, the market-driven and globalised character of the floriculture chain embedded in neo-liberal ideology, in combination with an absent state, impeded the flower sector in Kenya from reaching its full inclusive potential.

Finally, the case of LTWP was implemented in the 'new era' in Kenyan politics, where the state accepts its role as a regulator, but allows and recognises the role and space for the private sector in the country's development process. Yet, apart from this change, the inseparable link between political and economic interests, coupled with patrimonialism and clientelism, remain a central feature of Kenya's political economy and is likely to do so for some time to come (Booth et al., 2014; Teichman, 2016b). Teichman (2016a: 21) argues though that "beneath the political fray, even in a highly fragmented and heavily contested contexts and even when patrimonialism is rampant, enclaves of bureaucratic expertise can emerge, persist, and expand, and contribute to the achievement of an improved inclusionary outcome – if not in the short term, possibly in the medium to longer term when conditions are ripe." This statement is well illustrated by the case of LTWP. The local networks built over the years by the project's 'founding fathers' proved a critical factor in the project's success. It was thanks to these networks that LTWP gained the support of a competent key official who recognised the potential added value of the project. This individual's support later translated into national government's support and gained LTWP the status of a flagship project of Kenya's Vision 2030. With such support, LTWP ultimately reached financial closure and could finally start the project. The LTWP chronology illustrates a number of 'occlusive' processes in the political dimension that took place on the local, national and international level during the project development. These exclusive and very 'occlusive' processes in the case of LTWP also led to some inclusive outcomes in the longer-term.

Chapter 7. Conclusions, reflections and recommendations

7.1 Conclusions

General findings

By using the theory-building tracing method in the examined case studies in the tea, flowers and renewable energy sectors, this thesis demonstrates that the Dutch MNCs in Kenya are able to contribute positively to economic, socio-cultural, spatial, ecological and even political dimensions of inclusive development. These findings confirm that the private sector have the capacity to play an important role in achieving inclusive development. The nature of the private sector makes it logical that the outcomes of its operations make the greatest contribution in the economic dimension. The shift towards more conscious and sustainable operations (globally but certainly in the Netherlands) has resulted in inclusive outcomes in socio-cultural and ecological dimensions. In some cases, an important event or process led simultaneously to both inclusive and exclusive outcomes. However, it was observed that the positive outcomes did not happen automatically and did not reach their full inclusiveness potential. They were achieved in economically viable sectors and reached people capable of conducting work in these sectors, living in proximity to the companies or who were able to benefit from them as consumers. Such outcomes rarely accompanied the sectors' development phase (except from LTWP), revealing that time was needed (in all cases), as well as the personal motivation of Managing Directors (all cases) and dedicated internal policies (LTWP) in order to reach such groups. Supportive policies of the 'home' and 'host' country, as well as international pressure were equally important, especially in case of export-oriented firms. This shows the importance of the international private sector in achieving inclusive development, but also the role of supportive policies of the 'home' and 'host' country.

Trade-offs in the political dimension

There were no major trade-offs detected between the outcomes in economic, socio-cultural, spatial and ecological dimensions. Moreover, the spatial inclusion of the neglected area in case of LTWP gave voices to local leaders and politicians leading to an inclusive outcome in the political dimension. Nevertheless, it is in the political dimension where the actual trade-offs were observed. As discussed in Chapter 5, in the African and Kenyan context, the presence and enforcement of a clear regulatory framework and incentives in the renewable energy sector are vital to attract new investors but not sufficient on their own. What also counts is the possibility to negotiate the terms directly with governments. This is not only symptomatic for the renewable energy sector, but appears to be relevant in other cases too.

'Occlusive development'

In all studied sectors, nearly all of the identified inclusive outcomes in economic, socio-cultural, spatial, ecological dimensions were proceeded by lengthy and exclusive political processes with active engagement of the studied Dutch companies with the international, national and local governments. These processes were not only exclusive, but also 'occlusive' in nature – they happened behind closed doors among groups of carefully selected strategic actors. Hence, I have coined the term 'occlusive development'. In the studied cases, occlusive processes occurred during the initial stage of foreign private sector establishment in in the studied developing country. They were exclusive in nature but they constituted an integral and (so far) inseparable part of the development process that led to (some) inclusive outcomes. This relates to the role of personal networks and strategic actors operating in a specific context on an international, national and local level. This finding confirms the importance of making a distinction between different dimensions of ID, as well as inclusive, exclusive but also 'occlusive' development outcomes and processes regarding the private sector development in Kenya, particularly when it involves foreign firms.

The importance of political economy and political settlements analysis in a historical context

To truly understand the political complexity and 'occlusivity', it was necessary to put the analysis of the studied companies in a historical context (Utting and Marques, 2010). Such economic history is clearly influenced by political economy and political settlements that determine whether the goal of inclusive development will be achieved or not. The governing coalition, whose primary objective is political survival (Whitfield & Buur, 2014), would be more likely to implement the necessary changes if faced with pressure from (potentially) powerful groups in society (Awortwi & Dietz, 2019; Bates & Bates, 2005; Berendsen et al., 2013; Vlasblom, 2013). The private sector may act as such a powerful group, especially in a country where patronage networks are powerful and extensive, and state and business interests are closely interconnected (Akinyoade & Uche, 2018; Booth et al., 2014; Booth & Therkildsen, 2012). Simultaneously, the private sector is subject to the will of this governing coalition. If the interests of these two groups converge, it may lead to important inclusive development outcomes. This demonstrates how important it is to consider political economy and political settlements analysis in a historical context when discussing the operations of the international private sector in developing countries in order to better understand how the effects of their operations can actually spill over to the local economy.

The role of Dutch PSD policies

The Dutch PSD policies were important for encouraging Dutch entrepreneurs to invest abroad but its precise contribution to the inclusive development in Kenya was not possible to determine. The history of Dutch development policy provides a number of interesting solutions in terms of how to use a country's knowledge and skills to work in favour of less developed regions in mutually beneficial arrangements to stimulate economic development.

Final remarks

To conclude, this thesis broadly defines inclusive development as development that "aims to reduce poverty and inequality" (INCLUDE, 2019b: 5). In the context of three studied sectors (tea, flowers and renewable energy) in Kenya, it is confirmed that inclusive development prompted by the operations of the private sector can contribute to poverty and inequality reduction in its five dimensions (economic, socio-cultural, spatial, ecological and political) but does not facilitate full inclusiveness. It is important to remember that private companies operate in a very specific environment and must also adapt to existing circumstances. These systems are not automatically inclusive. Without adequate oversight and assistance, the private sector may simply reinforce these non-inclusive systems. Therefore, full inclusion may not actually be possible in the context of private sector operations (and possibly more generally) as long as development remains market-driven and embedded in neo-liberal ideology.

International pressure, dedicated internal or national policies, as well as the individual motivation of the Managing Directors are crucial for encouraging inclusiveness. Primarily, inclusive outcomes can be achieved if the interests of the private sector and governing coalition converge. This requires lengthy 'occlusive' negotiations between groups of strategic actors, including the private sector. These exclusive and often 'occlusive' processes in the political dimension may ultimately lead to inclusive outcomes (as long as they provide a window of opportunity for the involved actors), but the settlements achieved rarely challenge existing power structures; rather, they reproduce them.

Economic diplomacy should thus focus on promoting of policies that encourage inclusive development. Moreover, support given to the private sector in developing countries is important, but PSD policies need to be more realistic about what the private sector, in the specific context, can actually do to contribute to a specific dimension of inclusive development in a country. For this to happen, tapping into the actual knowledge of Dutch business(wo)men already experienced in doing business in the country is key, while PSD programmes should establish internal learning mechanisms for their private sector grantees to identify the challenges and on-going dynamics and swiftly adapt to the local context. Finally, such policies and programmes should not operate in a vacuum, but rather holistically support the 'host' county's national government, sectoral organisations, trade unions, and civil society organisations to jointly create a conducive and inclusive business environment.

7.2 Reflections

7.2.1 General reflection on the role of the private sector in inclusive development

Although careful not to generalise the results of this research, the main message of this thesis is that the private sector, encouraged by appropriate policies in both 'home' and 'host' countries, has the capacity to contribute to some inclusive development outcomes and can be an important development agent. But its role is not straightforward. Embedded in neo-liberal ideology and driven by profit, the private sector, as in the case of my study (Dutch private sector in Kenya) is rooted in national realities and highly dependent on the business environment in the given historical, social and political context. Especially the bigger and more profitable companies, such as MNCs or companies operating in sectors of high national importance, are of interest to local elites in terms of potential rent-seeking and patronage. Furthermore, some of the companies, like, for instance, LTWP, but arguably other infrastructural projects as well, cannot operate without adequate state approval. That immediately makes them a target of political interests. As their survival depends heavily on this political embrace, as well as on the existing business environment in general, they must adapt and play by the national rules of the game. In the Kenyan context, this means navigating within a complicated political economy set-up characterised by patrimonialism and (ethnic) clientelism, with only some enclaves of bureaucratic expertise. The private sector is not in a position to challenge this status quo, whilst the risk is high that it will actually promote and reproduce the existing power structures in order to ensure its own survival.

It is of utmost importance that business in Africa, but also globally, is done in a responsible and ethical way. To paraphrase Friedman, in this new era: business' business should be responsible business, yet it remains business. It is therefore up to national and international governments to provide a framework and conducive environment for the private sector to thrive, while ensuring that they uphold ethical and sustainability standards. It is the governments' responsibility – not the private sector's – to provide social protection and welfare for their people as well as space for civil society who can keep actors in check. To this end, partnerships are important yet not sufficient, as each actor has its own important role to play. The private sector is a key strategic partner in global developmental efforts and surely the SDGs cannot be achieved without it. Equally, the private sector cannot do it alone either.

7.2.2 Methodological reflections

On process tracing

In its exploratory spirit, this thesis set out to investigate the possibility of using the process tracing method in its theory-testing and theory-building capacity to gain a greater understanding of the possible contribution of the Dutch private sector and Dutch PSD policies to inclusive development (both in terms of outcomes and processes) in Kenya. Such a link has been little explored in academic literature, nor theorised from these two angles. Process tracing is an adequate qualitative method for cases where context and time matter. It was therefore perceived as the right method to adopt in this study. Moreover, despite being a single-case method, meaning that only inferences about the operation of the mechanism within the studied case are possible, process tracing allows for generalisation beyond the studied case, as long as it is coupled with other similar case studies analysed using comparative methods (Beach & Pedersen, 2013; D. Collier, 2011). By analysing three different Dutch companies in Kenya, I attempted to reach more general conclusions regarding the contribution of Dutch businesses and Dutch PSD policies to inclusive development in Kenya.

In practice, using the process tracing method in research involving the private sector proved challenging. The fact that the precise link between the operations of the private sector in developing countries and inclusive development has not yet been explicitly theorised allowed me to engage in the theory-building process tracing exercise. This method requires certain rigour in terms of data collected to systematically build a theory. My first step was to establish a chronology of events and produce a narrative that led to the emergence of some possible outcomes and processes. Based on the literature, I made a prediction about the empirical fingerprints of the main causal mechanisms (Beach, 2016). In the case of this research, I expected to confirm the importance of the political economy and political settlements in the process of the private sector development. I further pursued this clue to look for potential relationships between the policymakers and businesses within the case studies and position identified processes and outcomes in a broader context of the inclusive development debate. The emerging patterns in my analysis clearly hinted at their important causal relationship. Nevertheless, due to access and time constraints, explained in the section about the limitations of the study, I did not manage to follow a detailed tracing of causal sequences in all the studies cases, but rather I constructed an explanation of the process instead (George & Bennett, 2005). As such, especially in the case of the flower sector but to some extent in the other two cases as well, the research makes use more of "explaining-outcome process tracing" (Beach & Pedersen, 2013) rather than the preferred sequence necessary for a theory-building process. This means that I was still able to map the different influences and actors that contributed to or played a role in the inclusive development outcome and process, without always having to follow a linear sequence of events.

Despite encountering challenges that limited the scope of my results, I find that process tracing has a great potential to be used in similar types of research, especially more practical ones, which want to trace the developmental processes of the private sector in developing countries or test the assumptions behind policies and their respective Theories of Change. It may be, more effective, however, if access to necessary data to make a proper in-case analysis is granted from the outset of the research.

On conducting research with the private sector

Conducting research on, in and with the private sector is not an easy task. Access to companies in the selected sectors was the first major challenge in this research. Some mistrust exists between the managers of the firms and researchers. It is not surprising considering the vast amount of academic literature and activist reports criticising MNCs operations in developing countries (i.e. Frynas, 1998; SOMO, 2010; Van Beemen, 2019; Van Der Wal, 2009). In the case of my research, time was also not on my side. For instance, the flower sector in Kenya has been under continued scrutiny and critique for years. Prior to my fieldwork, another critical documentary on the Dutch flower sector in Ethiopia screened in the Netherlands and it raised concerns among the Dutch flori-businesses in Kenya that it would spark renewed interest in their operations too. Similarly, for LTWP, just two weeks before the main field visit, Danish NGO DanWatch published a highly negative (although largely contested) report about the project that was also picked up by a Dutch radio podcast. It goes without saying that my 'timely' research requests must have raised some eyebrows among management.

However, gaining access became easier with the support of the Dutch Embassy in Nairobi, who provided direct contact details and a letter of support. I must admit that there were very few Dutch companies that refused to meet with me, although some were more open than others. The fact of working on a project funded through NWO-WOTRO and INCLUDE, thus indicating a direct link to the Ministry of Foreign Affairs, was also helpful. Through this, I gained initial credibility (or at least a benefit of the doubt) that helped to alleviate some of the inherited trust issues. It often won me my first meeting. This meeting was usually crucial, as it was the moment where management would either see or not see the added value of my research. Being introduced or recommended by a respective key actor in the sectors was also helpful in opening some doors. This shows the importance of networks not only for the Dutch businessmen in Kenya, but also in the context of conducting research.

For the case studies, building necessary relationships with the company of interest, especially in ‘sensitive’ sectors or companies under reinforced scrutiny, must be the priority for the researcher. I learnt this first-hand during the fieldwork when I ‘lost’ a possibility to study in-depth one of the companies in the flower sector. Due to limited time available for data collection, I made a mistake and moved too fast with my research before establishing the necessary *rapport* and trust with the management of this particular company. Learning from this experience, I moved much more carefully when building my relationship with the management of LTWP.

Gaining access was the initial challenge. Managing the relationship throughout the research process was the next stage. Sometimes a researcher may be confronted with certain limitations imposed by the researched company. In my case, I faced such a situation once in the case of LTWP. I must state that the people working for LTWP were very open and forthcoming in nearly all aspects of their work and operations. I also stayed fully transparent and followed the agreed research protocol that was approved by both sides. The only limitation that was put on me in the field by the company was a request not to go to Sarima village. This was partly, but not only, a matter of security; as described in Chapter 5, the village was facing a number of challenges at the time of my fieldwork. As I was the first academic researcher to be officially allowed to conduct the study on site since the project began in 2013, I knew that my behaviour and ethics may determine whether the company would be willing to allow other academics to conduct their studies with the active participation of the company in the future. I (reluctantly) respected this limitation and accepted the alternative solution (that some local residents came to the LTWP ‘village’, so I could conduct my interviews). I knew that disrespecting this request would end my relationship with the company and perhaps close the door for subsequent academics (at least for some time). With this in mind, I decided to compromise on this point.

Finally, an important step in managing the relationships with the researched company is to provide it with a possibility to validate the results. Each of the companies studied in detail had an opportunity to read and respond to the sections that directly related to their case (wherever possible[342]). It was important for the participating companies to be informed of how the results of our meeting would be presented and it provided a good opportunity to cross-check some details that might otherwise have been missed. Such validation rounds are time-consuming, yet necessary and recommended to assure full transparency in the research involving the private sector.

7.3 Recommendations for further research

The concept of inclusive development remains contextual, but I believe that this is actually a good thing. The concept as such calls for context-specific solutions, thus it is not possible to have one precise definition of it, as inclusive development will mean different things under different circumstances. What is important, though, is that more research adopting the inclusive development lens will be conducted to assess more broadly who actually benefits from the international private sector’s operations in the developing countries, who is excluded, and why, especially in Africa. Such research

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[342] Some contacts unfortunately were no longer working for the company during the validation round and it was not possible to receive feedback from their colleagues.

should discuss key contextual, historical, empirical, political and institutional aspects of the private sector operations (de Haan, 2015; Kolk et al., 2020; Kolk & Lenfant, 2018; Lashitew & Van Tulder, 2017), as well as consider them in five ID dimensions (economic, socio-cultural, political, ecological and spatial) (Awortwi & Dietz, 2019; Bebbington, 2013; Gupta et al., 2015).

This qualitative research in its exploratory nature and with experienced limitations was not able to produce more generalised results. Realising the methodological and practical constraints, the three case studies can serve, however, as an important contribution to the broader theoretical reflection about the potential contribution of the international private sector to inclusive development. By positioning it all within a historical context, the adopted method also allows me to establish certain propositions that can be further explored in possible follow-up research. These propositions are as follows:

- P1: The private sector contributes to inclusive development mostly in the economic dimension but these outcomes have not reached their full inclusiveness potential, as the positive effects of their operations are not always equally distributed in the society.
- P2: The development stage of the international private sector's operations (esp. MNCs and companies operating in sectors of high national importance) cannot avoid political interference. The exclusive and often 'occlusive' processes in the political domain may ultimately lead to inclusive outcomes in the economic, socio-cultural, spatial, ecologic and political dimensions of inclusive development. These processes, however, take time and may reproduce existing power relations.
- P3: The involvement of the international private sector in developing countries is important for contributing to inclusive development but it is not sufficient in itself. The government must play an equally important role in this process, alongside civil society and academia.

7.4 Recommendations for enhancing the contribution of the Dutch private sector to inclusive development in developing countries

Based on my research, I make the following recommendations to the Dutch Government for enhancing the contribution of the Dutch private sector to inclusive development in Kenya and other developing countries:

Practical level:

- Acknowledge that the private sector has the capacity to play a key role in achieving inclusive development as long as the supportive policies of the 'home' and 'host' country are in place. Therefore, concentrate on promotion of policies encouraging inclusive development in 'home' and 'host' countries. The latter can be done through the economic diplomacy efforts of Dutch embassies.
- Provide adequate local support to new Dutch companies entering the Kenyan market from the Dutch embassy, as well as mentorship from other Dutch business(wo)men with experience of doing business in the country.
- Require Dutch MNCs to adjust their business models to account for greater inclusive development outcomes. Such outcomes should include productive employment creation and far more ambitious CSR plans that go beyond current models. The companies should also make internal efforts to deeply understand their local context and stakeholders.
- Recognise the importance of providing support to the private sector in developing countries in its development and maturation period. Support professionalisation and development of national standard compliance mechanisms. At the same time, holistically support Kenya sector's associations, trade unions and forms of national public–private dialogues to strengthen

the voice of the private sector and civil society in designing and developing national economic strategies for a more inclusive national system.

- Provide more support to local research and development, as well as public research to promote more inclusive knowledge transfer to challenge the existing power structure in the 'host' country and unlock the inclusivity potential of the sector

Programming level:

- Context and time matter! Historical, social and economic contexts, particularly underlying political economy and power relations, shaped patterns of inclusion and exclusion of the private sector in developing countries. Programmes supporting private sector development should be mindful of these dynamics (including 'occlusive' processes) and appropriately factor them into their planning and expected results. Support for more transparent (currently 'occlusive') process may be needed.
- Integrate appropriate learning mechanisms within PSD programmes, which would allow companies and funders to identify and adjust faster to the best context-specific approach in order to achieve common objectives.
- Enhance efforts to develop a holistic way of assessing the impact of the PSD instruments. Moreover, research analysing the regional concentration of Dutch businesses in developing countries should be conducted to better target under-served areas.
- Provide greater support and incentives for companies that invest in training and promote the development of their employees. Furthermore, provide support to companies that hire people with disabilities (also to increase job opportunities for this group).

Policy level:

- PSD policies and programmes must become more realistic about the role and limitations of the private sector in national development processes in 'host' countries. Acknowledge that the contribution of the private sector to inclusive development is most pronounced in the economic dimension and may not lead to full inclusion in all the dimensions under the current global economic system. Furthermore, recognise that time is needed to achieve inclusive outcomes.
- Promote and encourage policies enhancing balanced approaches between the government, private sector and civil society. The 'home' and 'host' governments should work towards creating conducive business environments with adequate oversight mechanisms.
- Avoid 'one-size-fits-all' policies. Different sectors face different challenges and actors involved are not a homogenous group. The needs of all actors should be taken seriously to assure full inclusion.
- Conduct more studies testing the underlying assumptions of the PSD policy using the process-tracing method. To cater for the challenges related to data access in the field, the companies that will be considered for such research should be willing to participate from the start. Private companies that benefited from the Dutch government funding should be particularly encouraged to participate in such research.
- Recognise and account for political economy and political settlements factors in Dutch PSD policies planning as well as in the assumptions behind their respective Theories of Change.

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Annex 1. Summary of the Dutch development cooperation's history

Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
1950	Dirk Stikker (Minister of Foreign Affairs 1948-52) Johan Beyen (Independent Liberal) (Minister of Foreign Affairs 1952-56)	Drees I (Roman-Red coalition): KVP, PvdA, CHU, and VVD Drees II (Roman-Red coalition): PvdA, KVP, ARP and CHU	Suriname, Indonesia, the Netherlands Antilles, New Guinea.		Policy on the Dutch contribution to the program of the United Nations for technical assistance to economically under-developed countries [Nota betreffende de Nederlandse bijdrage aan het programma der Verenigde Naties voor technische hulp aan economisch laag-ontwikkelde landen]	Development help in the form of technical assistance channelled via UN. The responsibility of the Western world to support less-developed countries.
1956	Joseph Luns (KVP) (Minister of Foreign Affairs)	De Quay (centre-right): KVP, VVD, ARP and CHU				
1962				0.25%	Policy Document on Aid to Less-Developed Countries [Nota inzake de hulpverlening aan minder ontwikkelde gebieden]	
1964	Isaac Diepenhorst (CHU) (State Secretary) (1.4.1964-14.4.1965)	Marijnen (central-right): KVP, VVD, ARP and CHU			-	Establishing the National Advisory Council for Aid to Less Developed Countries (NAR) (1964).
1966	Theo Bot (KVP) (14.4.1965-5.4.1967)	Cals (1965-1966) (Roman-Red coalition): KVP, ARP and PvdA Zijlstra (1966-1967) (central-right): KVP and ARP			Aid to less-developed countries [Nota hulpverlening aan minder-ontwikkelde landen] (not put in practice due to government fall)	A minister without portfolio, without a department, without a budget and fully dependent of the MFA. Emphasising the need to stabilize prices of raw materials and increase opportunities for industrial exports.
1968	Berend-Jan Udink (CHU) (5.4.1967-6.7.1971)	De Jong (central-right): KVP, VVD, ARP and CHU	Concentration countries: Indonesia, India, Pakistan, Sudan, Tanzania, Kenya, Uganda, Nigeria, Tunisia, Colombia, Peru, Suriname and the Netherlands Antilles.	0.50%	Four-year plan (1968-71)	Encouraging the involvement of the private sector in development cooperation. Introduced term "development cooperation"; implemented bilateral policies of "tied aid" focused on "concentration countries". Development aid as a motor for creating jobs in the Dutch economy. Establishing Development Countries Committee (COL) by Dutch employers' organisations. Founding of the Dutch Development Finance Company (FMO) (1970) and the Centre for the Promotion of Imports from Developing Countries (CBI) (1971).
1971	Kees Boertien (ARP) (6.7-1971-11.5-1973)	Biesheuvel I (1971-72) (centre): KVP, VVD, ARP, CHU and DS'70			-	Obtained a temporary increase of his powers to represent the Netherlands at the UNCTAD talks in 1972.

Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
		Biesheuvel II (1972-73) (centre-right): KVP, VVD, ARP, and CHU				
1976	Jan Pronk (PvdA) (11.5.1973-19.12.1977)	Den Uyl (left): PvdA, KVP, ARP, PPR and D'66	Concentration countries: Upper Volta, Bangladesh, North Yemen, Tanzania, Sudan, Sri Lanka, India, Pakistan, Kenya, Egypt, Indonesia, Zambia, Colombia, Tunisia, Cuba, Peru, Jamaica and Suriname.	0.7%	White paper on Bilateral Aid [Nota Bilaterale Ontwikkelingssamenwerking]	Allocation of 0.7% of national income to ODA; Policy towards economic development of recipient regions - "debt of honour"; pro-poor focus. Shift from technical assistance to programme and project aid. Encouraging private sector in development cooperation and focus on "concentration countries". Towards New International Economic Order; against "tied aid". Introduce "reconstructing programme" to enhance Dutch companies to move their locations to developing countries. Preference towards large-scale projects, often proposed by Dutch companies themselves.
1979	Jan de Koning (CDA) (19.12.1977-11.9.1981)	Van Agt I (right): CDA and VVD	Concentration countries: Bangladesh, Colombia, Egypt, India, Indonesia, Kenya, Pakistan, Sri Lanka, Sudan, Tanzania, Upper Volta and Zambia.	0.7%	Development Cooperation from a global economic perspective [Ontwikkelingssamenwerking in wereldeconomisch perspectief] Policy on the improvement of the quality of bilateral aid [Nota verbetering van de kwaliteit van de bilaterale hulp]	Important role of Dutch firms in development assistance; started the Netherlands Management Cooperation Programme (PUM) - a programme for which Dutch senior managers were sent to development countries for a year; start of a mixed-credit programme and or Less Concessional Loans (LCLs) aimed at stimulating Dutch export related to development cooperation; fails to encourage private sector to engage in developing countries; "two-track policy": pro-poor and stimulating economic development; reorganisation of DGIS.
1981	Kees van Dijk (CDA) (11.9.1981-4.11-1982)	Van Agt II (1981-82) (centre-left): CDA, PvdA and D'66 Van Agt III (1982) (centre): CDA and D'66		1.0%		Intensified collaboration with the private sector; "more attention to be given between aid and employment"; appointing Private-Sector Coordinator at the ministry.
1984	Eegje Schoo (VVD) (4.11.1982-14.7.1986)	Lubbers I (right): CDA and VVD	Programme countries: Bangladesh, Egypt, India, Indonesia, Kenya, North Yemen, Pakistan, Sudan, Sri Lanka and Tanzania.	0.7%	Policy Review of Bilateral Aid [Nota Herijking Bilateraal Beleid]; Development and Employment [Ontwikkelingssamenwerking en Werkgelegenheid]	Development aid as means to pursue Dutch interest => concept of tied aid and attempt to abolish it. Promote sectorial programmes for rural development and industrial development. Dutch policies to stimulate export to developing countries and create employment.

Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
1989	Piet Bukman (CDA/ARP) (14.7.1986-7.11-1989)	Lubbers II (right): CDA and VVD		0.8%	Memorandum to Lower House with a number of proposals how to improve relations between private and public sector for benefit of development countries. Based on consultations with the private sector [Nota kwaliteit: een voorzet voor de Jaren '90]	Importance of Dutch private sector in development; establishing a government sub-committee. Excellent relations between private and public sector.
1990	Jan Pronk (PvdA) (7.11.1989-3.8.1998)	Lubbers III (centre): CDA and PvdA	Egypt, Sudan, Ethiopia, Yemen, Kenya, Tanzania, Uganda, Rwanda, Angola, Botswana, Lesotho, Malawi, Swaziland, Mozambique, Zambia, Zimbabwe, Namibia, Burkina Faso, Mali, Gambia, Guinea Bissau, Cape Verde, Mauritania, Niger, Senegal, Chad, Benin, Ghana, Cameroon, India, Pakistan, Bangladesh, Thailand, Cambodia, Vietnam, Laos, Myanmar, Sri Lanka, Nepal, Philippines, China, Suriname, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Jamaica, Bolivia, Colombia, Ecuador, Peru and Chile.	0.7%	A World of Difference: A New Frame for Development Cooperation [Een wereld van verschil – nieuwe kaders voor ontwikkelingssamenwerking in de jaren negentig]	Critical towards involvement of Dutch private sector in development cooperation; untied aid; introduction of development cooperation instruments: POPM scheme (guarantees for losses on investments in SMEs in developing countries), ORET (adjusted mixed credit programme); expansion of the PSO programme (cooperation with Eastern Europe) and PSOM (with focus on emerging markets); 'stimulation of investments'; humanitarian aid between conflict and development; new topics emerged: environment, sustainability and human security.
1993					A World in Dispute [Een Wereld in Geschil– de grenzen van ontwikkelings-samenwerking]	
1997					Advice. The private sector in international development [Advies. De particuliere sector in internationaal samenwerking]	
1995		Kok I (08.1994) ("purple" centre government): PvdA, VVD, and D'66		0.8%	The Foreign Policy of the Netherlands: A Review; Aid in Progress: Development Cooperation and the Review of the Dutch Foreign Policy; Netherlands Development Cooperation: Budget 1996 and Review of Foreign Policy	
2000	Eveline Herfkens (PvdA) (3.8.1998-22.7.2002)	Kok II ("purple"): PvdA, VVD and D'66	**Partnership countries:** Bangladesh, Bolivia, Burkina Faso, Egypt, Eritrea, Ethiopia, Ghana, India, Indonesia, Macedonia, Mali, Mozambique, Nicaragua, the Palestinian Territories, South Africa, Sri Lanka, Tanzania, Uganda, Vietnam, Yemen and Zambia. **Thematic countries:** Good Governance, Human Rights and Peacebuilding: Albania, Armenia, Bosnia and Herzegovina, Cambodia, China, Colombia, El Salvador, Georgia, Guatemala, Guinea-Bissau, Honduras, Kenya,	0.8%	In Doing business against poverty: The Private Sector and Pro-poor Growth [Ondernemen tegen armoede: Notitie over economie en ontwikkeling]	Reduction of the number of countries which receive aid from the Netherlands; untied aid and CSR promotion in development; closed ORET for projects in Least Developed Countries and replaced it with LDC Infrastructure Fund (MOL Fonds). Co-authored "In business against poverty" - with State Secretary of Economic Affairs – better involvement of the Dutch private sector in development cooperation; "local ownership". Created a policy Coherence for Development Unit within DGIS.
2001					Addition to Policy Note 'Doing business against poverty' [Ondernemen tegen armoede. Brief van de minister voor ontwikkelingssamenwerking aan de Tweede Kamer 27 467]	

Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
			Moldova, Namibia, Nepal and Rwanda. Environment: Brazil, Cape Verde, China, Colombia, Ecuador, Guatemala, Mongolia, Nepal, Pakistan, Peru, Philippines and Senegal. Private Sector: Armenia, Bosnia, Cap Verde, China, Columbia, Cote d'Ivoire, Cuba, Ecuador, El Salvador, Georgia, Guatemala, Moldova, Nigeria, Peru, Philippines and Thailand			
2003	Agnes van Ardenne (CDA) (State Secretary) (22.7-2002-27.5-.2003)	Balkenende I (2002-2003) (right): CDA, LPF and VVD	Afghanistan, Albania, Armenia, Bangladesh, Benin, Bolivia, Bosnia and Herzegovina, Burkina Faso, Colombia, Egypt, Eritrea, Ethiopia, Georgia, Ghana, Guatemala, Indonesia, Yemen, Cape Verde, Kenya, Macedonia, Mali, Moldova, Mongolia, Mozambique, Nicaragua, Pakistan, the Palestinian Territories, Rwanda, Senegal, Sri Lanka, Suriname, Tanzania, Uganda, Vietnam, Zambia and South Africa.	0.8%	Mutual Interest, Mutual Responsibilities - Dutch Development cooperation en route to 2015 [Aan Elkaar Verplicht - Ontwikkelingssamenwerkingsbeleid voor de komende jaren]; Strong People, Weak States (The Africa Memorandum)	Discontinuity of the Ministry for DC. The administration lasted for only 86 days.
2005	Agnes van Ardenne (CDA) (27.5.2003-22.02.2007)	Balkenende II (2003-2006) (centre-right): CDA,VVD and D'66 Balkenende III (2006-2007) (right): CDA and VVD			Public Contract Procurement Procedures Decreet [Besluit Aanbestedingsregels voor Overheidsopdrachten (BAO)]; Special Sectors Tendering Decree [Besluit Aanbestedingen Speciale Sectoren (BASS)]; Results in Development report	A minister without portfolio. Less emphasis on CSR and more on economic development and PPPs. Funds for PSOM and PUM increased; introduction of the "Dutch Approach: 3D (defence, diplomacy and development)". Co-financing changed into a tendering system.
2007	Bert Koenders (PvdA) (22.2.2007-23.2.2010)	Balkenende IV (centre-left): CDA, PvdA and CU	**MDG countries:** Benin, Ethiopia, Bangladesh, Bolivia, Burkina Faso, Ghana, Yemen, Kenya, Mali, Mongolia, Mozambique, Nicaragua, Rwanda, Senegal, Tanzania, Uganda and Zambia. **Fragile states:** Afghanistan, Burundi, Colombia, Congo (DRC), Guatemala, Kosovo, Pakistan, the Palestinian Territories and Sudan.	0.8%	Our common concern: Investing in a changing world [Een zaak van iedereen - Investeren in ontwikkeling in een veranderende wereld]; Inspiring, innovating, integrating - government view Corporate Responsibility 2008–2011 [Kabinetsvisie MVO 2008–2011: Inspireren, innoveren, integreren]	A minister without portfolio. Increased focus on fragile states. Emphasis on SMEs. Renew ORET, PSOM changed into PSI, introduced ORIO, IDH, TCX and MMF. Founding of NL Agency (in Ministry of Economic Affairs). CSR as prerequisite for firms' involvement in development project; stimulated PPPs. Focus more on economics and less on social development.
2008					SER Advice: Sustainable globalisation: A world to win [SER Advies: Duurzame Globalisering: een wereld te winnen]; Policy brief International Enterprise [Beleidsbrief Internationaal Ondernemen Kamerstukken II,26485, nr. 53]	

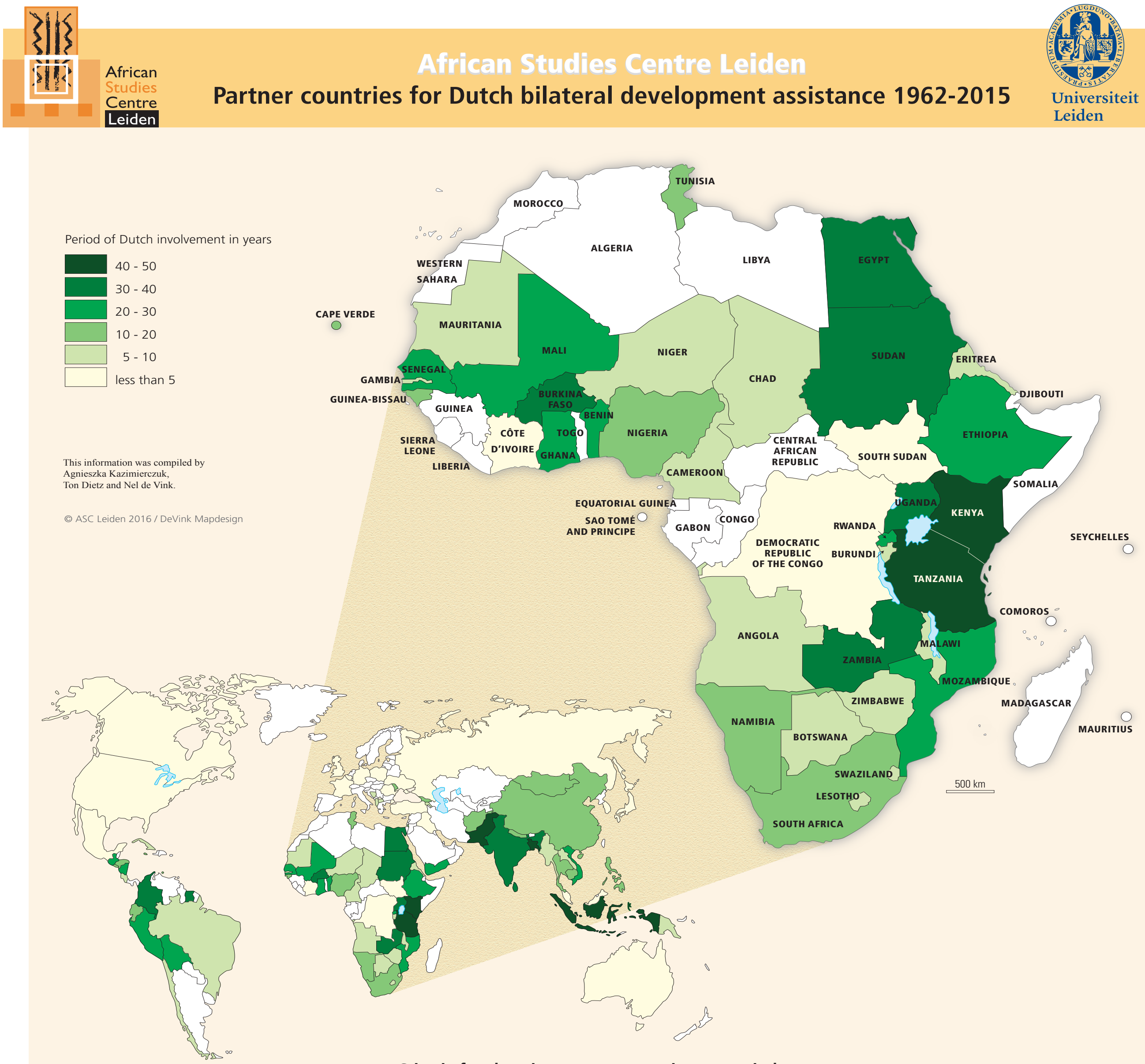
Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
			Emerging countries: Egypt, Georgia, Indonesia, Moldova, Vietnam, South Africa and Suriname.			
2009					Investing in Global Citizenship; Civil Society Organisations: Joining Forces for a tailored approach and added value; Cabinet Vision Non-Trade concerns [Kabinetsvisie Non-Trade Concerns];	
2010	Maxime Verhagen (CDA) (03.2010-10.2010)				CSR Progress Report [MVO-voortgangsrapportage]; Advice: More attention to sustainable growth [Advies Meer werken aan duurzame groei]	Minister of Foreign Affairs takes briefly over the title of Minister for DC. WRR publishes its influential report with recommendations how to improve Dutch development cooperation entitled 'Less Pretension, More Ambition. Development policy in times of globalization' (Van Lieshout et al., 2010).
2010	Ben Knapen (CDA) (State Secretary) (14.10.2010-2.11.2012)	Rutte I (right): VVD and CDA (the coalition relied on the parliamentary support PVV)	**MDG countries:** Benin, Ethiopia, Mali, Mozambique, Uganda and Rwanda. **Fragile states:** Afghanistan, Burundi, Yemen, the Palestinian Territories and Sudan. **Emerging countries:** Bangladesh, Ghana, Indonesia and Kenya.	0.7%	Basic letter on development aid cooperation [Basisbrief ontwikkelingssamenwerking]	Thematic focus on fewer countries; self-interest and economic diplomacy; cuts in development budget from 0.8% to 0.7%; introducing 'top sector approach' which prioritises the role of the Dutch private sector in development cooperation.
2011					Focus letter development aid cooperation [Focusbrief ontwikkelingssamenwerking] Second progress report international CSR [Tweede Voortgangsrapportage IMVO]; Communication from the Commission to the EP, EC, EU. Economic and Social Committee and Committee of the Regions: A renewed EU-strategy 2011-2014 for CSR.	
2012					Letter to the EC concerning the contribution by the government of NL to the renewed EU-strategy for CSR [Brief aan EC over NL beleid onder de hernieuwde EU-strategie voor maatschappelijk verantwoord Ondernemen]	
2013	Lilianne Ploumen (PvdA) (5.11.2012-25.10.2017)	Rutte II ('purple cabinet'): VVD and PvdA	**Aid relation:** Afghanistan, Burundi, Mali, Yemen, Rwanda, South Sudan, and Palestinian Territories. **Transition countries:**	0.59%	A World to Gain: A New Agenda for Aid, Trade and Investment [Wat de Wereld Verdient: Een nieuwe agenda voor hulp, handel en investeringen]; Letter: Business for Development [Ondernemen voor ontwikkeling]	New appointment for a joint office of the Minister of Development Cooperation and Foreign Trade. Budget cuts to 0.59%; policy coherence; importance of trade and private sector development. Cancel ORIO and replace it with DRIVE. Launch Dutch Good Growth Fund (DGGF). Importance of CSR and fair tax system.

Year	Min of Dev.	Cabinet	Partner countries	% of GNI	Key Policy Note	Highlights
			Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique and Uganda. **Trade countries:** Australia, Belgium, Brazil, Canada, China, Colombia, France, Germany, the Gulf States, India, Iraq, Japan, Malaysia, Mexico, Nigeria, Poland, Romania, Russia, Singapore, South Africa, South Korea, Turkey, the UK, Ukraine, the US and Vietnam.			
2017	Sigrid Kaag (D66) (26.10.2017 -present)	Rutte III: VVD, CDA, D66 and CU	Focus regions: • the Sahel, • the Horn of Africa, • North Africa • the Middle East	0.65%	Investing in Global Prospects: For the World, For the Netherlands	The shift from partner countries to focus regions, particularly the unstable regions near Europe to address the root causes of poverty, migration, terrorism and climate change. Additional stronger focus on equal opportunities for women and girls and programmes aimed at education - particularly vocational education - employment and income for young people and women in the focus countries.
2019				0.46%		

KVP - Catholic People's Party, CHU - Christian Historical Union; ARP - Anti-Revolutionary Party; VVD - People's Party for Liberty and Democracy; PvdA - Labour Party; DS'70 - Socialist Democrats 1970; CDA - Christian Democratic Appeal; PPR - Political Party of Radicals; D'66 - Democrats 66; CU - Christian Union; LPF - Pim Fortuyn List; PVV - Party for Freedom

Source: Own elaboration based on (Giesbers, 2012; Government of the Netherlands, 2018; Hoebink, 2006a; IOB, 2014; MFA, 2013a; Nekkers & Malcontent, 2000; OECD, 2017; Spitz et al., 2013; Stokke, 2019) and http://www.parlement.com/

Annex 2. Map of partner countries for Dutch bilateral development assistance 1962-2015[343]



Criteria for choosing partner countries per period

Period	Used name	Criteria
1962-1967	(Former) colonies	1 (Former) Dutch colonies
1967-1973	Concentration countries	1 The existence of a consortium or group of available donors 2 The current level of development 3 Economic relations with the Netherlands
1973-1977	Concentration countries	1 Country's poverty level 2 Country's actual need for aid 3 'The degree to which the country in question is adopting policies especially beneficial to the poor (or the presence of a socio-political structure that offers perspectives for this, although policy is considered ultimately more important than such a structure)'
1977-1982	Concentration countries	1 Income per capita should be less than US$550 dollars per annum 2 The country should be implementing a redistribution policy 3 Human rights should be respected
1982-1989	Programme countries	1 Per capita GNP had to be below US$795 per annum 2 The recipient had to be pursuing a social and economic policy 'clearly aimed towards progress' 3 A possibility of maintaining or establishing 'sustainable development relations' with the country in question
1989-1998		Abolition of the 'country list' in 1996; priority given to low- and middle-income countries
1998-2002	Partnership countries and thematic cooperation countries	1 The degree of poverty 2 The recipient government's commitment to good policies 3 Good governance
2002-2007	Partner countries	1 The degree of poverty 2 The quality of policies and governance in recipient countries 3 The recipient countries' need for aid 4 The added value of Dutch aid 5 Foreign policy considerations
2007-2012	MDG countries, Fragile states, Emerging middle-income countries	1 The Netherlands added value as a donor and Dutch interests in the concerned country; 2 The country's income, poverty level and development needs 3 Opportunities for pursuing the Netherlands' four thematic priorities 4 The extent to which the country has good governance or opportunities to promote good governance 5 How re-shaping the development programme would impact on the proposed plans to cut back on the Dutch network of embassies.
2012-2015	Aid countries, Transitional countries, Trade partners	1 Income levels and levels of poverty 2 UNDP's Human Development Index 3 The activities of other donors 4 The knowledge and expertise the Netherlands has to offer 5 Opportunities for the Dutch private sector 6 The historical relationship with the Netherlands

343 This map was published as (Kazimierczuk et al., 2016).

African Studies Centre Leiden

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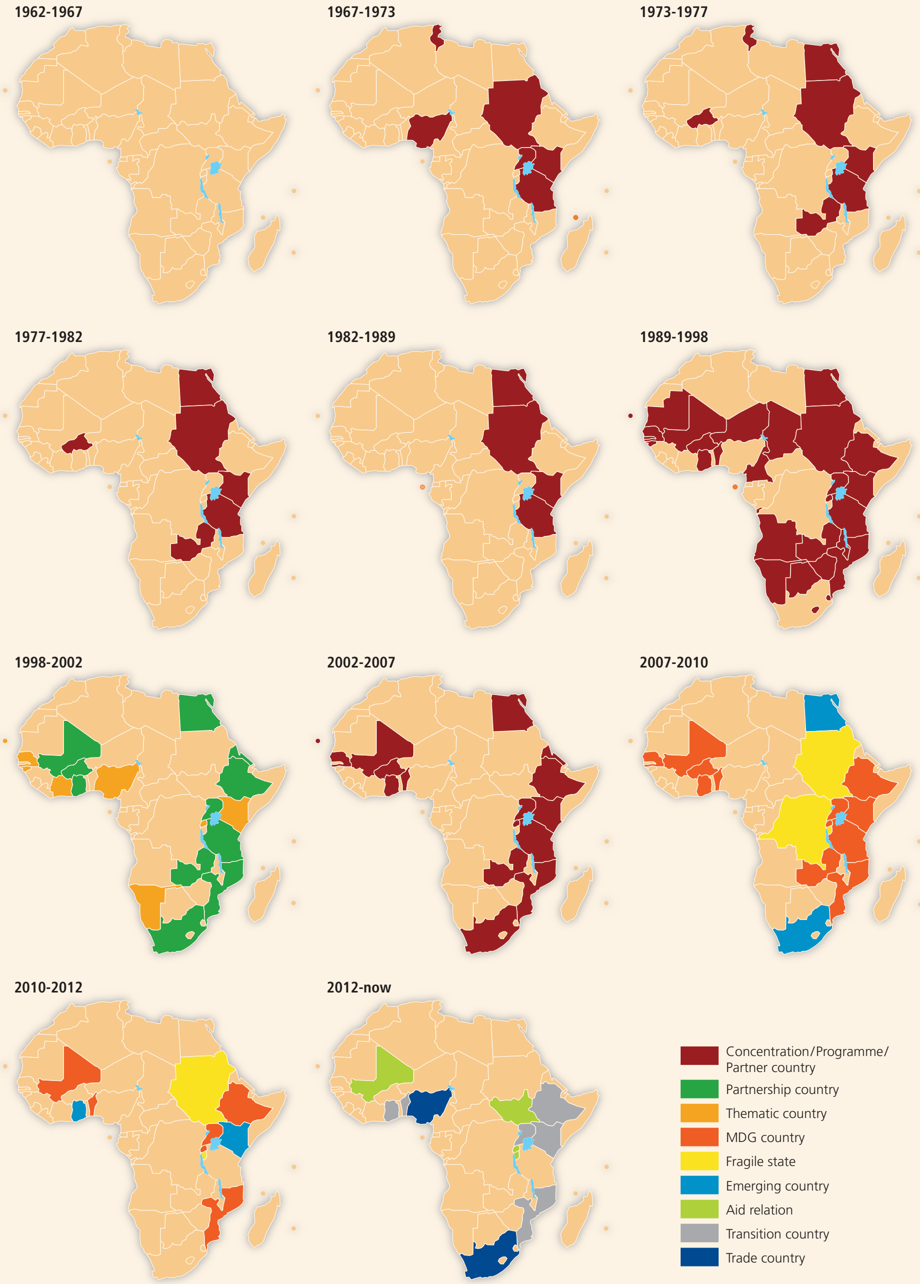
Partner countries for Dutch bilateral development assistance 1962-2015

Universiteit Leiden

The Netherlands has been an active supporter of international development aid. Dutch development cooperation started in response to Truman's "Four point programme" announced in 1949. It began as technical assistance, channelled through multilateral channels. Bilateral aid started in 1962 and was introduced by (then) Minister for Development Cooperation Berend-Jan Udink. Since then, the priorities, target countries and budget of Dutch development cooperation have continuously shifted.
This thematic map illustrates how the partner countries for Dutch development cooperation have changed throughout the years.

