



Entry-Points for Peace-Positive Investments in Northern Kenya's Frontier Markets

An exploratory study of prospective peace-aligned investments in Elgeyo Marakwet, Mandera and Marsabit counties

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About this report

This report has been produced by Interpeace’s peacebuilding team in Kenya in partnership with Interpeace’s Finance for Peace initiative. A pre-feasibility study, it provides the preliminary analysis required to map potential investments that could positively impact peace and conflict dynamics in the north of Kenya and contribute to sustainable development. The study focuses on the counties of Elgeyo Marakwet, Mandera and Marsabit, where a legacy of conflict intersects with development needs. The report has three key objectives:

OBJECTIVE 1

To map conflict dynamics in Northern Kenya and their impact on development, giving attention to the moderating effects of peacebuilding interventions by Interpeace and other peacebuilding actors (Sections 1 and 2).

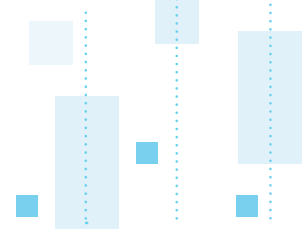
OBJECTIVE 2

To examine how investments in Northern Kenya have been impacted by conflict dynamics (Section 2).

OBJECTIVE 3

To map preliminary options for peace-positive investment in Northern Kenya (Section 3).

Executive summary



The northern region of Kenya has experienced protracted conflicts, underdevelopment and political marginalisation for decades. Recurrent cycles of ethnic conflicts, natural resource-based disputes, election-related and politically inspired violence, international terrorism, cross-border conflicts, (commercialised) cattle rustling, human rights violations by security actors, proliferation of small-arms and light weapons, and competition for resources have stymied the region's growth potential. How development actors and public and private investors engage with these conflict dynamics is crucial. Conflict-insensitive investments can increase disparities, fuel grievances and lead to more violence, which ultimately reduces the sustainability and bankability of the investment.

Yet, peace-responsive investments can help to address drivers of conflict, reduce underlying causes, and strengthen social cohesion, which ultimately will help to reduce risk, make the investments more sustainable and increase the bankability, even if it slightly increases costs in early stages.

This pre-feasibility study has been developed by Interpeace peacebuilding teams in partnership with its Finance for Peace initiative which seeks to support public and private investors to mainstream peacebuilding in their investment approaches. Through an emergent paradigm of Peace Finance, it is possible to reduce risks for communities and investors in fragile and developing markets, while also helping to crowd in more investment, increase certainty and encourage a more sustainable and virtuous cycle of development and peace. This report seeks to apply the Peace Finance lens to the Elgeyo Marakwet, Mandera and Marsabit counties.

Since independence, Kenya has experienced numerous ethnic tensions and violence. This is particularly true in the northern regions, where the interplay of ethnic tensions, political marginalisation and cross-border issues creates a complex web of conflict dynamics. Historical grievances, land and resource disputes, ethnic politics and the marginalisation of certain groups form the core of these conflicts, which have been exacerbated by socio-economic disparities and competition for resources.

Development finance approaches and wider private investment approaches in northern Kenya must be responsive to these complex dynamics. Investments are more likely to be bankable and sustainable if they address not only the immediate needs of the population but also the underlying causes of conflict. This requires a multi-faceted strategy that incorporates peace and climate-responsive measures. Engaging key conflict actors comprehensively is crucial. This includes key ethnic groups, political leaders, security agencies, marginalised community members, formal and informal community networks and local elites. Embedding a more participatory approach to investment approaches is key to ensuring that all voices are heard and that solutions are tailored to the unique needs and realities of each community. By doing so, it is possible to mitigate risks and increase community buy-in.

The impact of conflict in northern Kenya is deeply intertwined with the region's underdevelopment. Prolonged conflicts have significantly affected livelihoods, wellbeing and economic progress. Population displacement caused by conflicts leads to household vulnerabilities and humanitarian crises, with displaced populations often lacking access to essential services. This exacerbates issues such as malnutrition,

disease and mortality risks, and deepens marginalisation and future conflict dynamics. Furthermore, displaced communities also cause an economic strain on host communities, which often leads to tension.

At the same time, conflicts also disrupt social services, including education and healthcare, leading to long-term adverse effects on human capital development and economic growth. Infrastructure damage and insecurity during conflicts limit market access, lead to road closures, discourage local enterprises and cause economic decline, price inflation and loss of employment opportunities. Social division, mistrust and prejudice between ethnic groups and clans further undermine collective action and solidarity necessary for community development. Reduced pastoralist mobility due to conflicts leads to overgrazing, land degradation and reduced access to essential resources. Without redress of conflict, wider economic and development approaches can be undermined and increase risks facing investors.

Meanwhile, the economic opportunities are significant in the north. These counties are endowed with abundant natural and artificial resource production potential, including agriculture, livestock, fisheries, trade, infrastructure, storage and transport, energy, services, manufacturing, mining and tourism, vast open land optimal for large-scale irrigation and agribusiness opportunities. They are strategically located bordering Somalia and Ethiopia, also providing vast cross-border market opportunities. A huge array of untapped resources can be unlocked by sustainable public-private investment opportunities if they can effectively mitigate social and conflict risks. By doing so they may create a cycle of stability, fostering self-reliance, and building long-term prosperity.

The national government, supported by international development institutions, has initiated several multibillion infrastructure projects, such as the Lamu Port - South Sudan - Ethiopia Transport Corridor and the North Eastern Transport Initiative Project, among others, to open the region to more public and private sector investment. This is a major opportunity to unlock the region's economic potential and narrow the development gap between these historically marginalised counties and other regions of Kenya. The counties themselves have developed their own policies and priorities and allocated resources to sectors that maximise impact on economic development and social cohesion.

The study finds that there are significant opportunities for peace-positive investment across a number of sectors in all three counties. Livestock production and agriculture in Mandera and Marsabit present notable peace-positive investment potential. Modernised farming and meat exports are highly bankable and can be entry points to reduce resource-based conflicts around livestock and cattle while also promoting intercommunal relations. Integrating peacebuilding into agriculture approaches is especially critical, with arable land supporting high-value crops and beekeeping, fostering social cohesion and reducing reliance on conflict-prone livestock trade. Like in many parts of the north, critical water, transportation and renewable-energy infrastructure remain inadequate in all three counties, and investments in these areas are crucial for economic growth and reducing isolation. Peace-responsive approaches must be built into these investments, especially where they are land intensive or where they involve resources that have traditionally fuelled conflict.

In Marsabit County, there is significant opportunity to build large infrastructure in a more peace positive approach as there are existing and planned investments in water management and energy. From a development perspective, limited and erratic rainfall necessitates multipurpose dams to provide irrigation, hydropower, and water



for domestic and industrial use. The fisheries sector, particularly around Lake Turkana, offers significant peace-positive investment potential, with investments needed in cold chain facilities, fish landing sites, and market outlets to reduce post-harvest losses and improve socio-economic conditions. All of these potential investment areas can be highly catalytic, but are also land intensive, concern precious resources that are contested and whereby community perceptions of benefit can be sources of tension. Community engagement and a peace-intentional approach is crucial to ensure benefits are shared and local support is secured.

Elgeyo-Marakwet County presents significant opportunities in agricultural value chains for crops like sorghum, pyrethrum, potatoes, mangoes, green grams, cotton, coffee and tea. Investments in agrifood processing can add value to agricultural products, reduce post-harvest losses, and boost farmers' incomes helping the economy move up the value chain. Existing and planned investments in hydropower, water, and irrigation sectors, such as the Mosongo Water Project and Aror Multipurpose Dam, present opportunities but also risks. Again here, inclusive decision-making processes, especially at the design phase of investment and equitable benefit sharing are essential to prevent exacerbating tensions, ensure peace impacts and mitigate investment risk.

The data of this study is largely based on interviews and focus group discussions with key stakeholders in the three locations. These included private-sector representatives, community leaders, government officials, representatives of non-governmental organisations, senior officials from the Frontier Counties Development Council (FCDC) and the North Rift Economic Bloc, local professionals, political leaders, members of think tanks, and members of professional associations from the three counties.

This report is designed to be a first step in a more systematic approach by Interpeace working with partners to stimulate a more intentional, peace-positive and risk-attuned approach to investment in Kenya. In the future, more in-depth work is needed to generate concrete community engagement and design on the proposed peace-positive investment themes, conduct business diligence, interrogate their risk/return profiles and estimate their contribution to peace impact dimensions in partnership with government, private investors, development finance partners and civil society. This will require new partnerships across different areas of expertise and between different institutions.

Key findings

Section 1 – Summary of key conflict dynamics in Northern Kenya that prospective Peace Finance approaches need to consider

- > **Ethnic diversity and challenges.** Kenya has a population of 53 million and is home to over 50 ethnic groups. This enriches its culture but poses challenges to ethnic cohesion and stability, particularly in the north of the country.
- > **Historical and recent conflicts.** Since independence, Kenya has experienced ethnic tensions and violence, most notably after the disputed 2007 election. Conflict dynamics in the northern region are influenced by ethnic tensions, socio-economic and political violence and cross-border issues.
- > **Devolution and socio-economic disparities.** The 2010 constitution introduced devolution. This reform decentralised resources and decision-making, benefiting marginalised counties. Nevertheless, northern Kenya still grapples with socio-economic disparities, resource competition and insecurity. In addition, while devolution has generally brought positive changes, it has increased ethno-political tension over resource distribution at county level.
- > **Development finance approaches need to consider root causes of conflict.** Conflicts in northern Kenya stem from historical grievances, land and resource disputes, ethnic politics and marginalisation. They are influenced by climate change and the legacy of ineffective government responses, including highly securitised responses to conflict incidents. Development finance investments must be more sensitive to local social dynamics.
- > **Development finance and private investors need to engage consistently in participatory ways with key actors and seek peace impacts.** Key actors include (among others) ethnic groups, political leaders, law enforcement, marginalised community members, formal and informal community networks and local elites.
- > **Key resilience factors in Northern Kenya:**
 - » **Shared cultural, social and economic ties.** *Shared cultural and social connections, shared elements of language, and economic interdependence can underpin peaceful relationships (but can also reinforce gender inequality).*
 - » **Community-driven peace approaches.** *Locally-led peace agreements tend to prevent conflict escalation more durably and effectively than agreements imposed by elites.*
 - » **Local peace and resource management infrastructure.** *Peace committees play a crucial role in conflict resolution, reconciliation and traditional dispute resolution. They promote community engagement and shared responsibility.*
 - » **Political efforts to address the challenges of the north.** *Effective conflict resolution requires political will. The Kenyan government has shown its commitment in several ways: by devolution; by starting to address decades of development deficit; by deploying security agencies; and by supporting local peacebuilding efforts. It is helping to build trust and confidence.*

Section 2 – The impact of conflict and subsequent peacebuilding efforts – key findings

Conflict dynamics are intimately connected to development in Northern Kenya. The prolonged conflicts in the three counties under review have significantly harmed livelihoods, wellbeing and development. Development finance has a role to play in mitigating these dynamics.

Population

1

displacement: Conflicts displace populations, causing household vulnerabilities and humanitarian crises. Displaced populations often lack access to essential services, increasing malnutrition, disease, and mortality risks. Humanitarian assistance, while necessary, does not address the root causes of conflict. Displacement also leads to resource scarcity in areas to which people have been displaced and can create conflicts between displaced and host communities.

Loss of lives and

2

livelihoods: Conflicts result in deaths, injuries, and trauma, hindering productive activities like agriculture and trade, perpetuating poverty and vulnerability.

Disruption of social

3

services: Conflicts disrupt education and healthcare, leading to long-term adverse effects on human capital and economic growth.

Economic decline:

4

Infrastructure damage during conflicts and perpetual insecurity limits market access, leads to road closures, discourages local enterprises, and causes economic decline and loss of employment opportunities.

Social division:

5

Conflicts create mistrust and prejudice between clans, undermining social capital, collective action and solidarity.

Reduced pastoralist mobility:

6

Conflicts restrict pastoralist mobility, leading to overgrazing, land degradation and reduced access to essential resources.

Breakdown of social

7

trust: Prolonged conflict erodes social trust and cohesion, hindering development projects and community productivity.

Impact on women and vulnerable populations:

8

Conflicts can have a disproportionate impact on women, especially young women, e.g. limiting women's mobility, their participation in economic activities, making them more prone to violence and displacement.

Impact on youth:

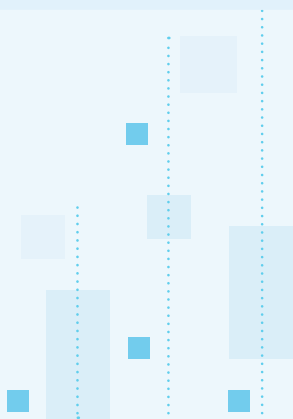
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Conflicts disrupt education and job opportunities for youth, depriving them of economic prospects and empowerment. Especially young men run a risk of exposure to and involvement in violence.

Gender disparities:

10

Conflicts can exacerbate gender disparities, leaving women more vulnerable to food insecurity and reducing women's voices in decision-making.



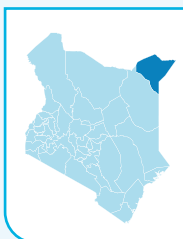
Some peacebuilding activities implemented in the northern counties have had a significant impact. They illustrate the type of joint interventions that Peace Finance approaches could embed in Northern Kenya.

Interpeace and other actors have used a variety of peacebuilding actions and methods to address root causes of conflict and promote lasting peace. They include:

- > Activate conflict prevention and early warning systems.
- > Foster reconciliation through community-mediated peace agreements.
- > Create and strengthen community-led peacebuilding structures and capacities.
- > Deliver peace education to promote peaceful mindsets and reduce warmongering and hate speech.
- > Involve youth and women in actions to promote peace.
- > Sensitise communities to alternative and peace-positive livelihoods.
- > Promote inclusive governance and reduce political marginalisation.
- > Establish peace and cohesion policies at county level.
- > Support socio-economic development, infrastructure development and resource management (for example, by opening roads and markets, strengthening inclusive rangeland management, advising development actors on peace-responsive practices).
- > Facilitate cross-border cooperation and climate resilience programmes.
- > Encourage collaboration, involving a wide range of organisations and stakeholders, to achieve collective impact.



Section 3 – Mapping potential peace-positive investment opportunities – key findings



Mandera

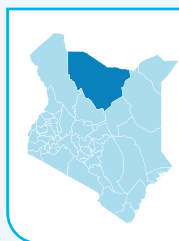
- > **The Government is promoting an enabling environment and the county government has clear development priorities.**

The Mandera county government is implementing policies and programmes that promote peaceful coexistence and incentivise private sector growth. It has reduced bureaucratic hurdles, formed co-operatives and invested in priority sectors. The Government is exploring public-private partnerships, has identified flagship investment opportunities and is applying resources from equalisation funds to rapidly improve socio-economic indicators. Its priorities include human capital development, irrigated agriculture, livestock production and marketing, water resource management, mining, cross-border trade and co-operative development.



- > **Commerce, trade and SME development have grown significantly in Mandera, but investment could be more peace intentional.** Trade and commerce in the county have grown significantly, assisted by devolution funds, investments by development partners and the efforts of local government. There has been a tenfold increase in new business licenses and a rise in active cooperatives. Bank branches and minimarkets have multiplied. The revamped national chamber of commerce, supported by Mastercard, boosts local business promotion. However, small and medium-sized enterprises could create more jobs for marginalised groups, and economic policies could be more inclusive and business practices more conflict-sensitive: such steps would reduce the risks of violence and promote inter-clan cooperation and resilience. Support for youth entrepreneurs would address radicalisation and contribute to community stability.
- > **There are peace-positive investment opportunities in livestock production. Mandera boasts one of Kenya's largest livestock markets.** Modernised farming and meat exports have significant potential. The livestock market supports local livelihoods but can also fuel clan conflicts over market control, grazing lands and water resources. Militant groups often create cross-border tensions. Combining improved livestock management and transparent market management with traditional methods of conflict resolution and cross-border cooperation would reduce resource-based conflicts and promote better intercommunal relations. Taking a Peace Finance approach to livestock investment is a major peace pathway in Mandera.
- > **It is critical to integrate peacebuilding in agriculture. Mandera's arable land supports high-value crops and beekeeping and diversifies the economy.** These activities provide substantial income and employment, foster social cohesion and reduce reliance on the conflict-prone livestock trade. If it is delivered equitably, agricultural diversification can promote social inclusion and inter-clan cooperation while reducing poverty. Sustainable resource management can reduce overgrazing and land degradation, which are sources of conflict.

- > **Mandera lacks adequate water, transport and renewable energy infrastructures.** To support economic growth and reduce the region's isolation, investment in these areas is essential. If they are developed in a conflict-sensitive and peace intentional way, infrastructural investments will stimulate economic activity, enhance community connections and contribute to overall stability. Water infrastructure and renewable energy investments must adopt peace-responsive approaches to reduce conflicts over resources and provide economic benefits equitably.
- > **Infrastructure investment can unlock cross-border trade opportunities.** Construction of a bridge over the Dawa River will enhance cross-border trade and social connections, which in turn could improve social cohesion, economic interdependence and cooperation, reducing the risks of conflict. Similar benefits will occur because Somalia has joined the East African Community. At the same time, smuggling and other illicit cross-border activities create risks. Improving border management and reducing border management corruption would bring significant development benefits for all communities.



Marsabit

- > **Investment in water and water management is critical to peace and wider development in Marsabit County.** Because rainfall is limited and erratic, people in Marsabit do not have reliable access to water. At the same time, the shift from pastoralism to agropastoralism has increased domestic water demand, particularly in towns (Loiyangalani, Laisamis, Sololo, and Moyale). Multipurpose dams would provide irrigation, hydropower and water for domestic and industrial use and support fisheries, livestock enterprises, tourism and environmental conservation. They could also facilitate the production of fodder crops for livestock, easing competition for this resource.
- > **Marsabit needs investment in clean energy, but this can only be achieved successfully if investments are peace-sensitive.** Supplying solar, wind and biofuel energy would create jobs, improve access to services and reduce unemployment. This would address a root cause of conflict and promote peace. In addition, inclusive energy projects that involved a range of groups would diversify the economy, foster community cohesion and reduce conflicts over resources. At the same time, solar and wind power projects require land. To gain community support and ensure the sustainability of their investments, investors need to adopt participatory land acquisition processes. Kenya has the capacity to produce over 800 MW of wind power annually. Projects such as the Bubisa Integrated Wind Power Development and the Chalbi Desert Integrated Development promise substantial wind power generation alongside integrated development. However, community engagement and equitable distribution of their benefits are essential conditions of their success.



