IFFs and Oil Commodity Trading Series

ASSESSING THE IMPACT OF THE OIL GOVERNANCE AGENDA ON AFRICA'S NEW PRODUCERS

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Abstract

The effort to ensure that Africa's new, 21st-century oil producers avoid the resource curse has involved the promotion of a remarkably similar set of institutional reforms, often termed the Norwegian Model. This model involves separating out the policy, commercial and regulatory functions of oil governance, and is based on the successful experience of Norway.

This paper tracks the adoption and implementation of these oil governance reforms in five of Africa's new producers – Ghana, Kenya, Mozambique, the United Republic of Tanzania and Uganda – and asks how this process has shaped the capabilities of each country to govern oil effectively. It particularly focuses on how relations between international actors and ideas and domestic political settlements shape how bureaucratic pockets of effectiveness (PoEs) emerge and/or are maintained as key nodes of oil governance capability. As such our analysis will be of interest to those within the international development community interested in natural resource governance, good governance, the political economy of aid, the role of institutions in delivering development, as well as observers of the five countries covered in the study.

While all five countries have broadly adopted the Norway model, political settlement dynamics and the ideological preferences of political actors within each country have strongly influenced the pace of adoption and the ways in which different aspects of the package have been adapted. So far, the reforms are as likely to undermine as to improve the oil governance capacities of new producers. Governments have struggled to co-ordinate their newly fragmented sectors, and external actors have, for largely ideological reasons, been unwilling to support governments to develop their commercial capabilities via national oil companies. Performance has only been maintained or improved in contexts where oil governance PoEs already existed.

Foreword

Tackling illicit financial flows (IFFs) has gained prominence in recent years on account of the 2008-09 global financial crisis, the revelations of the Paradise and Panama Papers in 2016-17 and the all too frequent high profile scandals involving some of the world's largest corporations. The OECD Development Assistance Committee (DAC) has made substantive contributions to this field by measuring OECD Responses to Countering Illicit Financial Flows from Developing Countries (2014), tracing the efforts of OECD member countries to increase investigation and repatriation of stolen assets to countries of origin(2014), and through its 2018 Report, the Economy of Illicit Trade in West Africa, by catalysing a shift in focus away from IFFs as financial crimes, towards a greater appreciation of their economic, security and developmental impacts.

Launched in March 2019 by the Anti-Corruption Task Team (ACTT) of the DAC, the aim of this new programme of work is to examine the vulnerability of oil producer countries to IFFs in the oil sales process, review the efficacy of ODA efforts to date in mitigating these vulnerabilities, and suggest ways to enhance the impact of future efforts.

This paper forms part of a wider endeavour to analyse the wealth of experience gained via DAC members' official development assistance (ODA) engagements with oil and gas-dependent developing countries. The rationale here is that ODA experiences across these non-oil sectors have much light to shed and offer comparable learning experiences for interventions specifically focused on IFFs in the oil and gas sector.

The study asks how ODA support to oil and gas sector governance reform has shaped the oil governance capabilities of five of Africa's new producers, namely Ghana, Kenya, Mozambique, the United Republic of Tanzania (hereinafter Tanzania) and Uganda. The paper focuses on the period from 2006 to 2019 which is the period from discovery of oil finds through to design and implementation, to varying degrees, of new oil governance institutions. Our original case studies explored how the policy agenda of separation of powers between a regulator, a commercial entity, and a policy maker was exported to and negotiated within the five countries of our study. We focus particularly on each country's political settlement dynamics and how these, in turn, shaped the institutions of oil governance. Our within- and cross-case analysis then evaluates the implications that adopting the Norway model has had on the quality of oil governance in each of the five countries.

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Abbreviations and acronyms

AfDB	African Development Bank
CCM	Chama Cha Mapinduzi (Tanzania)
CNOOC	China National Offshore Oil Company
CSO	Civil society organisation
DFID	Department for International Development (United Kingdom)
EITI	Extractive Industries Transparency Initiative
ENH	Companhia Nacional de Hidrocarbonetos (Mozambique)
EPRA	Energy and Petroleum Regulatory Authority (Kenya)
ERC	Energy Regulatory Commission (Kenya)
EWURA	Energy and Water Utilities Regulatory Authority (Tanzania)
FOSTER	Facility for Oil Sector Transparency (Nigeria)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNPC	Ghana National Petroleum Company
GOGIG	Ghana Oil and Gas for Inclusive Growth
IFI	International financial institution
IOC	International oil company
KEPTAP	Kenya Petroleum Technical Assistance Project
KEXPRO	Kenya Extractives Programme
MEM	Ministry of Energy and Minerals (Tanzania)
MEMD	Ministry of Energy and Mineral Development (Uganda)
NDC	National Democratic Congress (Ghana)
NOC	National oil company
NOCK	National Oil Corporation of Kenya
Norad	Norwegian Agency for Development Cooperation
NPP	New Patriotic Party (Ghana)
NRGI	Natural Resource Governance Institute
OfD	Oil for Development

PAU	Petroleum Authority of Uganda
PC	Petroleum Commission (Ghana)
PD	Petroleum Department (Uganda)
PEPD	Petroleum Exploration and Production Department (Uganda)
PoE	Pocket of effectiveness
PIAC	Public Interest and Accountability Committee (Ghana)
PURA	Petroleum Upstream Regulatory Authority (Tanzania)
RGI	Resource Governance Index
SOE	State-owned enterprise
T&A	Transparency and accountability
TCF	Trillion cubic feet
TPDC	Tanzania Petroleum Development Corporation
UNOC	Uganda National Oil Company

Executive summary

The issues

International efforts to ensure that Africa's new oil producers avoid the so-called 'resource curse' – the recurring paradox that countries rich in natural resources perform worse across a number of development indicators, including economic growth, conflict proneness and political development – have involved the promotion of a remarkably similar set of institutional reforms. New producers have been encouraged to separate out the policy, commercial and regulatory functions of oil governance, to adopt new rules on transparency and accountability, and to undertake financial management reforms. This agenda – sometimes dubbed the Norway model because of Norway's success in managing its oil resources in this way – has been advocated and promoted by a diverse set of international actors. Governments in Africa, often driven by their countries' own fears of not benefitting fully from their natural resource wealth, have generally adopted this package of reforms by aligning institutional reforms with dominant interests and ideas. This paper asks how the process of reforming oil and gas sector governance has shaped the capabilities of each country to govern oil effectively, with a particular focus on bureaucratic pockets of effectiveness (PoEs) within the oil sector.

Key findings

Policy uniformity

The Norway model has been widely adopted by 'new producer' countries in the global South during the first two decades of the 21st century, and this international effort to promote oil governance reforms has been remarkably uniform. The strongest emphasis has been on separating out regulatory and commercial functions and promoting transparency and accountability, with much less emphasis on supporting the commercial activities of governments via national oil companies (NOCs). In terms of technical assistance models, the Norwegian model of bureaucrat-to-bureaucrat engagement has, on the one hand, been better received by recipient governments than the World Bank's deployment of less-embedded consultants. On the other hand, there is some evidence that Norwegian approach is viewed less favourably than that of the African Development Bank, which has been welcomed by some governments for its willingness to respond to government demands rather than promote off-the-shelf agendas.

African agency

Sub-Saharan African Governments have exercised considerable agency in the ways and extent to which reforms have been adopted and implemented. Whilst all five countries have broadly adopted the Norway model, this has been done in ways that reflects political settlement dynamics and elite preferences within each country. The model has worked better where there are higher levels of cohesion amongst ruling elites and an ideological commitment to maintaining a significant government stake in oil production. Where elites are more factionalised, the fragmentary logic of the Norway model has exacerbated governance problems, partly by creating fresh opportunities for elites to fight over new rent-seeking opportunities and partly through capacity constraints.

Reforms have been most effective where cohesive ruling elites have offered political protection and support to key organisations, usually through mobilising a moderate version of resource nationalism.

Uneven capacities and capabilities

Studying the period of 2006 to 2019, oil governance reforms in the five countries appear to have generated uneven governance capabilities across different functional areas (policy, regulatory, commercial) and made coordinating across these functions more difficult. Regulatory authorities have tended to emerge in stronger shape than their commercial counterparts. The creation of new or reformed semi-autonomous agencies with highly remunerated posts has undermined mainstream ministry departments who often lose their best staff. Improvements in governance capabilities was most apparent in countries that had already developed PoEs within their oil sectors prior to adopting the reforms.

Main recommendations

- ***Unbundle oil sector governance.*** The difficulties in staffing multiple entities with highly trained oil technocrats strongly suggests the need for extensive capacity-strengthening interventions over time. Where organisational capacities are low and inter-elite factionalism is particularly rife, delaying the separation of functions is often advisable.
- ***Balance the focus on accountability with a stronger emphasis on capacity building.*** The policy community involved in promoting oil governance reforms has placed a stronger emphasis on the accountability rather than the capacity-strengthening aspects of oil governance. The evidence emerging from this paper suggests the need to re-balance this approach, with a particular focus on building not only organisational effectiveness but also coordination capacities across oil sectors in new producers.
- ***Don't automatically dismiss NOCs.*** The relative success of some NOCs (e.g. in Ghana) suggests the need for a more balanced approach, within which the potentially productive role of NOCs receives greater support.
- ***Take political economy analysis seriously.*** The ongoing shift by donors to thinking and working politically, which has been operationalised within the oil sector of some new producers, could constitute an important means of ensuring that reforms are embedded and capabilities developed in line with the specific contextual challenges of each country context.

1 The new oil governance agenda

1.1. Rationale and overview

Whether Africa's new oil producers benefit from their newly discovered stocks of hydrocarbons or succumb to elements of the resource curse has been presented primarily as a governance challenge.

Countries that adopt a particular set of institutional arrangements designed to govern oil in an accountable manner can be expected to limit their exposure to the worst downsides of oil wealth and to enable economic and social benefits to accrue. A remarkable degree of uniformity has come to characterise the institutional reforms being advocated, many of which derive from Norway's experience but also draw together longer-standing tenets of neoliberal governance. The key elements involve the separation of policy, commercial and regulatory functions, often through the unbundling of national oil companies (NOCs) that have been performing multiple roles; new rules on transparency and accountability (T&A), particularly with regard to agreements between international oil companies and governments and on the management of oil revenues; and new public financial management rules regarding the management and expenditure of oil revenues, including a focus on sovereign wealth funds (Humphreys, Sachs and Stiglitz, 2007[1]). This agenda has been advocated and promoted by the now large epistemic community that has developed around natural resource governance, consisting of bilateral donors such as Norway; multilateral development agencies including the World Bank and International Monetary Fund; civil society organisations civil society organisations such as the Natural Resource Governance Institute (NRGI) and the Extractive Industries Transparency Initiative (EITI); and think tanks and academics (McCann and Ward, 2013[2]). The origins and operations of this epistemic community are the focus of a related research project and are not dealt with here, but there are distinct parallels and direct continuities with the more general precepts of the good governance agenda, including with regard to its inclusively neoliberal language and best practice modalities (Craig and Porter, 2006[3]).