(Read more in the ASC Working Paper nr 122/2015 "Historical overview of development policies and institutions in the Netherlands, in the context of private sector development and (productive) employment creation")

Partner countries per period



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Nekkers, A. & P.A.M. Malcontent (2000). Introduction. "Do something and don"t look back'. In in: Fifty Years of Dutch Development Cooperation 1949-1999, A. Nekkers and P.A.M. Malcontent (ed.) The Hague 2000. The Hague: SDU Publishers.

MFA. (2013). A World to Gain. A New Agenda for Aid, Trade and Investment. The Hague.

The African Studies Centre Leiden (ASCL)

The African Studies Centre Leiden, founded in 1947, is the only knowledge institute in the Netherlands devoted entirely to the study of Africa. It undertakes research and is involved in teaching about Africa and aims to promote a better understanding of African societies. The Centre is part of Leiden University and participates in the LeidenGlobal network. The ASCL's work is not only of importance to researchers but also to policymakers, journalists, NGOs, businesses and other organizations.

Research The ASCL's research programme lasts for a period of five years. Projects are multidisciplinary, empirical in nature and are carried out in cooperation with African colleagues and institutions by the Centre's researchers and PhD and Research Masters students.

Education The ASCL organizes a one-year and a two-year Masters in African Studies in cooperation with Leiden University's Faculty of Humanities. The two-year (Research) Masters prepares for a research career.

Library The ASCL's Library, Documentation and Information Department has the most extensive and specialized collection on Africa in the Netherlands in the fields of the social sciences (including law and economics) and the humanities. The library, which is open to the general public, has more than 90,000 books, 1700 documentaries and feature films from and about Africa, and subscribes to nearly 750 (e-)periodicals. Digital Open Access publications form an important part of the library. African Studies Abstracts Online offers some 10,000 abstracts and journal articles, and web dossiers provide background information on specific topical events and themes.
More: *www.ascleiden.nl/content/library*

Publications ASCL researchers publish in many different journals and with well-known publishing houses. The Centre also has several publication series of its own: Africa Yearbook, Afrika-Studiecentrum Series, African Dynamics, African Studies Collection, Langaa Series, ASC Infosheets and ASC thematic maps.

Seminars Regular seminars are held at the ASCL on Thursday afternoons on a wide range of topics. These are given by prominent local and international Africanists and are open to the general public.

Visiting Fellows Between six and nine African academics are invited to Leiden every year on three-month fellowships to promote an effective academic dialogue between Africa and the North. These scholars use their stay in Leiden for data analysis and writing, and present a seminar.

Africa Thesis Award A prize is awarded annually for the best Masters thesis on Africa by a student at a university in the Netherlands or in Africa. The winning thesis is published in the African Studies Collection series.

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We would like to welcome you as a partner in the ASCL Community!
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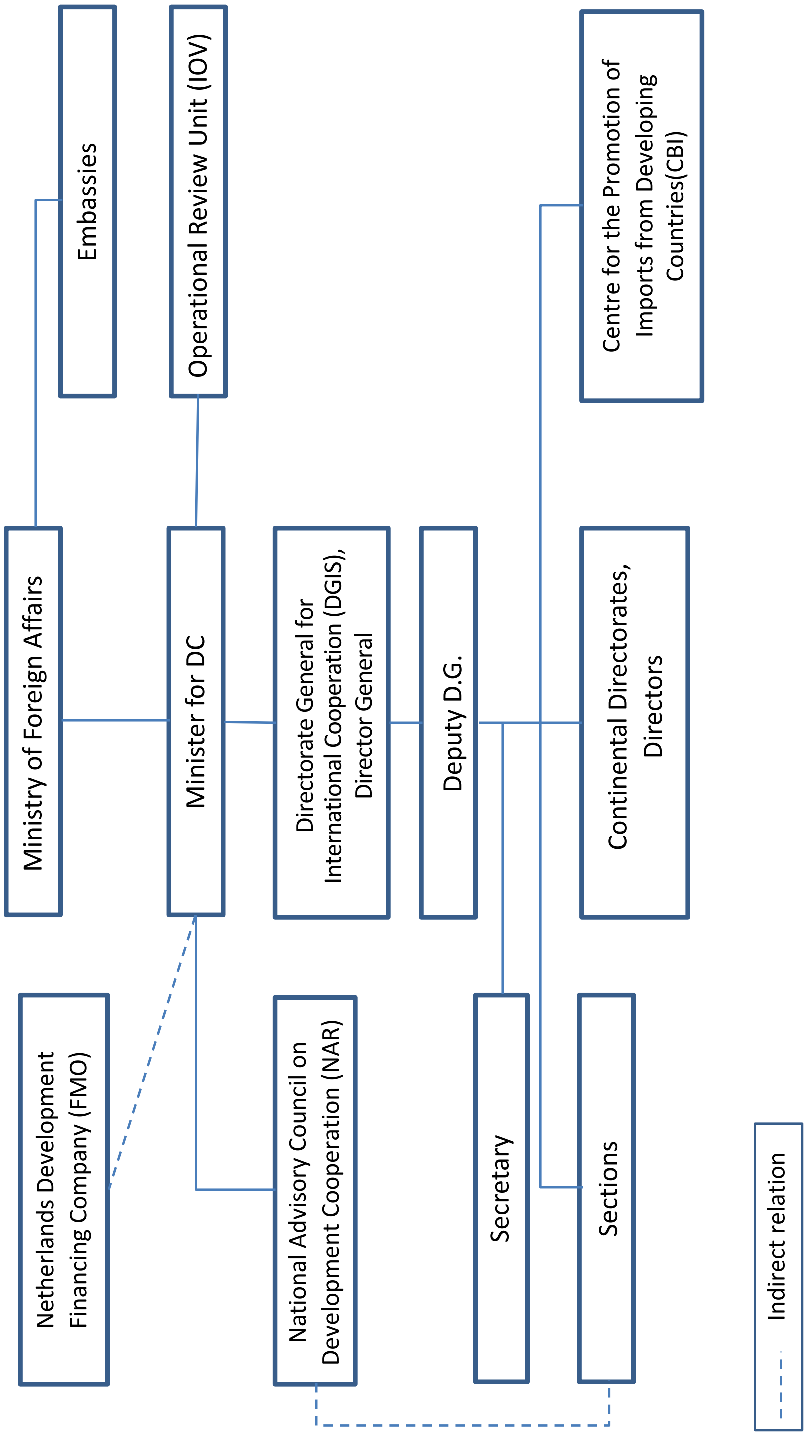
www.twitter.com/ASCLeiden

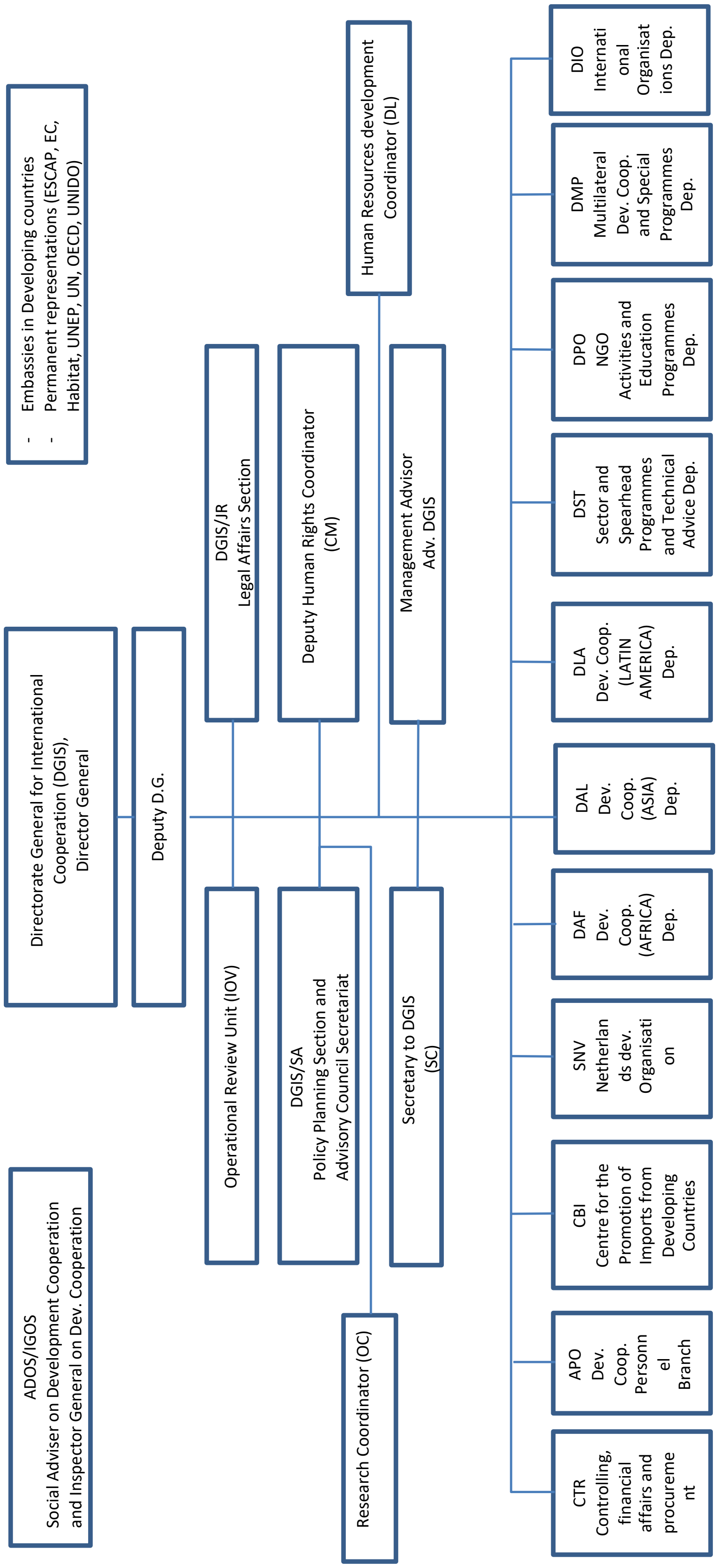
Annex 3. Organisation chart of the Ministry of Foreign Affairs 1965 – 2016

Figure 53. The institutional structure of the Dutch Ministry of DC for years 1965-1989



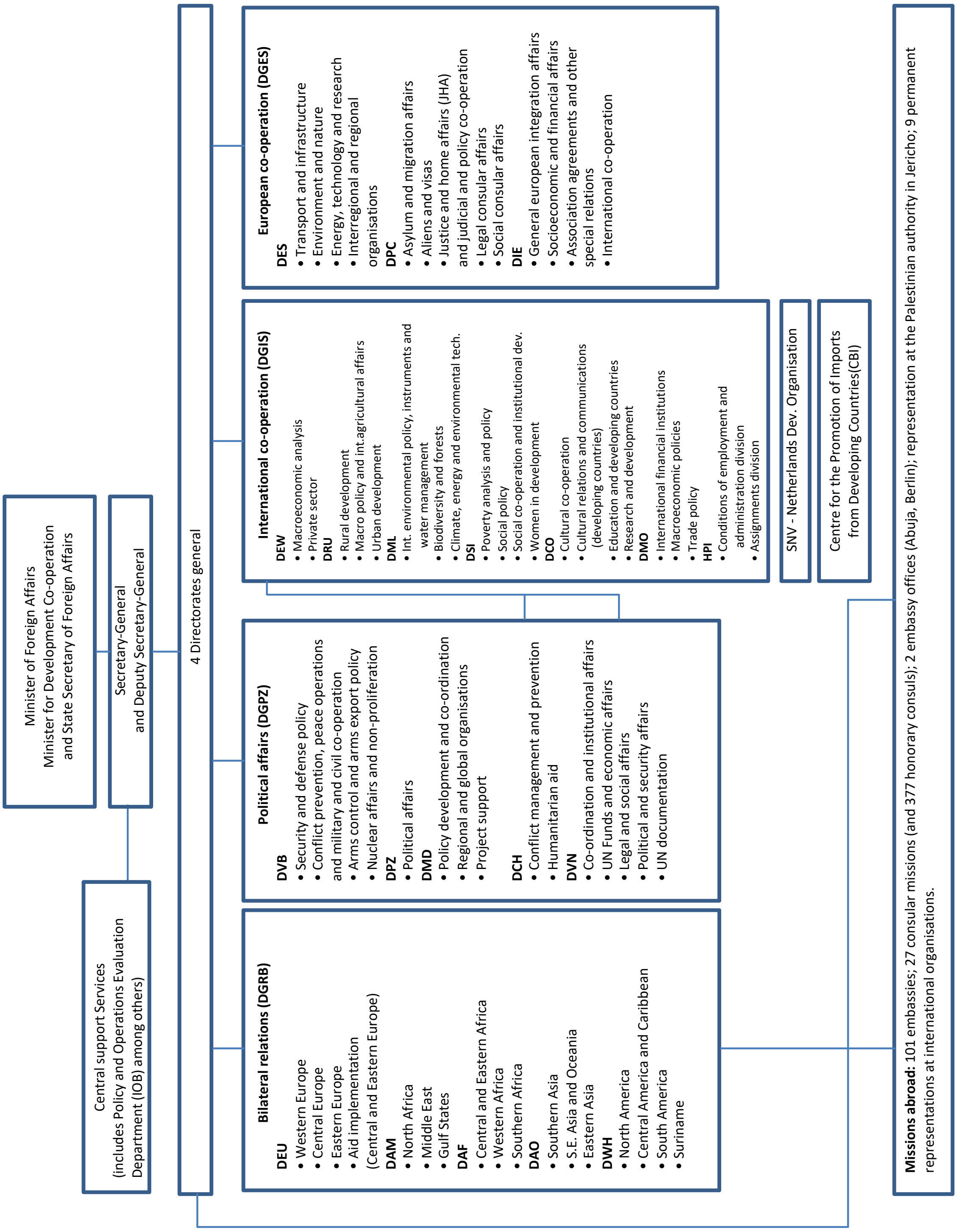
Source: (Postrach, 2009).

Figure 54. Organisation chart of DGIS in 1991



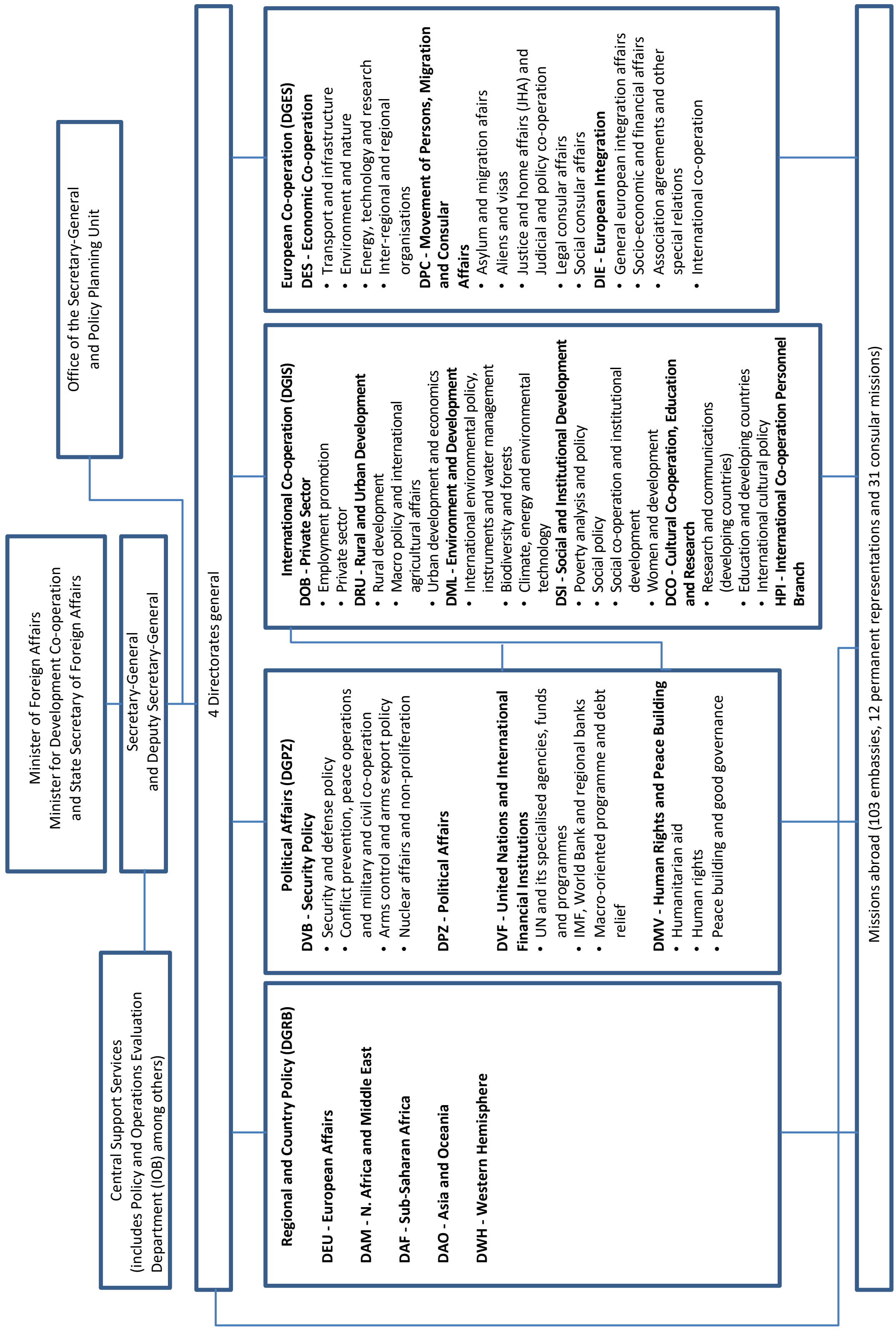
Source: (Hilhorst & Sideri, 1995)

Figure 55. Organisation chart of the Ministry of Foreign Affairs in 1997



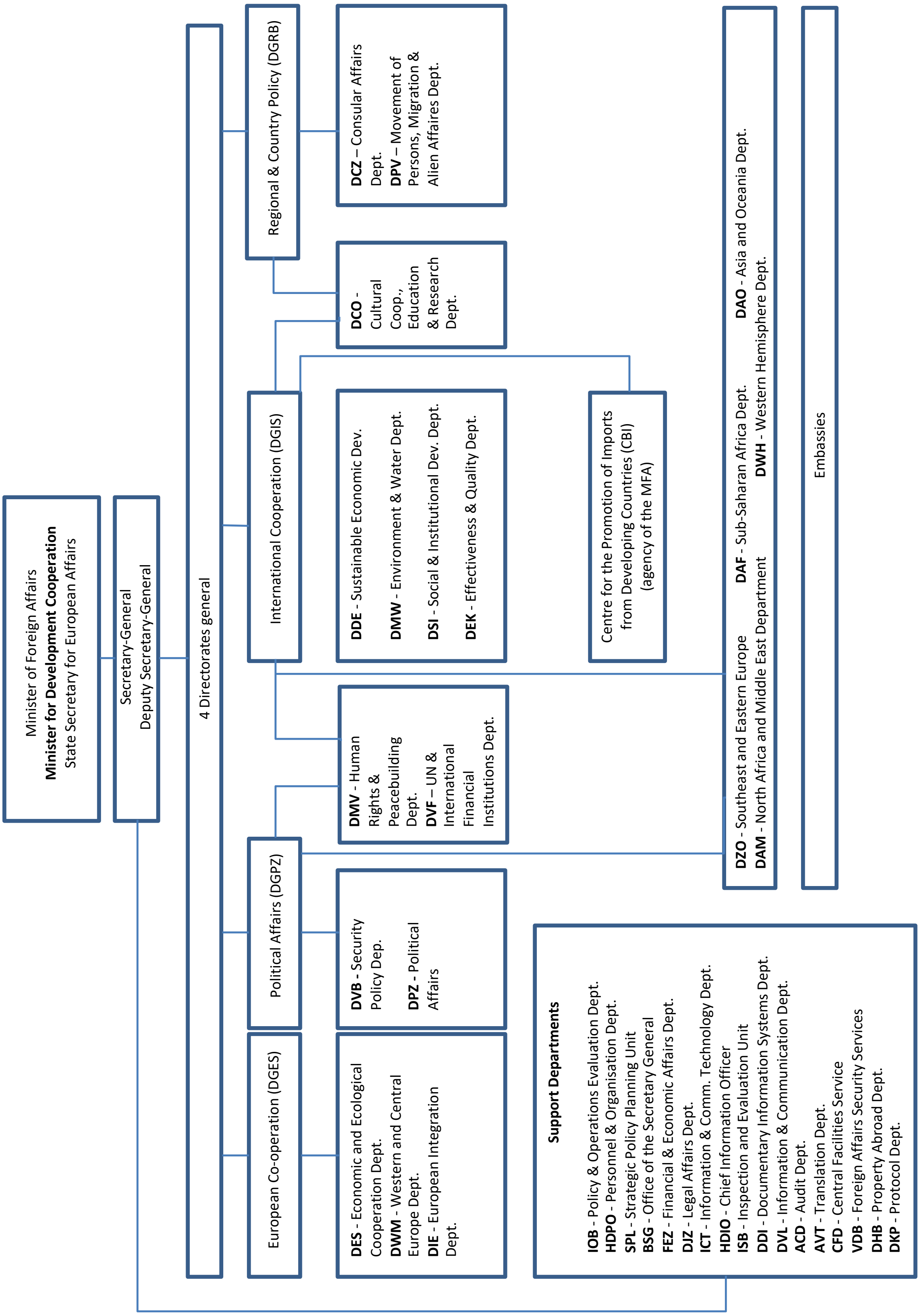
Source: (OECD, 1997)

Figure 56. Organisation chart of the Ministry of Foreign Affairs in 2001



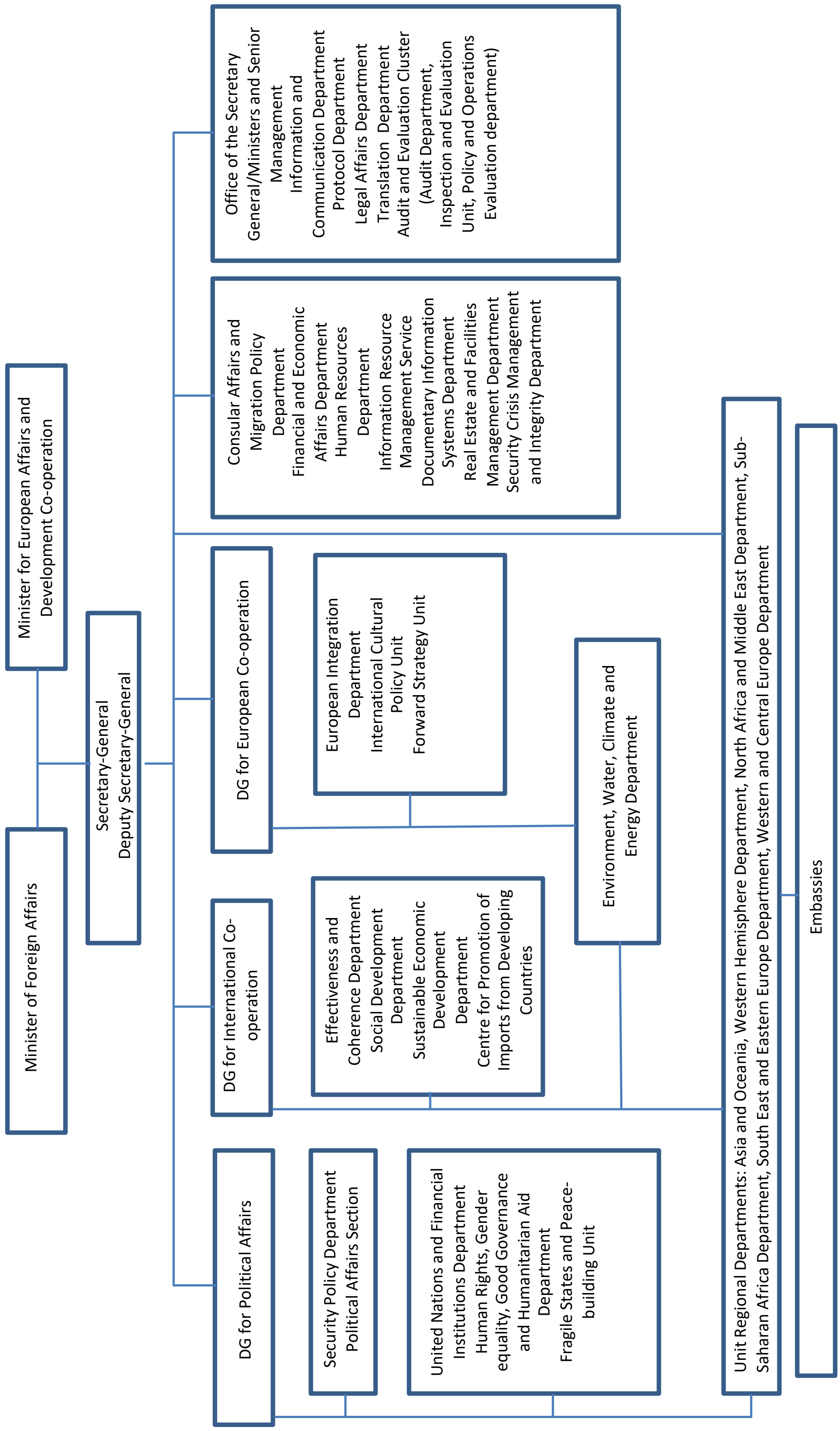
Source: (OECD, 2001)