- > **Investment can improve rain-fed agriculture in Marsabit.** Adopting modern cereal varieties and hybrids, investing in soil fertility and water management, and introducing technologies that increase crop growth can increase the productivity of rain-fed agriculture. Small-scale irrigation can significantly boost food production by means that are cost-effective and decentralised and involve high levels of farmer participation. Such initiatives create jobs for youth and women, tackle food insecurity and can reduce conflict by enhancing economic opportunities, social cohesion and resource management.
- > **Marsabit County's long-term growth depends on developing human capital through education.** Investments in tertiary and vocational training for youth and women can diversify livelihoods and facilitate low-capital start-up enterprises via saving and credit groups. The county faces significant educational challenges. It has a literacy rate of around 54% and notable gaps in secondary education, vocational training and higher education. Persistent youth unemployment and skill gaps pose problems. However, government and independent initiatives to improve education, healthcare and vocational training offer significant investment opportunities. Education can foster political representation, reduce ethnic tensions and promote better resource management, contributing to peace and stability.
- > **The livestock sector in Marsabit County presents investment opportunities.** Camel milk processing can improve food security, reduce malnutrition and increase incomes. Developing the fodder value chain can stabilise its supply and increase market access, especially for women and youth. Investment in feedlots for commercial beef cattle can enhance productivity and market access. Livestock insurance is badly needed, both to mitigate risks (due to weather, disease, theft and rustling) and strengthen the economic resilience of pastoralists. Livestock investments can create jobs, reduce poverty, address marginalisation and foster community cohesion. Improving its management could reduce resource-based conflicts as well as harmful practices, such as raiding.
- > **The fisheries sector, particularly around Lake Turkana, offers peace-positive investment opportunities.** Lake Turkana is Kenya's largest inland freshwater lake and supports about 7,000 fisherfolk and 6,500 fish traders and transporters. However, post-harvest losses are high because the infrastructure is inadequate. Investment is needed in cold chain facilities, fish landing sites and market outlets. A pilot wholesale hub for agricultural and fish products is currently proposed that could significantly improve market access. Developing fisheries could improve socio-economic conditions, reduce malnutrition and enhance food security. In so doing, it could reduce resource-based conflicts, promote collaboration and contribute to environmental conservation.



Elgeyo-Marakwat County

- > **Agricultural value chains in Elgeyo Marakwet present significant opportunities.** Key crop value chains include sorghum, pyrethrum, potatoes, mangoes, green grams, cotton, coffee and tea. Investments could also be made in large-scale production and in irrigation. Agrifood processing can add value to agricultural products, reduce post-harvest losses and boost farmers' incomes. Such investments could improve food security, create jobs and reduce conflict by promoting economic stability and community cooperation.
- > **Current and planned investments in the hydropower, water and irrigation sectors present opportunities but also risks.** Projects such as the Mosongo Water Project, the Aror Multipurpose Dam, and the Kimwarer Multipurpose Dam aim to improve water distribution, increase agricultural productivity and generate electricity. However, to avoid exacerbating tensions and to ensure equitable benefits, these and similar projects must be managed inclusively. It is essential to adopt a peace-positive approach.
- > **Tourism development and sports infrastructure in Elgeyo can involve youth and generate peace impacts, if done right.** The county government is discussing numerous investments in forest parks, ecotourism and sports infrastructure that take advantage of the county's natural resources and its reputation for producing world-class athletes. These projects offer unique opportunities to involve local communities, create alternative livelihoods, increase economic empowerment, enhance social cohesion and generate opportunities for youth.
- > **The mining sector offers notable opportunities, but a conflict-sensitive approach is essential.** There are opportunities to invest in the Fluorspar processing factory and other resources, including gold, marble and sand. Here and elsewhere in Kenya, however, such investments are associated with conflict risks. To mitigate them and promote peace, investors need to adopt inclusive decision-making and sustainable processes and share benefits equitably.
- > **A Peace Finance approach can reduce the risks associated with infrastructure development, particularly road projects, which are economically catalytic and can have peace impacts.** Infrastructure projects can enhance connectivity, improve access to services and economic opportunities, reduce isolation and promote social cohesion. But planning needs to be transparent and inclusive, both to reduce the risk of conflict and to ensure that communities benefit equitably.



Key recommendations – summary

- > **International donors should invest in the technical assistance that will be required to support peace-positive investment.** This initial mapping has identified many peace-positive investment opportunities in the three counties studied. It found clear links between development and peace; and confirmed the potential value of applying peacebuilding tools to reduce investment risks by increasing community buy-in and participation. However, closer cooperation with government, local communities and investors will be required to move this high-level analysis to the next phase of diligence. Technical assistance is required to move potential projects from a conceptual phase to investment readiness; and typically, the technical assistance allocated in fragile and low-income settings is inadequate. Peace-positive approaches require investors and development finance actors to undertake extensive diligence processes and to involve communities and civil society actors in their investment projects from the start.
- > **Public and private investors should apply Peace Finance guidance that requires them to involve stakeholders consistently in inclusive and participatory ways.** Peace-positive investment projects engage extensively and meaningfully with local stakeholders in all phases from inception onwards. They take account of and are shaped by the perspectives of community leaders, government officials, marginalised groups, civil society and other relevant actors. Because they ensure that the interests and needs of all stakeholders are considered, they create a collaborative environment in which investments can be fruitful, beneficial and cooperative.
- > **International partners and the Government need to support the integration of peacebuilding in investment, to help unlock capital markets and increase investment in infrastructure.** The analysis makes clear that northern Kenya has infrastructure deficits, especially in energy, roads and water. Investment in these areas is essential, to create a foundation for broader economic development and stability. Blended and new Peace Bond approaches that apply Peace Finance Principles can lower investors' risks, bring reputational benefits and make projects more accountable and sustainable. Peace Bonds embed peacebuilding activities in use-of-proceeds to ensure that peacebuilding support is financed and that reporting mechanisms monitor their realisation and impact.
- > **Investors should consider applying the Peace Finance Impact Framework and investment guidance to mainstream peace in their investments in northern Kenya.** The analysis shows that conflict dynamics influence all sectors of investment in northern Kenya, but especially the three key sectors of opportunity identified: agriculture/agri-industry, livestock and renewable energy. These sectors are land intensive and affect resources that are contested. In these circumstances, peace-responsive approaches are not merely an option for these investments but critical to their success. A peace responsive model makes investments more attractive to private investors by lowering their investment risks while ensuring that communities participate in and benefit from investments that affect them.



- > **All actors, including peacebuilding and civil society actors as well as investors and the Government, should collect more and better data to improve their decision-making.** To design and implement future peace-positive investment projects, investors and other actors will need more and better data as well as improved analysis and validation processes. To take informed decisions, investors and stakeholders need detailed data on all aspects of the local context, including risk factors, conflict dynamics and the potential impacts of an investment. Exceptionally strong data are needed to understand and navigate the complex, volatile environments that are characteristic of post-conflict or conflict-affected regions, such as northern Kenya.
- > **Investors should continue to align their investments with county and national development priorities.** The counties' development priorities are embedded in the broader national development context. Future peace-positive investments should be designed carefully to align with national priorities, to ensure that they support and advance wider development agendas. Alignment enhances the attractiveness and value of investments to local and international partners, adds to the impact of incentives and benefits and contributes to risk mitigation.

Introduction

Investment and development finance approaches in northern Kenya must be conflict-sensitive and peace-positive because of the region's unique socio-economic and political dynamics. Northern Kenya has historically been marked by resource-based conflicts, ethnic tensions and underdevelopment, which have created a challenging social and political environment and slowed sustainable growth. These conflicts are often driven by competition over scarce resources, such as water and grazing land, and exacerbated by historical marginalisation and socio-economic disparities. In sum, conflict and development are starkly connected: instability undermines efforts to develop, while underdevelopment fuels further conflict.

Conflict-sensitive and peace-positive approaches recognise the need to address the root causes of conflict while promoting inclusive economic development. In particular, they ensure that investments do not exacerbate existing tensions but instead contribute to stability and peacebuilding by incorporating mechanisms for community engagement, equitable benefit distribution and sustainable resource management (to name a few elements). For example, fair compensation procedures and transparent, inclusive decision-making processes build communities' trust and confidence and forestall grievances that might lead to conflict.

Peace-positive investments can also reduce investment risks by creating a more stable and predictable environment. If communities perceive that they benefit from an investment, they are more likely to support and protect it. If communities become economically linked by supply chains and cooperative ventures, this can enhance social cohesion. Both effects reduce the risks of disruption and conflict.

Concretely, peace-positive investment can be realised in at least three ways. It can reinforce the safety and security of communities and individuals. It can enhance the social cohesion between different groups in society as well as between people and the state. And it can support wider, more formal peace processes. This report sets out a range of investment areas in which development finance actors, investors and the Government can seek to achieve these goals through their grant or concessional loans in northern Kenya.

In practice, the Peace Finance approach seeks in large part to influence qualitatively how companies or businesses design and operate their investments in specific local contexts. 'Who', 'what' and 'how' questions are fundamental, including how investments engage with the communities their operations affect. It is important to consider 'who' benefits (or loses) and 'where' jobs are created, but also to know 'how' entire communities are involved (or not), the real and perceived quality of jobs, and how much (or how little) communities in the vicinity of the economic activity benefit. To respond to these questions successfully in operational terms, especially in conflict-prone environments, investors must make peace outcomes an intentional part of their investment design process; a narrow conflict sensitivity approach is insufficient. Getting local inclusion right is key to mitigating risks and creating community buy-in. The report describes some of the tools and guidance that are available, such as the Peace Finance Impact Framework,¹ to support the technical process of planning, implementing, monitoring and reporting peace impacts.

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1 Peace Finance Impact Framework, <https://www.financeforpeace.org/impact-framework/>.

Investments that adopt conflict-sensitive and peace-positive investment strategies can help northern Kenya to unlock its development potential while ensuring that economic growth contributes to lasting peace and stability. This holistic approach will benefit local communities and create a more secure and attractive environment for investors, ultimately driving sustainable development in the region.

This pre-feasibility report opens the way for further research on peace-positive investment approaches in Elgeyo Marakwet, Mandera, and Marsabit. It describes the region's political economy, maps the dynamics of conflict in each county in the last 10–15 years, assesses how conflicts have affected development prospects, and illustrates the ways in which peacebuilding initiatives can help to resolve recurrent violence. For each county, it then identifies potential investment options that could promote positive peace.

These investment opportunities occur in a range of areas. Some are bankable but some are priority investment areas for the Government and concessional grant finance institutions, because the region still lacks basic market and human capital infrastructure.

Background of the Finance for Peace Initiative

The Finance for Peace initiative is a multistakeholder initiative that seeks to transform the scale and nature of private and public investment in developing and fragile contexts by designing and operationalising a class of investments (Peace Bonds) that intentionally improve conditions for peace. Assisted by an array of actors, it aims to co-develop market frameworks, standards, political support, partnerships and the knowledge required to scale up Peace Finance. With financial support from the German Federal Foreign Office, the initiative has already convened a wide mix of stakeholders, including investors, industry leaders, norm-setting entities, development finance institutions (DFIs), governments, peacebuilding and development actors, civil society and local communities. It builds on a feasibility study of Peace Bonds that was funded by the United Kingdom's Foreign, Commonwealth and Development Office (FCDO).

With its partners, Finance for Peace has developed a Peace Finance Impact framework and a related Peace Standard for various asset classes, that the market can use to guide, measure and validate peace-positive investments in fragile societies. These peace-positive approaches can create additionality for investors and reduce risks for both communities and investors, resulting in improved certainty and bankability.

Why new approaches to development finance are needed

In recent years, the international development community has increasingly recognised that it must address drivers of conflict and fragility that imperil efforts to eradicate extreme poverty in countries affected by multidimensional crises. As defined by the Organisation for Economic Co-operation and Development (OECD), 'fragility' occurs when a state, system or community is exposed to risks and lacks the capacity to manage, absorb or mitigate them. A quarter (24%) of the world's population live in fragile contexts, but nearly three quarters (73%) of those living in extreme poverty do so.² Violent conflict has surged significantly since 2010 in several regions, rendering the fragility landscape increasingly intricate. Because of escalating conflict, instability and violence, none of the fragile contexts identified by the OECD are on track to

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2 OECD (2022), 'States of Fragility', <https://doi.org/10.1787/c7fedf5e-en>.

achieve the Sustainable Development Goals (SDGs) designated by the United Nations Agenda 2030. Given current trends, poverty is projected to concentrate increasingly in these countries and the spill-over effects are expected to pose a significant threat to neighbouring nations.³

It has also been recognised that private sector investments could provide a crucial pathway out of fragility. Job creation and expansion of the private sector are prerequisites for poverty reduction and socio-economic development; they are among the necessary conditions for emergence from fragility. However, although numerous viable investment opportunities exist in fragile and conflict-affected settings, the perceived risks and challenges associated with investment in these areas hinder efforts to attract private investors who might complement public resources and establish growth and stability via a blended financing approach. Weaknesses in local economic conditions, deficient infrastructure, unpredictable regulatory frameworks and other legacies of poor governance are major obstacles to private sector investment and expansion.⁴ As a result, fragile and conflict-affected settings have received a marginal share of global foreign direct investment. Moreover, much of the direct investment they have received has been concentrated in the extractives sector,⁵ which is associated with a particularly high risk of social conflict.⁶

In view of these challenges, multilateral development banks (MDBs) and development finance institutions (DFIs) are increasingly adopting holistic approaches that aim to catalyse private investments in fragile settings, strengthen institutional capacity and build more resilient societies. However, to be successful – to be viable, achieve sustainable development and improve stability – private investments in fragile settings must be conflict-sensitive and peace-responsive as well as supported by conflict prevention, security and peacebuilding processes.

In practice, unfortunately, peace initiatives designed to reduce conflict and fragility risks and encourage investment in conflict-affected settings are often underfunded and poorly aligned. Although the number of blended finance initiatives has grown significantly and they have successfully catalysed private capital investment in many developing countries, their potential peace impact is often overlooked. New approaches are needed that fundamentally rethink how peace and development are financed, not least by configuring private investments that reduce risks for both investors and communities. More work also needs to be done to ensure that blended approaches minimise the risks that communities incur (not just those of investors).

It is difficult to scale up development finance in the world's fragile and conflict-affected places for another reason. In general, major DFIs are unfamiliar with local networks in areas of fragility and therefore cannot operationalise peacebuilding capacities and methodologies in these places. MDBs and DFIs recognise that sustainable development

3 World Bank Group (2021), 'Mozambique Economic Update: Setting The Stage For Recovery', <https://openknowledge.worldbank.org/server/api/core/bitstreams/b6a267e3-8969-5342-8b50-b17209c383b1/content>.

4 Collier, P., Logan, S., Kriticos, S., Sacchetto, C. (2021), 'Policy Paper: Strengthening development in fragile contexts', International Growth Centre, State Fragility Initiative, <https://www.theigc.org/publications/strengthening-development-finance-fragile-contexts>.

5 Jensen, L. (2020), 'Foreign Direct Investment and Growth in Fragile and Conflict Affected Countries: The Role of Peacekeeping and Natural Resources', UNDP, <https://www.undp.org/library/dfs-foreign-direct-investment-and-growth-fragile-and-conflict-affected-countries>.

6 Mining enterprises are linked to conflict for many reasons. These include competition for control of resources; illicit mining and mineral trading that finance armed groups or shadow economies; alienation or compulsory occupation of land; corruption; the unbalanced distribution of benefits such as jobs and revenues; environmental damage and pollution and associated health hazards; socio-environmental and cultural costs, such as forced population displacement, child labour and the destruction of cultural sites or heritage, etc.

and stability require conflict-sensitive and peace-responsive private investment, supported by investments in conflict prevention, security and peacebuilding. But they lack the local networks and expertise that are essential to contextualise and operationalise such approaches. Without these resources, peace investments to reduce conflict and manage fragility risks will remain underfunded and poorly aligned.

Finance for Peace Partners with the AfDB to promote peace-responsive investment

Finance for Peace, a multi-stakeholder initiative of Interpeace, aims to transform the ways in which private and public investment support peace in developing and fragile contexts. Working with partners, it is co-developing market frameworks, standards, political support networks, partnerships and the knowledge required to develop a market for Peace Finance, a new finance instrument that will intentionally improve conditions for peace. Demand for Peace Finance is growing. Finance for Peace will respond by helping to develop a pipeline of investments that promote peace in measurable and verifiable ways.

The African Development Bank (AfDB) recognised that this model offers the Bank a new way to apply its instruments and capacities to combat fragility, both through catalytic private sector development and investments that promote resilience and other conditions for peace. In October 2023, Interpeace and the AfDB agreed to mainstream peace-responsive investment approaches together and signed a memorandum of understanding at the Africa Resilience Forum. DFIs are now playing a major role in the efforts of Finance for Peace to develop frameworks, guidance, norms, programmatic intelligence and partnerships.

The broader aim is to create a new class of peace investments. The value of global debt issuance amounts to USD 1.6 billion annually. Capturing even a small percentage of this would deliver significantly more funding to global civil peacebuilding than is available at the moment. To date, no financial products specifically target Sustainable Development Goal 16 (promoting just, peaceful and inclusive societies), which means that no investments can be reported under this goal.