The natural resource governance reform agenda has been increasingly challenged on strategic, theoretical and ideological grounds. In terms of the strategic wisdom of this mainstream approach, research by Thurber, Hults and Heller (2011[4]) examined the effects of adopting new institutional arrangements on oil sector outcomes in ten large oil-producing countries. They found that the "separation of functions" approach was successful only in contexts where bureaucratic capacity was high and political competition had been strongly institutionalised over time – that is, in countries that looked a lot like Norway at the time the reforms were undertaken. Where these conditions did not hold, the authors argued, oil performance might suffer through the move to a more ambitious governance structure and maintaining the consolidation of functions within one bureaucratic unit might offer a better-fit. Heller and Marcel (2012[5]) extend a similar analytical logic in focusing on oil producers in low-capacity hotspots, suggesting that where capacity is thin, NOCs can be the best choice but that there also may be danger in concentrating power in any one of the separated institutions. They argue that while separation of powers is ultimately desirable, the vast majority of such attempts have ended in failure. In practical terms, these authors discuss phasing separation more gradually and bolstering capacity through aid as possible strategies. Their study was conducted at a time of new discoveries. In the decade since, reforms have moved on, which enables us to better evaluate the actual functioning of reformed oil governance institutions. Additionally, both studies, by

Thurber, Hults and Heller and by Heller and Marcel, focus on formal institutions (and their performance as measured by international governance indicators), whereas we take a more qualitative approach to evaluating institutional performance and conceptualising such institutions as manifestations of deeper political forces. More recent research has argued that these reforms can even have damaging effects in countries that have yet to actually produce oil, contributing to an anticipatory resource curse before oil has even started to flow (Frynas, Wood and Hinks, 2017[6]; Weszkalnys, 2014[7]; Weszkalnys, 2016[8]). This critique fits with the broader move away from the tendency to support western-style institutional arrangements via the good governance agenda (Rodrik, 2004[9]; Andrews, 2013[10]; Khan, 2005[11]) and towards a new wave of governance reforms that adopt the principles of problem-driven iterative adaptive approaches that “fit” with particular contexts, including within the oil sector. Examples of these include Ghana Oil and Gas for Inclusive Growth GOGIG), the Kenya Extractives Programme (KEXPRO) in Kenya and the Facility for Oil Sector Transparency (FOSTER) in Nigeria.

The theoretical challenge is closely related to the strategic problems identified above, as it involves a move away from an ontological (and ideological) focus on institutions *per se* to an examination of the forms of politics and power relations that shape how particular institutional arrangements emerge and play out in the first place (the conditions of possibility). This post-institutionalist turn within development theory has led to a number of new approaches becoming increasingly influential within development theory and practice, including theories of “limited access orders” (North, Wallis and Weingast, 2009[12]; North et al., 2013[13]) and “political settlements” (Khan, 2017[14]; Whitfield et al., 2015[15]). When applied to the realm of natural resource governance, there is growing evidence that these new perspectives can provide more compelling explanations than new institutionalism with regard to how countries actually govern their new oil and gas finds (Bebbington, Arond and Dammert, 2017[16]; Hickey and Izama, 2016[17]; Karl, 2007[18]; Macuane, Buur and Monjan, 2018[19]; Mohan, Asante and Abdulai, 2018[20]; Poteete, 2009[21]). They also can help to underpin a more relevant and politically attuned policy agenda for natural resource governance.

Finally, the mainstream approach has also been criticised from an ideological perspective, largely through the perceived tendency to promote a neoliberal mode of governmentality that forecloses alternative projects of oil governance in developing countries, for example in (Weszkalnys, 2016[8]; Weszkalnys, 2014[7]). This neoliberal tendency seems to be most apparent in the moves to reduce the range of functions performed by existing NOCs and the preference for levelling the playing field for such actors and international oil companies (IOCs). For some observers (Veltmeyer and Petras, 2014[22]; Taylor, 2014[23]), this neoliberalism is at odds with the more resource nationalist ambitions of many new oil producers, which have had their political imaginations fired by the discovery of oil wealth (Watts, 2004[24]). It also seems to run against emerging transnational governance in which traditional modes of aid conditionality have declined since developing countries emerged from debt in the mid-2000s and have been able to access alternative resource flows via new donors such as the People’s Republic of China (hereinafter China) as well as through natural resource wealth (during the 2004-14 commodity super cycle, at least).

This study seeks to inform these debates around oil governance in sub-Saharan Africa in (SSA) the following way. First, we draw on our original case study investigations to discuss how this agenda was exported to and negotiated within five of Africa’s new producers, namely Ghana, Kenya, Mozambique, the United Republic of Tanzania (hereinafter Tanzania) and Uganda, from 2006 to 2019. Second, we evaluate the implications of the broad-based adoption of the Norway model in these countries on the quality of oil governance in each country, with a particular focus on the countries’ capabilities to manage oil effectively through high-performing public organisations. Finally, we explore the strategic and intellectual implications of these findings for the theory and practice of natural resource governance. The remainder of this section sets out in more detail the conceptual and methodological approach that underpins this study.

1.2. Conceptual and methodological approach

This paper builds on the recent breakthroughs that have been made in the study of natural resource governance from a post-institutionalist perspective, among them (Bebbington, Arond and Dammert, 2017[16]; Hickey and Izama, 2016[17]; Mohan, Asante and Abdulai, 2018[20]; Porter and Watts, 2017[25]). Although heralded within institutionalist accounts (Karl, 2007[18]), this new perspective received its clearest articulation through Poteete's (2009[21]) argument that the nature of the ruling coalition and the state of institutions at the moment when natural resources are discovered have critical implications in terms of the extent to which those resources are governed in the national interest. Recent work on "political settlements" has codified these insights into a coherent conceptual framework (Khan, 2010[26]; Khan, 2017[14]; Whitfield et al., 2015[15]), whereby a political settlement is defined as "the balance or distribution of power between contending social groups and social classes, on which any state is based" (Di John and Putzel, 2009, p. 4[27]). The organisation of power within the ruling coalition is particularly important in shaping prospects for development (Kelsall, 2018[28]; Khan, 2010[26]; Khan, 2017[14]; Slater, 2010[29]).Where power is relatively concentrated, ruling elites may have the longer-term horizons to invest in building institutions, whereas if power is dispersed across competing factions, then the threat of being removed from power may mean that "there is little incentive for political leaders to invest in the long-term task of building bureaucratic capability" as opposed to maintaining power through "the discretionary allocation of rents" (Levy, 2014, pp. 40, 23[30]).

However, ruling elites are not driven by incentives alone. The study by Bebbington et al. (2018[31]) of resource governance in Latin America and sub-Saharan Africa shows that while the incentives generated by different political settlements play a critical role in shaping resource governance, ideologies and ideas also play a strong role in shaping it (as per Watts (2004[24]). Ideas are integral to the ways in which political settlements are formed, negotiated and maintained and to the effects they have (Gray, 2019[32]; Lavers, 2018[33]). As such, the political settlements analysis mobilised here incorporates the role of both ideas and incentives in shaping how institutions function and change. We also go beyond the tendency of political analysis to focus on the national level and instead factor in the highly transnational nature of the oil assemblages that characterise oil governance in sub-Saharan Africa and beyond.

To link our analysis of political settlements to the way oil governance operates in practice and to explore the implications of mainstream reforms for state capabilities, we focus on the role played by certain bureaucratic enclaves in determining the quality of governance in our country cases. Recent work on political settlements has emphasised that pockets of effectiveness (PoEs) are central to explaining the nature of economic governance and development outcomes in Africa (Levy, 2014[30]; Whitfield et al., 2015[15]) and also (Hickey, 2019[34]; Mohan, 2019[35]), with such PoEs defined as organisations that regularly deliver on their mandate despite operating within otherwise largely dysfunctional governance contexts (Roll, 2014[36]). A growing number of studies have stressed how asymmetric capabilities within states can sometimes underpin effective forms of oil governance, including in Angola (Soares de Oliveira, 2007[37]); Nigeria (Lewis, 2007[38]; Porter and Watts, 2017[25]); certain ex-Soviet states (Hout, 2013[39]); Latin America (Hout, 2014[40]); and across the Middle East (Hertog, 2010[41]). We examine how new institutional arrangements promoted by external actors converged with political settlement types and dynamics in our cases and the implications of this convergence or oil governance.

The cases we examine represent different types of political settlement, including those where power is largely concentrated around a ruling coalition that has a fairly strong grip on power (Mozambique, Tanzania, Uganda) and where power is largely dispersed, in that there is a credible prospect of electoral turnover (Ghana, Kenya). Thus, we are able to track the propositions generated from a political settlements perspective, as previously described, including whether or not a higher concentration of power enables ruling elites to adopt a long-term perspective: For example, there is some evidence from earlier research of the pre-reform period that Uganda has proved more consistent than Ghana in supporting the capacity of its oil technocracy to govern oil in the national interest (Hickey et al., 2015[42]). The cases also represent

different ideological contexts within which oil governance has unfolded, with a range of more or less neoliberal (Ghana, Kenya) and resource nationalist (Tanzania, Uganda) approaches apparent (Childs, 2016[43]; Wilson, 2015[44]), which enables us to also trace the role of ideas in shaping institutional performance.

Evaluating performance in the post-reform period is a particular challenge as there are no widely accepted measures of oil sector performance and also because the countries in our study are at different stages of production. Thurber, Hults and Heller (2011, p. 4[4]) examined "the effectiveness of the upstream oil sector as a tool for reliably generating revenue to satisfy the short- and long-term objectives of the government", while also acknowledging that "[o]il sector performance could also be judged on various nonrevenue dimensions". Heller and Marcel (2012[5]) used this study and others to focus on accountability of oil sector institutions and their ability to perform economically and technically and used publicly available data and indicators in their analysis. The cases in the Thurber, Hults and Heller study were all long-established oil producers, whereas our cases include two that remain in pre-production mode (Kenya and Uganda) and three that are at different stages of production. As such, our emphasis is on the actual process through which the reforms were adopted and the effects that they have had so far on the core capabilities required to govern oil in each of the functional areas subject to reform (policy, regulatory and commercial). As such, we identify process- and outcome-based indicators, rather than longer-run impacts, that relate to how well each of the new and/or reformed entities has been able to deliver on their respective mandates. The literature on PoEs is helpful in identifying the key characteristics associated with higher levels of organisational performance and governance capabilities. Roll (2014[36]) and others suggest that PoEs are characterised by: (a) organisational strength; (b) a mission-driven organisational culture geared towards performance and proactivity and which protects and promotes meritocratic recruitment practices; and (c) operational autonomy (an organisation's legal mandate, leadership and relations to political decision makers) and the extent to which each PoE enjoyed political protection and/or support (Roll, 2014, p. 200[36]). We draw on this work to inform our methodological approach to assessing how adopting the new reforms has shaped oil sector performance, which in turn enables our comparative analysis.