Figure 57. Organisation chart of the Ministry of Foreign Affairs in 2006



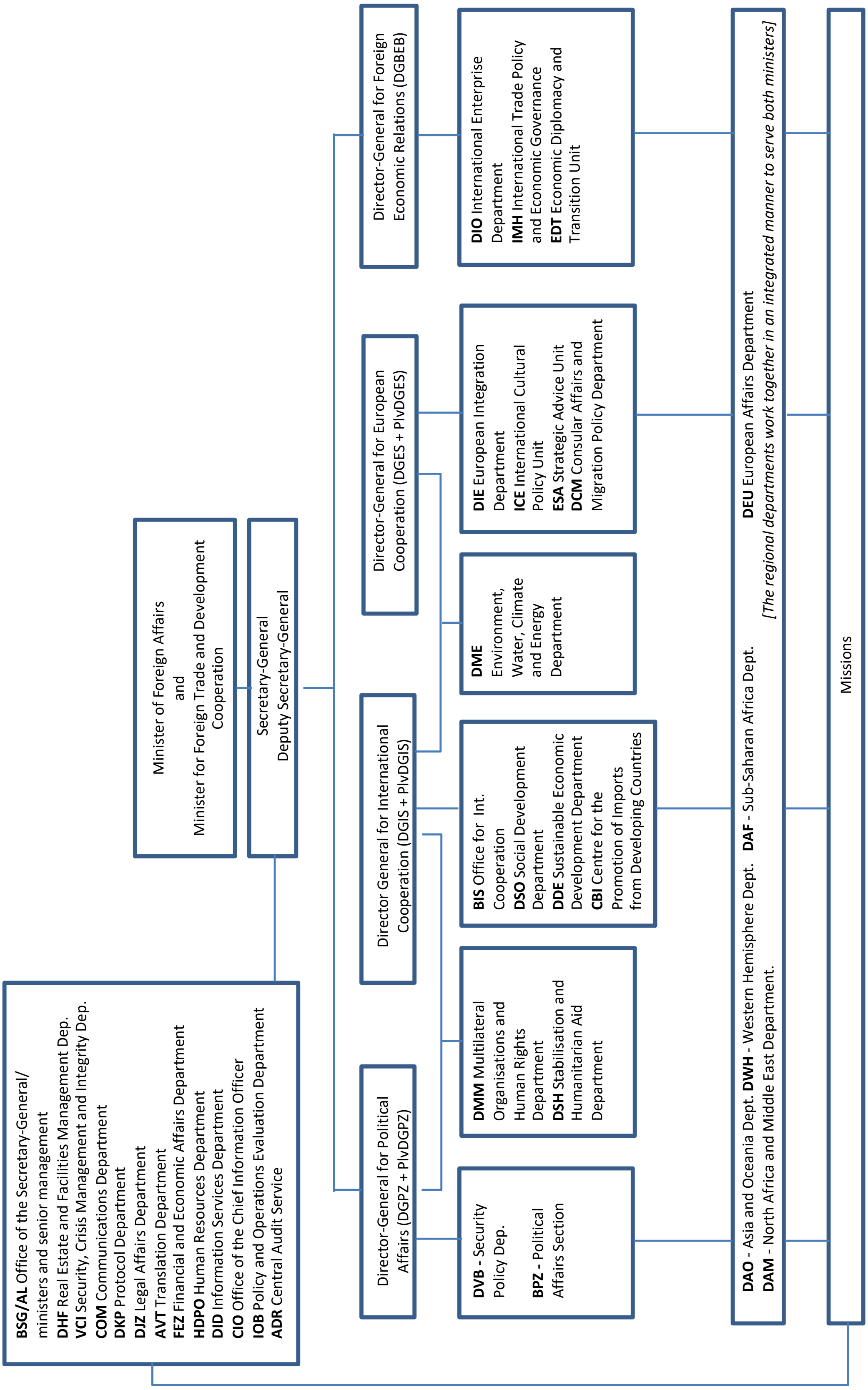
Source: (OECD, 2006)

Figure 58. Organisation chart of the Ministry of Foreign Affairs in 2011



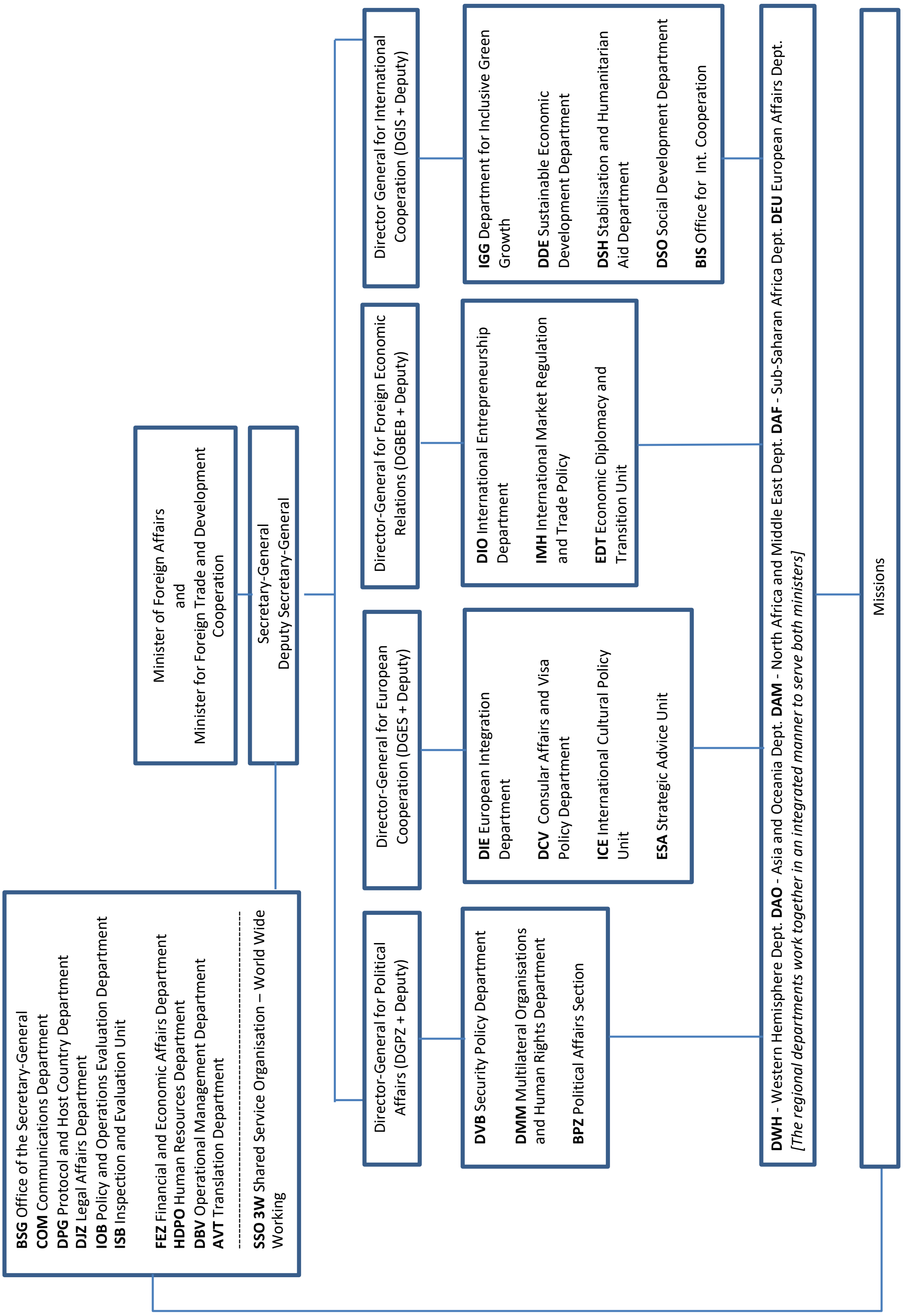
Source: (OECD, 2011)

Figure 59. Organisation chart of the Ministry of Foreign Affairs in 2012



Source: (MFA, 2013b)

Figure 60. Organisation chart of the Ministry of Foreign Affairs in 2016



Source: (OECD, 2017)

Annex 4. Laws of Kenya relevant to the tea sector (1902-2008)

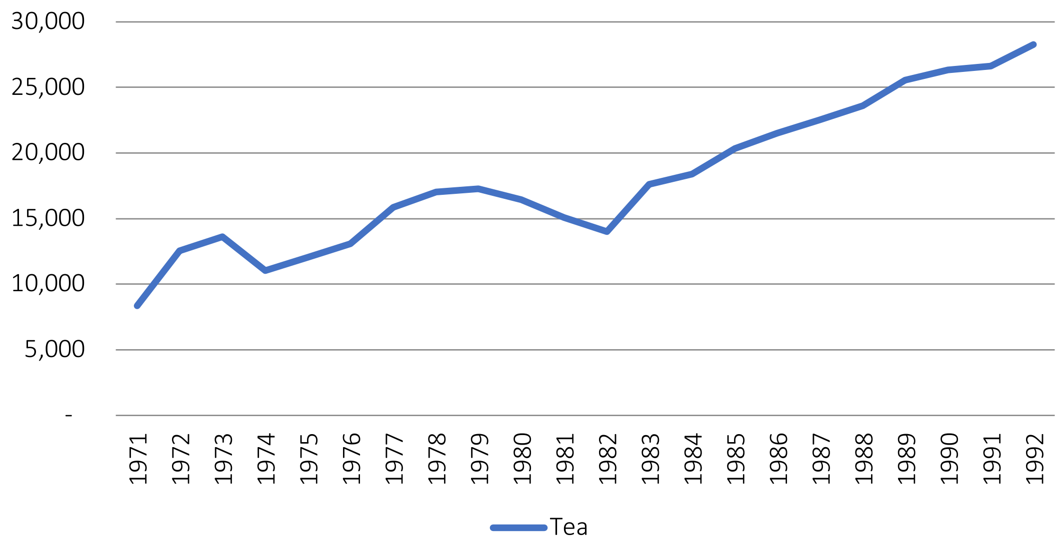
1902 and 1915	The Crown Lands Ordinance; it gave the European settlers legal security on their new farms. The start of tea production
1931	The Kenya Tea Growers Association (KTGA), a voluntary organisation of the plantation sub-sector members, is established by large-scale tea growers in Kericho to address the common interests of the large-scale tea growers
1950	Tea Act
	the Tea Board of Kenya is established under the Tea Act (Cap 343) of the laws of Kenya to regulate tea growing, manufacturing, trade and promotion in both the local and the international
1950s	workers' unions recognised on the tea estates
1956	the Kenya Tea Auction initiated in Nairobi under the management of the East African Tea Trade Association (EATTA)
1960	The Agriculture Act, establishing the Special Crops Development Authority (SCDA) to promote the cultivation of cash crops including tea
1961	Tea declared a special crop under section 191 of agriculture Act (Cap318)
1964	The Tea Development Order: Establishing Kenya Tea Development Authority (KTDA) a government parastatal under Legal Notice No. 42 Section 190 of the Agricultural Act (Cap 318 of the Laws of Kenya), to promote smallholder tea growers in the processing and marketing of tea. which replaces SCDA
	Ordinance banning the sale of sun-dried tea
	Foreign Investment Protection Act, provides guarantees that capital and profit can be repatriated
1969	the Kenya Tea Auction moved from Nairobi to Mombasa
1980	incorporation of The Tea Research Foundation as a private company limited, supported by the Tea Board of Kenya
1992	Public Enterprises Reform Programme (PERP) proposed by the World Bank and the IMF. PERP was a policy conditionality that sought to enhance the role of the private sector in the economy by shifting responsibility for production and delivery of products and services from the public to the private sector
	The Export Promotion Council (EPC) is established
1999	Sessional paper No 2 of 1999 on the Liberalisation and Restructuring of the Tea Industry in Kenya provides a desirable organisational structure of tea industry. The Ministry of Agriculture is charged with the role of decision making in the whole sector.
2000	Privatisation of KTDA (under Cap 486 of Kenyan laws)
2008	The Tea Act, Cap 343 (as amended by No. 6 of 1999)
	The Tea (Licensing, Regulation and Trade) Regulations 2008, give the Tea Board of Kenya powers to license and regulate tea growers, manufactures, packers, buyers, exporters, importers and warehousemen.

Annex 5. BBK crop production

1972-1992

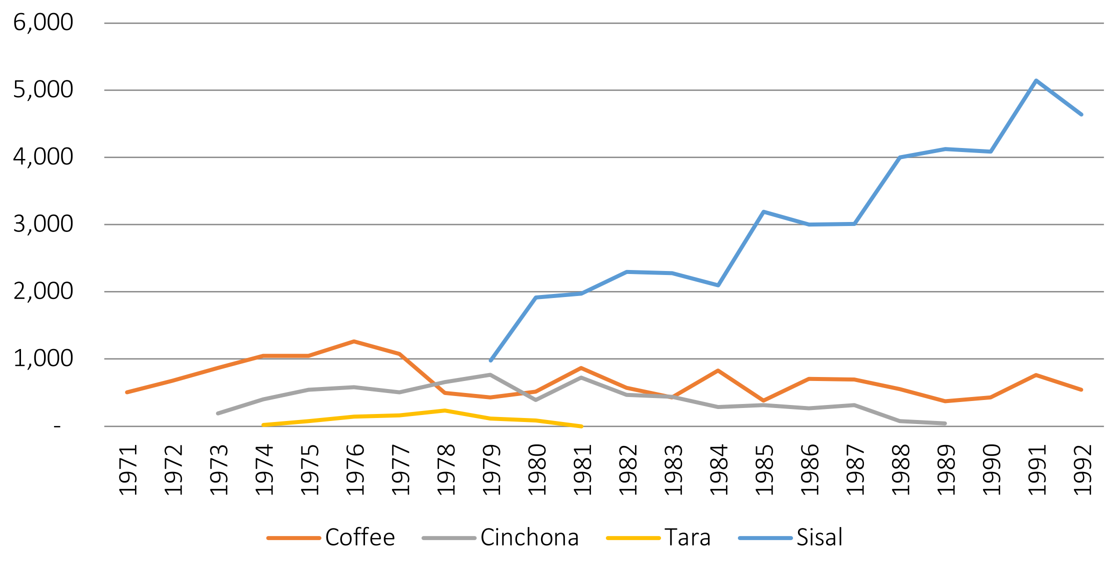
Through the years and because of restrictions, BBK kept on improving productivity on their estates with good harvests of tea and other crops, such as coffee (see Figure 62 and Figure 63). It was a result of substantial investments in R&D of improved varieties, labour organisation and management. The two decades were rather challenging for the coffee production, mostly due to unfavourable weather patterns and an unstable global market. Since 1982/1983, due to problems in growing cinchona, which was often attacked by diseases, it was decided to phase this crop out and use the area to plant a new variety of clonal tea. As of 1986, BBK started to plant hybrid sisal; use of both new varieties resulted in increased harvest. It is unclear what happened with the tara production, as no official information was given about phasing out the crop but the crop records show the downward trend and it is no longer reported as of 1981, suggesting that it was indeed phased out in favour of more profitable crops. Despite substantial development and diversification, tea produced predominantly for export remained BBK's core business.

Figure 61. Tea production by BBK between 1970-1992



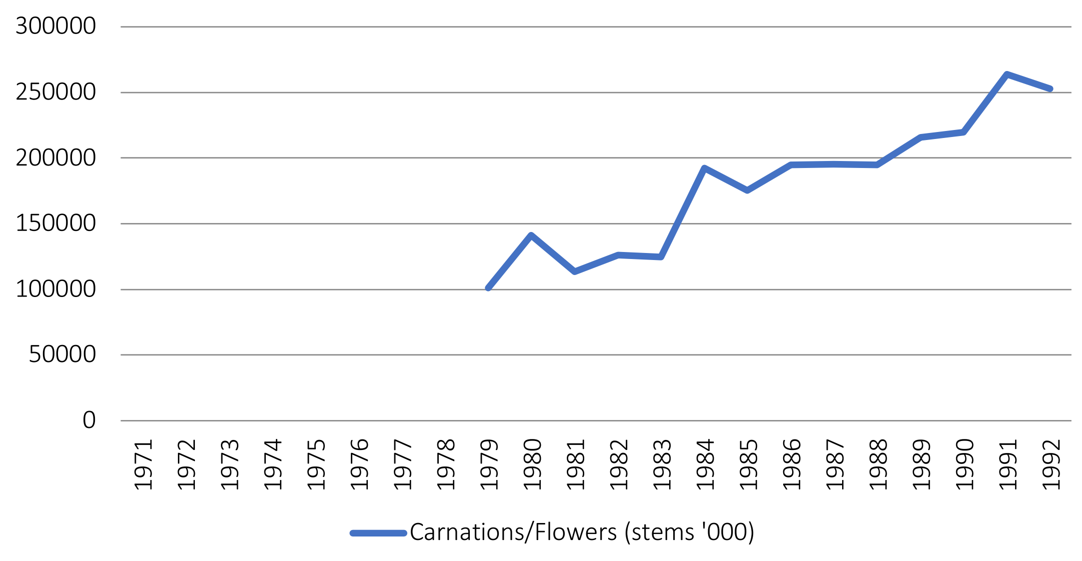
Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1993; Brooke Bond Liebig Ltd., 1973, 1975-1980)

Figure 62. Coffee, Cinchona, Tara and Sisal production by BBK between 1970-1992



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1993; Brooke Bond Liebig Ltd., 1973, 1975-1980)

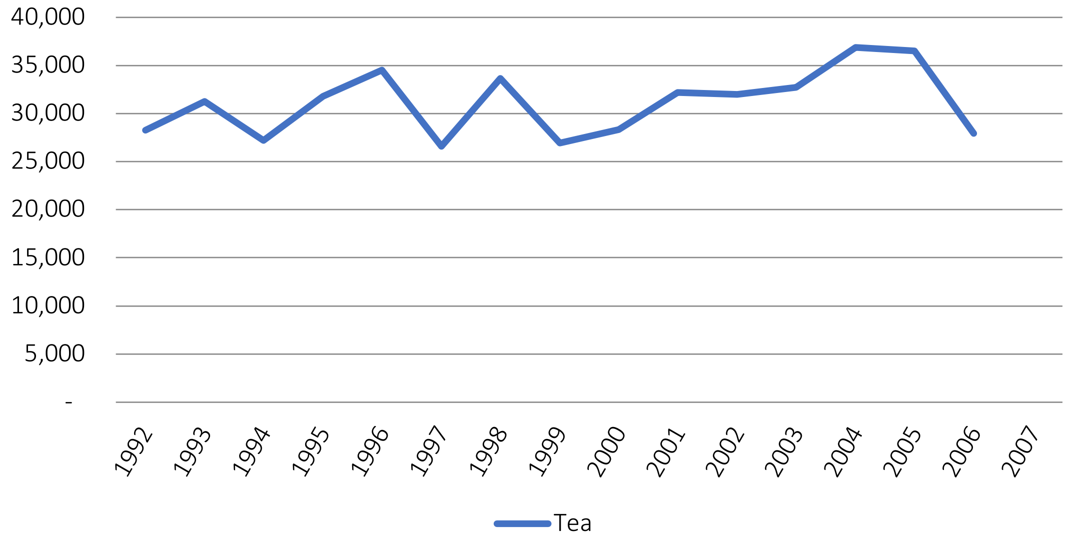
Figure 63. Carnations and general flower production by BBK (in Sulmac) between 1970-1992



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1984, 1985, 1987-1993; Brooke Bond Liebig Ltd., 1973, 1975-1980)

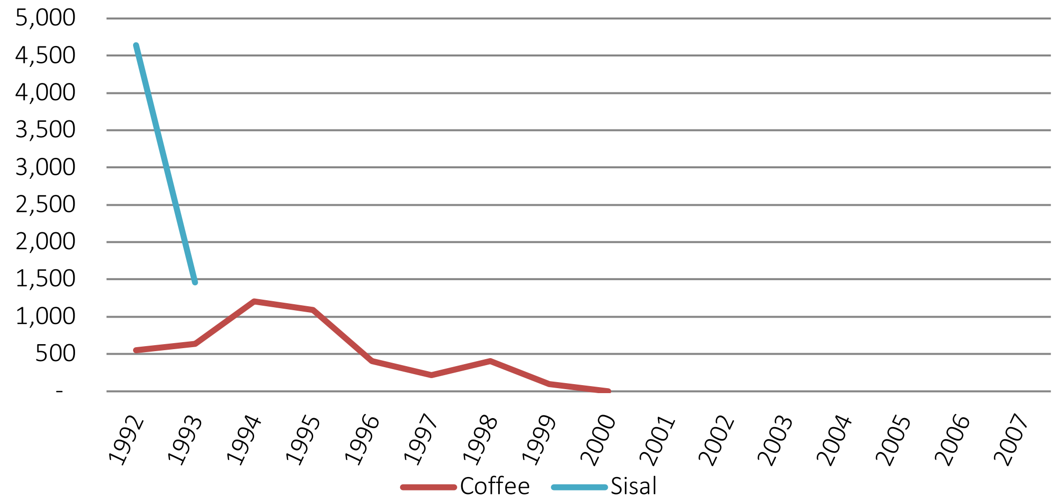
1992-2007

Figure 64. Tea production by BBK between 1992-2007



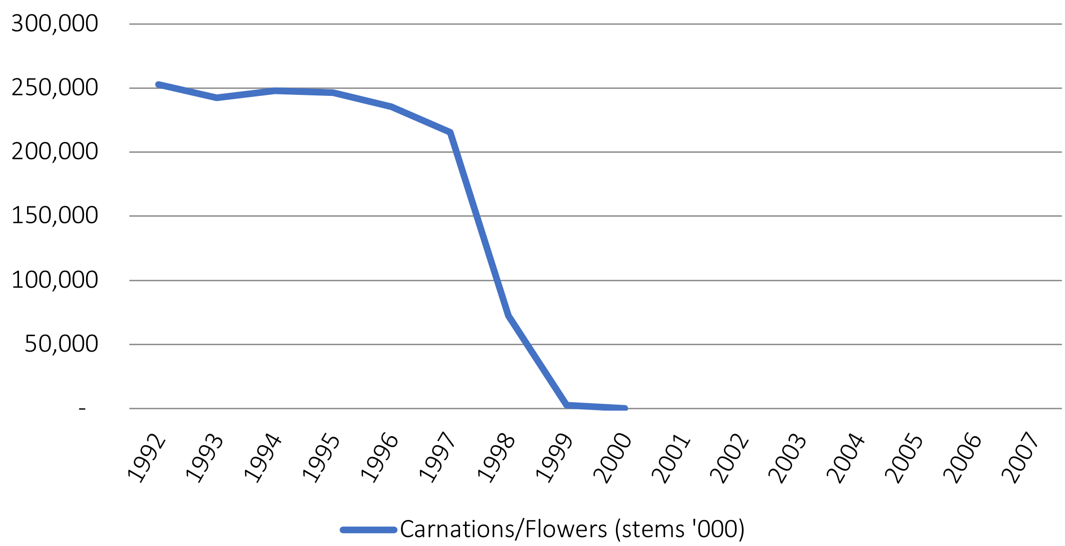
Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1993-2004; Unilever Tea Kenya Ltd., 2005-2009)

Figure 65. Coffee and Sisal production by BBK between 1992-2007



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1993-2004; Unilever Tea Kenya Ltd., 2005-2009)

Figure 66. Carnations and general flower production by BBK (in Sulmac) between 1992-2007



Source: Own elaboration based on (Brooke Bond Kenya Ltd., 1993-2004; Unilever Tea Kenya Ltd., 2005-2009)

Annex 6. Case studies in flower production and in value chains

1.1 Company A – A Dutch company involved in production of cuttings

1.1.1 Background

Company A is a family business that was established in 1997, and is fully owned by a Dutch group. With its headquarters in the Netherlands, the company has production operations in Kenya, Ethiopia and Portugal. The company focuses on young and budding plants that do not do well during winter in the Netherlands, but must be ready by spring, thus there is a need to open up branches in Kenya to grow them under alternative suitable weather conditions. Seed production is done by other firms on contract outside Kenya. The company employs at least 4,000 people in total. The move to expand into other countries was also seen as a way to spread the risk.