Mainstreaming Peace Finance – applying the Peace Finance Impact Framework

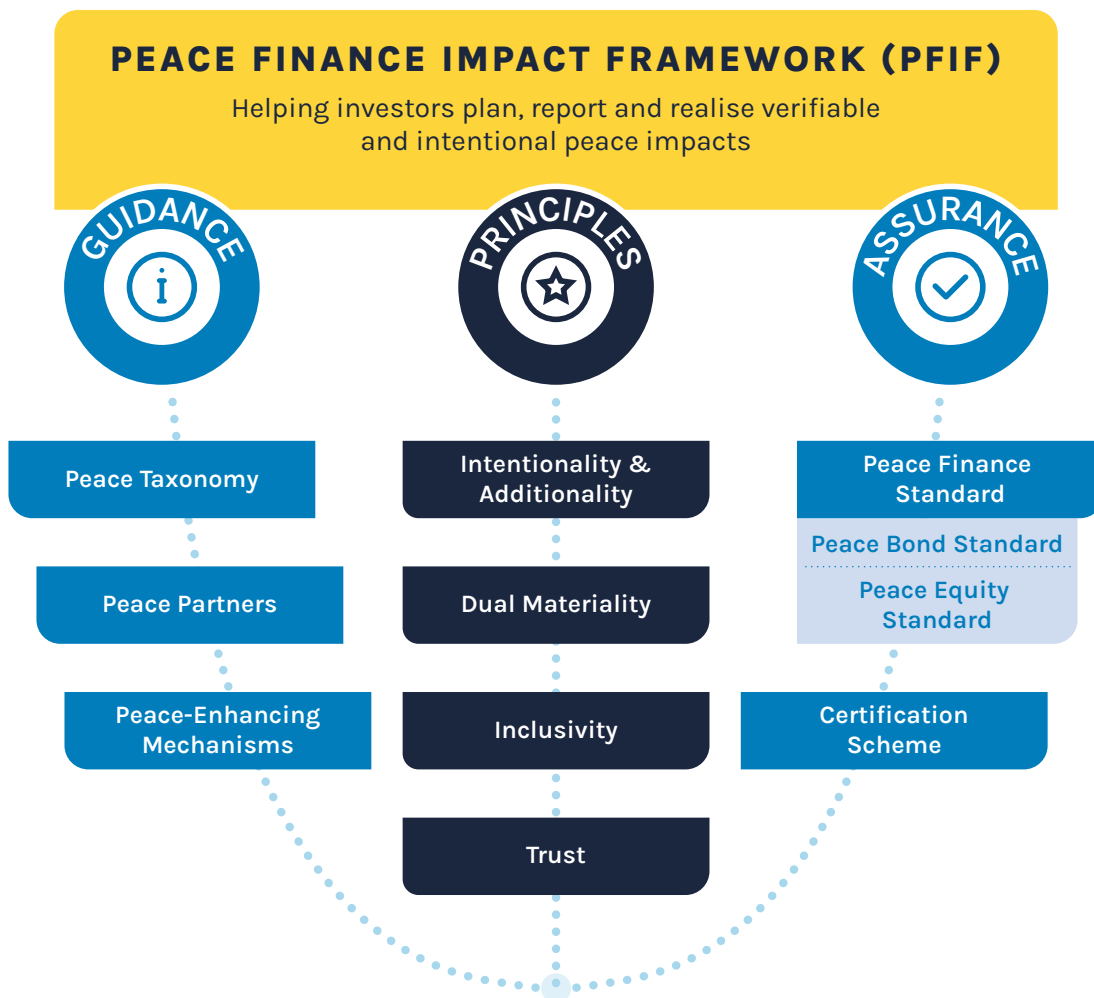
To support a market for peace-enhancing investment, Finance for Peace has developed the Peace Finance Impact Framework (PFIF), an accessible framework that investors can use to ensure not only that they do no harm but that they intentionally contribute to peace in fragile and conflict-affected settings. In complex and unfamiliar landscapes, that impact investments must navigate with great care, the Peace Finance Impact Framework is a key tool.

Traditional impact, environment and social frameworks tend not to pick up the nuanced impacts that investments have on peace and conflict. This underscores the need for an approach that is more conflict-aware. In addition, the demand for socially responsible investments is rising, particularly in the context of the shift to a low-carbon economy: such investments are expected to consider and remedy social inequalities, which are a root cause of many modern conflicts, and ensure genuine sustainability that avoids the pitfalls of greenwashing.

At its core, the PFIF sets out a comprehensive set of principles, tools and criteria (Figure 1), designed to enable issuers and investors to align their financial products with peace objectives. It encourages investors and Peace Partners to cooperate closely,

using mechanisms that both enhance peace and mitigate risk, thereby opening up new investment avenues. Four foundational principles are at the heart of the PFIF (see Figure 1). These guide investment cycles and set the PFIF apart from existing frameworks by providing explicit, actionable guidance.

Figure 1. The Peace Finance Impact Framework



Another innovation within the PFIF is its Certification Scheme, which safeguards against ‘peacewashing’ by helping investors to identify investments that genuinely promote resilience and peace. The scheme is underpinned by a robust Peace Finance Standard (composed of a Peace Bond Standard and a Peace Equity Standard), which sets out the requirements for certification and ensures that investments meet rigorous peace-positive criteria.

Using the Peace Taxonomy to guide investments

The Peace Taxonomy aligns financial products with peace-positive outcomes. It assists issuers, investors and policy makers to select investments that support peace by setting minimum safeguards and do-no-harm criteria with respect to safety and security, social peace, and political peace. These three categories are further subdivided to sharpen the focus on specific peace impacts related to income and wellbeing. The Peace Taxonomy can be found in Annex B.

Functions of the Peace Taxonomy

1. **Screening** ensures that projects meet taxonomy eligibility, including environmental, social and do-no-harm safeguards.
2. **Evaluation of the peace potential** identifies peace impact sub-dimensions in the investment's scope, to assess their (peace-positive) contributions to economic and social progress.
3. **The assessment of contributions** determines how an investment affects the sub-dimensions, taking into account direct, indirect and do-no-harm contributions.
4. **Strategy identification** tracks do-no-harm risk mitigation and peace-enhancing mechanisms in order to bolster peace-positive impacts and maintain alignment with the taxonomy.
5. **Reporting** shows whether and how projects' strategies have contributed to peace and conflict sensitivity across the relevant sub-dimensions, in order to provide transparency and accountability.

The Peace Taxonomy, developed collaboratively by experts in peacebuilding and finance, enables stakeholders to navigate the investment landscape with a clear focus on advancing peace.



Section 1 – Mapping conflict dynamics in Northern Kenya

Kenya has a population of 53 million people (Kenya National Bureau of Statistics [KNBS], 2022) and is home to over 50 ethnic groups, each with their own unique cultural heritage and traditions. This diversity enriches the country's social fabric but also poses challenges to ethnic cohesion.

Since achieving its independence, Kenya has experienced tensions that have sometimes escalated into violence between ethnic groups living in the Great Rift Valley, in the Northern Desert and along Kenya's international borders. Historical marginalisation of the northern region by the state, ethnic tensions and cross-border dynamics largely explain the complexity of the conflict landscape in Northern Kenya.

However, the country has generally been stable compared to some of its neighbours, including Uganda, Somalia and Ethiopia, which all experienced serious civil conflict in their recent history. In Kenya, disputed elections in December 2007 led to widespread ethnic violence and the loss of hundreds of lives in early 2008.

Kenya's topography can roughly be divided into five climatic zones. These influence the livelihoods of the people who inhabit them. Communities in the northern arid and semi-arid lands are predominantly pastoralist and agropastoralist. Much of the central, western and southern regions of the country receive significant rainfall; here, crop and dairy farming are the prominent sources of livelihood.

Historically, sedentary agricultural communities in the central and western parts of the country have held political power and enjoyed economic development, while pastoralist populations – particularly in the northern regions, parts of the coast and the North Rift Valley – have been politically marginalised and economically underdeveloped.

The enactment of a new constitution in 2010 brought devolution, which decentralised resources and decision-making power away from the centre to 47 sub-national governments. The new political arrangement brought resources and decision-making closer to the population, a major change for the three counties that are the subject of this study, which hitherto had been at the margins of the nation's economic and political life (FCDC, 2020). They received equalisation funds and a share of national resources as a matter of law and had authority to apply these funds to local priorities, including health, education, social cohesion and citizen empowerment.

The new constitutional dispensation has allowed marginalised counties, such as Elgeyo Marakwet, Mandera and Marsabit, to prioritise their needs better and develop policies and programmes that can foster economic development and shape the environment for private investment growth.

Conflict in northern Kenya and in the North Rift

Northern Kenya, as defined by the Frontier Counties Development Council, includes ten of Kenya's 47 counties. The ten counties are Lamu, Tana River, Garissa, Wajir, Mandera, Marsabit, Isiolo, Turkana, Samburu, and West Pokot. Together, they form nearly 63% of Kenya's land mass but hold only 6% of its population. The region is predominantly



inhabited by pastoralist communities who have suffered historical injustice and marginalisation. Some 68% of the population in northern Kenya live below the poverty line; the national average is 36.1% (FCDC, 2022).

Despite the progress made as a result of devolution, Kenya's northern regions continue to grapple with substantial socio-economic disparities. Their reliance on pastoralism and agropastoralism as primary livelihoods underscores the region's unique challenges. Competition for natural resources frequently creates ethnic tensions and insecurity. Historical marginalisation, coupled with central government's mistrust of cross-border communities, exacerbates these challenges (FCDC, 2020). These factors combine with the threat of international terrorism, the proliferation of illicit arms and recurrent incidents of political violence to create a complex and volatile political and social environment.

The North Rift region has also experienced significant conflicts, driven by competition for both land and resources, as well as insecurity and political violence by pastoralist militias. These conflicts have had a profound impact and have affected economic growth, stability and the provision of essential services. A number of factors are responsible, notably competition for resources, ethnicism, divisive politics, insufficient devolved funds, economic and political marginalisation due to perceived underdevelopment, environmental degradation and rapid population changes due to migration. The government has undertaken security operations to address the challenges posed by pastoralist militias and bandits in the North Rift, especially in Elgeyo Marakwet and the Kerio Valley belt. These operations have had both positive and negative impacts on peace and stability in the region.

Addressing this mix of challenges requires a holistic approach that includes peacebuilding and economic growth. Strategies that prioritise political inclusion, effective governance and contextualised policy interventions can empower these marginalised communities to catch up with other regions and contribute meaningfully to Kenya's socio-economic development.

Root causes

The root causes of conflict in the fragile contexts of Elgeyo Marakwet, Mandera and Marsabit counties have been documented and observed. They include the following:

Historical grievances. Many residents of northern Kenya feel that the national government has historically marginalised them. They feel politically underrepresented and socio-economically neglected. The paucity of basic services in education and healthcare, the region's poor infrastructure and high levels of unemployment and poverty feed their sense of grievance.

Land and resource-based conflicts. Interclan conflict in Mandera and Marsabit is marked by peaks and troughs. Conflicts occur periodically between clans or sub-clans that share borders. In Elgeyo Marakwet, Mandera and Marsabit, different communities compete for access to land, water and pasture: this has been a significant factor in conflicts.

Ethno-politicisation. Generally speaking, public perceptions are often influenced by attitudes to ethnicity. This can be seen in election-related violence, political manipulation, ethnic tensions and competition for power and positions. An 'us-versus-them' mentality is deeply engrained. Social fragmentation has been worsened by the politicisation and radicalisation of ethnic identity and exacerbated further by social media and local-dialect radio stations. The latter have had a significant impact on political dynamics because, protected by anonymity, they have been used to disseminate misinformation, polarise opinions, spread hate speech, organise and mobilise crowds and deepen distrust and mistrust.

Marginalisation. Historical perceptions of marginalisation and neglect by the government have also contributed to conflicts in the three northern counties studied here. The public evaluates inequality in terms of political representation in national and county governments. Community members believe that, if top-ranking leaders are not from their community, they and other members of their community will be completely marginalised. In addition, they take a zero-sum approach to use of, access to, and ownership of land, including grazing areas and water sources.

Boundaries and cross-border disputes. Political and administrative boundaries also trigger conflict. In the absence of community participation, the creation of new political and administrative units often causes tension and conflicts. Cross-border movements of pastoralists and traders, immigration, human trafficking, the activities of militant groups and the import of illicit weapons by clans have all complicated conflict dynamics in Mandera and Marsabit counties.

International terrorism. Mandera county has been impacted by international terrorism since the early 2000s. Its proximity to the Somalia-Kenya border exposes it to infiltration by clan militia from Somalia as well as by international terrorists linked to Al-Shabaab. These terrorist groups hide among local clans and sometimes manipulate clans to fight each other. Exploiting the government's lack of presence in rural areas, its ineffective security management and weak governance system, as well as corruption, militants have dislocated transport systems, attacked government and civilian targets, killed many non-locals working in Mandera – including teachers, administrative officials, labourers and county employees – and disrupted many sectors, including education and health.

Climate change and environmental degradation. Climate change is worsening recurrent droughts, erratic rainfall patterns and desertification, which have intensified competition for dwindling natural resources, particularly among pastoralist communities in northern counties. Environmental degradation puts livelihoods at risk, heightening tensions and conflicts over access to water and pastureland. As people move wider afield in search of water, pasture or arable land, they more frequently come into conflict with neighbouring communities.

Government inaction. Residents express growing frustration at the slow response of the government and security forces when attacks occur. This has severely undermined trust and co-operation between security officials and communities. The communities believe that national and county political interests compromise the neutrality of the government and its commitment to sustainable solutions and peace in the northern counties. Mistrust of government action is matched by mistrust of peace processes (National Cohesion and Integration Commission and Interpeace, 2022). Ineffective disarmament initiatives in the three counties have failed to curb the spread of small arms and light weapons, which are widely available thanks to porous borders and years of armed conflict in neighbouring regions (Interpeace, 2023a).

Negative social and cultural practices. Communities in Marsabit and Elgeyo Marakwet raid their neighbours, as a cultural practice, to accumulate wealth and to restock herds, especially after periods of drought or outbreaks of disease. For newly circumcised youths, in particular, it is a rite of passage that enables them to acquire dowry payments and personal wealth. Consequently, criminal acts committed in the context of raiding are attributed to the community to which the individuals concerned belong. In Elgeyo Marakwet and Marsabit, this has led to tit-for-tat attacks, envenomed by historical grievances and access to modern weapons.

Key conflict actors

The term ‘conflict actors’ refers to individuals, groups or organisations that are involved in a conflict situation (Lekapua, 2023). They may be state or non-state actors and may therefore include government officials, political leaders, or members of ethnic or other communities. It is crucial to understand the role, influence and power of these actors when designing and implementing peace interventions or peace-positive investments.

The main actors involved in conflict in the three counties include:

- a. **Ethnic and communal groups.** The counties are home to various ethnic communities whose interactions have at times led to inter-ethnic tensions and conflicts, particularly over land, water and pasture resources (Kiprotich, 2020) as well as political representation. Ethnic and communal conflicts contribute significantly to localised tensions and have occasionally escalated into violence, affecting the overall stability of the counties.
- b. **Divisive political leaders and clan elders.** Historical political dynamics, including divisive politics and competition for power, have also contributed to conflicts, particularly during election periods. Political rivals compete for power, position and resources at county and sub-county levels. Clan elders, including traditional ritual leaders, have been accused of sanctioning raids.

- c. **Administrative and law enforcement officials.** These play a dual role in the conflicts. They enforce law and order but are sometimes accused of fuelling conflicts.
- d. **Marginalised community members.** Because of unemployment, marginalisation and lack of opportunities, groups of youths have been actively involved in raiding and sometimes take part in violence. Some women have also incited conflict.
- e. **Networks of cattle rustlers, bandits and criminal cattle barons.** Criminal networks, including cattle rustlers and cattle barons – typically business and political elites – contribute to insecurity and conflict by employing and offering protection to youths to raid other clans and protect their criminal interests. The activities of criminal networks exacerbate existing tensions and create an environment of fear and insecurity.
- f. **Landowners and developers.** Disputes over land ownership and development projects can lead to conflicts between clans and landowners or developers in rural but also urban and peri-urban areas. These conflicts often stem from competing claims to land resources. Tensions often escalate when development projects encroach on ancestral or communal lands.
- g. **Local elites and businesspeople.** While many local leaders and businesspeople have positively contributed to peace and stability and helped their communities to thrive, a few have worsened conflict, for instance, by exploiting grievances, manipulating social dynamics and pursuing self-interested agendas that undermine peace and stability.



Resilience factors

In a peacebuilding context, ‘resilience’ refers to the ability of individuals, a community or a society to recover from or adjust to the damage caused by a violent conflict. ‘Resilience factors’ refers to capacities and processes, present even in the most fragile contexts, that can counter the effects and causes of conflict. They might be actions that individuals and communities take to resolve conflict, or processes by which communities collectively and peacefully transform antagonistic relationships or neutralise factors that drive conflict. A society’s resilience to conflict manifests at various levels and in different institutions of society, both horizontally (between individuals and groups) and vertically (between the population and institutions of the state). Although (or because) ethnic conflict has persisted for many years in northern Kenya, communities draw on many sources of resilience to prevent violent situations from escalating.

Sources of resilience observed in the three counties under study include:

- a. **Shared cultural, social and economic ties.** Much unites the different communities in these counties, culturally and socially. Communities share linguistic commonalities and elites can communicate in English or Swahili: this makes it easier to negotiate and resolve differences. Inter-community marriages also encourage tolerance. Relations between economically interdependent ethnic groups are more likely to be peaceful (though economic opportunities that reinforce gender inequality can harm the interests of women and youth).
- b. **Community-driven peace agreements.** Multiple peace processes have occurred in the three counties but community-driven agreements on issues of direct interest to local people (such as recovery mechanisms for stolen livestock) seem to survive better than elite-led bargains. This suggests that community-driven agreements have internalised widely understood peace norms, that help to prevent conflicts from escalating, more effectively than accords imposed from above.
- c. **Local peace and resource management mechanisms.** Peace committees have made effective efforts to resolve communal conflicts. Communities have mandated them to convene reconciliation and conflict prevention meetings, negotiate compensation when people are killed or animals stolen, and trace and recover lost animals. They enable communities to interact with one another and with the government on security matters and make traditional dispute resolution more accessible and respected. Inclusive decision-making processes have played a vital role in promoting community support, ownership and shared responsibility of governance and development initiatives.
- d. **Consistent political commitment to peace agreements and peace mechanisms.** Solutions to a conflict can be found only if there is political determination to bridge divides and encourage co-operation. The Government of Kenya has shown its willingness to resolve conflict in northern Kenya and has often deployed security agencies to this end, including: the Kenya Defence Force and Border Patrol Unit along the Ethiopian and Somali borders; the Anti-Stock Theft Unit; the Quick Response Unit to curb intercommunity clashes and rustling; and the National Police Service. In practice, securitised responses cannot resolve deeply held social and political grievances alone. They require more sensitive conflict interventions and it is therefore encouraging to see county administrators supporting local peacebuilding efforts in accordance with the devolution plan. Government commitment to keeping the peace strengthens confidence and trust in ongoing peacebuilding efforts.

Section 2 – Impact of conflict and subsequent peacebuilding efforts

The protracted conflicts in the counties under study have affected all aspects of life, from livelihoods to wellbeing and development. Their impact includes: economic decline, population displacement, poverty, loss of life and destruction of property and livelihoods.

