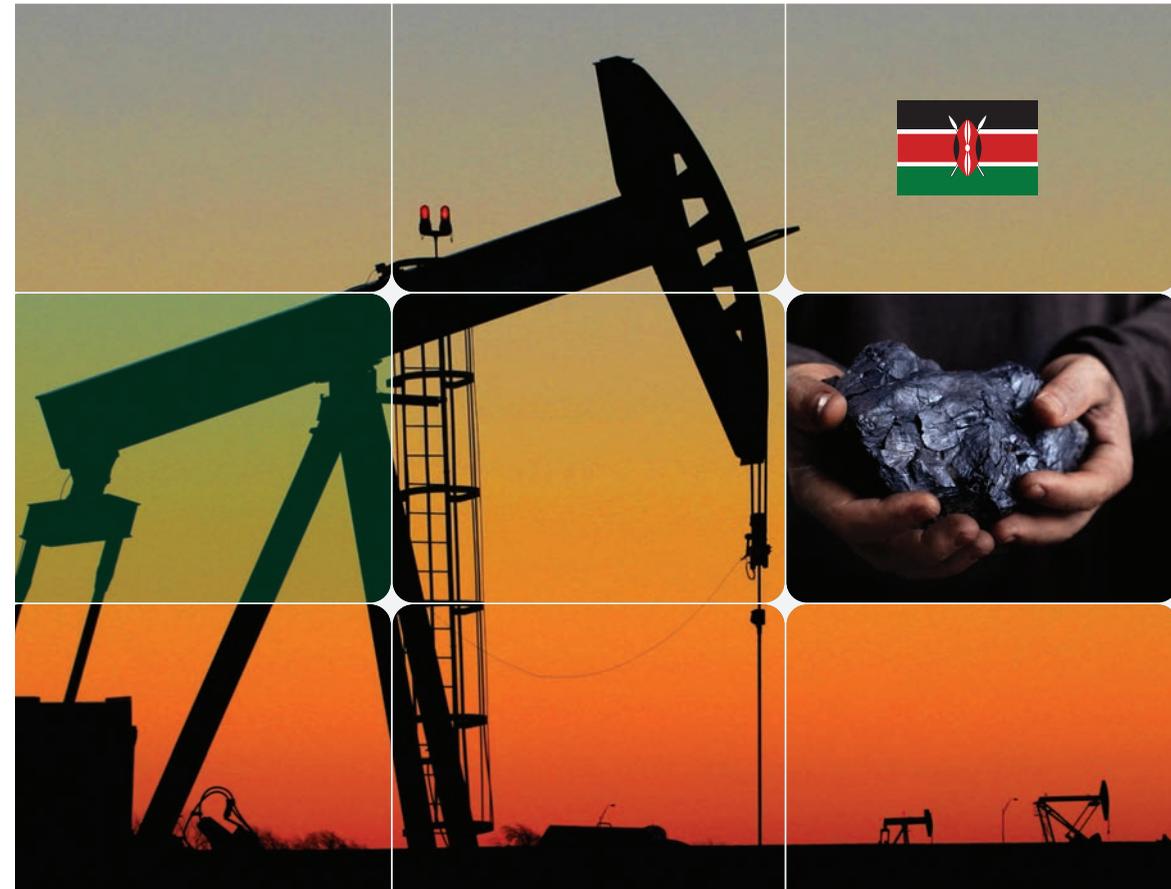


# Information Centre for the Extractive Sector



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## Information Centre for the Extractive Sector

Kenya has an abundance of largely untapped natural resource wealth. Investors are starting to pay attention to opportunities in the country. Flagship projects like Base Titanium's Kwale Mineral Sands project, and recent oil discoveries announced by Tullow Oil and Africa Oil, signal the strong potential for sector growth. According to government estimates, extractives currently contribute just one percent to Kenya's national income, and less than two percent of export earnings. This contribution is set to grow significantly (current estimates suggest the sector may grow to 10% of GDP). There is much anticipation that the extractive sector – oil and gas in particular – can bring transformational economic growth to the country.

The opportunity to use the sector to accelerate national development and promote economic growth requires careful planning at this critical stage. In order to assist all those who will be affected by extractive industries – citizens, civil society organisations, businesses, development partners and donors – the AfDB has set up the Information Centre for the Extractive Sector.

The objective of the Information Centre is to provide a platform that promotes knowledge based dialogue with the aim of promoting informed policies for the sector. The Centre will establish contact with industry stakeholders; collect, analyse and disseminate information; help to build capacity; and foster knowledge and understanding about the extractive sector through electronic newsletters, a website, round-table discussions and workshops.

## A vision for the extractives sector

As a new and complex area of national development, Kenyan citizens urgently need to develop a vision which addresses

and responds to a set of high-level strategic questions:

- How does Kenya avoid the oil curse and Dutch disease?
- How can Kenya ensure that extractives revenues are for the benefit of all Kenyans?
- How can Kenya guarantee that there is as much value-addition and downstream processing as possible?
- How can Kenya work most effectively with its regional neighbours in developing the sector?
- What does Kenya have to do to ensure it develops the right skills and expertise among its young people to supply the sector?
- What downstream industries does Kenya want to develop in order to move “beyond oil and minerals”?
- How does Kenya avoid environmental damage?
- How can Kenya ensure that operating companies effectively engage with local communities and acquire a social licence to operate?
- How can Kenya ensure sustainable investment in the sector?

All these questions must be discussed in order to achieve consensus across a wide variety of stakeholders. Only when the vision is collectively owned can it become a plan for reality. ICES aims to support this process of developing a national vision.

## Policy, Regulation and Institutional Frameworks

The policy, regulatory and institutional framework is instrumental in providing strategic guidance and directions for the extractive industries in Kenya. The devolved system of government, in which 47 counties have been created and are led by elected county governors, is a very important change.

There is still some uncertainty about the boundaries of power between county and national governments. Furthermore, the various policies and regulations in Kenya don't always form a coherent framework for the extractive sector.

## Revenues from Oil, Gas and Minerals

The tax revenues paid to government will be one of the most important benefits of the oil, gas and minerals sector. Counties expect to receive a share of these taxes, but the exact method of calculating amounts is not yet agreed. The Information Centre will add value to this process by reviewing best practices, lessons and experiences of other countries that have developed such mechanisms for collecting, distributing and sharing revenues from the extractive sector and proposing prudent governance systems.

## Communities, Environment and Local Employment

Issues relating to communities, environment and local employment are complex, sensitive

and sometimes difficult to deal with in project areas of extractive industries. Communities have high expectations that they will directly benefit from the projects, which they hope will provide employment for local citizens and markets for local businesses. Communities need to understand what impact projects will have upon the environment, and how companies are managing these impacts.

These are complex issues, and non-experts can be confused or misled about what is happening. The Information Centre will undertake stakeholders' consultations, assessments, analysis and mapping. The Centre will develop informative briefs that will contribute to creating awareness on the opportunities and challenges in extractive industries.

The Information Centre is supported by the United Nations Development Programme and governments of Australia, Canada and the United Kingdom. However, it acts independently of these partners, and aims to promote helpful dialogue and understanding by all those interested or affected by the extractive sector in Kenya.

The Information Centre is housed in the African Development Bank's East Africa Resource Centre (EARC), in Upper Hill, Nairobi.