In terms of assessing the performance of each key organisational entity against its mandate, we investigated different types of function for each one. This focused mainly on functions that were relevant to all countries as well as some that were specific to those countries that have already moved into production (e.g. on revenue generation). Table 1.1 captures the key functions and organisational and PoE characteristics we examined. Each entity is awarded a score of 0, 0.5 or 1 to evaluate the extent to which functions were performed and characteristics identified. These scores represent relative rather than absolute values and are somewhat subjective in nature. We have tried to address this by subjecting the evaluations to peer review by sector and country experts and also by triangulating our findings with other quantitative assessments of oil sector governance and performance in sub-Saharan Africa, particularly those undertaken by the NRGI.[1]

Table 1.1. Tracking oil governance performance in new oil producers

<table>
<tr><th>PoE characteristics and/or indicators</th><th>Policy</th><th>Regulator</th><th>NOC</th></tr>
<tr><td>Performance against mandate (and strategic plans)</td><td>Development of relevant laws in a timely and coherent manner
Level of exploration activity
Co-ordination</td><td>Capacity to monitor IOC operations
Capacity to undertake cost recovery</td><td>Progress in delivering projects on schedule
Progress in generating revenue against targets</td></tr>
<tr><td>Political and operational autonomy</td><td colspan="3">• Largely enabled and supported to perform role (meritocratic appointments, technocratic decision making)
• Some political interference (balance between merit and/or loyalty and technical-political considerations)
• Persistent interference (loyalty trumps merit, decisions made on political rather than technical grounds)</td></tr>
<tr><td>Organisational capacity</td><td colspan="3">• Staffing levels against plans and functions
• Financial resourcing against projected needs
• Equipment</td></tr>
<tr><td>Organisational culture</td><td colspan="3">• Presence of organisational practices distinct from public service norm (e.g. level of funding for staff training, reward system) or
• Efforts by leadership to inculcate an esprit de corps (high/medium/low)
• Proactive organisational approach to delivering mandate</td></tr>
</table>

We deploy a comparative case study analysis based on in-depth qualitative process tracing in each country case, followed by comparisons both within and between cases. The within-case comparisons involve examining the quality of oil governance in the pre- and post-reform periods; the between-case comparisons focus less on a comparative ranking of performance (which is highly contextual in nature) and more on what each case can tell us about how a generalised package of governance reforms has landed within certain configurations of power. Each country study involved between 30 and 50 key informant interviews with a wide range of relevant actors including officials from relevant government agencies, oil companies and international development agencies and civil society actors. We have also reviewed the mass of secondary and grey literature on oil governance reforms in these and other contexts in Africa.

1.3. Brief summary of political settlement type and contemporary dynamics

In this subsection, we briefly set out the nature of the political settlement and oil and gas sector in each country to help provide the relevant context.

1. **Ghana:** Following the persistent political instability of the 1970s, Ghana's political settlement became a *dominant party* type under Jerry Rawlings' Provisional National Defence Council in the early 1980s before becoming gradually transformed into a form of *competitive clientelism* following the return of multiparty politics in 1992 (Oduro, Awal and Ashon, 2014[45]). While Ghana has become renowned for achieving multiple, peaceful electoral turnovers and impressive levels of aggregate economic development, it has become increasingly clear that the political settlement undermines the country's capacity to achieve the more onerous task of promoting structural transformation, socio-economic equality and institution building (Abdulai and Hickey, 2016[46];

Oduro, Awal and Ashon, 2014[45]; Whitfield et al., 2015[15]). Multipartyism amid increasingly tightly fought elections has not led to democratic norms fully displacing clientelist forms of politics (Gyimah-Boadi and Prempeh, 2012[47]; Keefer, 2007[48]). The strong likelihood of electoral turnovers has produced a short-termism that manifests in a highly politicised public bureaucracy, personalised policymaking and elections that generate high job turnover and massive public spending and undermine macroeconomic stability (Killick, 2008[49]; Abraham, 2017[50]) . However, electoral competition is increasingly well institutionalised and becoming more programmatic in nature (Lindberg and Morrison, 2008[51]), with the more statist approach of the National Democratic Congress (NDC) (2009-16) countered by the more market-friendly programme of the New Patriotic Party (NPP) (2001-08).

2. **Kenya:** Up until the early 1990s, Kenya's political settlement displayed various levels of dominance, with Uhuru Kenyatta proving more able than his successors to keep a lid on Kenya's ethnic divisions by using state patronage to co-opt politicians with sizeable ethnic constituencies. Political settlement dynamics, including elections, continue to be strongly shaped by ethnic considerations (Cheeseman, 2009[52]). Democratisation pressures forced Daniel arap Moi to schedule multiparty elections in 1992, heralding the advent of competitive clientelism. Moi's strategy of maintaining power through extensive vote-buying financed by preying on rent-rich sectors like finance and energy (Hornsby, 2013[53]) generated declining bureaucratic performance and negative economic growth throughout the 1990s (Chege, 1994[54]). After Moi selected Uhuru Kenyatta as his successor, the following years brought pronounced ethnic rhetoric on all sides, resulting in a closely fought election in 2007 and post-election violence after Raila Odinga rejected Mwai Kibaki's victory (Mueller, 2011[55]). The 2013 elections were won by Kenyatta's Jubilee coalition of two factions that had opposed each other in 2007 and 2008 and can broadly be described as a Kikuyu-dominated bloc led by Kenyatta and a Kalenjin-led faction led by the deputy president, William Ruto. In 2019, Kenyatta inflamed this division by entering into "the handshake" arrangement with Odinga, then the main opposition leader (Cheeseman et al., 2019[56]). The handshake threw open the 2022 succession issue and generated high levels of in-fighting within the ruling Jubilee coalition.
3. **Mozambique:** Mozambique's current political settlement emerged from the General Peace Accord of 1992, which ended a 16-year civil war. After 1992, the victor, the Frelimo party, consolidated its control over the state and economy during the first multiparty democratic reign of Joaquim Chissano (1994-2004) but remained vulnerable in the face of a fragmented coalition and strong opposition from the Renamo organisation. Repression combined with the centralisation of rents gradually resulted in the (re)emergence of a strong, dominant-party coalition from the mid-2000s, albeit characterised less by elite cohesion than by centralisation of power in the hands of President Armando Guebuza from 2005. All policies, including the distribution of natural resource rents, are measured against whether they support or undermine national unity, with Frelimo understood to embody the nation (Hodges and Tibana, 2006[57]). While cracks in the Frelimo party's unity have always been evident, they have recently become glaringly apparent during the recent debt crisis.
4. **Tanzania:** Tanzania has had the same ruling party, now known as Chama Cha Mapinduzi (CCM), since independence in 1961. Despite a long history of exploration (Bofin and Pedersen, 2017[58]), the country's upstream oil and gas sector was largely peripheral to its political settlement until the 1990s, a period of political and economic liberalisation. In the late 2000s, the ruling coalition faced a threat of fracture as disagreements erupted within the CCM over the relationship between money and politics (Whitfield et al., 2015[15]; Gray, 2015[59]). Corruption scandals related to agreements in the power sector eventually led to attempts to restructure the entire settlement through increased state control and some side lining of foreign direct investment and domestic businesspeople. These tensions were related to the emergence of Chama Cha Demokrasia na Maendeleo (Chadema) as a strong opposition party, with elections becoming more intensely fought. The late President John Magufuli came to power in 2015 by challenging existing elite interests. An outsider, Magufuli

became even more reliant on the security services and on the role of rents and patronage politics in maintaining a ruling coalition. The systematic replacement of top-ranking managers in many state-owned enterprises (SOEs) helped the president establish a loyal group of bureaucrats throughout the country.

5. **Uganda:** After the National Resistance Movement (NRM) captured power in Uganda in 1986, it established a new political settlement that was sufficiently inclusive to impose stability after more than a decade of political and civil conflict, with the notable exception of the northern region (Lindemann, 2011[60]). This first period resembled a “potential-developmental” type of political settlement (Khan, 2010, p. 66[26]), but since the early to mid-2000s, the ruling coalition has become more vulnerable, both to threats from excluded elites regarding its hold on power and from increasing internal factionalism (Hickey and Izama, 2016[17]; Kjær, 2015[61]). These shifts were catalysed by processes of elite exit from the NRM before the 2001 elections and growing pressures from its large client base. President Yoweri Museveni responded by allowing a return to multiparty elections in 2005 while also removing presidential term limits (Makara, Rakner and Svåsand, 2009[62]). These developments did little to address the growing factionalism within the inner core of Uganda’s ruling coalition, known as the *first family* with reference to the president and his wife, brother, son and sons-in-law. Members of this group have become renowned for their rapacious approach to the new flows of finance that have entered Uganda since the mid-2000s, including via Chinese investment in infrastructure projects. In-fighting among these players has come to characterise elite-level politics in Uganda in ways that have weakened any long-term developmentalist vision that the NRM may have previously been pursuing and its capacity to implement such a project.

1.4. The basics of oil and gas in five new producers

This subsection briefly sets out the key facts about the materiality of oil and gas in each of our five case study countries, summarised in Table 1.2.

1. **Ghana:** Ghana’s estimated proven reserves are small compared to oil discoveries in other African countries such as Angola and Nigeria. The Jubilee oilfield was developed in the record time of three years and commenced production in November 2010. Output stands at 110 000 barrels per day (bpd). Ghana’s total oil reserves are increasing with approval of a plan of development for two additional fields – the TEN (Tweneboa Enyenra Ntomme) project and Sankofa – which are estimated to contain about 200 million and 114 million barrels of oil, respectively, as well as associated natural gas.
2. **Kenya:** Kenya is new to the petroleum sector. The first commercially viable oil discovery was made in 2012 in the Lokichar sub-basin by Tullow Oil of Ireland and the United Kingdom, which estimated it contains more than 4 billion barrels of crude oil reserves and an estimated 560 million barrels of recoverable oil. Early oil production began in June 2018 and first oil is expected in 2022, although this timeline is considered exceedingly ambitious (even in light of the recent decision to scale back the Turkana joint venture development from the original proposal of over 100 000 bpd to 60-70 000 bpd).
3. **Mozambique:** Mozambique is currently preparing to take its place among the world’s largest producers of liquefied natural gas (LNG), amounting to more than 180 trillion cubic feet (tcf) in the offshore Rovuma Basin. Two medium-sized companies made the discovery, American oil company Anadarko and the Italian company Eni. Eni subsequently teamed up with ExxonMobil in 2018 following an intense bidding war involving two American companies, Chevron and Occidental Petroleum. New investments in the LNG sector are estimated at USD 50-60 billion over the next decade, dwarfing Sasol’s Pande and Temane natural gas projects (about USD 2-3 billion), which have been running in the south of the country since the early 2000s.