- > **Population displacement and humanitarian crisis.** Conflicts have displaced populations, created humanitarian crises and increased household vulnerability. Displaced populations often lack access to basic services (food, water, shelter and healthcare), which increases rates of malnutrition, disease and mortality. Humanitarian assistance may alleviate immediate needs, but does not address underlying drivers of conflict. It can sometimes undermine efforts to build resilience and empower communities to address their own needs and challenges.
- > **Loss of lives and livelihoods.** Conflict results in loss of lives, injuries and trauma. Violence and inherent insecurity disrupt communities' ability to engage in productive activities (agriculture, pastoralism, trade) and destroy livelihoods, property and income. They perpetuate poverty and deprivation, trapping communities in a cycle of vulnerability and dependency.
- > **Disruption of social services.** When conflicts arise, schools are closed or destroyed, depriving children of access to education and opportunities to learn. Health facilities are also damaged, leading to disruptions in healthcare delivery and increased morbidity and mortality rates. Interrupted education and lack of healthcare have lasting effects on human capital development and economic growth.
- > **Economic decline and loss of investment.** Infrastructure, including roads, bridges and markets, are damaged or destroyed during conflicts, hindering trade and obstructing the supply of goods and services. This discourages economic growth, disrupts local enterprise and deters businesses from operating in conflict-affected areas. Unemployment and economic decline follow. Development infrastructure (water pans, roads, hospitals, schools and boreholes) are rendered inaccessible, destroyed, or cannot be used.
- > **Social division and clan conflicts.** Conflicts breed mistrust between clans and create fear, prejudice, discrimination and marginalisation. Mistrust undermines collective action and solidarity, making it difficult to address common challenges and pursue shared goals and prosperity.
- > **Reduced pastoralist mobility and access to resources.** Prolonged conflicts reduce the ability of pastoralists to travel in zones of conflict; this leads to overgrazing of land, which causes soil degradation and desertification and shrinks access to pasture, water and vegetation. Communities are deprived of their livelihoods and income and the environment may be critically harmed.
- > **Breakdown of social trust.** Prolonged conflict erodes social trust and cohesion within communities and affects security, safety, and political and social peace. When community members do not trust one another, it becomes challenging to implement development projects that require collective effort and co-operation with rival communities. In addition, social capital is an important factor in a community's productivity and weak social capital results in loss of productivity.



Conflict can strengthen the social capital of the in-group but reduces social capital between groups, which can impede trade and development between communities that live close to one another.

- > **Impact on women, men and vulnerable populations.** In all three counties, conflicts have influenced power relations within the community and household and how societies define the roles of men and women. Women are often expected to fulfil reproductive roles in the domestic sphere while men generate income and take community leadership roles. These gender attributions affect choices, participation in social and public affairs, and work patterns. Though they have access to land and livestock for income generation, women have limited control over productive resources that might alter the power relations between men and women. When conflicts occur, women are particularly exposed to violence and displacement and have limited access to resources and opportunities. Conflict has heightened gender and child vulnerability. In general, the roles ascribed to women do not acknowledge their contributions to production and to community (Interpeace, 2023b).
- > **Youth unemployment and underemployment.** Conflict exacerbates youth unemployment and underemployment by disrupting the education and job opportunities of young people. In Elgeyo Marakwet county, for example, the young represent a significant portion of the population but have few opportunities to advance themselves professionally or economically. As a result, their incomes are low and they stand little chance of improving their socio-economic status.
- > **Gender disparities in access to economic opportunities.** Conflict heightens economic gender disparities. Women and girls are disproportionately affected by breakdowns in social services, loss of livelihoods, and violence and exploitation. Traditional gender roles may also limit women's participation in the formal economy, constraining their ability to contribute to household income and economic development.

Moderating effects of the peacebuilding activities of Interpeace and other actors

The three counties under study have benefited from a number of peacebuilding interventions, including by the National Cohesion and Integration Commission of Kenya, Interpeace and others. These interventions have helped to create conditions for lasting peace by investigating the root causes of conflicts, documenting sources of resilience in local communities, and enabling community leaders and their communities to analyse the history of their conflicts with other communities and agree practical steps that start to resolve them.

By amplifying the voices of local communities on matters of peace and security and increasing participation and local ownership in strengthening and maintaining peace, Interpeace and its partners have been able to identify and put in place mechanisms that restored safety and security by building social trust and mechanisms of practical cooperation. In several instances, the active participation of peacebuilding actors helped to reduce the frequency and severity of local conflicts: as a result, the number of violent raids, deaths and injuries declined, roads and markets re-opened, trade increased, social capital and collaboration across communities improved, etc.

- > **Conflict prevention and early warning.** Peacebuilding actors have worked to prevent conflicts from escalating by monitoring tensions, identifying early warning signs and intervening proactively to prevent confrontations. In Mandera, for example, with the support of Interpeace and others, warring clans signed (among others) the Umul Accord (2016), the Granada Peace Resolution (2019), and the Banisa Peace Declaration (2023). These have stood the test of time and continue to be honoured.
- > **Stopping violent attacks and killings among rival communities.** Interpeace and other peacebuilding organisations have learned to prefer conflict resolution mechanisms and reconciliation processes that communities and their leaders control and initiate. They work with communities to strengthen dialogue, explore historical grievances and promote intervillage dialogues between conflicting groups. Such interventions have enabled communities to halt targeted killings, reduce tension and gradually lower levels of hostility. The more stable environment that results has allowed business and productive activity to recover, which further improves conditions for peace.
- > **Establishing peace and cohesion policies at county level.** Peace and cohesion policies guide the ownership, adoption, implementation and sustainability of peace and cohesion strategies in the county. They are anchored in the Constitution of Kenya (2010), the County Governments Act (2012) and the Intergovernmental Relations Act (2012), and also draw on the National Policy on Peacebuilding and Conflict Management (2012).
- > **Strengthening peacebuilding structures to foster peace and cohesion at county level.** As a result of the peacebuilding work of Interpeace and other peacebuilding actors, in cooperation with county governments, inclusive mechanisms to co-ordinate peace and promote social cohesion have emerged in Elgeyo Marakwet, Mandera and Marsabit. These run peace actors forums, conflict management committees and intervillage dialogues. They amplify the voices of local communities on matters of peace and security, increase their participation and local ownership, and thereby create an environment conducive to sustainable investment and development.

Normal business operations have resumed in Marsabit town, for example, and children have returned to school.

- > **Capacity building and empowerment.** Peacebuilding actors have strengthened the capacity of local communities, civil society organisations and government institutions to manage conflicts effectively and promote peace. In Mandera county, their training programmes, workshops and capacity-building initiatives have enabled community leaders to nip many local confrontations in the bud. In 2020, for example, when two herders were killed by suspected Garre clan members in Banisa, local elders were able to present the culprits to law enforcement within 24 hours and three individuals were charged with murder in Mandera court for the crime.⁷
- > **Political inclusion and governance reform.** Peacebuilding efforts by Interpeace and other actors aim to address the problem of perceived political marginalisation and promote inclusive governance and resource allocation. In Marsabit and Mandera counties, for example, peace actors have advocated for inclusive governance structures and processes, the participation of marginalised groups, women, youth and minority communities, and better access for them to political positions and employment opportunities.
- > **Socio-economic development.** Peacebuilding actors have supported socio-economic empowerment initiatives that address the underlying drivers of conflict and promote sustainable peace. Such initiatives include employment creation through small grants to promote diversified livelihoods (beekeeping, chicken rearing), livestock health programmes, provision of incomes for the elderly, investment conferences to market the region, and delivery of social services and humanitarian aid after droughts.
- > **Resource management and livelihood support.** Some peacebuilding actors have focused their efforts on sustainable resource management. They promote fair and efficient use of resources, such as water and pasture, as well as access to such resources. These initiatives can mitigate competition between pastoralist communities and reduce conflicts caused by resource scarcity.
- > **Infrastructure development.** Some peacebuilding interventions focus on restoring or developing infrastructure that has been damaged or neglected as a result of conflict. Such interventions encourage links, reduce transport costs and improve conditions for investment. Good infrastructure (roads, electricity supply, schools) contributes to economic growth by enabling the movement of goods and people, increasing productivity and creating skills.
- > **Cross-border co-operation.** Peacebuilding activities can facilitate cross-border co-operation, especially where borders are porous, as in Marsabit and Mandera. Collaboration with neighbouring countries to operationalise one-stop border points will increase trade, reduce conflicts and create opportunities for regional economic integration.
- > **Climate resilience programmes.** Given the impact of climate change on conflicts in the region, peacebuilding activities may include programmes focused on climate resilience. These initiatives can help communities to adapt to changing environmental conditions and reduce competition for scarce resources.

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7 Personal communication, Gadudow. Source: Chair, Banisa Peace Committee, 25 December 2023.

> **Collaboration with professional organisations and other stakeholders.**

Interpeace consistently collaborates with professional organisations and other stakeholders. For example, it has worked with Parklands Baptist Church to encourage peace and development in Elgeyo Marakwet county.

> **Youth engagement and empowerment.** Youth empowerment programmes focus on skills development, learning and exposure trips, and meaningful participation in community affairs. Young adults who participate in such programmes tend to become active contributors to community development and are less likely to be drawn into conflict-related activities.



Section 3 – Mapping potential peace-positive investment opportunities

This chapter describes the unique environment in each of the three counties, their conflict dynamics, and opportunities for peace-positive investment and economic growth.

Mandera county

County overview

Mandera county is a border county located in the northeastern corner of Kenya. Somalia lies to the east and Ethiopia to the north; the area is commonly referred to as the Mandera Triangle. The county has six constituencies: Bainsa, Lafey, Mandera East, Mandera North, Mandera South, and Mandera West. Mandera town is the largest urban centre and is the county headquarters. The county has an estimated population of one million and covers an area of 25,797 km². Its climate is classified as arid. Rainfall is erratic; about 255 mm of rain fall annually. The average temperature is above 30°C (County Government of Mandera, 2022). The Dawa, a seasonal river, runs along the border between Ethiopia and Kenya and supports the population of three of the constituencies (Banisa, Mandera East and Mandera North) as well as irrigation activities in Rhamo and Mandera towns.

The economy of Mandera county is primarily based on pastoralism, trade and small-scale agriculture. Herding, particularly of camels, goats and sheep, is the predominant livelihood activity. Trade plays a vital role in the local economy, facilitated by Mandera town's position as a key commercial centre and transit point for goods moving between Kenya, Ethiopia and Somalia. Agriculture remains constrained by water scarcity and the climate. However, water-fed subsistence farming and small-scale irrigation take place along the Dawa river.

Security remains a significant challenge in Mandera county because of its proximity to Somalia and Ethiopia. The county has experienced sporadic ethnic conflicts and also attacks by Al-Shabaab militants. Cross-border arms smuggling and human trafficking are issues. The Government of Kenya deploys security forces to address these challenges from time to time. However, insecurity continues to impact daily life and economic activities, hampering development efforts in the county.

As shown in Tables 1 and 2, Mandera is one of the poorest counties in Kenya. It has very poor socio-economic indicators, including low literacy rates and elevated child mortality and poverty levels.

Table 1: Population and socio-economic data – Mandera

	Mandera county	Kenya national
Population 2022	1,007,207	53,000,000
Urban population (%)	17	31
Area (km²)	25,939.8	582,664
Annual rainfall (mm)	255	680
Climate	Arid	Tropical
Religion	Islam	-
Ethnicity	Somali	Corner tribes, Degodia, Garre, Murule

Source: County Government of Mandera, 2022.

Table 2: Selected socio-economic indicators – Mandera county

	Mandera county	Kenya national
Poverty (%)	77.6	36.1
Literacy (%)	47.8	86.1
Access to electricity (%)	13.8	41.4
Access to piped water (%)	8	16.0
Access to communications technology (with phone) (%)	26.2	68.2
Paved road (tarmac) (km)	20	21,295 (2019)

Source: KNBS, 2022.

Table 3: Overview of agricultural and livestock resources in Mandera

Arable land (ha)	20,725	Goats	3,102,381
Area producing crops (ha)	8,554	Sheep	1,051,164
Cows	841,530	Chickens	68,529
Camels	997,650	Donkeys	184,025

Conflict dynamics in Mandera county

Like other counties with a diverse ethnic composition, Mandera has regularly suffered ethnic conflicts. These have roots in historical grievances, political marginalisation, tensions associated with land, and – more recently – international terrorism and fierce competition for devolved resources and political control (FCDC, 2020). Its unique location as a border county means that Mandera is at the intersection of complex political, cultural, migratory and international trade dynamics. The clans in Mandera are Degodia, Garre, Murule, and Corner tribes (a collection of smaller sub-clans mostly found in urban centres, such as Mandera town). Clans that live on both sides of international borders retain their clan identity. Because the borders are long and

porous, pastoralist communities cross them in all directions in search of pasture, water and livelihoods. Clan conflicts regularly occur during such migrations.

Because of its location, many local and international peace actors have been active in Mandera county. Kenya's 2010 Constitution created a National Cohesion and Integration Commission, whose core mandate is to promote national unity and equity, eliminate ethnic discrimination, peacefully resolve conflicts and uphold respect for diversity among Kenyan communities. In conjunction with Interpeace, local chapters of the Intergovernmental Authority on Development, peace agencies such as CEWERU/CEWARN and other peace actors, the Commission has supported the efforts of national government agencies, the county government, political leaders and elders to create local peace committees at county, sub-county and village levels in Mandera. The peace infrastructure that has gradually emerged has significantly advanced conflict prevention and resolution in the county.

These mechanisms, alongside traditional conflict resolution mechanisms such as Xeer, are able to mediate or resolve many conflicts. However, the proliferation of small arms, youth radicalisation, clan manipulation of political groups and competition for devolved resources are persistent irritants: these newer drivers of conflict remain problematic (NCIC and Interpeace, 2017).

Peace-positive investment opportunities and sectors identified in Mandera county

Background – The policy and enabling environment for development in Mandera

To advance sustainable peace and prosperity in the county, the government of Mandera county has developed policies and programmes that promote peaceful coexistence and incentivise private sector growth. To create a business-enabling environment, it has lowered bureaucratic hurdles, created co-operatives, and prioritised investment in sectors that have the greatest economic potential. It has also identified and mapped flagship investment opportunities and is exploring public-private partnerships in water resource management, irrigated agriculture, livestock production and extractive industries.

Mandera is joining the ranks of marginalised counties that have applied the resources allocated via the equalisation fund to improve key socio-economic indicators. Along with other counties in the Frontier Counties Development Council, Mandera's government wants to open the county to trade and investment in the key sectors of infrastructure, livestock value chains, agriculture, solar energy, trade, human capital development and mining. Unlike other counties, many of Mandera's natural resources have not yet been exploited: they include natural gas, limestone, precious minerals and extensive areas of arable land.

The county's integrated development plan highlights several flagship projects, including the Ethiopia Transport Corridor (a TransAfrica transport project connecting the port of Lamu to Ethiopia and South Sudan via Isiolo and Marsabit); the Development Response to Displacement Impacts Project; the National Safety Net Program Additional Financing; and the North Eastern Transport Initiative Project, a portfolio of six backbone projects valued at about USD 1 billion. The latter includes off-grid solar access projects, a climate smart agriculture project, water and sanitation projects, and 740 km of tarmac road and fibre-optic cables connecting Nairobi to Mandera. (Sources: County Government of Mandera, 2022; Government of Kenya and the World Bank, 2019.)

These megaprojects, that require financing by national government, the World Bank, donors and development finance institutions, have the potential to open the northern region of Kenya to local and foreign direct investment. The national government's decision to fast-track development investment in northern Kenya will particularly benefit Mandera due to its trade links with Ethiopia and Somalia.

In addition to these national projects, Mandera county has identified its own flagship projects to attract foreign direct investment and private sector investment. These include a large dam proposed in Mandera West sub-county (supported by UNICEF); a private sector scheme to transform the local health system; and a programme of the county's co-operative development department to provide interest-free grants to small and medium-sized enterprises. As noted, the county has prioritised certain economic sectors: human capital development; irrigated agriculture; livestock production and marketing; water resource management; mining; cross-border trade; and co-operatives (County Government of Mandera, 2022).

Commerce and trade opportunities

Trading and commercial opportunities are growing rapidly thanks to the injection of devolution funds from the national government, development partners and the county. All sectors have expanded exponentially in scale and sophistication, providing employment to thousands and supporting many small-scale enterprises. The county Ministry of Trade and Industry reported recently that new business licenses had increased tenfold since 2013, while the number of active co-operatives increased from 85 to 250 between 2013 and 2022 and four national banks (Kenya Commercial Bank, Equity Bank, First Community, and Gulf Bank) have opened branches. Over 24 bank agents operate across the six constituencies. The county government has constructed minimarkets with hundreds of stalls in each sub-county, providing income to thousands of households. A revamped national chamber of commerce has opened a branch in Mandera with the support of Mastercard, promoting several savings and credit co-operatives (SACCOs). The county has also made it easier to do business by introducing transparent licensing and electronic tax collection systems.

Potential peace impacts. Giving local entrepreneurs support and funding to establish small and medium-sized enterprises has stimulated economic growth and job creation and improved incomes for households. This can empower youth, women and marginalised groups to participate in the economy and contribute to community resilience, reducing the risk that these target populations might support or participate in conflict.

To integrate peacebuilding in Mandera's economic activity implies promoting inclusive economic policies that benefit all ethnic groups; supporting community-based initiatives that foster inter-clan cooperation; and encouraging conflict-sensitive business practices that do not exacerbate tensions. Capacity-building and training programmes for local entrepreneurs, particularly those from marginalised communities, would enhance economic participation and success. Additionally, targeted support for youth entrepreneurs would address a root cause of youth radicalisation: involving them in productive activities will reduce the influence on them of extremist groups. These strategies would collectively contribute to a more peaceful and cohesive society by addressing root causes of conflict and promoting economic stability and interdependence.

Livestock production opportunities

Mandera county has possibly the largest animal herds in Kenya. There is a robust livestock market in Mandera town, where hundreds of camels and thousands of goats are traded each day. Investment in modernised livestock farming techniques, livestock feed production and meat exports could increase the incomes of a large segment of Mandera's population. The livestock market is a hub for selling live animals destined for export to the Middle East through Somalia. The livestock product value chain has immense potential, notably in milk, hides and skin, and also in downstream inputs such as livestock feed and animal health products.