1.1.2 Production

The company deals with budding plants, all for export. It is therefore not involved with the end product, which could be a flower or a plant. Cuttings are brought into Kenya from the Netherlands and then grown in the greenhouses in Kenya. The ethos of the company is pegged on 'the three P's': Planet, Profit and People.

Figure 67. A member of the research team visiting Company A

Source: (Interviews, 2015)

According to the respondent, the total investment for a company like this is about € 5 to 10 million. This particular farm is on a eight-hectar plot, from which about 100 million cuttings are produced a year. The entire group produces about a billion young plants. Of the operational costs, 30% are labour costs and 30% goes towards transportation. Value-Added Taxes (VAT) are a big cost for the company, especially because it exports 100% of its produce.

Production commodities such as pesticides and fertilisers are acquired in Kenya. Purchase decisions depend on price comparisons. Their main suppliers in Kenya are two local distributors. Company A is also implementing Integrated Pest Management (IPM) and supplies the natural enemies for biological control locally. With regard to logistics, Company A works together with two large international shipping agents: one Dutch and one Swiss.

The introduction of better technology, which substitutes manual labour to some extent, has led to better production. The new technology included Wi-Fi in the greenhouses, and custom-made apps that enable real time decision-making and data collection about the cuttings. The company also uses technology in its water and the filtration system. Company A wants to further invest in high knowledge and technology. Due to their specialised knowledge, Company A does product development with its suppliers.

1.1.3 Management, staff and welfare

Company A is managed by four people: two expatriates and two Kenyans. At the top of the corporate structure is a general manager and production manager, and under them, two heads of department who manage supervisors, group leaders and general workers. The shareholding is composed of two generations of family members. There is no Kenyan national on the board of directors.

The farm now maintains at least 380 permanent workers and manages to hire less seasonal workers. At least 70% of the employees are women. The lowest level employee earns Ksh 12,000 per month. It has been noted that salary levels in Kenya are higher than in Ethiopia; about Ksh 6,000 more per month. The company also provides maternity leave and day care services combined with education services for children. There is no gender discrimination with regard to the salaries; the company follows the salary scheme provided by the regulatory authorities. But from the Dutch perspective, men get more as they negotiate earlier and tend to be more confident in their abilities in this regard. The interviewee claimed that the question of payment differences may be more an issue of negotiation skills with the superior.

Employees can progress from one level to the next by improving their education level, but the company does not offer any internship programmes. The company does, however, offer interest-free loans to its employees, or training or courses that will be relevant and beneficial for the company. Most of their employees opted for the loan to benefit their children. Company A also has six welfare committees that discuss employee issues.

With regard to the HR challenges, the company initially experienced some problems with appointing young supervisors. Culturally, some employees find it hard to accept that younger people are in higher positions. Nevertheless, the appointment of such supervisors has effectively contributed to more efficient production.

1.1.4 Regulation

Company A is subject to regulations by the Kenya Plant Health Inspectorate Service (KEPHIS), Kenya Pest Control Board, Water Resources Management Authority and National Environment Management Authority (NEMA). According to the interviewee, the Horticultural Crops Directorate (HCD), which should be an authority on floriculture, does nothing to encourage the development of the sector.

Some of the employees are members of the Kenya Plantation Agricultural Workers Union (KPAWU). As employers, Company A also has membership of the Agricultural Employers Association, Lake Naivasha Growers' Group and the Kenya Flowers Council.

Unlike the cut flower business, international certification is not mandatory for budding plants, as the company does not sell directly to consumers. Nevertheless, Company A has a KFC Silver and MPS certificate. To manage quality control in the farm in Kenya, every group of 25 workers is assigned a quality controller. Company A does not consider implementation of other standards, especially the Fair Trade certification, as it may mean the closing down of the farm. According to the management, the increased labour costs related to this certificate will render the company uncompetitive.

For Company A, the national regulatory guidelines support their business. However, the process of enforcing these regulations is sometimes problematic due to the duplication of efforts by national and local government while enforcing the same policy. The responsibilities of the national and local government in regulating the industry are not clear. Additionally, the company reports that corruption has increased over the last four years, and the amount asked for as bribes has increased. The most corrupt organisations are at the local level, e.g. arms of the National Transport and Safety Authority.

Finally, international regulations and agreements, such as the Economic Partnership Agreement (EPA) are critical for their operations. Basically, failing in implementation of the EPA would mean closing down the farm in Kenya.

1.1.5 Corporate Social Responsibility

Company A had an annual budget of between Ksh 4-5 million dedicated to Corporate Social Responsibility. The main projects that contribute to CSR focus on the following categories: community, children, wildlife and education. The company is also involved in a farmers' catchment area project, although its involvement is coming to an end. The company also has a clinic, provides treated drinking water and has a fish farm, with fish that is given to its employees.

1.2 Company B – A Dutch large-scale rose grower

1.2.1 Background

Company B is a family business that started in the Netherlands around 1975. The Dutch parent company fully owns Company B in Kenya. The farm where Company B is located was established in Kenya in January 2004 by Sher Agencies Ltd, which was (then) owned by the Barnhoorn family (they are currently located in Ethiopia). Barnhoorn started growing roses in Kenya on a seven-hectare plot of land, and then he invited other growers from the Netherlands. Most flower farms were located in Naivasha because of the favourable climate and environmental conditions. In addition, the production and labour costs in Kenya were cheaper compared to the Netherlands. Company B produces purely for export (100%) to the parent company in the Netherlands.

The company has been faced with a number of challenges, including a major blow in 2007 during post-election violence that created tensions and fear among workers. The ethnic clashes led to displacement of some workers. Without enough workers, the farm's production capacity was affected, given that flowers are perishable and need to be attended to regularly.

The company is certified by Fair Trade International, MPS-GAP; MPS grade A, and it has a vision of becoming one of the leading producers of bouquets in the European market. The company is now working towards meeting all Fair Trade standards, raise its ethical standards and improve employee welfare.

1.2.2 Management, staff and welfare

The management is composed of two directors: the owners located in the Netherlands, and a resident General Manager, who is also the Chief Executive Officer and oversees other managers under him in different departments, recorders, team leaders and supervisors. Recorders keep records of employees, production, exports, what has been rejected or gone out of market, and so forth. Quality controllers check whether the roses meet required standards before they are taken to the batching section to be graded and batched. About 40% of the staff is female. However, top management consist only of males, while middle level management, i.e. senior supervisors, comprises three women and two men.

Apart from the directors, the management consists of three expatriates: the Production Manager, the Technical Manager and the General Manager. It is likely that the Kenyan government is seeking to have Kenyans taking over management, as during permit renewal, the horticulture authority asked to see names of people that are in training to eventually take over from the expatriates.

Wages are standardised and performance-based, and thus, they are not different for the foreigners, and there is no gender wage discrimination. General employees get a basic salary plus housing allowance. Depending on the department, the management has arranged bonuses to boost performance. For example, sprayers whose team is doing well in terms of identifying and controlling pests and diseases are rewarded with bonuses. The employee welfare committee, which caters for all employees ranging from manual labourers to middle level management, looks after employee issues, especially those related to sexual harassment.

Pesticide spraying involves strenuous physical activity, and can be dangerous if pesticides come into contact with the skin or if they enter the bloodstream. Due to the health risks posed by the chemicals in the pesticides used in the farm, sprayers get blood tests quarterly to check amounts of chemicals in the blood. They take a break till their levels are down. As a policy, women are not allowed to spray pesticides or go near chemicals, as exposure could affect a foetus in case of pregnant women, or affect breastfeeding babies.

Although training is supposed to be done at all levels, most training is done for managers and supervisors but not for the general workers. Training programmes are done by the National Industrial Training Authority (NITA) and other NITA certified training organisations to equip employees with the necessary skills and information. The trainings involve sensitizing workers to their rights, work skills, wage negotiation skills, and selected employees are trained on administering first aid in case of injury during work.

The organisation has internal policies and codes of conduct to set the minimum employment terms, and guide operations and behaviour. In addition, the organisation adheres to the national labour laws, which cover five sections: the Employment Act, the Labour Institutions Act, the Labour Relations Act, Occupational Safety and Health and, lastly, the Work Injury Benefit Act (WIBA). The Employment Act covers contracting issues: working hours, terms of terminating a contract, and what the employer should provide, while the Labour Institutions Act deals with courts and institutions for employers and employees. The Occupational Safety and Health Act gives guidelines aimed at providing employees with a safe working environment. WIBA deals with compensating workers who get injured during work. The company also has policies against discrimination, sexual harassment, policies on handling grievances, issues regarding bonuses and overtime. The company has not had major disputes settled in court mainly because of good industrial relations.

1.2.3 Production and costs

The farm only produces roses – over 20 varieties with different colours and shades. The first harvest is ready in eight weeks, and thereafter, harvests are continuous. Pruning is done to control growth depending on whether demand is high or low. After harvesting, the roses are pre-cooled to prevent further growth and taken for grading. Rejects that fail the quality test are shredded and passed to vegetable farms that use them to produce manure. This arrangement was put in place because previously some employees used to reject good flowers as they collaborated with external buyers to sell them locally.

In general, productivity levels of employees in Kenya are considered better compared to that of Tanzania, Uganda and Ethiopia by the management. That is how the farm has managed to stay in business despite high operational costs. Salaries take up a big share of production costs and, in an efficient environment, the employer can maintain a limited number of employees to meet the target and make profits. Such a situation is also beneficial to the employees, as they can benefit from a higher salary that otherwise would not be achieved if the employees' number were higher.

As for the supply chain of Company B, the pesticides, fertilisers, greenhouses and irrigation systems are acquired locally from two leading companies. Handling is done by one of the lead Swiss companies. Due to the size of the farm, which is 70 ha, Company B also uses machinery and other stationary on the farm.

1.2.4 Regulation

The company is licenced by the Horticultural Crops Directorate (HCD), as required by law. It is also a member of the Kenya Employers Association (KEA) and the Agriculture Employers Association (AEA). The workers are members of the Kenya Plantation Agricultural Workers Union (KPAWU).

With regard to daily challenges, in addition to the capital-related operational cost, exchange rate fluctuation sometimes lead to losses. In the floriculture sector most of the companies are paid in euros. When the euro depreciates against the Kenyan Shilling, the company registers lower profits. The new regulation on interest rate capping has been positive for Company B because it is paying lower interest on loans, but smaller businesses are likely to suffer since banks cannot give them loans without security.

Furthermore, the tax burden is considered high, and in addition, the company has to pay a levy for road maintenance. Law enforcement is also problematic. The Kenyan government lacks manpower to regularly inspect the farms. Consequently, inspections are usually done when problems arise, for example, during labour strikes. Nevertheless, as the floriculture is largely not for local consumption, politicians generally do not interfere with the business as in other agricultural sectors.

1.2.5 Corporate Social Responsibility

The company has supported schools by building classrooms, toilets, providing electricity and borehole water. In some schools, the company has provided funds to hire more teachers and buy books.

Moreover, they have set aside a piece of land to freely supply nutritious vegetables to workers who have declared HIV positive status. They have ensured that the clinic provides them with necessary drugs, and sensitised other workers on stigmatisation of HIV positive workers. They also supplied Naivasha prison with a greenhouse to enable them to grow vegetables to feed prisoners. In 2012, they joined the Lake Naivasha Water Resource Users Association (LANARUA), an environment conservation group that aims at preserving Lake Naivasha. They incentivise farmers not to cultivate along the banks of the lake to minimise the effects of pollution that cause parasitic plants to grow in the lake and fish to die.

1.3 Company C – A Dutch large-scale rose grower and vegetables seed propagator

1.3.1 Company background

Company C was set up in Kenya in 2001. It is a family business with the mother company based in the Netherlands having been established back in 1967. The family is the majority shareholders with a combined shareholding of 75%. The company has two major operations: cut flowers on 32 ha of land and propagation of vegetables seed on six ha of land. The company propagates seed for Syngenta, Monsanto and East African Seeds Ltd. In 2017, the company acquired an additional 20 ha for further expansion mainly in seed propagation. Company C is a member of the Kenya Flower Council (KFC), which is part of the Kenya Association of Manufacturers (KAM).

The climate conditions in Kenya were of the greatest influence on the decision of the family to invest in Kenya, and in Naivasha in particular. Naivasha has good climatic conditions for cut flower farming, plus it is close to Nairobi where the major airport is located. Secondly, the business environment is considered as more open and friendlier to foreign investors than in other African countries. Kenya is also endowed with skilled labour, which is productive compared to many other African countries. The management argued that although labour is cheaper in Ethiopia, their productivity and skills level is inferior to the workforce in Kenya. Finally, Kenya is strategic in terms of logistics – transport, banking, insurance, sea travel, and airport connections are relatively well developed.

1.3.2 Management, staff and welfare

In 2017, the farm had a total of 870 employees, of which 700 were in the flower farm while 170 were in the seed propagation farm. Of these, 514 are female and 356 male. There is a total of six managers employed to support the Managing Director (MD). The MD is the only expatriate working for Company C. The majority of the managers and professional staff is male. The salary for some of the long-term production workers reaches the level of the rural living wage. On top of the salary, the company offers a number of additional benefits, such as housing and a transport allowance, meals/canteen, written contracts and healthcare. Company C, in conjunction with neighbouring farms, has built a clinic for their workers, which they run together. The wife of the MD is the Chair of the committee that oversees the clinic project. The clinic provides medical care for their workers and covers the employee, a spouse and two children. Each employee is handed a card and anyone in the family who goes to the clinic uses that card. The funds used to run the clinic and subsidise the services are provided by the Fairtrade Premium kitty, raised and pooled by the farms involved. The estimated sum of the Fairtrade Premium kitty has been between Ksh 10–12 million a year.

The MD of the Company C is positive about the quality of the Kenyan workforce. He claims that Kenyan employees are well equipped and generally work harder compared to other countries in Africa (such as Ethiopia). However, production skills, technical skills and people management skills for senior and junior managers could be improved so as to strengthen business. This could be done by enhancing, customizing and diversifying the training that the National Industrial Training Institute (NITA) offers.

So far, with regard to training, Company C trains supervisors and managers. One of the production managers, on a trip to visit his daughter who studies at the Wageningen University and Research Centre, also got to visit other farms in the Netherlands through connections of their parent company. Furthermore, farmers acquire skills and knowledge, especially on best farming practices, as they work in the flower farm and they can make use of these in their own farms. With the new greenhouse project that has been set up to be used for seeds propagation, Company C has reached out to institutions of higher learning such as Egerton University, Kenya Agricultural Research Institute (KARI) and Jomo Kenyatta University of Agriculture and Technology (JKUAT) to form partnerships in seed propagation. Some professors are set to visit the premises and have a look at the project. The project is being funded by the Dutch government through PSI. The idea is to create commercial and knowledge networks with other companies and universities as well as research centres. Finally, some Kenyatta University and Egerton University students have also been involved with internships in the farm.

1.3.3 Production and costs

At present, Company C has invested about € 10 million in Kenya and produces about seven million stems of roses per year and about two million seedlings per year. About 85% of its produce (including 100% of their flower production) is sold to the parent company in the Netherlands, which, in turn, sells and distributes the flowers through FloraHolland to various destinations in Europe. The remaining 15% is sold as Freight on Board (FOB) to other customers at the Nairobi airport. In that sense, the company is not involved directly in exporting their produce, because the parent companies and customers based in Nairobi take care of the export logistics.

Company C collaborates with a number of mostly local input suppliers or distributors. It considers having good relations with the local suppliers, although it also considers the cost of handling services at the airport and the importing farm supplies as very high. It is noted, however, that Company C does not support their suppliers or vice versa in any way other than in the fulfilling their business commitments to one another.

1.3.4 Regulation

The management of Company C perceives the Kenyan institutional and regulatory environment as rather cumbersome. Among the most pertinent issues, the following were highlighted:

- The procedures for acquiring land for a foreign-owned company are not straightforward.
- The procedures for obtaining work permits for a foreigner are not straightforward.
- The Water Resources Management Authority (WARMA) has not been helpful, due to delays or declines in issuing water use certificates
- A number of levies and (double) taxations that are imposed on the private flower growers by the national and county government are too high. For example, the national government through the Horticultural Crops Directorate (HCD) collects a levy (on tonnage) for produce destined for export; while the county government is also seeking to introduce a levy on produce destined for export. That would be a case of double taxation, which will impact negatively on the competitiveness of Kenyan produce in the global markets.
- Delays with VAT returns by the Kenya Revenue Authority (KRA).
- Problematic and unclear procedures for importing goods, including farm inputs.

With regard to supportive policies, the respondent emphasised that international trade partnerships and agreements (i.e. EPA) are good for business and therefore they should be promoted and existing ones enhanced. In order to do so, the government should streamline the service delivery by the government agencies, and the county governments should harmonise their tax regimes with those of the national government to avoid double-taxing firms in the flower sector as well as in other sectors.

1.3.5 Corporate Social Responsibility

Besides sponsoring the clinic, the Fairtrade Premium fund, pulled together with the neighbouring farms, is used to facilitate other initiatives within the workers community and its environs. These initiatives include:

- Sponsoring the building of classrooms for schools in the town and neighbouring towns.
- Supporting the hiring of more teachers for these schools.
- Providing bursaries for the payment of school fees for the needy children in the community.
- Supporting waste management to enhance good sanitation in the locality.
- Training sessions for the workers on life skills such as: financial literacy and management, proper hygiene and sanitation, among others.
- Set up a partnership with a local training institute, where Company C pays 75% of the expenses (including transport expenses) for the workers interested in learning and acquiring technical skills such as plumbing, electric wiring or manufacturing, among others.
- Paying for the training that the National Industrial Training Institute (NITA) offers to workers of flower farms, for which they charge their employers Ksh 50 per head.
- Maternity and paternity leave.
- Hour average wage/minimum wage per day.

Company C has also set up a water kiosk where they provide water to the residents of the flower farm environs free of charge.

1.4 Company D – A Kenyan smallholder flower growers collective

Company D is a collective of flower smallholder farmers growing summer flowers in the Aberdare Ranges. The group brings together 60 farmers that together produce between 42,000–63,000 stems of summer flowers on a weekly basis. The group has obtained Global GAP certification and is one of the implementers of the KFC Code of Conduct for Smallholder flower growers. KFC also supported the group with training, along with KEPHIS and Agriculture, Fisheries and Food Authority (AFFA). It also facilitated the meetings that could eventually result in gaining access to the international market. Farmers from Company D grow summer flowers complementary to their food production (mostly for their own consumption). The production of summer flowers requires a small amount of chemicals to be used, so smallholder framers in this collective predominantly use organic fertiliser.

Members of Company D face a number of challenges. Direct access to the international markets and high costs of freight are considered to be one of the main obstacles. Currently, the group is selling their flowers through brokers. As for the direct sales, it is focused on the local market.

Access to quality seed is another major obstacle. The prices of new and high-quality varieties are simply too high for the smallholders to pay. Their ambition is to venture into rose production, but the initial capital necessary to invest in infrastructure and plant varieties are beyond their reach. A final challenge is linked to access to the knowledge about the market pricing strategies.

The smallholders call for support from national and international actors with regard to access to seeds, start-up capital and access to market and pricing information.

1.5 Company E – A Kenyan branch of a Dutch MNC producing flower food

Company E started its operation in Kenya in 2009 as a branch of the Dutch multinational company that produces premium flower care products that increase the vase life of cut flowers. Kenya was always an important market for Company E's products, which were previously supplied from the Netherlands. It was, however, a time-consuming and expensive procedure that took between six and eight weeks by sea and involved sales of large quantities of the products. As the Kenyan market was expanding and the company wished to be closer to their customers, it was decided to open a local production facility.

In 2016, Company E hired 32 people and its operations concentrate on production, sales and providing technical support. 90% of the business derives from the production and sale of the flower food products, while the remaining 10% engage in technical support to (local) farms on post-harvest treatment.

Kenya's regulatory environment is considered challenging. The agricultural sector is regulated by a number of national institutions with a few seemingly overlapping obligations and coordination problems. Law and regulations are not always explicit, thus remain open for different interpretations. These facts may have a negative influence on the innovation process.

Kenya generally is considered a good place to do business, with well-developed IT infrastructure. Kenyans are also considered to be good managers and good workers. The company experiences problems with timely payments, though. The government could encourage local companies to fulfil their payment obligation on time by introducing discounts for regular and timely paying companies.

Company E engages in CSR activities. The company practices water recycling and educates farms on ways of reducing post-harvest losses and more sustainable water use. It supports an orphanage with beds and five schools with irrigation and training on how to use water to grow products, and on basic agricultural practices and better diet. Finally, Company E conducted water studies for Mt. Kenya growers.

In terms of the business environment in Kenya, Company E observes lacking support for a number of new individual entrepreneurs. On the global level, the company would like to see more balance of the pricing within the chain, with the premium and fair price to be paid not only by the customers (like in the Fair-Trade model), but throughout the chain.

1.6 Company F – A Dutch company producing flower sleeves and flower food

Company F is a subsidiary of a Dutch company producing printed and unprinted flexible packaging, including flower sleeves, as well as flower food and other accessories. Company F was opened in 2004 and, since then, it has been expanding. In 2013, it received support from the Dutch PSI programme to set up a production facility for the local production of plastic packaging material for vegetable exporters using eMAP technology (Netherlands Enterprise Agency, 2013). In 2016, Company F hired 135 people on a full-time basis, including 90 factory workers and 45 office employees. In the last two years, Company F has hired only two expatriates, one of whom left after training a national counterpart. Employees are free to join the Kenya Union of Printing, Publishing, Paper Manufacturing & Allied Workers (KUPRIPUPA), but not all of the staff are members. Regarding the benefits package, in addition to their salary, Company F employees receive full medical cover, housing allowance, lunch and tea in the workplace, as well as a transport allowance during vacations. Casual labour is an exception and the turnover is very low. The company offers on-the-job trainings for their staff and it promotes internal recruitment and promotion. The management tries to create a culture where everyone is valued using the assumption that “a happy employee is a productive employee”.

The Kenyan labour market is considered complex, as the company has experienced difficulties in finding qualified technical staff. It is much easier to find experienced candidates in operations and administration. Company F is also collaborating with local universities and provides internship possibilities to the students.