4. **Tanzania**: Large volumes of natural gas was discovered offshore. Official estimates suggest proven reserves of 57 tcf of gas, which approximates to about ten times the 2018 Tanzanian gross domestic product (GDP) or about USD 10 000 per person per year. The investment needed to produce such gas is estimated at almost the same order of magnitude of GDP: potentially around USD 44 billion (Baunsgaard, 2014[63]).
5. **Uganda:** With up to 6.5 billion barrels of oil reserves in the western part of the country, of which 1.4-1.7 billion barrels are recoverable, Uganda sits in the mid-range of Africa's oil-owning countries (Patey, 2017[64]). Uganda entered a joint venture partnership with three oil companies: Total E&P France, Tullow Oil, and the China National Offshore Oil Company (CNOOC). The partners signed a memorandum of understanding in 2014 that sets out a plan for the commercialisation of Uganda's oil, a crude export pipeline and a midsized refinery.[2] This opened the way for first oil exports by around 2023, though this target has been delayed substantially amid falling oil prices, strong disagreements between the government of Uganda and IOCs, and also a limited degree of co-operation among IOCs themselves.[3]

Table 1.2. Overview of oil and gas sector in each case study country

	Timing: size of main finds (recoverable)	Production, production level per annum	Potential worth as a % of GDP (estimate)	Main joint venture partners
Ghana	2007	2 billion+ barrels	5-6%	Kosmos, Tullow Oil, Anadarko, Hess, PetroSA, Lukoil, Mitsui, ENI, AGM
Kenya	2012: 1.7 billion barrels	Estimated 2022	0.9%	Tullow Oil, Africa Oil Corp., Total
Mozambique	2010: 180 tcf of gas	6 billion cubic meters	3-4%	Anadarko, Eni, ExxonMobil, Chevron, Occidental Petroleum
Tanzania	57 tcf of gas	Production started 2004	1-2%	In joint ventures with Tanzania Petroleum Development Corporation (TPDC), PanAfrican Energy Tanzania, Maurel & Prom, Ndovu Resources In negotiation with Statoil, Shell, ExxonMobil, Ophir Energy, and Pavilion Energy
Uganda	2006: 1-1.4 billon barrels	Estimated 2023/24	4-5%	Total, Tullow Oil, CNOOC

Source: (Pedersen, Jacob and Bofin, 2020[65]; Tyce, 2020[66]; Hickey and Izama, 2020[67]; Macuane, Buur and Salimo, forthcoming[68])

2 How the oil governance reform agenda was promoted in Africa's new producers

The Norway model has become "canonical" (Heller and Marcel, 2012, p. 2[5]) and has been widely adopted in general and across our five cases in particular following these countries' respective discoveries of commercial quantities of oil and gas. Here, we focus on the ways in which the reforms interface with domestic political settlements. This analysis is split into two linked sections. This section analyses the promotion of how the Norway model, any differences between global actors and/or efforts to co-ordinate among themselves, and any efforts to contextualise the reforms. Section 3 then focuses on how the reforms played into domestic political and economic dynamics.

Table 2.1. Mapping the reforms in each country

Country	Key governance entities (pre-reform)	Reform dates	Key governance entities (post-reform)
Ghana	Ghana National Petroleum Corporation (GNPC), established 1984, performs regulatory and commercial functions; Ministry of Energy (MoE) on policy	2011	GNPC (commercial only), with new subsidiaries (Ghana Gas Company); Petroleum Commission (PC): new regulator (upstream); Public Interest and Accountability Committee (PIAC): civil society accountability actor; MoE: policy
Kenya	National Oil Corporation of Kenya (NOCK), established 1981, develops upstream credibility under the radar; Ministry of Energy	2019	NOCK: commercial only (under Ministry of Energy, but this is unclear and contested); Energy Regulatory Commission (ERC), later Energy and Petroleum Regulatory Authority (EPRA): upstream regulator (under Ministry of Energy but stifled by petroleum ministry); Ministry of Petroleum and Mining (new); Sovereign wealth fund (bill tabled for 2020 but slow progress)
Mozambique	Ministry of Mineral Resources and Energy and government of Mozambique: policy; National hydrocarbons company, Companhia Nacional de Hidrocarbonetos (ENH, established 1981: regulatory and commercial functions; National Directorate for Coal and Hydrocarbons established in 1994 to take regulatory functions but never empowered)		ENH (commercial only); National Petroleum Institute (INP), established 2004) as regulator; High Authority for the Extractive Industries created in 2014 for oversight and regulatory roles currently under INP mandate. Resisted to date (the government refuses to pass legislation required to enact it); Other entities: new extractives unit within Mozambique Rapid Assessment

Tanzania	TPDC, established 1969; focused mainly on petroleum imports; also has regulatory functions; Ministry of Energy and Minerals: policy oversight	2008; 2015	TPDC: commercial mandate extended to taking government share in oil and gas as well as import role; keeps upstream regulatory functions; Energy and Water Utilities Regulatory Authority (EWURA): established 2001 and operational from 2006; midstream and downstream regulator; takes some functions from Ministry of Energy and Minerals (MEM) as well as TPDC; Petroleum Upstream Regulatory Authority (PURA), established 2015, not fully operational as of 2018; MEM: policy oversight; Oil and Gas Advisory Bureau in president's office; Sovereign Wealth Fund (2015 Revenue Management Act): little activity
Uganda	Petroleum Exploration and Production Department (PEPD), established 1991, performs all key operational roles; Petroleum Exploration and Production Department on policy	National Oil and Gas Policy for Uganda, 2008; Upstream 2013; Midstream 2013; Public Finance and Management Act, 2015	Petroleum Authority of Uganda (PAU): regulator; Uganda National Oil Company (UNOC): commercial; Petroleum Department (PD): policy; Other: finance, revenue and auditor functions all receive capacity building

2.1. Promotion of the reform agenda

The reform agenda was promoted in similar ways across the case study countries. The key promoters were the Norwegian government and the World Bank along with other actors, notably international civil society organisations and senior academics. The reforms were largely promoted through so-called *soft* means. This include advice on legislative issues and capacity building of mid-level and senior staff, as well as physical support (office space, etc.) for the regulatory infrastructure. Most of the focus was on the regulator, with relatively little focus on the NOCs.

The reforms built on long-standing processes in a number of cases, laying the foundations for more thorough reforms. Uganda is interesting in this regard. The country had a reasonably well-worked out plan for separation before the Norwegians offered assistance, drawing on its experience of unbundling the energy sector, and this factor enabled both parties to move forward largely in step with one another (Hickey and Izama, 2020[67]). The Uganda example suggests that earlier periods of (neoliberal) governance reform can be influential.

However, a different dynamic was apparent in Tanzania, where the World Bank's earlier efforts to privatise the mining sector led government officials to be wary of similar proposals on hydrocarbons. In Mozambique, Norwegian advice around separation dated back to the 1990s but little was done because there were no incentives to implement such reforms as the sector was dormant and the administration lacked experience, human capacities and a clear view of the sector's future.

In other cases, the emphasis was on transparency and accountability. This was particularly so in Ghana, where reforms built on the well-functioning EITI, the Ghana Extractive Industries Transparency Initiative, and the focus was expected to extend beyond mining to oil. By contrast, Kenya was a much more incoherent environment, which made setting up the regulator difficult even if public pronouncements were broadly in favour. Here, donors sought to make reforms a conditionality. The World Bank's Kenya Petroleum Technical Assistance Project (KEPTAP), for instance, is thought to have made joining the EITI a condition of its support but this was never enforced. On the donors' side, there is a sense that Kenyan politics are too complex and conflictual – and the oil reserves sufficiently small in size – that hammering home the reforms is not worth the effort.

2.2. Co-ordination of the reform agenda

In general, there was a lack of co-ordination among donors that has made it hard for African states to respond in a synchronised way as they have to answer to multiple demands – a familiar issue in other areas of donor involvement. However, our data suggest that co-ordination between the Norwegian Oil for Development (OfD) programme and the World Bank was good and relatively effective, though evaluations suggest it could be strengthened further. That said, the lack of co-ordination can be exacerbated by lack of coherence on the African side. But in some cases – notably Tanzania and Kenya – the host governments seemingly encouraged fragmentation as a way of avoiding a single-donor power bloc.

Donor coordination of the reform agenda was greatest in Ghana, with close cooperation between the World Bank and OfD. An ex post analysis for the Norwegian Agency for Development Cooperation (Norad), however, suggested that donors' lack of co-ordination undermined the already limited institutional capacity of Ghana's oil institutions (Scanteam, 2019[69]). In the cases of Uganda and Mozambique, there was some co-ordination between the Norwegians and other donors, one example being the Norwegians attempting to run an extractive task force in Mozambique. However, a lack of co-ordination was identified as an issue undermining programmes of international actors in Uganda.[4]

International actors in Kenya appear not to be acting in a co-ordinated manner, the most glaring example being when the World Bank and Norway devised parallel memoranda of understanding for the proposed upstream regulator. In Tanzania, there was a loose division of labour between Norad, the World Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the German international development agency, but this was not formalised co-ordination. The seeming lack of co-ordination was also possibly the result of a divide-and-rule approach by the Tanzanian government. One interviewee[5] suggested that the government in Tanzania did not want too much co-ordination as a way for the government to deal with power asymmetries and avoid donors and experts teaming up. However, such a tactic on the part of the Tanzanian government may also reflect their growing centralisation of power.

2.3. Differences between donors

The differences between donors working on oil governance have not been significant in terms of the content of the agenda being promoted. However, there are differences in working approaches, with the World Bank using short-term consultancies much more frequently and the OfD embedding civil servants in African institutions. In Kenya, Uganda and also Mozambique, OfD personnel were embedded in ministries and key government petroleum agencies. In Kenya, the World Bank approach was criticised by a former Ministry of Petroleum and Mining official for its emphasis on "highly paid consultants who drift in and demand scoping studies, then disappear again". By contrast, the same informant praised the Norwegians for "see[ing] us more as colleagues, as fellow civil servants, and work[ing] with us". That being said, international oil company representatives criticised the Norwegian OfD programme for precisely this bureaucrat-to-bureaucrat emphasis, which was asserted to have resulted in no engagement with the private sector and was insufficiently attuned to the commercial imperatives of the sector (Tyce, 2020[66]).

International actors based in Western countries concerned with oil governance can be placed along a narrow ideological continuum of those actors promoting an orthodox neoliberal mode of governmentality (e.g. the international financial institutions) to those advancing very soft forms of resource nationalism (e.g. the NRGI and the OfD programme, which has a relatively strong focus on capacity building and direct strengthening of national governments to negotiate effectively with IOCs). However, the biggest ideological and strategic difference across our cases is between these western donors and the African Development Bank (AfDB), which is more willing to support harder forms of resource nationalism and to also be led by the government's own agenda. The AfDB has been much more open to investing in the commercial aspects rather than focus on regulation and has been more responsive than other donors to national priorities rather than promoting a pre-packaged agenda.

2.4. Contextualisation of reforms

Even acknowledging that nowhere but Norway is in reality like Norway, we found only limited evidence of efforts to contextualise the reform agenda in the sense of identifying and working with differential institutional capacities. One gets the impression that, at least until the recent emergence of a handful of programmes incorporating aspects of thinking and working politically (TWP), donors worked out the politics as they went along and only after the fact could they make sense of how systems and institutions worked – and even then, only partially.

In Ghana, a senior OfD official noted that "we are kind of on the hinge of the political sphere", adding that "if we provide technical advice to the ministry, they don't want to see those answers because it doesn't fit into their political analysis and how they want to be done … Then we need to stand firm on our advice and say our technical advice cannot be changed due to political issues but that is challenging". Clearly, this official identifies a tension, and while his technical sensibilities suggest an obvious solution, he acknowledges it cannot be undertaken for political reasons – even though he clearly does not condone these reasons. An insightful report for Norad by Scanteam (2019, p. 37[69]) corroborated this account, noting, "Since Norwegian advisors come largely from technical directorates, ministry staff miss the *political* dimension of policy development."

The same report also noted that OfD officials in Ghana tended to overplay the relevance of the Norway model to conditions in Ghana without having first developed a clear understanding of the context. Elsewhere, there has been some recognition that capacity varied within and between institutions and that this required reining in expectations. In Kenya, for example, a representative of Norway's OfD programme was adamant that one must separate functions but also recognised that "the human resource base is too small to be building up too many parallel entities". This is why the Norwegians have opted to focus their capacity building on a handful of Kenyan organisations. This stands in stark contrast to the World Bank's KEPTAP project, which has taken a much less focused approach.