Potential peace impacts. Improved livestock management practices can reduce resource-based conflicts over grazing lands and water sources, improving intercommunal relations. The livestock market in Mandera town is a crucial economic hub that supports local livelihoods and significantly contributes to the regional economy. However, its activities are deeply entwined with local conflict dynamics. One known source of tension is the competition between Mandera's main clans (the Degodia, Garre, and Murule). The efforts of each clan to control the livestock market and its economic benefits lead to disputes over market space, access to buyers and pricing. These disputes often escalate into broader clan conflicts, reflecting historical grievances and rivalries.

Conflicts over control and access to grazing land and water points are common, especially during droughts. Increases in herd size intensify pressure on these resources, leading to clashes among pastoralist communities who rely on them. Mandera's border location introduces cross-border dynamics into its conflict landscape. Livestock traders and pastoralists frequently cross into Somalia and Ethiopia in search of better opportunities, which can lead to conflicts with communities across the border, particularly over trade routes and market access.

Militant groups like Al-Shabaab exploit local grievances and economic hardships, exacerbating conflicts. These groups can disrupt market operations, causing economic losses and increasing tensions between clans and livestock traders. Further, the intense competition and conflicts associated with the livestock market disrupt the way of life of many pastoralist communities, leading to displacement, loss of livelihoods and deepening poverty.

To address these issues, various peacebuilding approaches can be implemented. Establishing transparent management structures with fair clan representation could reduce tensions and promote cooperation. Strengthening traditional conflict resolution methods (such as Xeer) as well as modern approaches could regulate disputes effectively. Better cross-border cooperation with neighbouring countries could enhance the management of livestock movement and reduce cross-border conflicts. Improving security in the market and along trade routes would protect traders, herders and their livestock and establish a safer trading environment. Finally, promoting alternative livelihoods could reduce over-reliance on the livestock market and mitigate the intensity of conflicts.

Opportunities in irrigation agriculture

Mandera county has considerable amounts of arable land suitable for irrigation agriculture. Fresh horticultural produce is already grown along the Dawa river and sold in the local market. Other high-value crops grown in the county include beans, simsim, sunflowers and a unique type of black pepper used to manufacture blackseed oil. Beekeeping is common in many sub-counties, especially in Banisa, which has become a major supplier of honey to markets in Nairobi.

Potential peace impacts. High-value crops and beekeeping in Mandera County have the potential to contribute significantly to peace by diversifying the economy and reducing competition for resources. Like beekeeping, crops such as beans, simsim, sunflower and black pepper can bring in a substantial income and create alternative sources of revenue that alleviate poverty and reduce economic dependence on livestock. Such crops can also employ young people, steering them away from joining militant groups or engaging in clan conflicts.

The same activities can enhance social cohesion. Farming often requires collaboration and can bring together people from different clans, fostering interdependence and trust. Community-based cooperatives and associations can further strengthen social bonds by sharing profits and working collectively to improve production and access to markets. The involvement of marginalised groups, including women and youth, would promote social inclusion and reduce their marginalisation, which often fuels conflict.

Environmental benefits and better resource management could also flow from high-value crops and beekeeping. These practices promote sustainable agriculture, support biodiversity and improve land use management. Shifting from extensive livestock grazing to crop cultivation and beekeeping would reduce overgrazing and land degradation, common sources of conflict among pastoralist communities.

Integrating peacebuilding approaches in agricultural and beekeeping projects would ensure that these initiatives also address the causes of conflict. Programmes might include conflict resolution training, cooperative governance and equitable resource distribution. Provision of training in modern agricultural techniques and beekeeping could improve productivity and profitability and communicate conflict resolution skills. Ensuring fair market access and establishing fair trade practices could prevent exploitation and disputes over pricing and market control, enhancing economic stability.

Opportunities in human capital development investment

The county has introduced free primary and secondary education to curb school drop-out rates, improve literacy and accelerate human capital development. It has also established a teacher training college and technical vocational colleges that offer 60% scholarships to students from the county. Despite these efforts, there is huge scope for investment in secondary, tertiary and higher education for the local community and potentially students from across the border. Kenya's education system is believed to be superior to those of Ethiopia and Somalia. As a result, both countries send many students to schools and colleges in Mandera.

Potential peace impacts. Education and skills acquisition empower individuals and enhance their ability to create enterprises and exercise economic skills. Education breaks down cultural barriers between communities and can encourage mutual trust and cooperation to achieve shared goals. In this broad but important sense, it is a stabilising factor as well as a foundation of social and economic progress. Many of the peace pathways associated with education in Mandera are described in more detail in the Elgeyo county analysis below.

Water, transportation and renewable energy infrastructure

Mandera's weak infrastructure (energy, water supply, roads) is a significant barrier to private sector investment in the county. The lack of well-maintained roads limits access to markets, increases transport costs and complicates logistics. Investment in water resources has been minimal, even though the county experiences low rainfall and experiences recurrent droughts. The Dawa river and its tributaries carry significant volumes of water during the rainy season but dams have never been constructed to harness this resource. With respect to energy, Mandera depends heavily on diesel generators to supply energy to homes and industry though the county's abundant sunshine could be used to generate solar energy.

Since devolution, Mandera county has dedicated a substantial portion of its budget to building access roads, earth dams and boreholes. However, the development budget allocated to the county is simply inadequate to make a significant improvement to the overall quality of the county's infrastructure. Additional resources from the national government or multinational development agencies are needed to improve residents' quality of life and equip Mandera county to become a hub for cross-border trade and investment. There is a huge opportunity for direct foreign investment in these three sectors.

Potential peace impacts. Improved infrastructure can increase economic activity, reduce isolation and improve overall stability by connecting communities. Developing peace responsive water infrastructures (dams, water supply, wells) can increase water supply, especially during drought periods, and better access to water and better management of water will improve wellbeing and reduce tensions over this scarce resource. Access to reliable and sustainable energy also improves wellbeing and encourages and enables economic activity and autonomy. It is essential for environmental and economic reasons to invest in renewable energy resources (solar, wind).

Cross-border trade opportunities unlocked by infrastructure

As a border county, Mandera has immense potential as a hub for cross-border trade. Currently, a major bridge over the Dawa river is being constructed, which will link Mandera town to Suftu town in Ethiopia. The bridge will facilitate trade and the movement of people and goods. On the Somalia side, opportunities for cross-border trade are even greater. Since Somalia joined the East African Community, there are no longer restrictions on movement of goods or people between Kenya and Somalia. There are plans to develop one-stop-shops at all border crossing points to stimulate trade.

Potential peace impacts. The Dawa River bridge offers a major opportunity to transform the region's conflict dynamics. The bridge is expected to stimulate economic growth, strengthen social cohesion and improve security. At the same time, certain risks will need to be managed to ensure the bridge contributes positively to peace and stability.

The bridge can streamline the movement of goods and people between Mandera and Suftu, boosting cross-border trade. Easier access to markets can both grow and diversify the economy: this will reduce poverty and potentially subdue some of the economic grievances that fuel conflict. Increased economic interdependence between the two towns is likely to promote cooperation, bringing mutual benefits that may also reduce the likelihood of conflicts driven by economic competition. More generally, one of the bridge's indirect effects will be to create more jobs, making individuals and families less likely to engage in conflict over scarce resources.

By facilitating contact between communities in Mandera and Suftu, the bridge will promote social cohesion. Regular social and cultural exchanges can build trust and understanding and reduce ethnic and clan-based rivalries. Because educational and health facilities in both towns will be more accessible, co-operation and exchange in these areas will also increase. By linking communities, the bridge can damp down historical grievances and strengthen inter-community relations. Joint community projects and cultural events can be organised more easily, enhancing social ties.

There are also evident risks. While the bridge can facilitate legitimate trade, it may encourage smuggling and illegal activities. Effective customs and border controls will be essential to mitigate this risk.

Health and communications technology

A private information and communications technology company (Solitone) is laying fibre-optic cables throughout Mandera municipality, which will make internet services available to offices, businesses and homes. The county is setting up innovation hubs in various market centres to provide access to e-commerce and e-learning and stimulate the artistic and creative industries. There is considerable scope for growth and the county has attracted expressions of interest from Google, IBM and other major information technology companies.

In the health sector, the county has provided health sector providers with land and buildings, where they can equip specialist offices to serve the health needs of the county and cross-border communities. The county has received an expression of interest from Elsméd, a private sector investor that deploys drones to deliver medical samples and supplies.

Potential peace impacts. The communications technology industry is a major growth industry that can improve connectivity and social cohesion. Using appropriate peacebuilding approaches, social media can reduce community tensions, for example by diffusing fact-checked updates, or peace messages from respected leaders and clan elders. Communications technology can be employed to enhance coordination, improve social cohesion, share information, promote security and facilitate cross-border collaboration. Real-time resource tracking and GIS mapping tools can help development actors to distribute resources equitably and so reduce competition and grievances. Early warning systems and mobile health solutions can enhance security and healthcare access, and cross-border health information systems can improve health delivery as well as cooperation between the Kenyan and Ethiopian authorities. Additionally, transparent digital financial systems can reduce corruption, foster trust and increase stability. Access to health services is an important driver of conflict in the area and information and communications technology can provide valuable tools for scaling up health care delivery.

Marsabit county

County overview

Marsabit county is a member of both the Frontier Counties Development Council and the regional economic block. It hosts 14 distinct communities, including Borana, Buri, Dasenach, El Molo, Gabra, Garre, Konso, Rendille, Sakuye, Samburu, and Turkana, among others. The county reported a population of 525,516 in 2023. Its land area of 71,905 km² makes it the largest county in Kenya.

Marsabit shares an international border with Ethiopia to the north, and borders Turkana county to the west, Samburu county to the south, and Wajir and Isiolo counties to the east. Marsabit town, the county's headquarters, is approximately 531 km from Nairobi city. Moyale is the county's second major town; smaller urban centres include Laisamis, Logologo, Loiyangalani, Maikona, North Horr, Sololo, and Turbi.

Agricultural production in the county is diverse, but dominated by pastoralism. 81% of the population are pastoralist, 16% are agropastoralist, 3% have other livelihoods. The main domestic animals reared in the county are cattle, goats, sheep, camels, donkeys and poultry. Beekeeping is also practised in Marsabit; fishing mainly takes place in and around Lake Turkana. The crops grown include maize, green grams, wheat, teff, beans, millet, vegetables (kales) and fruit (mango, orange and avocado). Fruit trees are limited to areas around Mt. Marsabit and Sessi in Moyale.

The county's climate is arid and semi-arid. Topographically, it is composed of an extensive plain, at an altitude of 300 to 900 metres, that slopes gently to the southeast. Most parts of the county are arid, except for Mt. Marsabit, Mt. Kulal, the Hurri hills and the Moyale-Sololo escarpment.

Over the years, the county has experienced complex patterns of peace and conflict, shaped by a combination of historical, political, socio-economic, environmental and cross-border factors that combine to pose a challenge to the county's socio-economic development.

Table 4: Population and socio-economic indicators, Marsabit county

	Marsabit county	Kenya national
Population (2023)	525,516	55 million
Population growth rate (%)	3.4	2.2
Urban population projection 2025 (%)	23.32	31
Human development index	0.4375	0.575
Area (km ²)	71,905	582,664
Absolute poverty rate (%)	63.7	36.1
Multidimensional poverty rate (%)	85.8	52.5
Climate	Semi-arid and arid	Tropical
Religion	Islam and Christianity	-
Land use	Farming: 3%, Grazing land: 90%, Land under urban settlement: 7%	
Ethnicity	14 tribes; the Borana, Gabbra and Rendille are the majority tribes which are often in conflict.	

Source: KNBS, 2023.

Conflict dynamics in Marsabit county

Threats to peace and security in Marsabit county are closely linked to legacies of state violence and marginalisation (Lind et al., 2017; NCIC and Interpeace, 2017). Historical injustices, neglect and repressive state policies have led to political and economic marginalisation of the region and underdevelopment. In 1964–67, on the grounds that they were “collectively responsible” for the shifta insurgency, state security forces used indiscriminate violence against the local Somali population. Although the conflict officially ended in 1967, state-sponsored violence and intimidation continued against Somali residents (Haider, 2020). After political liberalisation in the early 1990s, clan conflicts and competition for scarce resources created conditions for a new wave of violence in northern Kenya (Chome, 2019).

Conflict in Marsabit county is driven by a combination of historical, environmental, political, socio-economic and cross-border factors. The county is characterised by arid and semi-arid conditions, making it susceptible to resource-based conflicts, particularly over water and pasture, as communities migrate in search of these scarce resources. Historical marginalisation, ethnic tensions and cross-border issues further complicate the conflict landscape. Cattle rustling has been a longstanding practice in the county. It has generated cycles of violence among communities living in and outside the county. Ethnic and tribal tensions are further exacerbated by clan competition for limited resources. The impact of climate change has been multifaceted. After most of their livestock died during the prolonged drought in 2020–23, communities were forced by destitution to suspend their hostility. On the other hand, cyclic conflicts have significantly reduced communities’ resilience: they are much less able to cope with or adapt to the effects of climate change.

In the last decade, efforts have been made to build lasting peace: it is a necessary condition for economic development and transformation of the region. Recent policy and constitutional developments offer hope that northern Kenya’s marginalisation may, at last, end. At a national level, Kenya Vision 2030 prioritises the development of arid and semi-arid areas. Sessional Paper No. 8 (2012) on National Policy for the Sustainable Development of Northern Kenya and other Arid Lands outlines a policy agenda for realising the goals of Vision 2030. The system of devolution introduced by the Constitution of Kenya in 2010 assigned powers and development functions to county governments. The Constitution also stipulates that at least 15% of national government revenue is to be allocated to county governments and that a further 0.5% is to be paid into an equalisation fund and allocated to marginalised areas to finance the delivery of public services, including roads, water, electricity and health services (FCDC, 2022).

Peace-positive investment opportunities and sectors identified in Marsabit county

Many sectors within the county offer investment opportunities. This report focuses on sectors in which, if they are designed well, investments can evidently promote peace or reduce conflict. These sectors are: Water resources and irrigation, the energy sector, agriculture, human-capital development, livestock, fisheries and manufacturing. Specific opportunities are listed and described below.

Water resources and irrigation

Water aquifers can be harvested to provide a stable water supply for homes and offices, irrigation and agropastoralism. There are many reasons to scale up water investments. Water is scarce in Marsabit county because rainfall is limited and erratic. To make water available during the dry season, rainwater and other sources of water (such as groundwater) need to be stored. In most areas of Marsabit county, water pans, underground tanks and infiltration ponds have potential to provide such storage. In addition:

- > Pastoralists are increasingly choosing to settle and shift from pastoralism to agropastoralism. This is raising water demand in towns such as Loiyangalani, Laisamis, Sololo, Marsabit town and, especially, Moyale.
- > More than 60% of households in the county rely for water on 60 boreholes and about 850 (unprotected) shallow wells.
- > Only the piped water in Marsabit town is treated at a water supply plant. Water from other sources is untreated and often saline.
- > More prolonged droughts, combined with rising water demand, have caused water levels to fall and there are acute water shortages during the dry season.
- > The population is forecast to grow at 3% per year: by 2025 the demand for water will rise by more than one third (35%).

Multipurpose dam projects can generate viable revenue streams for water utilities. Investments would need to map appropriate sites for their construction, with the aim of forming water storage reservoirs that could serve the growing urban and rural population in Marsabit. The dams should have the potential to produce hydropower, supply water for domestic and industrial use, and meet the needs of agriculture by, for example, irrigating fodder crops and feeding water points for livestock. They should also enhance the potential of industries that have high employment potential: fisheries, livestock, tourism, navigation and environmental conservation, among others.

Potential peace impacts. Investing in mapping and harvesting water aquifers will improve access to clean, affordable, reliable and secure water resources for home use, irrigation and livestock. This will significantly reduce competition for water and grazing land and allow communities to engage in agropastoralism as an alternative source of livelihood. It will also ensure that an adequate supply of clean water is reliably and affordably available to communities that must otherwise travel long distances to obtain it.

Energy sector

Energy investments can generate reliable long-term revenue streams if connected to wider energy markets.

Solar power generation

- > Kenya lies across the Equator and receives daily insolation of 4-6 kilowatt hours per square metre.
- > A vibrant solar energy market has developed in Kenya due to rising demand for affordable, clean energy to supply homes and institutions remote from the national grid.
- > Other East African Community member states and members of the Common Market for Eastern and Southern Africa regions could potentially widen the market.
- > Participatory land acquisition processes are essential for such investments.

Energy is an investible theme in Kenya, but it requires a Peace Finance approach

Large solar power projects in Marsabit County, Northern Kenya, offer a compelling opportunity whose returns might compare with those of other successful renewable energy projects in the country. Projects like the Lake Turkana Wind Power and the Garissa Solar Power Plant have achieved equity IRRs of 15-20% and debt IRRs of 5-8%, with payback periods ranging from 6-10 years. These returns are supported by long-term power purchase agreements (PPAs) with Kenya Power, government incentives (tax exemptions, feed-in tariffs), and additional revenue from carbon credits. Despite initial capital investment and operational challenges, the high solar potential, growing energy demand and supportive regulatory environment in Kenya make large solar projects in Marsabit financially attractive and sustainable. The key learning from these projects has been the importance of community buy-in. Communities have rejected projects when they have perceived that benefits or land acquisition processes were inequitable.

Wind power generation

- > Preliminary wind resource assessments have shown that wind regimes in parts of Kenya (Turkana, Marsabit, Meru, Ngong, the Coastal region) can support commercial electricity generation because they enjoy wind speeds ranging from 8-14 metres per second.
- > The country has the potential to produce over 800 MW of wind power annually for sale to the national grid.
- > Community based processes are key to success. Investors must involve local communities, acquire land transparently and with care, and ensure benefits are shared.
- > The proposed Bubisa Integrated Wind Power Development illustrates the possibilities. It expects to generate over 50MW, develop auxiliary infrastructures, exploit mineral resources, and develop water resources for irrigation and catchment conservation.
- > The proposed Chalbi Desert Integrated Development is another significant windpower project. It expects to generate 1,200 MW, exploit salt mineral resources to develop a glass and salt factory, and supply water for irrigation and catchment conservation.

Biofuel production

- > Kenya requires approximately 200 million litres of ethanol per year to supply the demand for a national 10% (E10) blend at current consumption levels.
- > Demand is projected to grow to approximately 14,6 billion litres by 2030.
- > It is possible to grow *Jatropha* and sweet sorghum, and process them into biofuel, in arid and semi-arid areas of the country.
- > Biofuel production would generate jobs for consultants with a background in biotechnology and related industries.