As a part of its CSR, Company F has hired and trained four deaf employees and it provides daily karate lessons to the underprivileged children from a nearby slum, including participation in the karate competition. In the future, they plan to create more job possibilities for hearing-impaired and disabled people. The main constraint for the moment is related to inadequate physical infrastructure, as the office building is not adjusted to persons with limited mobility.

In terms of local business environment, Company F acknowledges some improvements in recent years. There are less charges and restrictions for new investors, including easier access to work permits for expats and tax exceptions for some raw materials. The local market is expanding and Kenya is an attractive destination for investors. Nevertheless, in terms of the local content, the impact of Company F is limited. The company is importing raw materials from China and the Netherlands, as none of the products are produced locally.

The points for further improvement include greater support and incentives for the companies that hire disabled people (also to increase job opportunities for this group). An exchange programme between Kenyan and Dutch students should be set up, in order to encourage knowledge sharing in the technical field. The government should also support companies that invest in training and promote the growth of their employees.

1.7 Company G – A Kenyan company providing agri-input suppliers

Company G was established in 1898 and is one of the oldest and the largest agri-input suppliers in Kenya. This family-owned company is a distributor for a number of chemical products used in agriculture, provide flower sleeves packaging, green house sheeting and other materials used predominantly in floriculture. Their operations also expand to neighbouring countries, such as Tanzania and Uganda. The company is a member of the Federation of Kenyan Employers (FKE), the Kenya Association of Manufacturers (KAM) and an associate member of the Kenya Flower Council (KFC).

Company G employs approximately 700 people in Kenya and around 100 in neighbouring countries, including 30 expatriates. Among the staff, 85 of jobs are available for lower skilled employees. Company G’s employees are unionised in KUPRIPUPA and the salary scheme follows the agreed Collective Bargain Agreement (CBA), with obligatory contributions to healthcare and pension, as well as salary increase every year. The company provides a number of trainings for their staff, often through KAM. In-house training is mostly on-the-job and linked to requirements enforced by the standards the company adheres to. That includes ISO 9001 for a quality management system and British BRC-SGS certification for packaging. The management of the company perceived the Kenyan workforce very positively. Local staff is considered ethical and hard working. The promotions and in-house recruitment are common.

Company G is also heavily involved in charitable activities. Through their CSR programmes, they support construction of local schools, provide books, sanitary towels and daily feeding programmes in the said schools. Company G also supports a vocational institute that works with underprivileged youth to develop micro- and small enterprises. Finally, the company is also assisting an elderly care home with transportation and electricity line.

Company G is the initiator and funder of the National Farmers Award – an award scheme that rewards local farmers that can compete in five categories: small-scale farms geared to commercialisation, fully commercialised small-scale farms, fully commercialised large-scale farms, large-scale agro-input dealers and small-scale agro dealers. The annual event, supported by a number of private sector partners, as well as the Ministry of Agriculture, has gained national recognition, with the number of applications entering the competition increasing every year. Furthermore, Company G is targeting the smallholder farmers with chemical products that are packed in small quantities and affordable for this group.

The business environment in Kenya has been improving within the last two decades according to the management. The number of improvements in national legislation and infrastructure are mentioned. Domestic economy is perceived as stable, with strong involvement of the African private sector. The capacity in the country is also growing – increasing numbers of people are well educated, including people with internationally obtained diplomas. The government has introduced a number of improvements, such as iCitizen and iTax portals to speed up the business registrations and VAT return. Also, there have been improvements with regard to the incentives provided by the government, such as investment allowance (which provides a substantial rebate on tax for investments in rural areas). Among issues that require further improvements, issues of high electricity prices as well as improvement of the legal court system were indicated.

In moving forwards, Company G plans to increasingly engage in more specialised technical activities that would add more value to the sector.

1.8 Company H – A Dutch cargo airline company

Company H in Kenya has two major divisions: passenger flights and cargo. It has served Nairobi with its freighters since the 1970s. Company H is one of the oldest airlines operating in Kenya, currently with the biggest cargo capacity to Europe (daily passengers flights capable of bringing 8–15 tons of cargo, 5 full freighters via Harare, Johannesburg and Nairobi – 100 tonnes each; and two freighters of capacity equal to 80–100 tonnes on the route Paris – Reunion – Madagascar – Nairobi – Paris).

In total, Company H employs 18 people in their Kenya branch, including two expats. The direct employment diminished from 50–60, after Company H outsourced the warehouse handling to Kenyan Airlines (KQ). KQ also takes care of the ramp handling for the exported products. In case of flowers and other fresh products, they arrive at the KQ warehouse already prepared for transport. Flowers are usually packed on the farm and later brought to the handling agent located in the vicinity of the airport by cooled tracks. They bring ready pallets to the KQ warehouse where they are weighed and await loading on a plane.

Fresh produce constitutes 92 of all the cargo handled by Company H, out of which, 90 are flowers. Most of the flower cargo passes via Amsterdam. Company H has a long-standing relationship with the flower sector and has been handling the delicate cargo for the past quarter century. The nature of the cargo has changed, though. What used to be mostly transported in the full-freighters is now increasingly transported in the 'bellies' of the big passenger jets that serve Kenya with three flights a day.

Globally, Company H has experienced financial difficulties that also affected the local branches. To reduce costs, some staff had to be dismissed. Despite this, Company H is considered to be a good employer in both Kenya and globally, resulting in a very small internal staff turnover. The company is offering their employees trainings, particularly on safety and airport rules. The nature of the job requires mostly higher education from their employees and some people undergo leadership or sales training, depending on their position within the company. The company offers a benefit package for the staff that, on top of the salary, includes housing and transport allowance, contribution to health insurance and a possibility to fly on 'stand-by' (which reduces the costs of a plane ticket substantially). Some employees are members of the trade union, but it does not apply to all staff.

Company H is committed to responsible business and follows its global policy in this regard. Locally, it supports the Lewa Marathon to raise money for the private initiative of Company H staff. This private initiative also organises bush camps, where volunteers from the Netherlands go camping with underprivileged children from Kenya. Company H has also partnered with Flower Watch – a private company specialised in the optimisation of the cold chain management – to increase the efficiency of the Company H's cold chain. Finally, Company H is testing and partly already using biofuels to reduce the carbon footprint of their planes.

Company H is an associate member of the KFC and a member of the Netherlands Business Hub.

The liberal environment in Kenya is considered to be the most important for Company H's successful operations in the country, but the company is also facing steep competition in the cargo sector. Adequate infrastructure is important for the sector and although it has improved, more needs to be done. Finally, the government should increase their efforts to promote a more conducive business environment.

1.9 Company I – A former Dutch, now Swiss company involved in handling

Company I was started in 1993 by Oserian to handle their flower cargo, until the Dutch Flower Group (DFG) – a major Dutch sourcing company operating in Kenya – bought it in 2010. In 2016, Company I was sold again, this time to a Swiss logistics multinational. Since the handover, new investments have been made to expand the size of the handling facility, which is located within the Nairobi airport area. On the market, it is currently the second largest handling agent. About 93 of all the cargo handled by Company I are flowers and the company wish to expand it further in terms of tonnage.

Company I is a frequent choice for Dutch flower companies and it remains the main handler for flowers produced by Oserian, which is a leading grower in Kenya. The company is also an associate member of the KFC and a member of Shipment Council of East Africa.

As an employer, Company I hires 157 people directly (including six expatriates) and a further 52 (two expats) in supply chain management via the Dutch Flower Group (DFG). Skilled labours constitute 35 of all the employees, while the rest is unskilled. According to the Director, it is fairly easy to find good, unskilled employees, to whom they provide an in-house training (also as a part of the company's CSR). Skilled labour is usually well qualified, but people lack the necessary experience. Therefore, Company I is providing in-house training on aviation security, handling, market-related activities and labelling, among others. They are also encouraging external training to enhance job-related or company-relevant capabilities of their staff. Reportedly, 3 mln Ksh is spent on staff trainings annually. The company also prefers to recruit internally. So far, a third of all the employees have been internally promoted from the level of the 'warehouse' to an 'office job'. Company I offers attractive working conditions. In addition to the basic salary, which is, on average, 23 higher compared to other Kenyan handling companies and 26 higher than statutory minimum wage,[344] the employees can also use the provided bus transport, on-site

[344] Own calculation based on the company's internal documents.

meals (fully subsidised for the less privileged staff and inexpensive for the rest) and comprehensive medical cover for the employee and their family (up to three children). This results in a very low staff turnover, although the competition periodically 'poaches' some of their employees. There are no trade union members, but employees are organised in a welfare committee, which meets on a monthly basis.

Company I specialises in managing the cold chain for fresh and perishable products produced for export. As a branch of a multinational company that has offices all over the world, it is capable of providing end-to-end services in a number of countries. Handing of the product starts from the moment the flowers leave the farm, where the flowers are already packed in boxes. They are further brought to the handling facility of Company I by cooled trucks, where the necessary infrastructure is in place. The boxes of flowers are offloaded and pallets with flower boxes are 'built' to fit precisely into the planes that will bring them to their final destination. There is also an x-ray screen to screen for illegal or unwanted items in the boxes, and an in-house KEPHIS agent to provide the cargo with the necessary phytosanitary export certificate without delay. Company I was among the first handling agents that opened an in-house branch of KEPHIS to reduce the delays in obtaining the necessary certificate, without which the fresh cargo cannot leave the country. As a result, 90% of certificates are now delivered on time, compared to 7% before this adjustment. Finally, the handling agent takes care of all necessary paperwork related to export and bring ready pallets (usually at the very last moment to reduce the exposure to heat) to the airline warehouse.

Regarding the CSR activities, the company is continuously working with DFG to support an orphanage near Nairobi, and it takes part in the Nairobi marathon every year to raise money for charity and it also sponsors an elephant. In the coming years, they wish to engage more with their direct local community and support their schools, orphanage or infrastructure. They would also like to explore possibilities related to solar energy.

Kenya is generally considered a good destination for the business, with "good people, good weather and continuous growth in the flower sector production" (Own interviews, 2016). Although a rapidly emerging Ethiopian floriculture is considered to be a threat, as well as not signing the EPA. Moreover, nationally, companies face a number of challenges. There are too many governmental organisations that are not well-coordinated and efficient. One of the most prominent examples is the Kenya Revenue Authority (KRA), which is responsible for handling VAT returns to the companies. The VAT refund should be processed within three months from the date of issue. The delay at the moment of the interview was 12 months (the photo on the right shows only a portion of the cases that are awaiting a VAT refund). The 'Catch 22' in this case is that a company cannot export a product without a completed form and full VAT and export duties paid. It is only after this payment that a company receives the requisite document from KRA to file for the tax refund, which then takes further months to be paid back. With the current delay, many companies are stranded and their cash flow is seriously affected.

There are many opportunities for further development in the sector, but it would require a high level of investment. For example, Kenyan Airways could invest more in their cargo services to become more competitive. The sector could also invest further in value-added activities to be done in Kenya. Further improvements in the cold chain are also required, and some have been already happening after the advice provided by Flower Watch.

Company I is not working with smallholder farmers. They are considered as a risky group of clients to work with, as experience has shown that they frequently face difficulties with timely payments of airfreight bills. This is related to the fact that smallholders have problems accessing and sustaining long-term capital. It has been estimated that a farm should earn a minimum of 1,82 $ per bunch of ten stems (there are ±20–40 of such bunches in a box) to cover the costs of production and make a marginal profit.

1.10 Company J – A Swiss company involved in handling

Company J has been operating in Kenya since the early 1990s, after acquiring Airlink. Company J provides a full scope of logistics solutions to the sector of perishable goods, 90 being flowers. Their services start with collecting the flowers at the farms with refrigerated trucks, bringing the goods to their facility near Nairobi airport, where they provide cold store facilities, consolidating the shipments on airfreight pallets for the various flights, taking care of the necessary export paperwork and certificates, to final arrangements and sending off of the cargo to the desired destination by the dedicated airline. Company J is a member of the FKE and an associate member of the KFC.

Company J's operation in Kenya provides jobs for approximately 250 people, out of which 140 is permanent, and 110 is temporary, out of which mostly work in the cold chain split into three shifts. All the staff are local or have Kenyan passports. Company J considers their working conditions as very good. On top of the salary and obligatory contributions, the employees receive a year-end bonus, housing allowance and supplementary health insurance. Furthermore, the employer provides a daily company bus for their employees. The majority of the cold chain staff, but only a few of the office employees, belongs to a trade union. Company J values internal experience and there are good prospects for internal promotion (from the warehouse to the office level) and provides a number of training to their employees. Apart from the on-the-job training, the other courses provided most frequently relate to freight forwarding and logistics, health and safety, dangerous goods, or customs relations.

Company J has a rather limited CSR programme. Once a year, an employee delegation visits and provides donations to a nearby nursing home and orphanage. Internally, they are committed to reducing the use of paper in their daily administration, while a new 'green office policy' is expected.

Company J is working with most of the large-scale flower farms, as well as with the small-scale flower outgrower schemes. They also provide the in-house services of KEPHIS, which is based on their premises near Nairobi airport to speed-up the process of necessary phytosanitary control and certification required for exported fresh products.

Regarding the sector, Company J is among the leading players in Kenya. They do notice the increased competition in the sector, yet the number of new companies entering the handling sector is very low. The real challenges relating to their operations are those that affect the agricultural sector, such as erratic weather patterns, as well as Kenyan bureaucracy with respect to exported fresh products. The VAT refund procedure is particularly cumbersome, especially for small-scale consolidators, which may still lack capacity and knowledge to properly follow-up on the complicated paper work procedures. Finally, the poor road infrastructure is problematic and can affect the timely delivery of the perishable goods from the farm to the airport, which consequently may negatively impact the quality of the product.

There are, however, further opportunities. An air-perishable logistic system that will track the fresh cargo and increase the quality of the product at the final destination is already being tested in collaboration with Flower Watch. The opening up of direct flights to the US is seen as another major opportunity for the sector.

Annex 7. List of projects implemented through Dutch PSD instruments in the flower sector in Kenya (2005-2018)

Grant	No	Year granted	Name of the Project	Location	Applicant	Recipient / Partner	Start project	End project	Total budget	Programme's contribution	Goal
PSOM		2005	Three projects in Kenya						1,925,000	962,500	Supporting a flower farm that produces consumer ready flower-bouquets to setting up hi-tech facilities for environmentally friendly flower production
PUM		2006	Advice to Zedgee Ltd - smallholder consoloidator	Nairobi	Zedgee Ltd		Jan-06	01/01/2010			
PSOM	PSOM06/KE/21	2006	Local to local - linking Kenyan flower growers to new marketing opportunities	Nairobi	Flora Plus B.V., Aalsmeer; JMA B.V., Haarlem	Sender International Ltd, Nairobi	01/01/2007	31/01/2008	1,259,864	629,932	Establish a tracking and tracing (T&T) system which will be accessible to all Kenyan flower growers. A marketing company will also be established to advise growers on certification and other market requirements. This company will trade only certified traceable flowers produced by small flower growers
PSOM	PSOM08/KE/03	2008	Zantedeschia bulb production in Kiambu, Kenya	Kiambu	Brothers Brothers B.V., Wageningen	Sande Breeding B.V, 't Zand; Sande Kenya Ltd, Village Market - Nairobi	01/01/2008	31/01/2011	1,110,243	555,122	A joint venture for the production of Zantedeschia bulbs in the area of Kiambu in Kenya.
PSI	PSI09/KE/05	2009	Production and marketing of flower care products in the Kenyan floriculture industry	Nairobi	Global Floral Technology Group B.V., Naarden, The Netherlands	Lachlan Kenya Ltd, Nairobi, Kenya	01/07/2009	31/12/2010	934,380	467,190	Production and marketing of flower care products in Kenya, by establishing a modern certified production facility for solid and liquid products, and advisory services and marketing at field level.
PSI	PSI09/KE/04	2009	Introducing seed based propagation in the Kenyan cut flower sector	Naivasha	Bloom B.V., Amstelveen, The Netherlands	Stokman Rozen Kenya Ltd, Naivasha, Kenya	01/07/2009	30/06/2011	913,000	456,500	Introducing seed based propagation in the Kenyan cut flower sector by establishing a fully integrated seedling propagation unit for Lysianthus
PSI	PSI11/KE/22	2011	H2ollandwater for sustainable irrigation dosing units in Kenya	Naivasha	C & J Bosman B.V., Aalsmeer, The Netherlands	Bosman Engineering Kenya Ltd, Naivasha, Kenya	01/01/2012	31/12/2013	797,100	398,550	Set up local assembling and distribution of high-end irrigation dosing units using cyclone technology, combined with an advisory service for integrated water management and climate control in Kenya and surrounding countries
PSOM	PSOM08/KE/04	2008	Introducing Real Integrated Pest & Diseases management in the horticultural industry in Kenya	Madaraka, Thika	Suntech Holding B.V., Bussum	The Real IPM Company Ltd, Madaraka - Thika	01/07/2008	01/07/2010	713,825	356,913	Set-up a joint venture company named Real BioP(esticides), to introduce a comprehensive package of locally produced BCA's targeting the major pests and diseases in roses.
PSI	PSI13KE21	2013	Rift Seed Valley hybrid seed production 2.0 in Kenya	Naivasha	C.G. Zuurbier & Co. International BV and Syngenta Seeds BV,	Bilashaka Flowers Ltd, Kenya	01/03/2014	30/11/2018	696,446	348,223	Establishing the production of hybrid determinate tomato seed
PSOM	PSOM08/KE/05	2008	Establishment of an accredited service laboratory for safe and sustainable agriculture in Nairobi	Nairobi	Blgg B.V., Wageningen	Quest Laboratories Ltd, Nairobi	01/08/2008	01/08/2010	602,022	301,011	Establishing a fully accredited (ISO-17025) service laboratory and advisory for flower and vegetables value chain service, for safe and sustainable agriculture in Kenya.
PSD Apps	G2G11PSI01	2010	Kenya Flower Industry - Capacity building for sustained market access: a national mechanism for industry-wide compliance	Nairobi	RVO	The Kenya Flower Council	01/10/2011	29/01/2016	327,574	327,574	Support the Kenya Flower Industry in assuring sustained access to international markets, by developing and implementing national system for industry-wide compliance with the existing regulatory framework for sustainable production
PUM		2006	Advice to Zedgee Ltd - smallholder consoloidator	Nairobi	Zedgee Ltd		Jan-06	01/01/2010			
PSI	PSI12/KE/21	2012	Equilibrium Modified Atmosphere Packaging	Nairobi	Dillewijn Zwapak B.V., Aalsmeer, The Netherlands	General Printers Ltd, Nairobi, Kenya	01/01/2013	08/06/2016	1,351,548	675,774	Set up a production facility for the local production of plastic packaging material for vegetable exporters using eMAP technology
PSD Apps	MAT16KE01	2016	Horticulture Centre of Excellene in Kenya Project details	Nairobi	Green Works Consultancy		01/02/2017	02/11/2017	36,892	36,892	Identify if there is enough common ground to start the process of setting up a "centre of excellence" (CoE) for horticulture in Kenya, how such a CoE should look like and which players (public and private) should be involved.
PSD Apps	MAN17KE04	2016	Seminar follow-up of Horticulture Centre of Excellene in Kenya (MAT16KE01)	Nairobi	Green Works Consultancy		08/11/2017	04/12/2017	2,057	2,057	Investigate the interest in the Dutch and Kenyan horticulture sector to further develop cooperation, and the potential to realize this through the establishment of a CoE.
PSD Apps	NL-KVK-27378529-MAG17KE04	2017	Technical capacity workshop e-cert Kenya	Nairobi	The Netherlands food and consumer product safety authority (NVWA)	The Netherlands food and consumer product safety authority (NVWA)	01/12/2017	03/12/2018	17,103	17,103	The objective of this technical capacity workshop at KEPHIS is to transfer knowledge and create more capacity on technology and business process (re)-engineering of the certification process within KEPHIS that is needed for the implementation of an E-Phyto system. NVWA will also investigate the major bottlenecks presently and come up with an advice how to solve them.
PSD Apps	NL-KVK-27378529-MAT18KE02	2018	Study airfreight Kenya	Nairobi	FlowerWatch Consulting B.V.	FlowerWatch Consulting B.V.	15/04/2018	14/09/2018	€30.49	€30.49	This study will provide the Dutch embassy in Nairobi with an objective insight with respect to the current and future airfreight situation of Kenyan floriculture products and the role of the Netherlands as a key logistical hub.
Total									10,687,084	5,535,370	

Source: (Netherlands Enterprise Agency, 2019; NL EVD International, 2005,-2008; PSI, 2009-2012; Van Haren et al., 2007)

Annex 8. Key Quality Standards in Kenya's Floricultural Sector

Various compliance standards have been developed both at the international and domestic levels to enhance product quality and safety. Export marketing channels for floricultural produce include direct exporting to foreign countries or indirect exporting, where producers sell to exporting companies or agents who ensure quality and safety standards before exporting. Individual certification is costly to small-scale producers who, as a result, are contracted as groups by exporters/agents and comply with market standards through multiple production sites under a Quality Management System. Below, the most popular certifications and standards are listed.

- **Phytosanitary (plant health) certification by KEPHIS** for plants and plants products exports is giving assurance of compliance with importing country requirements.
- Kenya Bureau of Standards (KEBS) developed the **Horticulture Industry Code of Practice KS 1758** as a national guideline to all producers on Good Agricultural Practice. KS 1758 Part 1 refers to national horticulture standards for flowers and ornamentals; while KS 1758 Part 2 regulate fruits and vegetables sub-sector. Kenya Horticultural Council (KHC) has been established in 2016 to support the industry to comply with the Kenyan national horticulture standards KS 1758.
- **The International Code of Conduct for Cut Flowers (ICC)**: it was developed by a coalition of European NGOs and the International Union of Food and Agricultural Workers (IUF) in 1998. The ICC is a base code (it does not have a standard organisation behind it) that can be adopted by any standard scheme. It contains criteria on human rights, labour conditions and basic environmental criteria (Riisgaard, 2009b).
- **GlobalGAP**, also known as EUREPGAP, is a code developed in Europe specific for the agricultural (including aquaculture) sectors around the world. EUREPGAP began in 1997 as an initiative of the Euro-Retailer Produce Working Group with the aim of harmonising supply chain standards worldwide for good agricultural practice (GAP). EUREPGAP was changed to GlobalGAP in 2000.
- **Kenya GAP International** legally owned by FPEAK is benchmarked to Global GAP. It is the only comprehensive (vegetables, flowers, fruits) quality assurance scheme from the African continent to acquire EurepGAP/GlobalGAP equivalence. It is also unique in the sense that it incorporates small-scale farming techniques and concerns. The trade mark guarantees that the product has been produced, transported, graded, packaged and marketed under strict adherence to all principles of Good Agricultural Practices.
- **Kenya Flower Council Code of Practice Silver**: the code originated as a technical standard addressing primarily environmental and pesticide related issues, but recent editions of the code have been much more comprehensive in their coverage of social issues.
- **Kenya Flower Council Code of Practice Gold**: the highest certification of the Council. It awards companies with the highest accreditation for environment, health & safety, good agricultural practices and quality management systems, applied and monitored daily. This gold standard is based on the ISO 14001 (environmental) framework and other similar environmental systems.
- **Fair Flowers Fair Plants (FFP)**: the standard deals in particular with growers, traders, retailers and consumers in the flower industry. Emphasis is placed on the environment,

on issues as crop protection, fertilizers, energy and water used for production processes throughout the company, and of the separation of wastewater. Social issues as freedom of association, no employee discrimination, minimum wages, working hours, healthy and safe working conditions, no child labour and no forced labour are also emphasized in the standard.