3 The politics of reform: How political settlements influence the adoption of transnational norms on oil governance

When investigating the promotion of oil governance reforms, as Van Alstine (2017, p. 768[70]) noted, it is important to consider "how the international norms of transparency in resource governance interact with domestic politics". This section therefore examines how the reforms landed among key players in terms of the fit with domestic ideas and incentives.

3.1. Adoption of reforms

Generally, the reforms have been welcomed to varying degrees across all five countries but also affected by countries' respective political settlement types, and the ideas at work within them, the experience of their other extractive sectors and some utilities, and the capacity of their institutions at the time of discoveries. However, there is no neat correlation between political settlement type and level of adoption. Table 3.1 summarises the progress of the reforms. Section 4 supplements this overview with analysis of how effective the reforms have been. As shown in the table, Ghana and Uganda have progressed furthest while the other three countries we examined have either only partly implemented reforms or implemented them on paper but failed, as in the case of Kenya's Energy Regulatory Commission (ERC), to invest in building capacity to regulate.

Ghana again emerges as having gone the furthest, with one insider commenting that "basically, we bought the Norwegian model".[6] But in all other countries, the reforms were accepted, even though there was some resistance (as initially was the case in Ghana and more extensively the case in Mozambique and Kenya) and some backsliding (as in Tanzania).

In the competitive, clientelistic settings of Kenya and Ghana, the dynamics of adoption were very different. Kenya's strong factionalism and associated churn of politicians and bureaucrats, coupled with smaller reserve size, meant that institutions were not built up. In particular, the ERC (now renamed the Energy and Petroleum Regulatory Authority) became embroiled in a power struggle between the Jubilee coalition leaders that undermined its capacity to assume its new regulatory functions.

The approach was also more neoliberal and so saw a greater role for IOCs, though without the regulatory framework that would govern a free market. In this context, the donors did not want to get into a series of dogfights; plus, their influence has been waning as the Kenyan economy grows. In Ghana, fierce inter-party rivalry has prevented long-term planning and key institutions are used politically. While the NDC and NPP accept that both the GNPC and IOCs have a role to play, the balance between a more neoliberal and a more resource nationalist reading of these roles shifts considerably depending on which party is in power.

Table 3.1. Have the reforms been implemented?

Country	Has the Norway model been implemented? *	Have T&A laws been implemented?**
Ghana	Largely Most laws in place, although some legislation overturned (e.g. on debt and borrowing) GNPC resists the loss of regulatory functions but these eventually go to the PC; GNPC maintains control of data and other functions PC increasingly supported to perform its role MoE is undermined by GNPC under NDC rule and by presidency under the NPP	Largely EITI compliant (2019) PIAC initially undermined; now functioning more effectively; struggles with enforcement Open and competitive bidding (Petroleum Revenue Management Act) flouted by NPP in 2018
Kenya	Partly Process subject to lengthy delays NOCK: 2019 law fails to specify its future role; increased political interference since 2006 ERC (new regulator) rebranded the EPRA; NOCK and ERC/EPRA answerable to both energy ministry and new petroleum ministry with lack of clarity over jurisdictional power	No EITI: government dragged its feet despite allegedly being a condition of WB support in the sector Kenya Civil Society Platform on Oil and Gas: supported by Oxfam
Mozambique	Partly ENH and INP: reforms resisted or adopted slowly as elites work out how to ensure that new rules continue to enable rent extraction. Government resists new oversight entity that would reduce INP powers	Partly EITI 2019 report suggests "meaningful" level of progress but measures face strong resistance from political elite
Tanzania	Partly Main reforms adopted and adapted to fit centralising tendencies (e.g. new units within presidency), with some donor support PURA remains a shell MEM is understaffed and poorly led	Partly Temporarily suspended for delayed reporting (2015) EITI compliance progress deemed "adequate" (2017) Threatened with suspension (late 2019) Evidence suggests a mixture of compliance and transgressions
Uganda	Largely, with downstream laws to be developed Little investment in sector co-ordination Policy function hollowed-out as staff leave for new entities PAU: receives strong support UNOC: receives support Capacity to make good deals maintained but compromised	Barely EITI resisted until 2019 Members of Parliament and civil society organisations mobilise around T&A issues but the executive then crushes this Strong ministerial control and also secrecy over deals maintained in laws

Source: * Summary from case-study analysis.
** Compliance (EITI data from https://eiti.org/explore-data-portal; overall judgement draws on this plus case-study analysis).

Tanzania and Uganda are both more resource nationalist and authoritarian than Ghana and Kenya, but they also are moving in different directions. In Uganda, the dominant coalition is fragmenting, which has made deal making more difficult, whereas Tanzania is centralising control under the president. When Uganda had a more dominant political settlement, the PEPD was powerful and effective, with Museveni using it strategically in his top-down negotiations with IOCs and protecting it from inter-elite factionalism. For Museveni, the reforms seemed to offer a way for Uganda to avoid becoming a new Nigeria (Weszkalnys, 2014[7]; Weszkalnys, 2016[8]).

For senior oil technocrats and political elites alike, the prospect of further strengthening Uganda's regulatory capacity to hold IOCs to account while also developing commercial capabilities via a new state-owned oil company fitted closely with their resource nationalist agenda (Hickey and Izama, 2020[67]). Tanzania has had a more ambivalent position on separation of functions and the role of its NOC, with growing centralisation under Magufuli who emerged as direct deal maker in mining, oil and gas investments

(Jacob and Pedersen, 2018[71]; Pedersen and Jacob, 2019[72]). This centralisation has overridden other institutional mechanisms and, allied to a tough new fiscal regime, may have stalled further field development. The government was particularly sceptical of the World Bank, which was seen as too neoliberal, and there was a determination to avoid the mistakes made in the gold sector, in which the World Bank played an influential role in the mid-1990s (Maganga and Mhinda, 2009[73]). As a result, resource nationalist voices were influential in shaping the thinking behind policies and legal frameworks in the sector. Mozambique is a slight outlier but during and since the war, and again in the recent macroeconomic crisis, it has been donor dependent and so eventually had to accept the reform agenda. Its acceptance was also a pragmatic response to the discovery of gas, since the limited capitalisation of ENH, the national hydrocarbons company, meant that any meaningful development necessitated the involvement of IOCs, which in turn wanted a more stable institutional environment. These drivers combined to allow reforms to be pursued and with a scope that aligned with the country's interest in attracting IOC investment.[7]

3.2. Donor relations and the role of domestic civil society organisations

Donor relations of longer standing with a country also affect how reforms are implemented. Where donors have had long (and/or good and/or dominant) relations with a country, then oil sector reforms are easier to promote because they build on these relations and recipients are less likely to rock the boat. For example, Ghana, Mozambique and Uganda adopted the external agenda relatively smoothly, sometimes by drawing on the partially successful experience of unbundling the energy sector in the 1990s (e.g. Uganda). Kenya has had longstanding relations with similar donors to Uganda, Ghana and Mozambique but was more belligerent and reforms were stymied. For example, as noted the World Bank reportedly made joining the EITI a requirement for its KEPTAP programme, but there has been no progress on this at all. Tanzania rejected the Western donors, partly as a reaction to the World Bank's structural adjustment programmes and to the deregulation of mining in 1980s and 1990s, which political elites see as having prevented the country from benefitting as much as it should have from its mineral wealth. The rejection also stemmed from a sense that commercial interests were driving aid. As a result, the Norwegians were side-lined in the last half year of the drafting of the Petroleum Act of 2015, during which strong provisions on local content were added that the Tanzania Private Sector Foundation also was strongly pushing for. The Norwegians were opposed to extensive local content because they felt it would provide too many opportunities for rent-seeking. Across all countries, there has been a decline in the power of donors, although in the case of Mozambique, the corollary is that multinational companies are increasingly playing an important role in influencing sector legislation and regulation. There is a sense that external donor efforts to build better governance in undemocratic states are unlikely to overcome resource curse and obsolescing bargain dynamics and may even do more harm than good (Winters and Gould, 2011[74]).

Often closely linked to donors' strategies are CSOs, which have largely pushed the transparency and accountability agendas, often with support from donors and/or international CSOs. Ghana, Kenya and Uganda all had Civil Society Platforms on Oil and Gas, which were most active in the anticipatory phases of oil exploration or when legislation was being drafted. Ghana had the most thoroughgoing success, getting the PIAC mandated in legislation as a civil society-led oversight body (Gyimah-Boadi and Prempeh, 2012[47]). In Uganda, as in Ghana, the leading donors largely funded Ugandan non-governmental organisations, which have been at the forefront of promoting transparency and accountability. Parallel to Tanzania's growing centralisation, the UONGOZI Institute has played an interesting role in terms of coordinating a lot of external support. The involvement of the UONGOZI Institute, a think-tank under the President's Office, in the petroleum sector was initially financed by GIZ and later AfDB money, and the Columbia Center on Sustainable Investment, International Senior Lawyers Project and NRGI all work through it. Here, co-ordination means bringing disparate international donors and CSOs closer to the ambit of presidential power.

The donor support for civil society is premised on an assumption that CSOs can help deliver the transparency agenda by utilising the information on oil deals and revenues to drive up accountability. Yet this donor support tends to come in a big push during the anticipatory phase of oil production and then dwindles thereafter, leaving these organisations and civil society networks relatively bereft of support. The nature of the political settlement also plays a key role, with the more centralised states (Uganda and Mozambique) able to deal directly with international capital while at the same time marginalising the effectiveness of domestic CSOs. By contrast, Ghana has a more diffuse political settlement with vertical challenges to centralised authority, meaning that CSOs are able, to an extent, to effect change. The PIAC is a key example of an institutionalisation of CSO oversight, even though it took some years to build capacity and its ability to enforce is lacking. In parallel, the EITI has been able to signify to donors and investors that a particular state is committed to stability and transparency and has succeeded in building up institutional capacity to monitor limited elements of the oil value chain. Nevertheless, the ability to utilise EITI information – and to use it to hold states and corporations to account – is much more limited.

4 Have the reforms developed the capacity of Africa's new producers to govern oil?

This section draws on case study evidence to track how the reforms have played out in practice since being adopted and implemented, to a greater or lesser extent. We focus in particular on whether this process has enabled governments to improve their capacity to govern oil in each of the key functional areas: policy, regulatory and commercial. Our findings, which examined the autonomy and capacity of key entities and their capacity to deliver on their mandate (Section 1), are triangulated with those of the NRGI, whose Resource Governance Index (RGI) looks at similar aspects of oil governance, albeit with a stronger focus on the adoption of particular institutional forms rather than on what these enable governments to do. Our assessment is limited by the choice and number of cases and also by the absence of an agreed metric for oil governance performance. Nonetheless, our interim assessment of oil governance capabilities in each country following the adoption of the Norway model reveals some important patterns, with four particular trends emerging. Table 4.1 and Table 4.2 summarise the results. This section discusses these trends and Section 5 analyses the results in relation to the conceptual framework and broader debates around oil governance in Africa's new producers.

Table 4.1. Aggregate view of performance across countries

PoE type and country	Policy	Regulator	NOC	EITI
Ghana	0.5	0.5	1	1
Kenya	0.5	0	0	0
Mozambique	0	0.5	0.5	0.5
Tanzania	0	0.5	0.5	0.5
Uganda	0	1	0	0

Note: Key on level of capacity and/or compliance: 0 = absent; 0.5 = partially present; 1 = present.
Source: Based on (Pedersen, Jacob and Bofin, 2020[65]; Tyce, 2020[66]; Hickey and Izama, 2020[67]; Macuane, Buur and Salimo, forthcoming[68]).