Potential peace impacts. Energy supply – more specifically, electricity – is a key catalyst of industrial and business development. Investments in solar power in the fragile contexts of Elgeyo Marakwet, Mandera, and Marsabit counties in Kenya can address the root causes of conflict. A secure affordable electricity supply will improve access to essential services, create economic opportunities and reduce unemployment, helping to alleviate marginalisation and historical and political grievances that feed conflict. Well-designed sustainable water management and alternative livelihood projects can mitigate land- and resource-based conflicts. Inclusive solar and wind power projects can foster community cohesion and counter ethnic tensions by involving different communities in shared benefits. Solar power can bolster security facilities, reducing the threat of terrorist groups, while improvements in their socio-economic situation will make communities less interested in radicalisation. Sustainable energy solutions can help communities adapt to climate change, and reduce environmental degradation and competition for resources. Lastly, involving youth in the solar industry can provide meaningful employment and reduce their participation in harmful cultural practices, such as cattle raiding, thereby promoting peace and stability.

Agriculture

Crop farming and irrigation need significant investment. For instance:

- > Initiatives to improve the productivity and management of rain-fed agriculture could: (i) accelerate the adoption of modern varieties of cereals; (ii) increase the availability of hybrids; (iii) improve soil fertility and soil management; (iv) strengthen agricultural water management; and (v) introduce technologies that improve crop productivity.
- > Investments in small-scale irrigation could increase food production, employ more young adults and women and reduce food insecurity in the county. Such projects would target a large population of local people who practise crop farming and could lower costs, decentralise management and involve large numbers of farmers. Small-scale irrigation is also relevant for a wide range of mixed-farming systems used by many poor farmers to produce food for subsistence and sale.
- > Projects that test the impact of different technologies on rain-fed agriculture could: (i) improve drought-tolerant varieties; (ii) improve heat-tolerant varieties; (iii) test fertilisers; (iv) extend water harvesting; and (v) support farmer-managed natural regeneration of indigenous trees.

Potential peace impacts. In general, investments in crop farming and irrigation can address multiple drivers of conflict by enhancing economic opportunities, promoting social cohesion and improving resource management. All these outcomes lead to more stable and peaceful communities. Peace finance Investments in crop farming and irrigation in Elgeyo Marakwet, Mandera, and Marsabit counties could address

conflict by improving socio-economic opportunities and access to basic services, thereby reducing feelings of marginalisation. Efficient resource use and enhanced food security could mitigate land and resource-based conflicts, while inclusive agricultural projects would encourage inter-community collaboration and reduce ethnic tensions. Such investments could also empower marginalised communities, promote cross-border cooperation, enhance local resilience, assist farmers to cope with climate change and reduce the attraction of terrorism and harmful social practices (such as cattle raiding). By demonstrating the government's commitment to economic security and alternative livelihoods, especially for youth, such initiatives could also build trust between communities and public authorities.

Human capital development through education

Marsabit needs investment in tertiary and vocational training institutions.

- > Education is the most effective long-term pathway to livelihood diversification. Education and vocational training prepare youth and women for employment in a range of trades and equip them to start low-capital enterprises and participate in savings and credit groups. These skills help to share risk, spread capital and increase bargaining power when negotiating with others in the value chain.
- > The region is predominantly youthful, yet faces significant challenges in education and employment. The literacy rate stands at around 54% and enrolment in primary schools remains much higher than enrolment in secondary schools. There are insufficient secondary schools, vocational centres and higher education facilities. Employment opportunities are scarce; most of the population is engaged in pastoralism, small-scale agriculture and informal sector activities. The unemployment rate is high, particularly among young adults, and there is an evident technical and professional skills gap.
- > The internet is not widely available and digital literacy is poor, which hinders economic activities and mobility.
- > Despite these challenges, there are opportunities to develop the county's human capital. Government and NGO initiatives aim to improve education, healthcare and vocational training. The large youthful population has considerable economic potential if development programmes are targeted and implemented effectively.
- > Concessional or grant investment for education will be necessary to increase domestic private sector capacity and other relevant skills.

Potential peace impacts. Investment in education and vocational training will equip young women and men with the skills they need to diversify the economy and make a living. This can transform their lives because their incomes will rise with their skills and will depend less on exploiting natural resources. Skilled women and young people can start businesses and create jobs in their communities. Investing in education can also influence political attitudes and contextualise historical grievances and feelings of marginalisation. Education can promote inter-ethnic understanding and tolerance and reduce ethnic tensions and the spread of misinformation via social media. If they act as community hubs, schools can enhance cohesion and provide neutral spaces for conflict resolution. Educated communities tend to adopt better resource management practices, which will mitigate resource-based conflicts and improve environmental conservation. Offering young people opportunities to educate themselves, combined with a participatory and inclusive approach to political issues, can reduce their vulnerability to recruitment by militant groups.

Livestock sector

- > **Camel milk processing.** The camel milk subsector in Marsabit is large and has the potential to permanently change the livelihoods of poor communities living in the county, reduce malnutrition and risks to child health, and improve communities' food security. Investments in camel milk processing could significantly increase food security and nutrition, raise the incomes of poor households, and help to empower and employ youth and women.
- > **The fodder value chain.** Production of fodder is vital in Marsabit, both to create value and to manage drought. Positioning fodder distribution points near market centres and on drover tracks can ensure that fodder is available. Involving women and young people in fodder associations can improve their economic situation, the marketing of fodder and the availability of seeds; bulking products in stores also reduces prices. Fodder production and distribution require cooperation and investment in the sector could strengthen social cohesion. There are opportunities to collaborate with the county government, which might purchase and stockpile fodder when it is plentiful to create a reserve for distribution during periods of drought.
- > **Feedlots for commercial beef cattle.** Several potential investment opportunities exist in this area. Feedlots are needed to provide water and feed and produce surpluses for sale. Cattle need to be bred, fattened and marketed. And there are opportunities to develop and integrate commercial production on a large scale.
- > **Livestock insurance.** Investment could help to mitigate risks from weather, disease, theft and rustling. Such interventions could improve the resilience of pastoralists and enhance livestock production. Few insurance companies offer livestock insurance products in Marsabit, despite the needs of this subsector, and there is clearly an investment gap in insurance products for livestock and livestock-based enterprises. This is a critical piece of infrastructure that development finance actors might facilitate by providing concessional support to insurance partners.
- > **Integrated community livestock development.** Portfolio investments that seek to develop interconnected investments can identify opportunities in this sector. Interventions might involve construction and operationalisation of abattoirs, development of hide and skin processing facilities, establishment of ranches to grow livestock feed, creation of a disease control centre, investment in marketing and market linkages, and community support. The county government can provide land for investors. The adoption of a build-operate-transfer (BOT) model has been discussed in Marsabit to finance such projects.
- > **Livestock vaccines and drugs manufacturing plants.** Kenya intends to increase national livestock vaccination from 10% to 80%. To meet this goal, the northern region will need to increase its capacity to produce vaccines and drugs of appropriate quality. There is therefore an investment opportunity to establish modern facilities to enhance livestock vaccine and drug production for a range of diseases and in sufficient quantities for local and international markets.
- > **Facilities to improve the production of certified breeds of livestock.** The distribution of certified livestock breeds would improve livestock production in the region. Opportunities include investments to establish facilities for the production of germplasm, livestock breeding centres, liquid-nitrogen production plants, distribution cold chains, and livestock multiplication units and hatcheries, among others.

Potential peace impacts. Investing in the livestock sector in Marsabit county can address conflict dynamics by providing socio-economic opportunities, improving access to services and fostering community cohesion. Enhancing livestock management can create jobs, reduce poverty and address historical grievances. Improved pasture and water management can mitigate land and resource-based conflicts, while inclusive livestock projects can reduce ethnically-driven tensions by promoting collaboration across communities. Empowering local communities through livestock investments can address feelings of exclusion and foster trust in government. These investments can also reduce reliance on negative cultural practices, such as raiding, by offering alternative livelihoods, especially for youth. They would also enhance the community's resilience and capacity to cope with climate change by promoting sustainable practices. In the course of involving communities in planning and implementing community-based cooperatives, livestock investments would build trust, reduce government inaction and foster a sense of ownership, contributing to stability and peace. The county government could purchase key livestock inputs, such as fodder, in surplus seasons, and stockpile them for redistribution in periods of drought. Such interventions would mitigate seasonal uncertainties and build community resilience.

There would be evident development benefits in terms of increased livestock production and output, enhanced food security and reduced dependency on pastoralism as a source of income. Jobs would be created for women and youth and child nutrition could also improve. Such interventions would expand pastoralists' livelihood options and their ability to invest in improving their herds.



Fisheries sector

- > **Lake Turkana fishery development.** There are many reasons to invest in this sector. Lake Turkana is Kenya's largest inland freshwater lake and contains over 48 species of fish (Government of Kenya, n.d.). Fishery resources in Lake Turkana have not been fully developed and exploited, largely because poor infrastructure causes high post-harvest losses. In addition, there is no organised and centralised marketing system and the monitoring control and surveillance system is weak, which hampers the enforcement of fishing regulations.
 - » *Enabling investment is required to organise and support beach management units to help land and handle fish before they are delivered to market. Investment is also needed to build and manage jetties and small ports and other infrastructure to underpin the subsector.*
 - » *The lake currently supports about 7,000 fisherfolk and 6,500 fish traders and transporters. Investment could assist these workers to re-organise as small and medium-size businesses, which would make their jobs more sustainable and strengthen the sector.*
 - » *Investment is needed in cold chain facilities, fish landing sites and fish market outlets.*
- > **Construction of a pilot wholesale hub.** The construction of an equipped and integrated megaproducer wholesale market, mainly for agricultural and fish products, would transform the production of and trade in fish. Investment opportunities include: construction and provision of cold-storage facilities; construction and maintenance of warehouses; sorting, grading and packaging facilities; quality testing facilities; parking and loading infrastructure; banking services; waste and refuse treatment facilities; and amenities for bulk weighing. After initial capital investment, cold storage could provide reliable returns.

Potential peace impacts. Fishing can provide very significant opportunities to improve the socio-economic status of communities living around Lake Turkana. It would enable communities to reduce child malnutrition and other child health risks and increase their food security. Fishing and fish marketing would become an alternative source of income for pastoralists, reducing conflicts that are triggered by competition for natural resources.

Sustainable fishing practices and improved water management could reduce competition for resources. If they promoted inter-community collaboration and supported conflict resolution mechanisms, fishery investments could build trust and reduce ethnic tensions. Sustainable practices would contribute to environmental conservation and climate resilience and would reduce environmental degradation. These are all sources of conflict. Community development initiatives that enhanced local governance would also strengthen trust and increase stability, as well as the responsiveness of local government. In this way, investments could enhance trust in the state and indirectly the competence and value of local government.

Manufacturing

- > **The Kenya Leather Park.** The 14 active tanneries in Kenya have a processing capacity of 2.28 million hides and 18.6 million skins. The leather industry generates USD 100 million annually and it is projected that the industry could earn ten times more if it exported processed rather than semi-processed products. To promote the leather industry, the government has set aside 500 hectares of land in Machakos county and is putting in place infrastructure for a leather industrial park that can



host additional tanneries and related facilities. The investment opportunities associated with this project include: construction of tanneries; construction and management of a shared tannery effluent treatment plant; and construction and equipping of leather-value facilities. As part of this wider project, small and medium-sized enterprise parks are to be developed at constituency level. These investments are designed to promote industrial dispersion and balanced economic development in the county. The national and county governments are working together, in conjunction with the private sector, to identify land, develop infrastructure and manage these small and medium-sized enterprises (SMEs)/industrial parks, and will welcome additional support from development finance partners.

- **Integrated fruit and vegetable processing facilities.** The forest in Saku sub-county provides arable land for cultivation and farming. The communities living in the area of this green belt farm crops and vegetables (maize, beans, wheat, pulses, fruits). There is an investment opportunity to establish a multicomponent integrated project that will increase the production of fruits and vegetables. Such an investment could improve food security, generate new income and reduce poverty in the region. The investor would need to establish an integrated fruits and vegetables processing plant and a viable business model.

Potential peace impacts. The creation of cottage industries and industrial parks will create jobs for youth and adult women and men, offer alternative livelihoods and reduce reliance on pastoralism. In addition, such initiatives will boost road-building and require the provision of electricity, security, water and schools. This will enhance peace and security because standards of living and health will improve and young people from rival communities will find employment and work together in the same parks and industries.

Elgeyo Marakwet county

County overview

Elgeyo Marakwet county, located in the North Rift region of Kenya, covers an area of 3,029.6 km² (0.4% of Kenya). The county is home to two principal communities, the Keiyo and the Marakwet; minority groups include the Kikuyu, Kipsigis, Maasai, Nandi, Ogiek, Sengwer, and Turkana. The county is divided into three distinct agri-ecological and physical zones: the Escarpment (Hanging Valley), the Lowlands (Valley), and the Highlands. Altitudes range from 900 metres in the Valley to nearly 3 000 metres in the Highlands. The county is bordered by West Pokot to the north, Baringo to the east, Trans Nzoia to the northwest, and Uasin Gishu to the west. The county is divided into four constituencies: Keiyo North, Keiyo South, Marakwet East, and Marakwet West. Administratively, it is divided into 20 county assembly wards, 72 locations and 206 sub-locations. The 2019 census reported a population of 454,480; the county's 99,861 households have an average of 4.5 persons per household. The population is expected to rise to 542,000 by 2030. The county has a poverty rate of 57%, which is higher than the national average (46%); its human development index stands at 0.53, which is below the national level (0.575).

The county's economy is largely driven by agriculture. Other principal economic activities include livestock and subsistence farming, fluorspar mining and small businesses. The main economic sectors are agriculture, health, education, trade and infrastructure. The road network (1,579.4 km) is 9.6% bitumen, 63.1% gravel and 27.3% earth. The county is known for its tourism and cultural attractions: it has 18 tourist sites (35% bed occupancy), three cultural museums, 156 cultural groups and one national reserve. The county's main religions are Catholicism and Protestantism.

The major economic activities in Elgeyo Marakwet county are agricultural: food crops, horticultural crops and industrial crops. Over 80% of households derive their income from agriculture. Major food crops grown in the region include maize, beans, wheat, bananas, green grams, groundnuts, sorghum, millet and cowpeas.

The agriculture and irrigation subsector promotes food security, creates employment, generates income and reduces poverty. Nevertheless, despite its potential, over half the population (about 55%) experience seasonal food insecurity due to overreliance on rain-fed agriculture. The county is also known for its sustainable natural resource management and for providing support services to enhance agricultural productivity.

In addition to agriculture, other economic activities in the county include sports (athletics), information and communications technology, and social services. These activities contribute to the overall economic and social development of the region. Overall, agriculture remains the backbone of the county's economy and efforts are being made to enhance its productivity, promote food security, improve livelihoods and reduce reliance on rain-fed agriculture. (Source: County Government of Elgeyo Marakwet, 2022.)

Conflict dynamics in Elgeyo Marakwet county

In the last 15 years, Elgeyo Marakwet county has experienced several inter-ethnic, political, or resource-based conflicts. The governance, development and peace of the Kerio valley have been disrupted by violent conflict between the Marakwet and Pokot communities, particularly over control of land and water resources (Elfversson, 2016). This conflict has affected the neighbouring counties, especially Baringo and West Pokot.

Elgeyo Marakwet County in Kenya has a complex history of conflicts rooted in ethnic and clan rivalries, resource disputes and political dynamics. The dominant Keiyo and Marakwet sub-tribes of the Kalenjin community distinguish numerous clans within each sub-tribe (such as the Kiptoo, Kipkenda, Kaben, and Kipyator), which often find themselves in conflict over land ownership, grazing rights and political representation.

Land disputes are a significant source of tension. Notable incidents include the 2019 clashes in Chesongoch between Keiyo and Marakwet communities over boundary disputes. Cattle rustling is another persistent issue, exemplified by the 2021 raids in Aror Valley, which resulted in violence and economic loss. Ethnic and clan rivalries tend to peak during election periods, as seen in the 2017 electoral violence between the Kiptoo and Kipkenda clans in Keiyo South.

Other conflicts documented in the county include:

- a. The 1968 Sangutan war. Hundreds of Pokot cattle raiders were massacred by Marakwet youth firing arrows from the riverbanks of the Marakwet Escarpment.
- b. The 1998 Tot massacre. Pokot raiders killed 14 Marakwet women and children during a polio vaccination campaign in the Tot area, leaving several families orphaned and widowed.
- c. The 2001 Tot massacre. Pokot raiders killed over 50 Marakwet and maimed many others during a cattle raid believed to have been politically motivated.
- d. 2007-2014. The Kenya Forest Service repeatedly attempted to forcibly evict Sengwer communities living in Embobut forest. Service staff burned these communities' houses, food and possessions in 2007, 2008, 2009, 2010, 2011 and 2013. In 2014, thirty armed Kenya Forest Service guards burned over 1,500 Sengwer homes in Embobut forest. These actions destroyed livelihoods and property, caused health problems from exposure to rain and cold, reduced access to education and increased overall poverty.
- e. 2018. Five people were killed and four others seriously injured in an attack during which more than 300 cattle were stolen at Chesogon market, along the border of West Pokot and Elgeyo Marakwet counties.
- f. 2018. In a fresh wave of cattle rustling attacks, more than 200 houses were set on fire in the villages of Kamelei and Kapsen on the border of West Pokot and Elgeyo Marakwet counties, forcing over 2,000 people to flee for safety.
- g. 2018. Four people, including one police officer, were killed in violent intercommunal clashes in the Kerio valley (NCIC and Interpeace, 2021).
- h. 2019-23. Sporadic attacks and revenge attacks between the borders of Marakwet, Baringo and West Pokot led to loss of lives and increased poverty.

These conflicts have had a significant impact on the local economy. They have disrupted agricultural activities, killed livestock and reduced tourism (Government of Kenya, 2017a). The county's vulnerability to climate change has also contributed to ethnic conflicts over pasture and water resources. High levels of poverty and unemployment have exacerbated the risks of violence, as communities compete for limited resources and opportunities. Agriculture accounts for 66% of household income and employs 53% of the labour force. According to government surveys, the county's level of social cohesion is around the national average.