- **Milieu Project Sierteelt (MPS)** Environmental Protection certification, a combined environmental and labour code, initially based on environmental standards for pesticide and water use, but later expanded to include core ILO standards and parts of the Universal Declaration of Human Rights. The Floriculture Environmental Project (MPS) originated as a technical standard to reduce the environmental impact of cut flower production but added an optional social chapter based on the Universal Declaration of Human Rights and ILO Conventions in 2001. The MPS environmental standard, which focuses on pesticide and water use, leads to grading as MPS-A, B, or C. The MPS Social Chapter (known as MPS –SQ) has been benchmarked against the multi-stakeholder International Code of Conduct for Cut Flowers (MPS, 2018).
- **Fair Trade Labelling Organisation (FLO)** standards are applied to ensure that contracts, prices, and other trading practices continue to reflect the goals of fair trade along the entire product value chain. FLO sets standards for producers and traders all around the world. It then inspects and certifies producers against the standards, and audits the flow of goods between producers and importers. Producer groups (co-operatives or associations of smallholder farmers) that meet these standards are then certified as Fair Trade producers. FLO has also developed general standards for small producer organisations, hired labour, and contract production that are applied to all producers and products and additional product specific standards for certain crops.
- **The Ethical Trading Initiative (ETI)**: ETI is an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. ETI members agree to adopt the ETI Base Code of labour practice, which is based on the standards of the International Labour Organisation (ILO) (Ethical Trading Initiative, 2018).
- **The Flower Label Programme** is an association carried by human rights organisations, trade unions, flower retailers and producers. It guarantees socially and environmentally responsible conditions in worldwide flower production by using the instrument of certification. The Flower Label Program implements ten principles made available in its International Code of Conduct (ICC) (International Trade Centre, 2011).
- **Rainforest Alliance**: a network of farmers, foresters, communities, scientists, governments, environmentalists, and businesses dedicated to conserving biodiversity and ensuring sustainable livelihoods. They have recently merged with UTZ, a Netherlands-based programme and label for sustainable farming worldwide. Their joint aim is to rejuvenate agricultural landscapes conserve forests, foster sustainable livelihoods and build climate resilience across vulnerable regions; transform business practices and drive supply chain innovation, and engage consumers in positive change (Rainforest Alliance, 2018b).
- **Tesco Nature, IKEA Standard**: these are individual supermarkets’ certifications and standards. They are used in direct flower trading to assure that the quality of the product matches the supermarket’s internal and general international standards.

Annex 9. List of people interviewed (LTWP case study)

LTWP general meetings/interviews

- LTWP General manager
- LTWP Chief Operations Officer
- Two Founding Fathers of LTWP
- Coordinator of the Regional Mega Project Coordination Council (RMPCC)
- Director SIB
- Dutch Embassy Officer
- Kenya Electricity Transmission Company (KETRACO) (three representatives)
- Director KEREA
- Ministry of Energy (three representatives)
- Energy Regulatory Commission (ERC)
- Research Assistant at the National Museum
- Director of IMPACT
- Director Friends of Lake Turkana

On site, interviews with:

- Winds of Change Field Programme Officer
- Winds of Change, Field Technical Support
- Winds of Change, Field Engineer
- Deputy Camp Manager
- Construction Manager, WorleyParsons Kenya
- Project Manager, WorleyParsons Kenya
- Deputy Community Liaison Manager Liaison
- HR Officer LTWP
- CIVICON Community Liaison Officer (CLO) 1
- CLO Vestas (Rendille)
- CLO Siemens (Samburu)
- CLO EGMF (Turkana)
- General Manager EGMF
- CLO Civicon (Rendille) 2
- CLO SECCO (Samburu)
- CLO G4S
- Managing Deputy G4S
- Supervisor G4S
- CLO RXPE (Samburu)
- CSR Manager VESTAS Eastern Africa
- Bollore Officer
- Bollore coordinator
- Engineer Droplex (Vestas contractor)
- Employee of VESTAS and SECO
- Number of employees of LTWP, SECO, WorleyParsons Kenya, Siemens present of site
- Ward Administrator, Loiyangalani sub-county

- Interviews with 58 members of the 7 local communities:

Village	Person interviewed (Ethnic Group)	Gender	Company (s)he (used to) work(ed)	Duration of employment
Loiyangalani 10 pple	Turkana	M	Centurion (Siemens)	9 months
	El Molo	M	G4S	3 months
	Rendille	M	Siemens	8 months
	El Molo	M	SECO	7 months
	El Molo	M	AES	2 weeks
	Samburu	M	EGMF	3 months
	Rendille	M	Centurion (Siemens)	10 months
	Rendille	M	EGMF	6 months
	Rendille	M	Siemens	12 months
	Assistenr Chief (Samburu)	M	-	-
Gatab (Mt, Kulal) 12 pple	Chief of Mt Kulal location (Samburu)	M	-	-
	Samburu	F	Civicon, SECO	3 months (Civicon) 5 months (SECO)-now
	Samburu	M	Centurion (Siemens)	10 months
	Samburu	M	SECO	5 months
	Samburu	M	Siemens	9 months
	Samburu	M	SECO, Siemens, Centurion	6, 4, 3 months resp,
	Samburu	M	Siemens	6 months
	Samburu	F	SECO	1 month
	Samburu	F	SECO	7 months
	Samburu	M	SECO	9 months
	Samburu	M	SECO	2 months
	Samburu	F	Civicon	5 months
Sirima 6 pple	Chairman (Turkana)	M	LTWP	7 months-now
	Turkana	M	KETRACO	4 months-now
	Turkana	M	LTWP	7 months-now
	Turkana	M	-	-
	Turkana	M	-	-
	Turkana	M	-	-
Ilaut 7 pple	Chief (Samburu)	M	-	-
	Samburu	M	Civicon	12 months
	Samburu	M	LTWP	16 months-now
	Samburu	M	Vestas	6 months
	Samburu	M	Civicon	11 months
	Samburu	M	Civicon	1 month
	Samburu	M	Civicon	7 months
Ngurnit 2 pple	Samburu	M	Civicon	7 months
	Samburu	M	Civicon and Vestas	16 months (Civicon) 6 months-now (Vestas)
Namarey 9 pple	Chief (Rendille)	M	-	-
	Rendille	M	Civicon	6 months
	Rendille	M	Civicon	6 months
	Rendille	M	Civicon and Vestas	16 months (Civicon) 6 months-now (Vestas)
	Rendille	M	Civicon and Vestas	7 months (Civicon) 6 months-now (Vestas)

	Rendille	M	Civicon	1,5 month
	Rendille	M	Vestas	7 months-now
	Rendille	M	Civicon	7 months
	Rendille	M	Civicon	3 months
South Horr 12 pple	Senior Chief (Samburu)	M	-	-
	Samburu	M	Siemens	9 months
	Samburu	M	SECO	7 months
	Samburu	M	AES and Civicon	20 months
	Samburu	F	Civicon	15 months
	Samburu	M	Civicon and SECO	5 months (Civicon) 3 months (SECO)
	Samburu	F	Civicon	12 months
	Kikuyu	M	G4S and RXPE	6 months
	Samburu	M	SECO	12 months
	Samburu	M	SECO	12 months
	Samburu	F	Siemens	10 months
	Samburu	M	Civicon	8 months

Annex 10. List of positions per employment category LTWP and its contractors

Expert	
Accountant	Key Personnel
Accountant: accounts payable	Lab
Accountant: procurement	Lab Manager
Accountant: Reporting	Logistics
Branch Manager	Logistics/HR
Camp Manager	Manager
Chief Accountant	Medic
Civil Construction Foreman	MV Cables End specialist
Civil Engineer	MV specialist
Commissioning Assistant	Office Manager
Commissioning Function	Project Manager
Commissioning Manager	Production Manager
Commissioning Protection	Quality Controller
Construction Manager	Quality Engineer
CW Manager S/S	Quality Manager
Data Analyst/Field Officer	RAP Team Consultant, MIS Manager, RAP Dep, Manager
Deputy Camp Manager	RAP Team Leader /GIS Specialist
Deputy General Manager	Safety
Deputy Site Logistic / Adm, Manager	Security & Communities Manager
Director (Site)	Senior Social Specialist
Electrical engineer	Site Logistic / Adm, Manager
Engineer	Site Administration
F/man	Site Manager
Finance Loan Administrator and Modeler	Specialist DCS
Finance manager	Specialist Radio
Fuel analyst	Specialist TELECOM
General Manager	Specialist Teleprotection
HR	Stores Manager
HSE Manager	Summit Manager
HSE Coordinator	Surveyor
HSE Officer	Technician
ICT	Transformator specialist
Installation Manager S/S	WOC Field Engineer
Installation Manager OHL & WT	WTG-OHL Logistic
Skilled	
Accountant Technician	Hyundai Operator
Accounts Assistance	Kitchen Supervisor
Accounts Assistance/RAP team support	Lab Technician

Admin Assistant
Administrator
Administrator/HSE
Ambulance Driver
APC
Assistant Camp admin
Assistant Project Manager
Assistant Site Manager
Assistant Staff
Assistant Technician
Auto Electrician
Banksman
Batching plant operator
Bulldozer Operator
BUS DRIVER
Camp admin
Camp Mbali Maintenance Officer
Caterpillar Operator
Chef
Chef-Pastry
Chief Technical Officer
CLO
CLO/CSR
Concrete Pump Operator
Cook
Costing
Crane Operator
Customs/Blanket Exemption
CW Supervisor
Document Controller
Driver
Driver (Tipper)
Driver (Tractor)
Dumper Driver
Electrician
Enumerator
Equipment Operator
Foreman
Forklift Operator
Gym Instructor
Hino Water Boozer
Hitachi Operator
HR Assistant
Machine Operator
Mechanic
Mitsubishi Water Boozer
Mixer Operator
Mobile Toilet Care Taker
Nurse
Office Assistant
Operator
Operator
Operator (Jcb Backhoe)
Pedestrian Roller Operator
Plant Mechanic
Plant Operator
Plant Operator Supervisor
Plate Compactor Operator
Power-Electrician
Prim, Erection Forman
Prim, Supervisor
Quality Officer (CW Lots 1 & 2)
Quality Officer (OHL & WT)
Quality Officer (SS - Lots 1 & 2)
R,O,Plant
Rigger
Secondary Supervisor
SGT (Security)
Site Administrator
Site Medic
Site Supervisor
Steel Structures Supervisor
Storekeeper
Supervisor
Supervisor Security
Supervisor-Hk
Survey Works
Tipper Driver
Toyota Water Boozer
Truck Driver
Truck Driver - Daff
Truck Driver - Faw
Turnboy
Turnboy HINO
Turnboy TOYOTA
WOC Field Programme Officer

HR Clerk	WOC Field Technical Support
HSE Assistant	WTG-OHL Supervisor
Semi-Skilled	
Assistant Mechanic	Mason
Bar Attendant	Mason/Carpenter
Camp Build	Mechanic Fitter
Carpenter	Messenger
Carpenter	Painter
Carpentry Foreman	Plumber
Checker	Q/S
Clerk	Radio Controller
Commander	Receptionist
Community Assistant	Road Safety Educators
Community Educator	Shopkeeper
Cook	Steel Fixer
Facilitator	Steward
Fuel Attendant	Store Assistant
Gen-Sets	Storekeeper-Assistant
Installation Support	Supervisor-Laundry
KPR	Tent Man
Lab Assistant	Tile Fitter
Lab Helper	Time keeper
Lab Technician Assistant	Tire Service
Life Guard	Waiter
LTWP ASS Security CLO	Welder
LTWP Security CLO	
Non-Skilled	
Ablution Cleaner	Kitchen Chores
Borehole	Kitchen helper
Borehole Attendant	Kitchen steward
Casual worker	Laundry
Chain Lady	Laundry helper
Chainman	Puncture Man
Cleaner	Puncture Man/ conductor
Firewood Collector	Root picker
Flag Lady	Security Guard
Flagman	Stone Picker
Gardener	String Man
Greaser	Traffic Marshall
Greaser / service man	Tripchecker
Housekeeper	Waste Management
Unknown	

Source: Own calculations based on combined Masterfile

Annex 11. List of projects implemented by the Winds of Change Foundation

Project Name	Completion Date	Location	Implementing Partners	Description
EDUCATION				
Sarima Primary School Extension Works	June 2016	Sarima	LTWP / WoC & Seco	Extension works to Sarima Primary School, by constructing a building containing a teacher's office, accommodation and storage unit, as well as two pit latrines and washrooms for the school.
Laboratory at Nyiro Girls Secondary School	July 2017	Kurungu	LTWP / Woc & Siemens	WoC constructed a laboratory at Nyiro Girls Secondary School, which will provide a facility for the girls to undertake science experiments. This is expected to help improve the academic results that are attained by the students, as they will be able to observe and undertake physical demonstrations of the experiments at hand. Overall, it is hoped that these changes will also assist the school to attract additional funding from the County government to further improve its facilities and services. Prior to construction of this laboratory, one of the two dormitories had been converted into a make-shift laboratory. The affected dormitory can now be used as a dormitory again, meaning that the resident girls now have more personal space.
Dormitory at Nyiro Boys Secondary School	February 2017	South Horr	LTWP / WoC	WoC constructed an 80-pax dormitory at one of the top schools in the region. This has reduced overcrowding, while improving the quality of boarding facilities at the school. The dormitory is now identified as a source of pride and is now considered to be an 'exemplary' dormitory design, which other schools now try to match. Moreover, this facility has increased the attractiveness of the school, which in turn assists in obtaining additional funding.
Solar System Installation at Kulal Girls Secondary School	November 2016	Mt. Kulal / Gatab	LTWP / WoC & Vestas	WoC installed a solar system which now provides electricity to three classrooms, two dormitories, the kitchen, a store room, pit latrines, bathrooms and which also powers the security lights. Availability of power also means that students are now able to study after the sun has set, meaning that they are better able to prepare themselves for their classes and examinations. Consultations with the school staff and board indicate that the feeling of safety has also increased, as the lights have increased the sense of security at the facility.
100 Mattresses for Kurungu Primary School	2016	Kurungu	LTWP / WoC	WoC purchased and donated 100 mattresses to Kurungu Primary School to help address a situation whereby most beds within the dormitory had no, or worn out, mattresses. Provision of mattresses has led to students sleeping better at night, which has led to them

				being more awake during the day, consequently more able to follow lessons.
Two Classrooms at New Loiyangalani Polytechnic Institute	July 2017	Loiyangalani	LTWP / WoC	WoC constructed two classrooms at the new Loiyangalani Youth Polytechnic site, located north of Loiyangalani. These classrooms will provide a space for learning, where students will develop vocational skills, e.g. in relation to welding, carpentry and/or masonry work. The classrooms are powered by a solar system.
Korr IT Centre	Ongoing	Korr	LTWP / WoC & Vestas	WoC and Vestas obtained permission from Marsabit County to convert the Youth Centre in Korr into an IT Centre. To do so, ten computers were donated along with a solar system. The IT Centre became operational in February 2017 and provides a rare opportunity for residents of Laisamis Constituency to sign up for IT class, where they are able to gain computer skills required for employment, which in turn should help to increase the workforce capacity in the region. The Korr IT Centre was officially handed over to the Marsabit County Government during a ceremony in November 2017. As of January 2018, the County Government has full responsibility of running the centre, while WoC continues to provide advisory support.
Laboratory at Korole Boys Secondary School	January 2019	Kargi	LTWP / WoC	WoC constructed a laboratory at Korole Boys Secondary School so that the school has a facility where the boys can undertake science experiments. This is expected to help improve academic results attained by students, as they are now be able to observe and undertake science experiments before having to do so for a first time during the national examinations.
WATER				
60,000L Water Storage Facility, Livestock Troughs and Solar Pump Installation at Gatab Junction	March 2016	Gatab Junction	LTWP / WoC & Civicon	60,000L water storage facility and livestock trough constructed by Civicon, and a solar pump installed by WoC to help address community and livestock water needs in the area. Water is being sourced from a local borehole, originally constructed to access water needed for road construction works.
Sarima Borehole & Water Filtration System	July 2015	Sarima	LTWP / WoC	LTWP constructed a borehole and livestock troughs at Sarima village. Following this, WoC constructed a 500m water pipeline and installed a reverse osmosis water filtration system at the centre of the village, which cleans the saline water and makes it fit for human consumption. This has led to a reduction in stomach related illnesses amongst the Sarima community, as they now have access to clean water. The system is installed at the centre of the village, which means that less time is now spent walking to collect water.
Arge 14km Water Pipeline	June 2017	Arge	LTWP / WoC & Vestas	WoC constructed a 14km water pipeline to pipe water from an existing borehole to the two

				centres of Arge. Water is now accessible at two water kiosks, which were also constructed by WoC, as well as at Arge Primary School. This project has removed the need for Arge community members to walk a 28km roundtrip in order to collect water, meaning that more time is now available for other daily activities.
Laga El Fereji 40,000L Water Storage Facility	January 2017	Laga El Fereji	LTWP / WoC	WoC installed four 10,000L water storage tanks, meaning that water obtained from the local borehole can now be stored. This water is particularly important for daily activities related to sanitation, livestock and food hygiene.
Lonjorin Borehole and Associated Facilities	October 2017	Lonjorin	LTWP / WoC & DEG	WoC drilled and equipped a borehole that will provide 24,000L of water per day to the community of Lonjorin. In addition, WoC installed tanks that can store up to 10,000L of water per day and constructed a livestock trough. Prior to completion of this project, the community needed to walk 10km a day to collect water. By providing easier access to water, more time is freed up for other daily chores such as livestock rearing and attendance to school by children
20kVA Generator for Olturot	August 2016	Olturot	LTWP / WoC	WoC installed a 20kva generator at Olturot borehole, which has led to water now being pumped from the borehole for usage by the community and their livestock.
60,000L Water Storage and Rainwater Harvesting System at Kulal Girls Secondary School	January 2017	Mt. Kulal / Gatab	LTWP / WoC & DEG	WoC installed six 10,000L water storage tanks at Kulal Girls Secondary School and rain harvesting gutters, meaning that the school is able to collect rainwater and to store it for future usage, meaning that more water is available for daily activities linked to sanitation and cooking.
Larachi 12.5km Water Pipeline	September 2016	Larachi	LTWP / WoC	WoC rehabilitated a 12.5km water pipeline in Larachi, which has led to the community being able to access water easier than was previously the case. People and livestock no longer need to walk long distances to access water, and more time can now be spent on other daily activities and chores, including attending school.
Sarima Livestock Troughs x2	February 2017	Sarima	LTWP / WoC & DEG	To support the Sarima community and other pastoralists on the LTWP wind farm site during the 2016/17 drought period, WoC constructed two livestock troughs at which livestock can access water drawn out of the boreholes.
Ntil Borehole and Associated Facilities	January 2018	Ntil	LTWP / WoC, Terre des Hommes Netherlands & DEG	WoC drilled and equipped a borehole at Ntil, which will provide 50,000Lof water per day to the community of Ntil. Moreover, WoC also installed tanks that can store up to 40,000L of water per day and constructed a livestock trough. Prior to completion of this project, the community needed to walk 24km a day to collect water. By providing easier access to

				water, more time is freed up for other daily duties such as livestock rearing and attendance to school by children who are often sent to collect water.
Upgrading of Illaut rock water catchment facility	Ongoing	Illaut	LTWP / WoC & DEG	WoC is involved in a project to improve the existing water rock catchment facility in Illaut by creating an outlet point, piping the water to a 20,000L water storage facility, located 200m from the dam wall, and constructing a livestock trough. These upgrade activities are intended to minimize the risk of water contamination, normally initiated by people who enter the dam to fetch water, and also the risk of people falling in to the dam and drowning, as witnessed twice between 2015 - 2016. The water harvested by the rock catchment facility is consumable by both humans and livestock.
HEALTH				
Kurungu Maternity Ward	September 2015	Kurungu	LTWP / WoC	LTWP constructed an employment office in Kurungu on the same plot on which the Kurungu dispensary is located, with the understanding that this structure would eventually be handed over to the health administration to be converted in to a maternity ward in the future. The hand over took place in September 2015.
Solar System Installation at Laisamis Hospital	November 2016	Laisamis	LTWP / WoC & Vestas	WoC installed a solar system, with battery storage capabilities, in order to provide electricity to the facility. This has enabled the appropriate and correct storage of medicine and vaccinations, particularly those that need to be kept refrigerated. Impacts to date have included more women now giving birth at the facility during the night, whereby they would previously have given birth at home, thereby reducing the risks associated with infant and maternal mortality. The supply of reliable power also means that the government is more inclined to supply equipment to the facility. Equally important, consultations with doctors, nurses and patients showed that the installed electricity supply also allows for increased communications with other professionals and between staff and patients, thereby reducing a feeling of isolation and leading to more efficient cooperation.
Solar System Installation at Illaut Dispensary	March 2017	Illaut	LTWP / WoC & Vestas	WoC installed a solar system, with battery storage capabilities, in order to provide electricity to the facility. This has enabled the appropriate and correct storage of medicine and vaccinations, particularly those that need to be kept refrigerated. Impacts to date have included more women now giving birth at the facility during the night, whereby they would previously have given birth at home, thereby

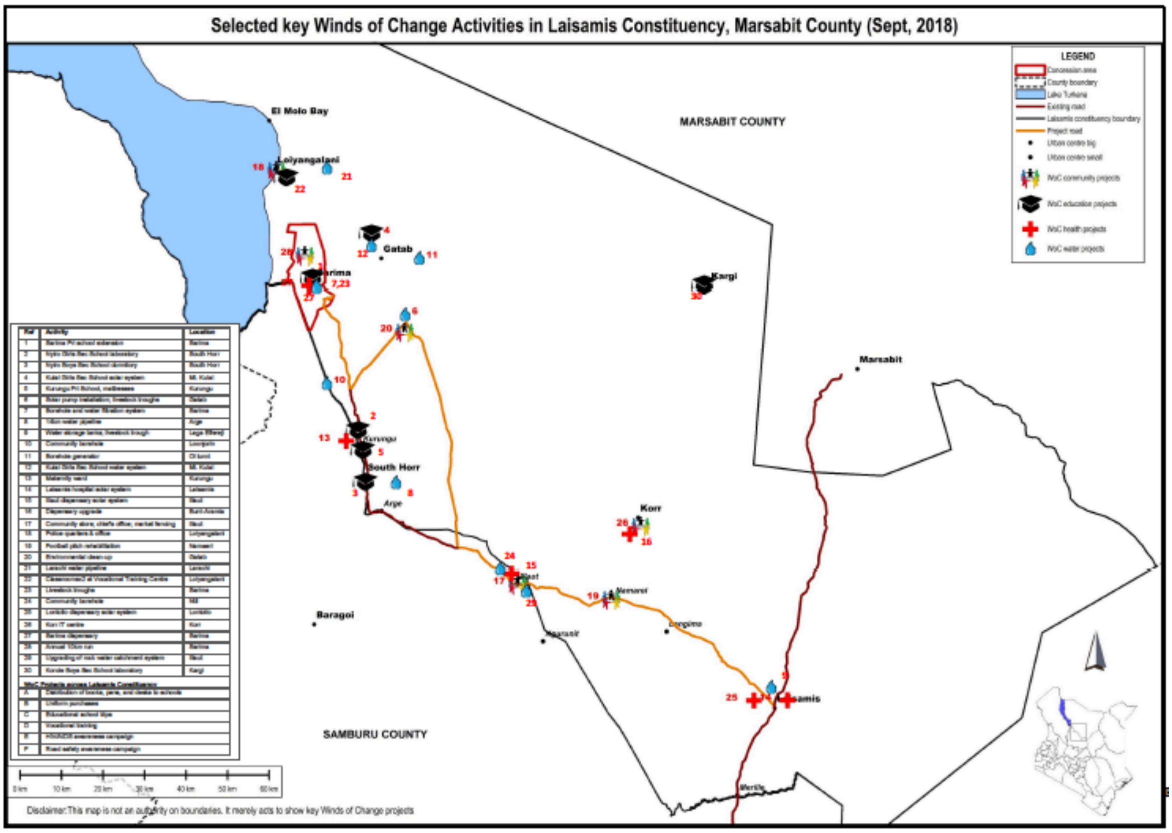
				reducing the risks associated with infant and maternal mortality. The supply of reliable power also means that the government is more inclined to supply equipment to the facility. Equally important, consultations with doctors, nurses and patients showed that the installed electricity supply also allows for increased communications with other professionals and between staff and patients, thereby reducing a feeling of isolation and leading to more efficient cooperation.
Burri-Aramia Dispensary Upgrade	September 2015	Burri-Aramia	LTWP / WoC & Vestas	WoC installed a solar system at the local dispensary, constructed shelving units, installed a water system, fridge/freezer for keeping vaccinations cool, installed two toilets, supplied maternity beds and constructed an incinerator. This has significantly improved the well-being of the dispensary's staff, the dispensary's performance and it has led to an increased number of patients visiting the facility. It has also enabled the appropriate and correct storage of medicines and vaccinations, and more women now give birth at the facility rather than at home, thereby also reducing the risks associated with infant and maternal mortality.
Solar System Installation at Lontolio Dispensary	June 2017	Lontolio	LTWP / WoC & Vestas	WoC installed a solar system, with battery storage capabilities, in order to provide electricity to the facility. This has enabled the appropriate and correct storage of medicine and vaccinations, particularly those that need to be kept refrigerated. Impacts to date have included more women now giving birth at the facility during the night, whereby they would previously have given birth at home, thereby reducing the risks associated with infant and maternal mortality. The supply of reliable power also means that the government is more inclined to supply equipment to the facility. Equally important, consultations with doctors, nurses and patients showed that the installed electricity supply also allows for increased communications with other professionals and between staff and patients, thereby reducing a feeling of isolation and leading to more efficient cooperation.
COMMUNITY				
Illaut Community Store and Chief's Office	July 2015	Illaut	LTWP / WoC	WoC constructed a community store in Illaut, where the community can store the relief food provided by the County government. Previously, relief food was stored privately at people's homes and/or left outside, where they were subject to damage from the sun and heat. WoC also constructed an additional room, which is now being used as the chief's office and where administrative matters are discussed.