Table 4.2. Assessment of oil governance performance

Country	Overall RGI governance score (ranking in 15 SSA cases)	Value realisation	Revenue generated (% of GDP)	Revenue management
Uganda	44 (6)	42	0.9%	42
Ghana	67 (1)	61	9.4%	65
Kenya				
Mozambique	50 (5)	66	4.0%	42
Tanzania	53 (4)	65	2.7%	40

Note: NRGI key: <30: failing; 30-44: poor; 45-59: weak; 60-74: satisfactory; >75: good.
Source: Natural Resource Governance Institute (2019[75]), *Resource Governance Index: From Legal Reform to Implementation in Sub-Saharan Africa*, https://resourcegovernance.org/sites/default/files/documents/rgi-from-legal-reform-to-implementation-sub-saharan-africa.pdf.

4.1. The degree of reform adoption does not directly determine subsequent levels of performance and governance capabilities in the oil sector

There is no direct, one-to-one relationship between the extent to which the reforms have been adopted and implemented and the subsequent levels of performance. It does seem clear that Kenya, which was the slowest to adopt the reforms and went furthest to bend them towards predatory political incentives, has also emerged with the weakest set of governance capabilities among our cases. However, it is difficult to argue that this is due to a failure to implement the reform package properly, given the extent to which the fragmentary effects of the reform agenda itself offered new rent-seeking opportunities for competing factions to mobilise around. In those countries where governments have gone furthest in adopting and implementing the Norway model – Ghana and Uganda – the results have been different in terms of the level of capacity development within and across functions: For example, Ghana has performed much better in the commercial domain, whereas Uganda continues to perform strongly in the regulatory domain (Table 4.1).

This suggests a degree of path dependency, given that each country had already developed capabilities in these specific areas prior to the reforms via, respectively, the GNPC and PEPD (Hickey et al., 2015[42]). However, the same pattern does not emerge in other cases (including in Tanzania, where the TPDC's initial technocratic and commercial capacities have been undermined), and the fact that Uganda's previously strong capabilities in the policy realm have deteriorated so rapidly and that so little headway has been made in the commercial realm suggests that other factors are also at work. These could include human resource capacity, with Ghana arguably having a larger cohort of oil technocrats to spread across the new functional entities while in Uganda, the Policy Directorate haemorrhaged staff to the new entities. However, the uneven impact that the reforms have had across the different forms of governance capability in the oil sector also reflects, we would argue, the different ideological priorities of rulers in each context (see Section 5).

4.2. The reform period has generated asymmetric capabilities across the oil assemblage

The reform period has left governments with highly uneven capacities both across and within the three functional areas identified here, and our research shows that existing stocks of capability have been eroded, possibly more often than they have been enhanced. With regard to capabilities across different functional areas, countries have so far emerged with higher levels of governing capabilities in the regulatory domain as compared to either the commercial or policy domains.

Regulatory capacities are apparent in all countries except Kenya, with Uganda in particular benefitting from the dedicated attention to this function since the PAU was accorded semi-autonomous status, given its own budgetary vote, and enabled to hire staff swiftly and pay them handsomely. This has been a case of building on existing capabilities. Elsewhere, the process has been much more disruptive and initially involved a net loss of regulatory capacity: This has been the case in Ghana, for example, where the GNPC initially resisted the passing of regulatory functions to the Petroleum Commission, and it took several years before this new actor started to deliver on its mandate albeit unevenly). Despite the formation of a new upstream regulator, which has itself been denied the capacity building required to perform its role, reforms did not enhance regulatory capacity in Tanzania in the period. In fact, increasingly radical resource nationalism, accompanied by the growing role in the sector adopted by the presidency, undermined the previously high-performing EWURA. In Mozambique, the new regulator has been enabled to develop the capacities required to signal competence to external actors, particularly in terms of licensing, rather than those required for the more combative tasks around IOC oversight and cost recovery.

The capabilities of the new regulatory authorities also vary across different functions, in line with the differing nature of tasks but also the varying degree of political support offered to regulators to perform certain tasks well. For example, our evidence suggests that when it comes to the toughest regulatory tasks, such as overseeing the activities of IOCs including on cost recovery, only Uganda seems to perform well. This is not just a question of bureaucratic capacity: Ghana has regulatory capacities within both the PC and the GNPC, but political elites have clearly sent strong signals that delivering on local content is more important than delivering on either cost recovery or the general oversight of IOCs, with Ghana performing poorly in these regards.

The commercial entities generally perform less well across the board, with only the GNPC able to deliver effectively against key aspects of its NOC mandate, including taking up the national stake in the sector, project delivery and revenue generation. This reading is supported by the Natural Resource Governance Institute's (2019[75]) assessment of SOEs in our countries, both in terms of the general failure of NOCs to perform well to date and in terms of Ghana being exceptional in this regard, as illustrated in Table 4.2 on revenue generation. Our own research shows that the GNPC is increasingly generating resources for the government, most of which seem to be reinvested in critical infrastructure though some also go towards political financing (Asante, Abdulai and Mohan, 2021[76]). The scores on commercial capabilities in Table 4.1 must be seen in context and in relation to erstwhile capability levels. Kenya and Uganda both score "0" but for very different reasons. In Kenya, the previously capable the NOCK has been side-lined by both the nature of the reforms (which failed to spell out a clear role for the NOCK in the sector) and domestic politics (with increased meddling in key appointments within the NOCK). In Uganda, on the other hand, the UNOC is an entirely new creation that has received investment, but which has been hamstrung by the slow progress being made within the wider sector. Similarly, the middling scores we accord to NOCs in Mozambique and Tanzania represent very different patterns. In Tanzania, the previously capable TPDC was empowered on paper by the 2015 reforms but has been prevented from performing properly due to ministerial interference and the establishment of a fiscal regime so stringent that there have been no new production sharing agreements since 2012. In Mozambique, the ENH presents an even more mixed picture: Along the lines of Sonangol (Soares de Oliveira, 2007[37]), it functions somewhat effectively in generating rents but these are then largely captured by ruling elites rather than being transformed into a flow of revenues to the treasury (Salimo, Buur and Macuane, 2020[77]).

This uneven development of capabilities across regulatory and commercial functions is partly due to structural reasons in that the end of the commodity super-cycle has made commercial activities more difficult. It might also be explained in part by the nature of these domains as regulation involves a more familiar challenge and arguably, a somewhat easier set of capabilities to develop than is the case with the commercial realm in particular. Most countries had already developed some regulatory capacities prior to the reforms taking place, both around hydrocarbons and elsewhere in the energy sector. However, this pattern also reflects the nature of external support, which has concentrated more in capability development

than in other areas, as well as the different ideas and incentives at work within specific political settlements. NOCs have received less attention than regulators, and there seems little desire or demand for strong and well-resourced NOCs that can provide a counterweight to transnational capital and spearhead sector development. This is partly due to the more liberal view of donors in favouring IOCs, but is also due to internal political dynamics (Section 5).

The core capabilities that governments require in the policy realm, including the development and implementation of legal frameworks, co-ordination, and sector development, have not been greatly enhanced by the reform process so far and in some cases have been undermined. Three of our countries score "0" in this regard (Mozambique, Tanzania and Uganda) and none get full marks. There is some unevenness here: Governments have unsurprisingly found it easier to formulate and pass reforms than to implement them. (The partial exception here is arguably around transparency and accountability reforms, which have faced more resistance.) A key failure in the policy realm has been around providing an adequate level of co-ordination across new and pre-existing entities in their newly fragmented sectors. This is a familiar problem when semi-autonomous agencies are created, partly because such entities become self-governing in a way that is not amenable to oversight through the normal ministerial channels. The reforms have also created inequities within the realm of oil governance, particularly in terms of the relative status of each functional area and the attractiveness of working conditions. Mainstream departments have usually struggled to maintain staff in such circumstances (as in Uganda, where the Policy Directorate has lost most of its most highly trained staff to the new entities) and have therefore been unable to discharge their functions.

It has also been the case, however, that external actors failed to place a concerted focus on strengthening co-ordination mechanisms as part of the reform package and that ruling elites (e.g. in Mozambique and Tanzania) have tended to undermine the relevant line ministries by usurping their functions for specific purposes other than in the interests of providing sectoral oversight. Policy incoherence reaches its height in Kenya, where factionalism within the ruling Jubilee coalition has led to the existing energy regulator assuming regulatory powers for the petroleum sector (at least on paper), something that has been opposed by the president and petroleum ministry because the energy regulator is controlled by the vice-president's faction. The result is a new regulator that the president refuses to resource and the creation of a new Ministry of Petroleum and Mining that lacks clear jurisdictional power over the regulator and the NOCK, (which both continue to report to the energy ministry). Ghana has done relatively better here, although we would partly contest the NRGI ranking of Ghana as a "good" performing state-owned enterprise (Table 4.2). This ranking seems to reflect the focus within NRGI indexes on the *de jure* adoption of rules rather than the actual implementation of these rules in practice; in particular, our research reveals how electoral turnovers and internal factionalism have been profoundly disruptive to the sector, particularly in relation to the management of the GNPC.

In summary, the evidence presented in this paper suggests that this uneven pattern of capacity development both across and within different functional areas has been strongly shaped by the nature and balance of external support, particularly the lack of direct support to NOCs; by pre-existing stocks of capacity (some of which have been depleted by how the reform process has played out to date); and also by the nature of political settlement dynamics in each case.

4.3. Political elites remain highly resistant to the accountability agenda

The adoption and implementation of mechanisms for transparency and accountability, which have received the most concerted attention from the transnational epistemic community on oil governance, has arguably been the most contested area of the reform package. Levels of elite resistance were initially high across all of our case study countries, particularly regarding efforts to promote oversight of deal-making processes, reduce executive control of the sector and install new accountability actors. In Uganda, a

concerted campaign by a coalition of CSOs and parliamentarians was able to extract some important concessions, but ultimately failed to change the level of executive control over the sector and the coalition was subsequently dismantled. In Mozambique, the new oversight mechanism remains moribund precisely because it would bring into play a set of actors from the parliament and civil society that are not under the control of the ruling Frelimo party. The main exception is Ghana, where despite continued resistance from successive ruling coalitions of different persuasions, a new multi-stakeholder accountability entity (PIAC) has become increasingly capable of shining a light on the sector, though it still struggles with the tougher challenge of enforcement. That other countries have become signatories to the EITI – and, at least in the cases of Mozambique and Tanzania, have made some progress in recent years – is somewhat promising, although this may also reflect a realisation among ruling elites that the constraints introduced by the EITI are actually fairly minimal and do not outweigh the signalling benefits of adoption.

4.4. The importance of learning by doing

The reforms have arguably worked most effectively when they have enabled countries to exploit existing governance capabilities and taken place in contexts where the level of oil sector activity has enabled these functions to be actively performed. Ghana has gone furthest in developing capabilities across the range of oil governance functions. By our reading, it is the only one of our country cases to have generated improved capacities to govern oil across its regulatory and commercial functions and to also make more serious advances on the accountability front. This finding accords with the Natural Resource Governance Institute (2019[75])) assessment that the overall implementation gap is lower in Ghana than in any of the countries it surveyed and that Ghana has performed best in its composite Resource Governance Index. There are numerous potential explanations for this, including the country's higher level of development, governance capacity and democratisation than that of other countries. However, we would also say that Ghana's performance is an example of a state that built capacity through learning by doing (Skocpol, 1992[78]). In other words, the fact that production has been ongoing for a decade has offered policy actors in Ghana the chance to develop capacities on the job.