Peace-positive investment opportunities identified in Elgeyo Marakwet county

Agricultural sector

As noted, Elgeyo Marakwet is predominantly an agricultural county. It has the potential to grow a wide variety of crops thanks to the environmental differences between its three ecological zones (Highlands, Escarpment and Lowlands). Crops are grown for both commercial (18% of agricultural land) and subsistence purposes (82% of agricultural land) (Government of Kenya, 2017a). Investments in this sector can significantly contribute to peace and stability. Supporting smallholders, promoting sustainable agricultural practices and investing in agribusiness and associated industries can enhance food security, create employment and reduce the likelihood of resource-based conflicts.

Key opportunities include:

- > **Development and promotion of value crops in the county's three ecological zones.** Scaling up production of sorghum, pyrethrum, potatoes, mangoes, green grams, cotton, coffee, tea and maize, including through irrigation, would meet rising demand for food, feed and fuel, increase export and industrial production and agricultural productivity, help to commercialise crops (through ginneries and cold rooms), and raise incomes along the value chains. Investments could deepen strategic alliances and stakeholder collaboration, promote gender and social inclusion, support climate-smart agriculture and improve manufacturing and environmental resilience.
- > **Production facilities for certified livestock breeds.** Investments to distribute improved and certified breeds (cattle, sheep, goats, poultry and bees), instal associated hatcheries, equipment and machinery, and introduce artificial insemination services, would raise farmers' incomes, increase productivity and improve the quality of herds. The growing demand for improved breeding techniques, such as artificial insemination and embryo transfers, creates opportunities to invest in: construction and maintenance of a germplasm production facility; a livestock breeding centre; a plant to manufacture liquid-nitrogen; a cold-chain distribution system; a livestock multiplication unit; and hatcheries, among others.
- > **Agri-food processing.** There is a demand for investments that add value to agricultural commodities and animal products. Opportunities include the construction and maintenance of an animal-product processing and packaging plant; construction and maintenance of agri-processing plants (for tea, coffee, legumes, cereals, fruits, vegetables, roots and tubers); production of animal feed; and training students and entrepreneurs in agri-processing. Some agri-processing enterprises (such as milk coolers) are already operational. They can be embellished by investing in milk-processing facilities and fortifying the milk value chain. A processing factory for tomatoes is nearing completion and is scheduled to begin operations soon. Mango processing is a development opportunity. Agri-processing will play a significant role in improving value chains and will also help farmers to earn more income and reduce post-harvest losses.

A potato processing plant in Elgeyo

The potato processing facility in Elgeyo Marakwet county is a major investment project that will stabilise potato prices for farmers and increase potato production. The factory is expected to produce 60,000 tonnes of processed fresh and frozen Irish and sweet potatoes annually. It is the first potato processing facility in Kenya and the third in Africa (after Egypt and South Africa). The Government of the United Kingdom and Select Fresh Produce Kenya Limited, an import-export business that handles both fresh and dry food, are partners in the project (Milling, 2023).

In its first year of operation, the project is expected to create at least 5,000 jobs (Siele, 2023). It should transform the local economy and will bring many benefits to smallholder potato farmers, not least by enhancing the potato value chain, stimulating economic growth and advancing stability in the region. It is expected to lower post-harvest losses, increase household income and livelihoods, improve economic wellbeing and stabilise potato prices.

This investment illustrates the effects that agri-processing projects can have and the peace impacts that can be leveraged through such investments.

Potential peace impacts. Investments in livestock production in Elgeyo Marakwet county can influence conflict dynamics by boosting economic empowerment and stability. By enhancing livestock production, communities can increase their income, reduce poverty, and address grievances related to historical marginalisation. Improved management of grazing lands and water resources can mitigate resource-based conflicts, particularly between the Marakwet and Pokot communities. Livestock projects can create employment opportunities for youth, reduce their involvement in violent activities, and foster collaboration between different ethnic groups, promoting peace and mutual understanding.

Agri-processing and agri-industry investments add value to livestock products and agricultural outputs, raising farmers' incomes and reducing economic disparities. Building infrastructures that support agri-processing facilities (roads, electricity, water supply) can enhance citizens' quality of life and reduce perceptions of neglect. Integrating local farmers in broader supply chains promotes the economic interdependence of communities, which encourages cooperation and trust. By diversifying the local economy, agri-processing reduces the community's reliance on traditional pastoralism, as well as resource conflicts and incentives to continue harmful traditional practices such as livestock raiding. Capacity-building activities associated with agri-industry investments increase the knowledge and skills of local communities, which promotes self-reliance, increases their economic choices and subdues sources of conflict.

If they incorporate sustainable practices that manage and conserve natural resources, such investments also promote environmental sustainability and reduce environmental degradation. These effects will reduce risks of conflict. They can include conflict resolution mechanisms and peacebuilding initiatives that address underlying causes of conflict and promote dialogue and cooperation. They can enhance local governance by improving transparency, accountability and community participation, rebuilding trust between communities and their authorities. All these outcomes will tend to reduce conflict.

Overall, investment in livestock production, agri-processing and agri-industry can transform conflict dynamics in Elgeyo Marakwet county by stimulating economic growth, promoting sustainable resource management, and enhancing community cohesion and governance, thereby helping to create societies that are more stable and prosperous.

Manufacturing sector

- > **Livestock feed processing facilities.** Investing in livestock feed processing facilities in Elgeyo Marakwet county would significantly enhance livestock productivity and economic stability. Access to quality feed can improve animal health, growth and reproduction, leading to higher incomes for farmers. During droughts, locally produced feed can sustain livestock, reducing mortality and economic losses. Such facilities would create jobs in manufacturing, logistics and sales, alleviating poverty and reducing economic grievances. Additionally, by ensuring a steady feed supply, competition for grazing lands would decrease, mitigating resource-based conflicts and encouraging inter-community cooperation.
- > **Hide and skin processing facilities.** Investing in hide and skin processing would stimulate the leather industry in Elgeyo. There are opportunities to invest in: facilities to process hides, skins and leather, such as tanneries; plants that produce leather goods; and other cottage industries relating to leather. The highland regions of Lelan and Kapyego are production sites for leather and wool. Hide and skin processing facilities can add substantial value to local raw materials, increasing farmers' and traders' incomes. Were hides and skins to be processed locally, and exported, it would generate high returns and foreign exchange. There are opportunities to create a range of jobs in tanning, leather crafting and quality control, which would reduce reliance on traditional agriculture. Developing leather-processing would diversify the local economy, give local communities new skills, raise their incomes and help stability.

Potential peace impacts. Investing in livestock feed processing and hides and skin processing facilities in Elgeyo Marakwet county could enhance economic stability and create jobs, thereby reducing poverty and subduing economic grievances, which are key drivers of conflict. Improving livestock nutrition and resource management would mitigate competition for grazing lands and water, and so reduce resource-based conflicts. Such facilities also foster inter-community cooperation and provide alternative livelihoods, which can reduce reliance on pastoralism and negative cultural practices, such as raiding. Economic diversification and skill development empower local communities, which also has the effect of subduing historical grievances and reducing marginalisation. Sustainable practices associated with such investments help to conserve natural resources, further reducing environmental harms that drive conflict. Overall, such investments have significant potential to transform the socio-economic landscape and foster peace and stability in the region.

Hydropower, water and irrigation sector

Several water, irrigation and hydro projects are proposed or operational in Elgeyo county. They have significant economic but also conflict-reducing potential, provided they are implemented in a conflict-sensitive way.

- > **Mosongo water project.** This cross-county infrastructure project is located in Elgeyo Marakwet, Uasin Gishu, and Trans-Nzoia. The project will build new water mains and distribution networks that will generate 10,000m³ of water per day. This is sufficient to meet the needs of 110,000 people in the three counties.
- > **Arror multipurpose dam project.** Because the county has an abundance of rivers, hydropower has considerable potential. The Kerio Valley Development Authority has played a significant role in the design of the Arror project. It is anticipated that the dam will produce 60 MW of hydroelectric power, increase the area under irrigation by 2,500 ha, supply water to meet the needs of 50,000 households, in addition

to livestock, and advance conservation by planting two million trees annually. Its conservation objective is to support the preservation of 18,500 ha of the Cherangany hills. Its social and economic objectives are to improve household incomes, promote food security and wellbeing, and increase agricultural and commercial activity.

- > **Kimwarer multipurpose dam project.** The Kimwarer dam and hydropower project is located on the Kimwarer river. It is bounded by the Elgeyo escarpment to the west and far south, and by the Kerio river to the east. The area of the Kimwarer river catchment is 136 km²; the dam riverbed lies 2,414m above sea level (Government of Kenya, 2017b). The dam is designed to produce 20 MW of electricity by means of two hydroelectric power stations along the Kimwarer river. The investment is expected to make an additional 2,000 ha of irrigated land available for crop farming to support the country's food security; supply and distribute potable water for domestic consumption and livestock; improve household incomes from agricultural activities; and expand commercial activity in the region.
- > Other significant water projects that may attract World Bank financing include the Moiben-Kuserwo water project, the Sabor dam, the Yokot dam and the Kimanich water project.

Potential peace impacts. Water and hydropower investments in Elgeyo Marakwet County could significantly influence conflict dynamics in the region. They aim to improve water distribution, enhance agricultural productivity and generate electricity, which can drive economic development and improve living standards. However, their implementation must be carefully managed to avoid exacerbating tensions.

The Mosongo Water Project, which spans Elgeyo Marakwet, Uasin Gishu, and Trans-Nzoia counties, expects to deliver clean water to 110,000 people. If its benefits are perceived to be unevenly distributed, it could heighten community competition and mistrust, particularly between the Marakwet and Pokot. Conversely, if managed inclusively, it could encourage cross-county collaboration, improve health outcomes and reduce resource-based conflicts.

The Aror and Kimwarer Multipurpose Dam projects are similar in this respect. While they can significantly boost food security, agricultural productivity and economic stability by increasing irrigation and hydropower generation, they could spark land and water allocation disputes. Effective community engagement, fair compensation for land use and environmental conservation efforts are crucial to mitigate these risks.

These projects can drive regional development, create jobs and reduce poverty, and so address some of the root causes of conflict. However, the manner of their execution will determine whether water and hydropower investments in Elgeyo Marakwet County worsen or reduce the incidence of conflict. A Peace Finance approach that connects peacebuilding approaches to development finance will achieve equitable forms of distribution and benefit, involve local communities in decision-making and prioritise environmental sustainability. The achievement of these outcomes is likely to determine whether these and similar projects promote peace and development or become sources of grievance and conflict.

Tourism sector

- > **Forest parks and ecotourism.** The county has many natural attractions: the Rimoi National Reserve, the Torok waterfall, the Cheploch gorge, the Iten viewpoint, the Teren rapids river ridge, the Cherangany hills, the Kipkunar, Koisungur and Kipteber hills, the Kiplachoch caves, the Highland forests, the Tingwa hills, the Kureswo

hot spring, and the Marakwet irrigation furrows are some of them. In addition, sports tourism has been on an upward trend: the county's high altitude and escarpment provide a unique environment for high performance athletes as well as recreational sports such as cycling, zip-lining, hiking, paragliding, motorsports and roller skating. Inadequate infrastructure hinders the expansion of these tourism sectors (County Government of Elgeyo Marakwet, 2022). The county is also home to many indigenous communities. Encouraging these communities to create cottage industries that produce traditional artefacts would create a new tourist opportunity as well as opportunities for micro, small and medium-sized enterprises.

- > **Proposed cable car project.** The county's topography includes hills, escarpments and mountain peaks. It is an ideal location for cable cars. The development of the Kamariny stadium near the escarpment in Iten in Elgeyo Marakwet, and the Kerio valley cable car next to Lake Kamnarok National Reserve in Baringo, offer two investment opportunities. Investments that develop forest parks and ecotourism can also attract tourists and create economic opportunities.

Potential peace impacts. Ecotourism and tourism investments in forest parks and in Elgeyo Marakwet County can positively impact peace and conflict dynamics, especially when they involve local communities in creating networks of micro, small, and medium-sized enterprises (MSMEs). Such investments can create alternative livelihoods, reduce poverty and detach communities from overdependence on land and livestock. If it promotes economic empowerment, advances environmental conservation and encourages cross-community collaboration, tourism can reduce tensions and contribute to social cohesion. Inter-community tourism initiatives can build trust, reduce the historical grievances of ethnic and clan groups and enhance their understanding of one another, promoting long-term stability.

However, to fully realise these benefits, it is crucial that projects distribute tourist revenue equitably, prioritise sustainable practices and involve local communities in their planning and implementation. Transparent and inclusive decision-making processes create a shared sense of ownership, and, because sustainable tourism can preserve natural attractions for future generations, a shared sense of purpose. Provided they adopt peace-sensitive processes, tourism investments in the county can transform potential conflict flashpoints into opportunities for economic development and peaceful coexistence.

Mining sector

- > **Fluorspar processing factory – Kimwarer.** The mining sector is important because it sources raw materials that feed downstream sectors and investments in Kenya; but mining has significant conflict potential. The Kimwarer facility processes calcium and fluorine (CaF₂), which are necessary for chemical, metallurgical and ceramic processes. Potential investors will be able to mine and treat fluorspar by leasing the government's current processing plant. Since the fluorspar deposit covers a large area of land, mining these resources will require compensation and significant community engagement as well as additional benefit sharing. A Fluorspar task force study has shown that, although the project has halted, the county government is making significant efforts to re-establish the industry.
- > **Other resources.** There are gold reserves along the Aror and Embô rivers, but very little gold is being mined. In the Aror region, the Kerio Valley Development Authority has been mining marble. A feasibility study will shortly become available that can be used to assess what additional technical research and exploration will be

needed to make fuller use of these mineral resources. That assessment needs to be accompanied by social and political analysis to understand the likely impacts of mining on local communities and which peace mechanisms could be used to mitigate them.

- > **Quarry, sand harvesting and cement.** There is potential to mine sand along the Kerio river. Building stone is plentiful in the county's southern section, particularly in the communities of Kipsaos, Kamwosor, and Kimwarer. In Rokocho, stone-crushing quarries are being built. Large amounts of murrum (laterite clay) can be found in the highland regions of Sergoit, Kimnai and surrounding areas. Additionally, terrazzo, which is used to build floors, can be found in Sergoit. These opportunities are ready for investors, especially private investors, to explore.

Potential peace impacts. The text box below sets out the key risks and opportunities associated with mining in relation to peace.

Assessing the mining sector and its potential to promote peace and conflict in Elgeyo

If they are not managed carefully and appropriately, mining investments in Elgeyo Marakwet County have the potential to exacerbate conflicts. Land disputes, environmental degradation, economic inequality and social displacement are among a number of issues that could heighten tensions between communities and between communities and mine managers. It is possible to mitigate these risks and even promote peace by consistently adopting inclusive decision-making processes, sustainable practices and relevant conflict resolution mechanisms. Mining enterprises need to actively involve communities and share benefits equitably to maintain social harmony and contribute to the county's economic development.

Mining's potential to exacerbate conflict dynamics

1. Resource competition and land disputes

- » **Land acquisition.** Mining projects often require large tracts of land, leading to the displacement of local communities. This could exacerbate land disputes, particularly between the Marakwet and Pokot communities, who are already sensitive to land ownership issues.
- » **Resource allocation.** Perceptions that the benefits from mined resources are distributed inequitably can heighten tensions. If one community felt marginalised or deprived of benefits, it could cause resentment and lead to conflict.

2. Environmental degradation

- » **Pollution.** Mining activities can result in significant environmental degradation, including water and soil pollution. This can affect agricultural productivity and access to clean water and could escalate resource-based conflicts.
- » **Ecosystem disruption.** Destruction of natural habitats can provoke loss of biodiversity, harming local livelihoods that depend on these ecosystems. This could fuel discontent.

3. Economic inequality

- » **Employment opportunities.** When mining creates jobs, these are not always equitably distributed among local communities. Some mines are also not labour intensive and create few jobs. If certain groups were perceived to be favoured over others, or communities felt shut out from employment, such grievances could cause unrest.
- » **External workers.** Mines may employ workers from outside the region because they possess specialised skills. Their presence can strain local resources and infrastructure. This might lead local people to feel excluded, potentially sparking conflict.

4. Social displacement and cultural impact

- » **Cultural erosion.** Mining operations can disrupt social life and also cultural practices, and may cause social dislocation in the community or loss of cultural identity.
- » **Community displacement.** Forced relocation, whether compensated or not, can lead to a community's disintegration. It breaks community bonds, increases vulnerability, and could lead to conflicts.

Community engagement and peacebuilding approaches to mitigate conflict

1. Inclusive and participatory decision-making

- » **Stakeholder involvement.** Investors should ensure that all stakeholders, including local communities, are involved in decision-making from the outset. Inclusion includes consultations, impact assessments, and negotiations, which should be transparent in order to build confidence and trust.
- » **Equitable benefit sharing.** Investors should establish mechanisms for fairly distributing mining benefits. Benefits might include community development funds, local employment quotas, and investment in local infrastructure and services.

2. Environmental management and sustainability

- » **Sustainable practices.** Investors should adopt environmentally sustainable mining practices to minimise ecological damage. These should include proper waste management, pollution control, and rehabilitation of mined areas.
- » **Community education.** Investment projects should educate local communities on sustainable practices and involve them in environmental monitoring and protection, to foster a sense of shared ownership and responsibility.

3. Conflict resolution mechanisms

- » **Mediation and dialogue.** Investors should establish platforms for regular dialogue between mining companies, local communities, and government authorities. They should make sure that grievances are identified and addressed promptly and make every attempt to resolve conflicts amicably.
- » **Local peace committees.** Investors would be well advised to create local peace committees composed of representatives from different communities to facilitate conflict resolution and promote understanding and cooperation.

4. Economic and social development programmes

- » **Skill development.** Investors should provide training and skill development programmes that enhance the skills of local residents, to ensure that they are in a position to benefit from employment opportunities offered by the mine and other local employers.
- » **Community projects.** Investors should fund community projects such as schools, healthcare facilities, and infrastructure improvements, to ensure that the benefits of the mine are felt broadly and contribute to overall community development.

5. Cultural preservation initiatives

- » **Cultural sensitivity.** Investors should respect and preserve local cultural practices and traditions. They should work closely with community leaders to ensure that mining activities do not erode the community's cultural heritage.
- » **Support for displaced communities.** Investors should provide adequate support for communities that are displaced, including fair compensation, relocation assistance and measures to maintain social cohesion.