Accommodation and Office Extension for Loiyangalani Police	April 2016	Loiyangalani	LTWP / WoC	WoC constructed two units of two-bedroomed houses, six shared accommodation units and extended the office space, which has led to better housing and working facilities for the police in Loiyangalani. Consequently, this has led to them being more active in the community, thereby reducing criminal activities.
Namarei Football Pitch Rehabilitation	April 2016	Namarei	LTWP / WoC	WoC rehabilitated a football pitch in Namarei, upon request from the Namarei youth group. Sport plays an important role in bringing together youths from different communities, which in turn helps to increase intercultural understanding and relationships.
Gatab Clean-Up Exercise	August 2016	Gatab Junction	LTWP / WoC & Gatab Women Group	WoC undertook an environmental clean-up exercise with a Women Group in Gatab. The purpose of this exercise was to restore an area covered by rubbish back to its original natural state.
Annual LTWP / WoC 10km site run	Ongoing	Sarima	LTWP / WoC & Vestas	Since 2016, LTWP / WoC organize an annual 10km run on the wind farm site in Sarima. The purpose of the run is to (i) bring together people from different communities and tribal affiliations, i.e. Turkana, Samburu, El Molo, Rendille, Kikuyu and foreigners, so that they can (ii) engage in a cross-cultural activity. By organising the annual run, LTWP and WoC aim to use something fun (i.e. the run) to build bridges between people of different cultures and beliefs, and who traditionally have experienced tribal conflicts between each other, for example through the practice of livestock rustling. It is our hope that the run can create another platform on which cross-cultural relationships can be built and fostered, and on which cross-community understanding can be enhanced.
WoC ACTIVITIES ACROSS LAISAMIS				
HIV/AIDS awareness campaigns	December 2016	Laisamis Constituency	LTWP / WoC, CEDIM & IFU	LTWP initiated a three-months HIV/AIDS awareness campaign in early 2015. WoC followed up on this with a 12-months campaign in 2016, carried out by a local Community Based Organisation named CEDIM. The purpose of the campaign was to build local knowledge HIV/AIDS and to inform people on the seriousness of this disease, prevention methods and where/how one can get tested in Marsabit County. Evaluations about this exercise indicate that it has significantly increased local understanding and that it has helped to counter the stigma associated with HIV/AIDS.
500 desks for 25 local schools	February 2016	Laisamis Constituency	LTWP / WoC	WoC assembled and distributed 500 desks to 25 schools in Laisamis Constituency. This helped to address a significant need in the constituency, which is lack of basic furniture and infrastructure in majority of the schools. Most schools lack chairs and desks, and where these

				are available, several students usually need to share them.
CEDIM Road Safety Training	December 2016	Laisamis Constituency	LTWP / WoC, CEDIM & Vestas	WoC worked with a local Community Based Organisation to undertake a 12-months road safety awareness campaign. The need for this was identified by local communities and WoC during consultations, whereby it was noted that the rehabilitated road would lead to an increase in traffic. Road safety campaigns focused on educating the local communities on best and safe practices on roads, e.g. obeying speed limits, looking at both sides of the road before crossing and managing livestock movement on the road.

Source: https://ltwp.co.ke/community-projects-map/ access 10 May 2019

Figure 68. Map depicting selected activities of WoC in the County



Source: (Winds of Change, 2019)

Annex 12. Summary of changes

Table 40. The count of summarized changes in six domains attributed to LTWP, the road and general change

Domain	Subdomain / No of changes	Change general			Change attributed to LTWP			Change attributed to the road		
		Positive	Negative	Both	Positive	Negative	Both	Positive	Negative	Both
Natural	Population growth		1	2			1			
	Animals	2	2		1					
	Animals / Land		1							
	Forest		1							
	Plants	2	1							
	Weather		1							
	Water		1							
	Waste								1	
SUM		**4**	**8**	**2**	**1**		**1**		**1**	
Physical	Buildings	5		1	4		2	1		1
	Buildings' structures	1			4					
	Dam		1							
	Electricity	1								
	Wells and boreholes	1			2					
	Road							2	4	1
	Telecommunication	2						1		
SUM		**10**	**1**	**-**	**10**	**-**	**2**	**4**	**4**	**2**
Human	Health	4	1		3			2	1	
	Education	2			2		1			
	Enrolment			1			1			1
	Skills				1					

	Standard of life							1		
	Security				2			1	1	
SUM		6	1	1	8	-	2	4	2	1

Economic	Access to money				1					
	Market structure	1	1		4			15	2	1
	Paid jobs				1			1		
	Trading				1			1		
	Transport				1			4		
	Women	3								
SUM		4	1	-	8	-	-	21	2	1
Socio-Political	Family relations			1						
SUM		-	-	1	-	-	-	-	-	-
Cultural	Tradition	1	2	2	1					
	Food	2								
	Appropriate behaviour			2					1	
	Women	5			1		2			
	Clothes				2			2		1
SUM		8	2	4	4	-	2	2	1	1
Grand total		32	13	8	31	-	7	31	10	5

Source: own elaboration based on fieldwork data

Table 41. Summary of changes in six domains attributed to LTWP, the road and general change

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/- || -
		Influx of people from other parts of Kenya [Mt.Kulal]	Influx of people from other parts of Kenya and foreigners		+/-
	Animals		More animals		+
		Less wild animals			+ || -
		Less fish in the lake [Loiyangalani]			-
		Better veterinary care			+
	Animals / Land	Less grazing areas			-
	Forest	Reduction in forest area			-
	Plants	More trees [Illaut]			+
		Less trees [other villages]			-
		Some agriculture activities (including garden) [South Horr, Mt.Kulal]			+
	Weather	Less regular rains			-
	Water	Less water; the river dries out more often			-
	Waste			Additional garbage left by the contractors	-
Physical	Buildings	New houses	New houses	New houses (built from compensations)	+ / +/-
		Improved infrastructure			+
		New schools	New school [Sarima]		+
		Dispensary	Dispensary		+
		Upgraded health centre (now with maternity ward) [Ngurnit]			+
			Toilets [Sarima]		+
			Accommodation and office extension for Loiyangalani Police		+/-
	Buildings' structures		Improved houses		+
			More permanent houses with iron sheet roofs		+
			More houses from cement and brick		+
			New improved manyattas [Sarima]		+
		Renovation of the Church [Loiyangalani]			+
	Dam	Gibe III (in Ethiopia) brings uncertainty to the livelihood of the lake, esp. for the El Molos [Loiyangalani]			-
	Electricity	M-KOPA [South Horr]			+
	Wells and boreholes	More boreholes	More boreholes		+
			Reparation of a faulty borehole [Namarey]		+

	Road			Dust	-
				Accidents; animals killed on the road	-
				"Bring many things near us"	+
				Brings people together	+
				Less trucks were passing by the town [South Horr]	-
				Less people in lodges and eating in local 'hotels' [South Horr]	-
				New road is good, but it is not reaching Loiyangalani nor Mt. Kulal [Loiyangalani]	+/-
	Telecommunication	Cellular network		Cellular network	+
		M-PESA			+
Human	Health	Improved hygiene	Improved hygiene [Sarima]		+
		Improved sanitation	Improved sanitation [Sarima]		+
		More diseases		More diseases	-
		Increased use of modern medicines (replaced herbs)		Increased use of modern medicines (replaced herbs)	+
				Easier access to the hospital	+
		Less people die	Improved health [Sarima]		+
	Education	More educated women			+
		Decrease in illiteracy			+
			People learnt about the money		+/-
			Learnt how to stay together with many different people		+
			Learning how to use toilets [Sarima]		+
	Enrolment	More children at school	More children at school	More children at school (also adults and in the faraway schools)	+/-
	Skills		Increased skills through on-the-job training		+
	Standard of life			Increased standard of life	+
	Security		Less theft		+
			Improved security	Improved security	+
				More theft [Loiyangalani]	-
Economic	Access to money		More cash in the local economy		+
	Market structure	More available foodstuff		More available foodstuff	+
		High prices of beer [Ngurnit, two bars hold monopoly]			-

			Development of the economy		+
			More businesses and shops (also selling from houses)	New and improved businesses and shops (also selling from houses)	+
				Increased animal trading	+
				Increased tobacco trading [Namarey]	+
				New miraa business	+
			Development of the market	Development of the market	+
				Regular markets in Illaut, Arge and Kurungu	+
				New clients attending the market (also from other parts of the country)	+
				Increased competition reduced prices	+
			Easy to sell animals	Easy to sell animals	+
				Easier access to necessary goods	+
				Selling more fish [Loiyangalani]	+
				Higher prices of goods [Loiyangalani, Sarima]	-
				Lower prices of sold fish [Loiyangalani]	-
				Prices of goods depends on the price of fuel	+/-
				Some increase in tourism [Loiyangalani]	+
				New lodges [South Horr]	+
				People are busy. No more 'sitting around and waiting'	+
	Paid jobs		More available (temporary) jobs	More available (temporary) jobs	+
	Trading			Bought water for the construction [South Horr, Ngurnit, Mt. Kulal]	+
			Local businesspeople won tenders to deliver meat and other foodstuff to some of the contractors [South Horr]		+
	Transport		More bikes, motors and vehicles	More bikes, motors and vehicles (in the area)	+

				More vehicles are going to the market	+
				Easier and cheaper travel [for Ngurnit, Mt.Kulal and Loiyangalani - they have to reach the good road first]	+
				Regular bus between Marsabit town and Loiyangalani	+
	Women	Increased number of women's economic groups			+
		Increased number of women involved in business			+
		Women drive cars			+
Socio-Political	Family relations	More individualistic approach			+/-
Cultural	Tradition	More people adopt a sedentary lifestyle			+/-
		Decrease of El Molo culture [Loiyangalani]			-
			Less dependent on the animals for livelihood; now also jobs and businesses are an option		+
		Marrying regardless age groups			+/-
		Change in people's lifestyles			+
		Decreasing culture and resect to the tradition [South Horr]			-
	Food	People drink hot beverages			+
		Changing diet from eating only meat. Now, selling animals on the market and buy diverse foodstuff.			+
	Appropriate behaviour	Increased consumption of alcoholic beverages			+/-
		Increased consumption of miraa			+/-
				Increase in prostitution, diseases [South Horr, Loiyangalani]	-
	Women	Women allowed to participate in barazas			+
		Decrease number of FGM practices			+
		Men are now assisting women and also take care of children			+

		Women now allowed to talk in front of man and even teach them			+
		A possibility to pick up a husband; less arranged marriages			+
			Women adopted modern lifestyle		+/-
			Cases of women divorcing their husbands		+/-
			Men also cook now		+
	Cloths		More available modern cloths	More available modern cloths	+
				Less traditional clothing	+/-
				Wear modern watches	+
			Wearing new shoes		+

Source: own elaboration based on fieldwork data

Annex 13. List of changes per location

1. Illaut

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
	Animals	Less animals			-
		Better veterinary care			+
	Animals / Land	Less grazing areas			-
	Plants	More trees			+
Physical	Wells and boreholes		More boreholes		+
	Buildings' structures		Improved houses		+
	Buildings			New houses (built from compensations)	+
	Road			Dust	-
				Animals killed on the road	-
	Telecommunication			Cellular network	+
Human	Health	Improved hygiene			+
		More diseases			-
				Easier access to hospital in Meru	+
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
	Security		Less theft		+
				Improved security	+
Economic	Market structure	More available food			+
			More businesses and shops	More businesses and shops	+
			Development of the market	Development of the market	+
				Reduction in prices	+
				New clients attending the market (also from other parts of the country)	+
				Easier access to necessary goods	+
	Paid jobs		More available (temporary) jobs		+
	Transport		More bikes, motors and vehicles	More bikes, motors and vehicles	+

				Easier and cheaper travel	+
				Regular bus between Marsabit town and Loiyangalani	+
Cultural	Tradition	More people adopt a sedentary life style			+/-
	Appropriate behaviour	Increased consumption of beer			+/-
		Increased consumption of miraa			+/-
	Cloths			More available modern cloths	+
				Less traditional clothing	+/-

Source: own elaboration based on fieldwork data

2. Ngurnit

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
	Animals	Less animals			-
	Animals / Land	Less grazing areas			-
	Forest	Reduction in forest area			-
Physical	Wells and boreholes		More boreholes		+
	Buildings	New houses			+
		More schools			+
		Upgraded health centre (now with maternity ward)			+
	Road			Accidents on the road	-
Human	Enrolment	More children at school			+/-
	Standard of life			Increased standard of life	+
Economic	Market structure	More available food			+
		High prices of beer			-
				New and improved businesses and shops	+
				Increased competition reduce prices	+
				New miraa business	+
				Easier access to necessary goods	+
	Transport			Regular bus between Marsabit town and Loiyangalani	+
			More bikes, motors and vehicles	More bikes, motors and vehicles	+
				Easier and cheaper travel (although they must get to the upgraded road first)	+
	Women	Increased number of women's economic groups			+
Socio-Political	Family relations	More individualistic approach			+/-
Cultural	Tradition	More people adopt a sedentary life style			-

Source: own elaboration based on fieldwork data

3. Namarey

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
	Animals / Land	Less grazing areas			-
	Plants	Less trees			-
	Water	Less regular rains			-
		Less water; the river dries out more often			-
Physical	Wells and boreholes	More boreholes			+
			Reparation of a faulty borehole		+
	Buildings		New houses	New houses (built from compensations)	+
		Dispensary			+
		Primary school			+
	Buildings' structures		More permanent houses with iron sheet roofs		+
	Road			"Bring many things near us"	+
				Accidents on the road	-
Human	Health	Increased use of modern medicines (replaced herbs)			+
	Education	More educated women			+
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
Economic	Market structure			More available food	+
			More businesses and shops (also selling from houses)	More businesses and shops (also selling from houses)	+
				Increased animal trading	+
				Increased tobacco trading	+
				Prices of goods depends on the price of fuel	+/-
				Easier access to necessary goods	+
	Paid jobs		More available (temporary) jobs		+
	Transport		More bikes, motors and vehicles	More bikes, motors and vehicles	+

				More vehicles are going to the market	+
				Easier and cheaper travel	+
				Regular bus between Marsabit town and Loiyangalani	+
	Women	Increased number of women involved in business			+
Cultural	Tradition	More people adopt a sedentary life style			+/-
		Marrying regardless age groups			+/-
	Food	Changing diet from eating only meat. Now, selling animals on the market and buy diverse foodstuff.			+
	Women	Women allowed to participate in barazas			+
		Decrease number of FGM practices			+
		Men are now assisting women and also take care of children			+
	Cloths			More available modern cloths	+
				Wear modern watches	+

Source: own elaboration based on fieldwork data

4. South Horr

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
	Animals	Less animals (used to have many elephants)			-
	Forest	Less forest			-
	Plants	Some agriculture activities (including garden)			+
	Water	Less water; the river dries out more often			-
	Waste			Additional garbage left by the contractors	-
Physical	Buildings	Improved infrastructure			+
	Buildings' structures		More houses from cement and brick		+
	Electricity	M-KOPA			+
	Road			Less truck are passing by the town	-
				Less people in lodges and eating in local 'hotels'	-
				Dust	-
	Telecommunication	Cellular network			+
		MPESA			+
Human	Health			Easier access to hospital in Meru	+
				Increase number of diseases	-
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
	Education	More educated women			+
			Learnt how to stay together with many different people		+
	Skills		Increased skills through on-the-job training		+
	Security		Improved security		+
Economic	Access to money		More cash in the local economy		+

	Market structure			More available food	+
			More businesses, shops and bars	More businesses, shops and bars	+
				Lower prices of goods	+
				Regular markets in Illaut, Arge and Kurungu	+
			Easy to sell animals	Easy to sell animals	+
				New lodges	+
				People are busy. No more 'sitting around and waiting'	+
				Easier access to necessary goods	+
	Paid jobs		More available (temporary) jobs		+
	Trading			Bought water for the construction	+
			Local business people won tenders to deliver meat and other foodstuff to some of the contractors		+
	Transport		More bikes, motors and vehicles	More bikes, motors and vehicles	+
				Easier and cheaper travel	+
				Regular bus between Marsabit town and Loiyangalani	+
	Women	Increased number of women involved in business			+
		Women drive cars			+
Cultural	Tradition	More people adopt a sedentary life style			+/-
			Less dependent on the animals for livelihood; now also jobs and businesses are an option		+
		Change in people's lifestyles			+

		Decreasing culture and resect to the tradition			-
	Food	People drink hot beverages			+
	Appropriate behaviour	Increased consumption of alcoholic beverages			-
		Increased consumption of miraa			+/-
				Increase in prostitution, diseases	-
	Women	Women now allowed to talk on front of man and even teach them			+
		Decrease number of FGM practices			+
		A possibility to pick up a husband; less arranged marriages			+
	Cloths			More available modern cloths	+

Source: own elaboration based on fieldwork data

5. Loiyangalani

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
	Animals	Less wild animals			-
		Less fish in the lake			-
	Animals / Land	Less grazing areas			-
	Water	Less water and rains			-
Physical	Buildings	Increased number of houses			+/-
			Accommodation and Office Extension for Loiyangalani Police		+/-
	Buildings’ structures		More houses from cement and brick		+

		Renovation of the Church			+
	Dam	Gibe III (in Ethiopia) brings uncertainty to the livelihood of the lake, esp. for the El Molos			-
	Road			Not reaching Loiyangalani (upgraded part of the road ends after Sarima)	-
	Telecommunication	MPESA			+
Human	Health			More diseases (HIV/Aids, STDs)	-
				Easier access to the hospital	+
				Increased use of modern medicines (replaced herbs)	+
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
	Security		Improved security		+
				More theft	-
Economic	Access to money		More cash in the local economy		+
	Market structure			More available food	+
			More businesses, shops and bars	More businesses, shops and bars	+
				Lower prices of sold fish	-
				Higher prices of goods	-
			Easy to buy and sell animals	Easy to buy and sell animals	+
				Some increase in tourism	+
				Selling more fish	+
				New miraa business	+
	Transport			Easier and cheaper travel (although not until the Loiyangalani itself)	+/-
				Regular bus between Marsabit town and Loiyangalani	+
	Women	Increased number of women involved in business			+
Cultural	Tradition	More people adopt a			+/-

		sedentary life style			
		Decrease of El Molo culture			-
	Appropriate behaviour	Increased consumption of alcoholic beverages			-
		Increased consumption of miraa			+/-
				Increase in prostitution	-
	Women		Cases of women divorcing their husbands		+/-
	Cloths			More available modern cloths	+

Source: own elaboration based on fieldwork data

6. Mount Kulal

Domain	Subdomain	Change general	Change attributed to LTWP	Change attributed to the road	Change effect
Natural	Population growth	Increase in population			+/-
		Influx of foreigners			+/-
	Animals		More animals		+
	Animals / Land	Less grazing areas			-
	Plants	Some agriculture activities (including garden)			+
	Water	Less water and rains			-
Physical	Buildings		New houses		+
	Buildings' structures		Improved houses		+
	Road			New road is good but is not reaching yet Mt. Kulal	+/-
Human	Health	Improved sanitation			+
		More diseases			-
		Less people die			+
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
	Education	Decrease in illiteracy			+
			People learnt about the money		+/-
	Security			Improved security	+

Economic	Access to money		More cash in the local economy		+
	Market structure			More available food	+
			More businesses and shops	More businesses and shops	+
			Development of the economy		+
				Lower prices of goods	+
				Easier access to necessary goods	+
	Paid jobs			More available (temporary) jobs	+
	Transport		More bikes, motors and vehicles	More bikes, motors and vehicles	+
				Easier and cheaper travel and transport	+
				Regular bus between Marsabit town and Loiyangalani	+
	Women	Increased number of women involved in business			+
Socio-Political	Family relations	More individualistic approach			+/-
Cultural	Tradition		Less dependent on the animals for livelihood; now also jobs and businesses are an option		+
	Women		Cases of women divorcing their husbands		+/-
			Men also cook now		+
	Cloths		Better cloths (modern)		+
			Wearing new shoes		+

Source: own elaboration based on fieldwork data

7. Sarima

Domain	**Subdomain**	**Change general**	**Change attributed to LTWP**	**Change attributed to the road**	**Change effect**
Natural	Population growth	Increase in population			-
			(Temporary) Influx of people from other parts of Kenya		+/-
	Animals	Less wild animals			+
Physical	Buildings		School		+
			Dispensary		+
			Toilets		+

	Buildings' structures		New improved manyattas		+
	Road			Brings people together	+
				Accidents on the road	-
				Dust	-
	Telecommunication	MPESA			+
	Water		Borehole		+
Human	Health		Improved sanitation		+
			Improved hygiene		+
			Improved health		+
				Easier access to the hospital	+
	Enrolment		More children at school	More children at school (also adults and in the faraway schools)	+/-
	Education		Learning how to use toilets		+
	Security		Improved security		+
Economic	Access to money		More cash in the local economy		+
	Market structure			More available food	+
			More businesses, shops and bars	More businesses, shops and bars	+
				Higher prices of goods	-
			Easy to sell animals	Easy to sell animals	+
				Easier access to necessary goods	+
	Paid jobs		More available (temporary) jobs		+
	Transport			More bikes, motors and vehicles in the area	+
				Easier and cheaper travel	+
				Regular bus between Marsabit town and Loiyangalani	+
Cultural	Tradition	More people adopt a sedentary life style			+/-
	Women		Women adopted modern lifestyle		+/-
			Cases of women divorcing their husbands		+/-

Source: own elaboration based on fieldwork data

Curriculum vitae

Agnieszka Helena Kazimierczuk was born in Warsaw, Poland in 1984. She graduated from high school in Warsaw in 2003. She obtained her BA in Economics from Warsaw University (Poland) in 2007 and MSc in International Development Studies from the University of Amsterdam (the Netherlands) in 2009. She joined the African Studies Centre Leiden as a Junior Researcher in 2014 and became the PhD Representative for the institute from 2015-2018.

Prior to her work at the ASCL, Agnieszka worked as a junior researcher in the PADev project. Her fieldwork in Ghana (2008 and 2010) resulted in a participatory poverty assessment and a solid evaluation of development projects conducted among socially excluded groups of people, namely the poor and children. Between February 2013 and August 2014, she was teaching a course in Research Methods and Techniques for Doing Fieldwork in Developing Countries for master students of International Development Studies at the University of Amsterdam. She also worked as a freelance junior researcher and a project officer in the Brussels-based advocacy network.

During her PhD, Agnieszka published an article in an A-journal and a number of working papers and blogs. She was the initiator and co-coordinator of the informal Africanist PhD Network in Belgium and the Netherlands. In the frame of her engagement in the Leiden African Studies Assembly, she established a Visiting PhD programme that provided a possibility for 10+ African PhDs to spend 3 months at Leiden University (between 2018 and 2020).

Currently, Agnieszka is working as a knowledge and project manager at the INCLUDE knowledge platform where she bridges the academic knowledge and the policy, focused predominantly on youth employment in Africa.

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