The politicised rush to production from 2007-10 no doubt involved some problems, most notably some dodgy deals and the fact that it meant that Ghana operated within an unregulated environment for a time (Mohan, Asante and Abdulai, 2018[20]). But it has also enabled the government to rapidly gain experience throughout the value chain in ways that have generated increasing economic benefits for the country. That Ghana was undergoing a macroeconomic crisis during some of this period may have helped to concentrate the minds of its rulers (oil revenues swiftly became a necessary means of balancing the budget) and also enabled external actors to play a more hands-on role. However, similar structural conditions in Mozambique did not generate the same outcomes. What matters more here is the way different sets of political-bureaucratic relations have emerged in the oil sector in each country and how these are enabled or disabled by political settlement dynamics, including in ways that are now undermining Ghana's relative success in developing oil governance capabilities. A further example of the benefits of building on existing capacities and providing a context for further learning by doing is the Petroleum Authority of Uganda: The relatively tough fiscal regime has given this new regulator the chance to further upgrade the high-quality capabilities it developed in the area of IOC oversight during its earlier, partial incarnation as the PEPD. As such, the fit and durability of reforms emerge as being highly contextual in nature and need to be analysed in relation to changing political settlement dynamics over time.

5 Explaining the impacts of the oil governance reform agenda: Caught between "developmental patronage" and "resource factionalism"

The patterns identified through both case process tracing and cross-case analysis suggest that the nature of the political settlement in each case has played a critical role in shaping the extent to which governance capabilities have been developed after adoption of the Norway model. This includes the dominant ideas as well as incentives that underpin these settlements and their dynamic nature over the time period examined here. The key finding is that where governance capabilities have been built and deployed effectively, this is because political settlement dynamics have enabled a form of what we call *developmental patronage* to emerge. At the other end of the spectrum, where such capabilities have either failed to emerge or have been actively undermined, this has been because the reforms converged with accelerated forms of inter-elite conflict to produce what we term *resource factionalism* (Tyce, 2020[66]).

5.1. Political settlements and the Norway model

The key factors concern the degree to which the reforms fit with the political and bureaucratic actors' incentives and ideological positions, particularly in terms of their mutual self-interest and their power relations. This fit between the model and each political settlement was generally uneven across the different actors involved in each country's oil assemblage, each of which has different sets of ideas and incentives. The Norway model fitted most easily with commercial actors in Kenya, Mozambique, Tanzania and Uganda who saw a need to be freed from government oversight and the burden of undertaking regulatory functions in order to operate properly. Many bureaucrats operating within the regulatory domain were also in favour, as in Mozambique and Uganda where officials had developed strong relationships with Norwegian advisors over time and became convinced of the logic of the model and the organisational benefits it would bring in terms of autonomy and capacity-strengthening. This fit was less clear where more powerful NOCs had been established and were resistant to the unbundling process, as in Ghana.

The model generally drew less support from governing political elites, particularly with regard to transparency and accountability reforms but also around the separation of functions. Needless to say, the superior holding power of political elites meant that their ideas and interests had a profound effect on the adoption and implementation process. As explained in Section 2, the most conducive fit occurred in Uganda, where the reforms directly aligned with the incentives and ideas of all key political and bureaucratic actors. In all other cases, the reform package was reconfigured, at least to some extent, to fit

with the incentives of ruling elites, with certain regulatory functions being jealously guarded by NOCs (Ghana) or subject to elite capture by particular factions (Kenya, Tanzania) in ways that undermined performance.

In terms of how the reforms have actually played out in practice, the formal nature of governance beforehand was less significant than political settlement dynamics and the kinds of relationships between rulers and bureaucrats that such settlements hinged upon and enabled (Thurber, Hults and Heller, 2011[4]). The responses we identify in terms of the development of governance capabilities and overall performance in the immediate aftermath of the reform period range from some positive examples of developmental patronage through to various levels of what researchers call "resource factionalism". By using the term developmental patronage, we seek to capture the ways in which political rulers enable high levels of bureaucratic performance – not through their impartial support for rules-based governance along Weberian lines but through more discretionary deals with bureaucrats in certain functional areas and a willingness to protect them from wider political pressures.[8] The term "resource factionalism", meanwhile, occupies the other end of the spectrum: It signals not only how natural resource finds have (alongside other factors) catalysed higher levels of inter-elite factionalism around new rent-seeking opportunities but also how the fragmentary logic of the Norway model converges with and deepens this dynamic by offering new sources of rents, status and jobs over which to struggle[9] (Tyce, 2020[66]). Although these may be offset over time through the transparency and accountability elements of the reform agenda, any evidence of this so far was only apparent in Ghana.

The fact that Ghana emerges as the best performer in our sample to some extent fits with the prediction of Thurber, Hults and Heller (2011[4]), in that Ghana had both the highest levels of state capacity beforehand and also the most institutionalised system of democratic competition. However, relying on aggregate governance indicators only offers a fairly superficial reading of how things have actually worked out. Importantly, the GNPC was only recapacitated when the NDC returned to power in 2009 (having been earlier decimated by the NPP when it was in power from 2001-08) and benefitted from a prolonged period of support during its two-term reign. This has involved a form of developmental patronage rather than rules-based democratic governance on two counts. First, both technical capacity and political loyalty have been critical within processes of appointment and promotion here, as per Grindle (2012[79]), with the tight links between the GNPC and NDC in the 1980s reactivated after 2008. Second, the growing level of rents generated by the GNPC since the start of oil production in 2010 were used for political as well as developmental reasons. One of the other, more partial successes delivered by this kind of developmental patronage is the ability of regulatory authorities in Uganda and (to some extent) Mozambique to mobilise a mixture of political loyalty and technocratic competence to perform certain tasks effectively, with potential PoEs (e.g. the PAU) (re)emerging there.

This analysis of our contrasting cases suggests that the conditions under which oil sector governance in some sub-Saharan countries is likely to flourish may involve a pre-reform period during which the capacity of a particular agency or PoE is generated (rather than good governance *per se*); the related establishment of particular set of political-bureaucratic relations; and also a moderate form of resource nationalism of the type associated with the NDC in Ghana and Museveni in Uganda that can help bind rulers and bureaucrats to a common project. In a competitive context, however, this balance between bureaucratic capacity and autonomy is difficult to maintain. The trajectory in Ghana, for instance, was defined in part by policy incoherence over time as successive ruling coalitions have approached oil governance from contrasting ideological platforms and with very different sets of relationships to oil technocrats. The result in Ghana has been that key bureaucratic organisations have been subjected to periods of boom and bust in terms of their capacity to govern oil effectively with political support. This has come into sharp relief once again since 2017, when the NPP (hostile to the GNPC both on ideological grounds and because of its close links to the NDC) returned to power and swept away much of the GNPC's capacity.

The regulated mode of patrimonialism (Bach, 2012[80]) identified here, is, however, relatively rare, and our cases suggest that resource factionalism has been the modal form of oil governance to emerge in the aftermath of the reform period. Coined by one of our research team to describe the situation in Kenya (Tyce, 2020[66]), the term signals that the degree of cohesion among governing elites has emerged as the most critical political settlement dynamic shaping how the reforms have played out. This manifested partly in terms of factionalism between opposing blocs competing with each for power (as in Ghana) but more often in terms of factionalism within ruling coalitions (all cases).[10] Sometimes the forces combine, as in Tanzania where the vulnerability of the current president has encouraged the centralisation of powers around presidency in ways that has undermined the role played by competent bureaucrats in the legally mandated entities.

In-fighting and strategic positioning among ruling elites were directly associated with reforms being delayed and or captured for rent-seeking purposes. The worst-case governance scenarios have emerged when inter-elite factionalism converged with the fragmentary effects of functions being separated out between entities, as seen in the debacle over the regulator in Kenya, the refinery project in Uganda and the cyclical capture of potential PoEs for rent-seeking purposes by successive dominant factions in Mozambique. As Macuane, Burr and Salimo (forthcoming[68]) note of Mozambique:

> *Reforms have been implemented unwillingly, and their adoption has been related to the ruling elite strategy to benefit from foreign investments that were the key objective, in a context of weak economic conditions and lack of financial resources necessary for the state to function … that has allowed the ruling elite to make the best of the reforms.*

A key problem in Mozambique concerns the lack of embedded links between politicians and bureaucrats in this sector. In such contexts, the creation of new entities helps feed the politics of inter-elite factionalism, even within better governed cases. Factionalism within ruling coalitions, for example, has also affected oil governance in Ghana. Under the NDC, this involved a struggle between the more statist and neoliberal factions over the extent of the GNPC's role in the oil sector. More damaging is that the GNPC is currently riven by disagreements between the chief executive officer and the Board chair, who represent different factions within the NPP. As argued in the next subsection (5.2), the paradigmatic and policy ideas of elite actors have also played a major role here.

5.2. The role of ideas: Interpreting external interventions through different ideological paradigms

Ideas around resource nationalism directly affected how different governments engaged with international actors. Domestic elites have interpreted the Norway paradigm in different ways depending on prevailing ideological paradigms and their historical origins, something that has led (sometimes by turn) to reforms being resisted, seized upon and hybridised to ensure a fit with domestic political projects. In Tanzania, the government was reluctant to work with either Norway or the World Bank around the LNG project due to concerns with bias and was struggling to find support for its approach until AfDB support became available. The TPDC, the commercial arm, was significantly undermined by key decision makers' insistence on establishing a tough fiscal regime. In Uganda, by contrast, there was a convergence of beliefs around both the building of a strong regulator and the establishment of a new NOC between government and external players, particularly Norway. Uganda's oil technocrats share the president's resource nationalist mind-set and are arguably more adamant in this respect. In Ghana, the NDC's internal divisions over the relative merits of statist and market-driven modes of development have led to a moderate form of resource nationalism that has directly underpinned the party's support for the GNPC's commercial activities. In contrast, the GNPC has had its capacity and role severely curtailed by the more market-friendly NPP and its preference for neoliberal modes of governmentality. Mozambique lacks a consistent set of ideas on resource nationalism, with no organised groups in the ruling elite prepared to promote and stand for this

ideology in the face of macroeconomic crises and the pressing needs of political survival, both of which have incentivised moving to market as soon as possible. Ruling elites in Kenya actively reject a more activist role for the state via NOCK, contrasting themselves with the “socialists” in Tanzania.

Ideas, then, have shaped performance in two ways. First, moderate levels of resource nationalism have sometimes enabled ruling elites to overcome the collective action problems created by elite factionalism, protect high-performing organisations, and build a shared project between politicians and oil technocrats (e.g. Uganda and Tanzania in the mid-2000s). Second, ideas have shaped the creation of fiscal regimes (with regard to the terms set within production-sharing agreements and around taxation) that have had more or less success in attracting investment and catalysing production. These range from the “soft” resource nationalism of Ghana under the NDC to the tougher position adopted by Tanzania under John Magufuli and by Uganda during the 2010s that has seen no new deals in Tanzania since 2013 and the continued failure to move to production in Uganda.