Sports, culture and the arts sector

- > **Sports infrastructure.** Iten, a small town in Elgeyo Marakwet County, is renowned worldwide as a high-altitude training centre for elite long-distance runners. It has consistently produced world champion athletes. In develop this asset, the town has created 63 km of murram trails for running and training inside the town and another 12 km in the surrounding forests, as well as a two km segregated running lane along the road to Eldoret (Samuels, 2017). The county's sports department plans to develop a 42 km high-altitude running track and a 21 km lower-altitude training track. Raising the standard of these routes is a low-hanging investment opportunity; more opportunities are available in the sports industry and in youth sport.
- > **Regional sports academy.** Consultations for this research indicated the potential benefits of creating a sports talent cluster and regional sports academy. The academy would include accommodation, indoor sports facilities, administration buildings and fields. The project would offer a unique way to promote youth development in Kenya.
- > **Sport stadia and facilities.** The Iten Municipal Multi-Sports Complex and the Kamariny Sports Complex are developments opportunities which could create many jobs. After development, both could provide well-maintained sports and recreation facilities for training and competition, creating an enabling environment for young athletes and a location for international competition and championships. The sports complex is designed to include commercial pavilions, a sporting hall of fame and museum, a football pitch, an indoor sports hall, an urban sports playground, an elite hub and a sports park: it is a keystone project that aims to attract a well-trained local workforce, embed sports tourism in the county, attract world-class athletes and link sports tourism to other attractions in the county and North Rift region.

Potential peace impacts. Sporting activities promote social cohesion and provide fulfilling exercise and challenges for young people. Public-private partnerships can enhance the governance of sporting facilities, improve the services they offer and stimulate economic growth. Aside from these development impacts, it should be noted that many of Kenya's world-class athletes come from Elgeyo Marakwet and nearby counties. Belonging to different clans and ethnicities, some of which have historically been in conflict, these athletes can be role models and demonstrate the potential of cooperation across ethnic lines. By participating in and supporting inclusive sports events, mentorship programmes, and investment in local sports infrastructure, they can promote co-operation, mutual respect and the region's development. Their efforts can bridge divides, reduce tensions and contribute to long-term peace and stability.

Infrastructure sector

- > **Infrastructure development.** Potential infrastructure investments include the Biretwa–Chesongoch–Tot road and its connection to West Pokot; the Kilangata–Chesongoch–Tot–Chesegon road; the Chesongoch–Arror–Biretwo road; the Emsea–Kimwarer–Chepsirei road; and the Chesoi–Kapyego–Kapcherop road. These connections will improve access to markets, health facilities, educational institutions and other services and provide economic opportunities for all the residents of the Kerio valley. The Elgeyo Marakwet County Integrated Development Plan (CIDP) emphasises the importance of infrastructure development, particularly in the transport sector, to enhance connectivity and access to services (Delegation of the European Union to the Republic of Kenya, n.d.). Farmers will also be able to transport their produce to markets more easily, which will enhance food security, reducing the risks of resource-based conflicts (USAID, 2016).

Potential peace impacts. Investment in road infrastructure (as part of the CIDP) can significantly contribute to peacebuilding. Improved road networks enhance access and mobility and connect remote and marginalised communities to essential services (markets, healthcare, education). This reduces feelings of isolation and marginalisation, which are often sources of conflict. Enhanced connectivity promotes economic integration, eases the movement of goods and people, encourages trade and spreads access to economic benefits: these outcomes reduce competition for scarce resources.

It is nevertheless critical to plan and implement road infrastructure projects inclusively, in a manner that ensures that local communities benefit, including from employment opportunities, and participate in decisions that affect them. Doing this will ensure that communities' needs and concerns are addressed, forestall the formation of grievances and increase trust between the communities and government. Transparency and accountability in resource allocation and project implementation can reduce corruption and real or perceived favouritism, common sources of conflict. Clear and effective communication and accountability mechanisms will increase public confidence in government initiatives, promoting a cooperative environment.

The CIDP includes plans to build rural access roads that will link rural areas to main roads, improving people's contact with essential services and economic opportunities. They will help to reduce isolation and improve livelihoods, which will mitigate conflicts over resources. Inter-county and cross-border roads will enhance Elgeyo Marakwet's connections with neighbouring counties, which will promote regional cooperation, economic interdependence and social interaction. Urban and peri-urban road projects will improve infrastructure in urban areas, which in turn will attract investment, create jobs and reduce urban-rural disparities. These outcomes will address some of the root causes of conflict in the region.

Provided they adopt a conflict-sensitive Peace Finance approach, road construction projects create employment opportunities, particularly for youth and marginalised groups. This contributes to social cohesion, reduces the likelihood of conflicts (Interpeace, 2023c) and promotes intercounty relationships, interactions and trade.

Education sector

- > **Technical and vocational education and training (TVET).** TVET is a priority area for peace-positive investment in Elgeyo Marakwet county. The county reported a gross enrolment ratio of 13.7% in TVET, below the national average of 15%, and failed to reach the target of 20% enrolment by 2022 that it set in the Medium-Term Plan III and County Integrated Development Plan. Investors in TVET could contribute to peace and stability by addressing the skills gap, creating employment opportunities, and promoting economic growth and development. They would also provide opportunities for youth and marginalised groups to acquire skills and participate in the county's economic development, an outcome that would support social cohesion.

Potential peace impacts. Investing in TVET can significantly contribute to peace and stability in the county by addressing key underlying causes of conflict, including unemployment, economic inequality and lack of opportunities for youth. TVET programmes equip individuals with practical skills, reduce unemployment and promote entrepreneurship, which stimulate economic growth and alleviate poverty. Economic empowerment mitigates economic frustrations that often lead to social unrest.

TVET institutions also play a vital role in bridging ethnic and clan divides by providing inclusive training programmes that bring together individuals from different backgrounds. Their interaction encourages understanding and respect between communities. Collaborative learning experiences and joint projects can further promote teamwork and cooperation. Involvement in productive activities empowers young people to become positive change agents in their communities and also reduces idleness and frustration and the lure of negative behaviours.

TVET projects can be designed to support key community development initiatives and economic diversification, enhancing social cohesion and stability. By leading inclusive projects that train individuals in high-demand skills, TVET institutions can stimulate economic sectors that are considered key for political, social or economic reasons, and attract investment to the region.

Finally, with the right design, transparent and inclusive governance of TVET institutions builds trust in local governance and promotes collective responsibility. Integrating conflict resolution and peace education in TVET curricula could equip students with skills to manage and resolve conflicts peacefully, which might have a long-term influence on broader community interactions.

TVET: Combining business models for bankability and sustainability

Though they may need support from concessional loans or grants, TVET institutions can become viable investments if they adopt a mixed business model that is sustainable, profitable, and attractive to investors. Public-private partnerships (PPPs) offer such a model. Because government and private entities share funding and management, projects can draw in both public and private investments, ensuring a steady stream of resources, and training programmes can be aligned with industry needs, enhancing the employability of graduates.

Industry-sponsored training programmes offer another viable model. In this case, TVET institutions partner with specific industry sectors to meet their recruitment and skill needs. Such programmes generate revenue through company sponsorships and student fees and ensure that curricula are updated to meet industry standards. This approach guarantees employment opportunities for graduates, strengthens the institution's reputation and ensures that expectations are not built that cannot be maintained – an outcome that is critical for conflict reduction.

TVET institutions can also raise income themselves. On-campus production units or services (vehicle repair, catering) can sell products and services to the community. This model gives the students practical experience and raises income for the institution. A fee-for-services model also allows TVET institutions to charge for specialised courses, workshops and certification programmes. Institutions can respond flexibly to public demand for courses and training. Diversifying revenue sources can improve margins, particularly for specialised training.

Complemented by grants and donations from national and international donors, foundations and NGOs, these business models can provide substantial funding for TVET development and innovation. The additional income can support research and development projects but also apprenticeships and work-study programmes that combine practical work experience with education. These reduce the cost of training for students and deepen the institution's relationships with employers.

By combining these business models, TVET institutions can achieve financial sustainability, attract investment and significantly contribute to workforce development. These strategies can attract revenue, ensure that training is relevant to industry needs and promote operational efficiency, making TVET institutions attractive to both public and private investors.



Recommendations

While this pre-feasibility study has provided valuable insights into the potential of peace-positive investments in the three counties under study, more detailed feasibility studies will be required to bring this sectoral analysis to the next phase of diligence.

The recommendations below are addressed to potential investors, private enterprises, impact investors, development finance institutions, and multilateral development banks that wish to explore or make peace-positive investments.

- > **International donors should invest in the technical assistance that will be required to support peace-positive investment.** This initial mapping has identified many peace-positive investment opportunities in the three counties studied. It found clear links between development and peace; and confirmed the potential value of applying peacebuilding tools that reduce investment risks by increasing community buy-in and participation. However, closer cooperation with government, local communities and investors will be required to move this high-level analysis to the next phase of diligence. Technical assistance is always required to move potential projects from a conceptual phase to investment readiness; typically, the technical assistance allocated in fragile and low-income settings is inadequate. Peace-positive approaches require investors and development finance actors to undertake extensive diligence processes and to involve communities and civil society actors in their investment projects from the start.
- > **Public and private investors should apply Peace Finance guidance that requires them to involve stakeholders consistently in inclusive and participatory ways.** Peace-positive investment projects engage extensively and meaningfully with local stakeholders in all phases from inception onwards. They take account of and are shaped by the perspectives of community leaders, government officials, marginalised groups, civil society and other relevant actors. Because they ensure that the interests and needs of all stakeholders are considered, they create a collaborative environment in which investments can be fruitful, beneficial and cooperative.
- > **International partners and the Government need to support the integration of peacebuilding in investment, to help unlock capital markets and increase investment in infrastructure.** The analysis makes clear that northern Kenya has infrastructure deficits, especially in energy, roads and water. Investment in these areas is essential, to create a foundation for broader economic development and stability. Blended and new Peace Bond approaches that apply Peace Finance Principles can lower investors' risks, bring reputational benefits and make projects more accountable and sustainable. Peace Bonds embed peacebuilding activities in use-of-proceeds to ensure that peacebuilding support is financed and that reporting mechanisms monitor their realisation and impact.
- > **Investors should consider applying the Peace Finance Impact Framework and investment guidance to mainstream peace in their investments in northern Kenya.** The analysis shows that conflict dynamics influence all sectors of investment in northern Kenya, but especially the three key sectors of opportunity identified: agriculture/agri-industry, livestock and renewable energy. These sectors are land intensive and affect resources that are contested. In these circumstances, peace-responsive approaches are not merely an option for such investments but critical



to their success. A peace responsive model makes investments more attractive to private investors by lowering their investment risks while ensuring that communities participate in and benefit from investments that affect them.

- **All actors, including peacebuilding and civil society actors as well as investors and the Government, should collect more and better data to improve their decision-making.** To design and implement future peace-positive investment projects, investors and other actors will need more and better data as well as improved analysis and validation processes. To take informed decisions, investors and stakeholders need detailed data on all aspects of the local context, risk factors, conflict dynamics and the potential impacts of an investment. Exceptionally strong data are needed to understand and navigate the complex, volatile environments that are characteristic of post-conflict or conflict-affected regions, such as northern Kenya.
- **Investors should continue to align their investments with county and national development priorities.** The counties' development priorities are embedded in the broader national development context. Future peace-positive investments should be designed carefully to align with national priorities to ensure they support and advance wider development agendas. Alignment enhances the attractiveness and value of investments to local and international partners, adds to the impact of incentives and benefits and contributes to risk mitigation.

Next steps

Further research is required to project the return on investment and assess the bankability of the peace-positive investment opportunities this study has identified in the three counties it studied. That research should bring together expertise from relevant fields and thoroughly analyse the likely impacts on peace, on economic development, on environmental sustainability and on social cohesion, as well as other technical aspects of business diligence. Clearly, many of the opportunities identified will require blended approaches, grant finance or concessional support.

Recognising that many of the identified investments will require concessional finance, further feasibility research should explore the investment priorities that counties have set as well as alternative business models. These include collaborative livelihood systems, co-operative farming ventures, joint business enterprises, and community-based initiatives that promote cooperation and trust and benefit several communities. It will be crucial to include marginalised groups (women, ethnic minorities, persons with disabilities) in the design and implementation of peace-positive investments.

Projecting the return on investment of these initiatives requires a nuanced understanding of the local context, including socio-economic dynamics, peacebuilding priorities and the needs of marginalised communities. Ultimately, an investment pipeline in Elgeyo Marakwet, Mandera and Marsabit counties will enable investors to catalyse positive change, contribute to economic development and advance enduring peace in the region.



Annex A: Methodological approach

The methodology adopted for this pre-feasibility study adopted elements of the methodology that will be used during the comprehensive research phase. This subsection describes the approach that was taken and the types of stakeholder that were involved in the pre-feasibility study phase and will be involved in the more detailed diligence phase. Because time was limited, not all the stakeholders identified below were contacted for this inception report.

The study was preceded by a comprehensive context analysis, anchored in consultation with key actors. The research team primarily used a participatory action research (PAR) approach. PAR prioritises the value of experiential knowledge to tackle problems caused by unequal and harmful social systems and to envision and implement alternatives to them. The emphasis is on collaboration between researchers and local actors and on empowering local actors to participate actively in the research process. PAR differs from traditional research methodologies in that it encourages community members to participate in interpreting the study results and in taking decisions on what actions to take. The key principles of PAR are that knowledge is co-created and responsibility is shared: local actors contribute their insights and actively take charge of designing and implementing changes or interventions based on the research findings.

This collaborative and action-oriented methodology aims to ensure that research is not an external process but a catalyst for meaningful social change initiated and driven by the community itself. To consult stakeholders and collect primary data, the research team used surveys, focus group discussions and key-informant interviews. It made efforts to ensure that consultation was inclusive and representative by making field visits and holding participatory workshops, interviews, stakeholder forums and expert interviews, and consulting widely. It deployed multistage sampling/clustering, purposive sampling and analysis consultations to capture a range of perspectives.

Secondary data for the study were obtained by analysing published reports and studies of conflict dynamics, peace and development in northern Kenya, with a special focus on Elgeyo Marakwet, Mandera and Marsabit counties. Other secondary data sources included government records, conflict databases, economic indicators and reports from DFIs/MDBs that analysed the historical trends of conflicts and their economic impacts. Given that the study involved several issues, appropriate data collection tools were developed to guide the study at the design stage of each research objective.

Mapped stakeholders

The research team mapped the following key respondents:

- > National government representatives: Ministry of the Interior; Ministry of Devolution and Arid and Semi-Arid Lands; Ministry of Finance; relevant government departments engaged in peace and development policies.
- > County government officials: governors; county commissioners; representatives of relevant county departments dealing with peace and economic development, natural resources, agriculture and planning.
- > Regional economic blocs: North Rift Economic Bloc; Frontier Counties Development Council (FCDC); Ewaso Nyiro North Development Authority; Kerio Valley Development Authority.

- > Representatives of DFIs/MDBs: World Bank; African Development Bank; International Finance Corporation; other regional development banks operating in Kenya.
- > Civil society organisations and NGOs.
- > Peacebuilding organisations: Interpeace; local peacebuilding NGOs operating in the target counties; organisations that focus on conflict resolution and peacebuilding.
- > Local NGOs and community-based organisations: grassroots organisations that work closely with affected communities.
- > Local communities and community leaders and influencers: members of conflict management committees; members of interfaith councils.
- > Elders and traditional leaders representing different ethnic groups in conflict-affected areas.
- > Youth groups and women's associations that promote participation in peace and development initiatives.
- > Researchers and academics: experts who specialise in conflict studies, economics, peacebuilding or development and focus on the Kenyan context.
- > Think tanks: researchers from institutions that focus on conflict resolution, peace, and economic development in Kenya
- > Business and industry representatives: local business leaders; representatives of local businesses and industries operating in the targeted counties.
- > Chambers of commerce and industry associations, to learn their economic perspectives and explore the potential of peace-positive investments.
- > United Nations agencies and international organisations: United Nations Development Programme (UNDP); UNICEF; UN Women; other agencies whose mandate include peace and development.

These stakeholders were consulted and involved via workshops, interviews, field visits, surveys and meetings.



Annex B: The Peace Taxonomy

Peace dimension 1 🛡️ Safety and security		Peace dimension 2 👥 Social peace		Peace dimension 3 🏛️ Political peace	
Subdimensions		Subdimensions		Subdimensions	
1.1	Impact on direct interpersonal violence in the community.	2.1	Impact on vertical social cohesion (trust between the state and society).	3.1	Impact on diplomatic relations between states and non-state actors.
1.2	Impact on sexual and gender-based violence (SGBV) in the community or household.	2.2	Impact on horizontal social cohesion (trust between groups in society).	3.2	Impact on the development of infrastructure or provision of goods and services that support a formal peace process as defined either by a peace agreement or by at least one recognised element of a peace process.
1.3	Impact on abuse and all forms of violence against children.	2.3	Impact on equitable access to resources and basic services, income and goods (education, health, housing, work, etc.).	3.3	Impact on dispute resolution mechanisms, whether formal or informal, or improved perception of justice and human rights issues.
1.4	Impact on collective and intercommunal violence.	2.4	Impact on gender, intergenerational equity or other group identities, such as caste, class, race, ethnicity, religion, political affiliation.	3.4	Impact on transboundary relations (for example, cross border energy or water projects).
1.5	Impact on armed conflict, State-sponsored violence, or violence by non-State actors.	2.5	Impact on governance of public services and trustworthy delivery of basic services.		
1.6	Impact on conflicts over natural resources.	2.6	Impact on patterns of economic exclusion of marginalised or excluded communities or groups.		
1.7	Impact on fear of violence in any of the above categories.	2.7	Impact on the free flow of information, transparency, accountability, and corruption in public and private institutions.		
		2.8	Impact on climate resilience and access to cleaner sources of energy.		
		2.9	Impact on structural grievances that are sources of violence (such as land rights/titles, or access to natural resources).		
		2.10	Impact on cultural identities and local traditions.		
⚠️ No harm to the other dimensions and subdimensions (DNH) ⚠️					
⚠️ Exclusionary criteria and minimum social and environmental safeguards ⚠️					

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Additional resources

Finance for Peace website: financeforpeace.org/.

Frontier Counties Development Council – Who we are: <https://fcdc.or.ke/who-we-are/organization-leadership-secretariat>.

Frontier Counties Development Council – Peace and cohesion: <https://fcdc.or.ke/peace-cohesion>.

Interpeace website: interpeace.org/.



Finance for Peace

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