5.3. History and temporalities matter

The history of a country’s government-donor relations, prior patterns of reform and capability development, and the wider geopolitical and political economy context that prevailed during the reform period discussed here also matter. In both Ghana and Tanzania, the reforms undertaken in their respective mining sectors during the late 20th century played directly on the minds of elites as they came to consider managing their country’s new hydrocarbon finds. In Tanzania, the strong sense among elites that the IFI-influenced reforms of the mining sector had failed to benefit the national economy directly informed their scepticism over the World Bank’s positionality around oil sector reforms and their resulting insistence on imposing a tough fiscal regime. Where such reform periods had been seen to work well, as with the unbundling of the energy sector in Uganda, reforms passed through with relative ease. As noted above, there are important continuities around capability development, whereby earlier investments in building PoEs have been critical to shaping the success and nature of the recent reform period.

More broadly, contemporary political economy cycles and geopolitical factors also matter. Macroeconomic crises in Ghana and, particularly, in Mozambique over the past decade strongly informed both the approach that ruling elites adopted to the exploitation of their natural resources and the degree of conditionality that external actors were able to exert in promoting a particular approach. Beyond aid, the role of geopolitics ranges from the relatively commonplace interplay of perceived intentions – e.g. the distrust of Norway due to the financial interests of Statoil in Tanzania speaks to Norway’s dual role of promoting reform while also maximising its commercial interests – to wider geopolitical developments that are increasingly defining contemporary patterns of globalisation such as the China-United States trade war and its negative impacts on Uganda’s refinery project (Hickey and Izama, forthcoming[81]). Finally, the most recent episode of the reform period discussed here took place and continues to be rolled out in the context of heavily depressed oil prices in relation to the 2004-14 super-cycle. With this crisis now deepened by the 2020 coronavirus outbreak and potentially threatened by the more muscular adoption of climate change policies that could leave assets stranded, the oil industry in our new producers is entering a new age of precarity. This may indeed lead to unforeseen problems, particularly in contexts where a large and expensive governance structure has been constructed in anticipation of future gains (Weszkalnys, 2014[7]).

6 Strategic implications for policy makers and international organisations

This section considers the strategic implications arising from the analysis presented here. This includes rethinking the logic of promoting a particular set of best practice governance reforms in the highly politicised contexts of Africa's new producers, the role of PoEs and of sector-wide co-ordination mechanisms, the ideological bias within the global epistemic community on natural resource governance, and the prospects for the debate over natural resource governance to incorporate a stronger sense of the wider movement from the old to a newer governance agenda.

6.1. Was unbundling a good idea?

Given that all of our cases have adopted most elements of the Norway model to some extent, our sample lacks either a counterfactual case to answer this question properly or, as yet, a sufficiently long time frame from which to draw a firm conclusion. Looking beyond our sample, it is notable that, according to Heller and Marcel (2012, p. 30[5]), "Other countries successfully introduced a separation of powers only after years or decades in which the NOC had an opportunity to build its capacity". On the other hand, the refusal to separate out key governance functions is no guarantor of better performance, as Nigeria's largely negative experience with this approach suggests (Usman, 2018[82]). There is also the question of time: It is early days still, and it is possible that countries will become increasingly capable of staffing multiple entities and co-ordinating between them over time and as learning by doing sets in. For example, Ghana's Petroleum Commission was weak for its first two to three years but is now a partially effective regulator.

As things stand, though, our evidence suggests some salutary points:

- First, it is clearly very difficult for countries with relatively few highly trained oil technocrats to staff multiple entities, particularly where the deliberate creation of new, well-resourced and semi-autonomous agencies suck in staff from the ministerial mainstream. This contradiction seems to be recognised by some of those promoting the model, yet with no resolution being identified: One representative of Norway's Oil for Development (OfD) programme, while adamant that the commercial, policy and regulatory functions must be separated, also recognised that "the human resource base is too small to be building up too many parallel entities." A review of the OfD programme in Ghana (Scanteam, 2019[69]) also acknowledged that the longer-term building up of relevant skills is important and spoke of the need to develop "capacity to reproduce capacity" rather than only producing capacity during periods of intense interventions. Relatedly, becoming good at the job means moving from understanding issues to addressing them effectively, which takes time. The policy implication raised by the programme review is whether Norwegian aid is able to assist with such labour-intensive mentoring over time.

- Second, there is some evidence that allowing commercial entities to maintain a wider range of functions, including some that are regulatory in nature, can work well, as is the case with GNPC in Ghana and to some extent with TPDC in Tanzania. GNPC's retention of certain functions has arguably helped it to function more effectively, a point that the IOCs that are joint venture partners with the GNPC recognise and appreciate.
- Third, context matters: In political settlements where inter-elite factionalism is particularly rife, as was clearly the case in Mozambique and Kenya, a longer period of consolidation may well have been a better route to pursue – a conclusion that echoes Heller and Marcel (2012[5]). Introducing new sources of rent-seeking for different factions to mobilise around and making sector-wide co-ordination even more difficult in such contexts have not worked well. This is particularly the case where the sector lacks a high-capacity organisation that is capable of leading reforms, as in the case of Uganda, where it seems likely that the growing level of inter-elite factionalism could have made matters much worse had there not been a lengthy and *a priori* investment in building at least one PoE in the sector. As some insiders to Mozambique's oil sector have argued, "the concentration of functions in one institution would more efficiently benefit the country, as this would allow for more accumulation of experience in the industry operations and business" (Macuane, Buur and Salimo, forthcoming[68]).

More broadly, and Weszkanlys (2016[8]) noted, some countries have very expensive oil infrastructures that have yet to be compensated for by revenues and may never be if global climate change policies kick in and leave assets stranded (Natural Resource Governance Institute, 2019[75]) (or a post-COVID-19 recession brings a prolonged period of collapsed oil prices and with it, the drying up of rents.

6.2. Balancing the focus on accountability with a stronger emphasis on capacity building

The policy community involved in promoting oil governance reforms has generally tended to place a stronger emphasis on the accountability rather than the capacity-strengthening aspects of the oil governance agenda, with Norway perhaps going furthest in achieving a balance between these two aspects. This is understandable insofar as many of the problems around natural resource governance do flow from a lack of T&A, including illicit financial flows. However, this focus overlooks the truism that governments have to be capable of what we term "doing stuff" before they can be held to account for doing it. It also underplays how important governance capabilities are to managing the complexity of new oil finds and the large, transnationalised oil assemblages that such finds generate. The obvious target for such activities is the specific organisational entities generated by the reforms, with the challenge being to both avoid undermining capacity where it already exists and build up new PoEs where required. In contexts where the general level of public sector performance is relatively low and rent-seeking is rife, it is essential that the entities charged with managing key resources both are competent and receive political protection. Often representing a form of developmental patronage rather than rules-based governance, PoEs have proved essential for enabling countries to hold their own in relation to IOCs (e.g. Uganda) and to start to generate revenues at scale (e.g. the GNPC).

Viewing organisations such as NOCs only through the anti-corruption and/or transparency lens tends to undermine support aimed at developing critical capabilities, both vertically (in relation to their ability to deal with traders and financiers and deal with subnational authorities on benefit sharing) and horizontally (relations with the treasury and line ministries on whose behalf the NOC delivers investments). A stronger effort to build the capacity of NOCs will also require overcoming other forms of bias within the international natural resource governance agenda (see Section 6.4).

The highly political and contextualised nature of how PoEs emerge and perform makes it difficult to produce generalised policy solutions, and it is likely that efforts to support PoEs are political as well as technical in nature. For example, the importance of organisational leadership to PoE performance goes beyond the technical competences associated with a given policy domain to encompass both the capacity to build a strong *esprit de corps* among staff and what Roll (2014[36]) terms the "political management" capacities required to navigate complex and dynamic political contexts. External interventions need to be attuned to these challenges, including through adopting a long-term perspective.

However, while PoEs are critical to the effectiveness of oil sector governance in developing countries, their presence also introduces certain problems. The necessary reliance of PoEs on a degree of political embeddedness also renders them particularly vulnerable to capture via the caprice of rulers who are struggling to maintain the flow of rents required to ensure their political survival (as in Mozambique). In contexts where there are (for the time being at least) insufficient stocks of human capital to ensure the effective staffing of multiple nodes of oil governance, such enclaves are likely to produce asymmetric capabilities that actively undermine performance in other areas. In contexts of weak capacity, PoEs can drag in the best resources and undermine the more standard elements of the civil service, which then lacks the capacity to effectively set and enforce the rules. This could potentially lead to an archipelago of effectiveness as rulers also need to build capacity in such areas as finance, audit and revenue authority, but the oil sector *per se* seems to be an enclave with relatively few spill overs.[11] The experts and expertise here are more likely to spill over into the international oil industry than into other areas of the public bureaucracy. Benefits are more from revenue generation and perhaps industrial learning from commercial aspects. In response, governments (with donor support) need to develop personnel policies to attract, train and retain critical skills for the long term, including policies and attitudes regarding staff rotating into and out of public sector roles – for example, through donor support for secondments of staff to IOCs as a means of building competences and networks. This also means moving beyond a focus on building the capacity of particular organisations and towards a broader approach to the oil assemblage as a whole.

6.3. From capacity-building to co-ordination

Aside from the short-lived push for higher levels of co-ordination within Tanzania's oil sector, external actors have largely failed to prioritise this important challenge of how to maintain coherence while at the same time introducing a fragmentary dynamic into fledgling oil assemblages. This includes the splitting of policy, regulatory and commercial entities but also the much broader introduction of oil governance responsibilities and functions across many parts of government, including within the treasury, budget function, revenue authority, audit office and central bank. Much greater attention is required to build coordinative governance capabilities across the oil assemblage in developing countries, not least as a counterpoint to the unevenness introduced by the selective nature of PoE-building activities that external actors have deployed. There is an important balance to be struck between the needs of wider governance systems and those of individual entities in these systems. While autonomy is a critical feature of PoEs in the oil sector, particularly in conditions where those conducting the oversight are ill-informed (as in Tanzania in recent years), there are limits, with some literature identifying the potential pitfalls of NOCs having excessive autonomy and insufficient oversight)[12] (Mahdavi, 2019[83]).

6.4. Ideology and the reform agenda: Negotiating a new middle ground?

The growing epistemic community on natural resource governance represents and actively promotes a narrow ideological range of possibilities on a continuum that seems to stretch from a very soft form of resource nationalism (e.g. the NRGI) through to more purely neoliberal modes of governmentality (e.g. the international financial institutions). This is clearest in the lack of unified support offered to NOCs and to some extent in the growing tendency to privilege support for the accountability agenda over and above concerns about capacity. On NOCs, external actors can claim to be acting in line with the evidence, much of which suggests that NOCs in lower-income countries tend to perform relatively poorly unless certain conditions and rules are in place (Marcel, 2016[84]). However, the growing role that the GNPC plays in generating revenue for critical infrastructure investments suggests that this is not always the case and that a more expansive role for NOCs could be explored further, particularly where alternative sources of finance are either unavailable or associated with deepening debt problems. A degree of rent-seeking, which seems to be a perennial hazard with NOCs, may be a necessary cost of political stability in some contexts, for a period of time at least. There is a case, then, for a more balanced approach among donors and rulers alike, one that appreciates a role for a moderate form of resource nationalism within which the potentially productive role of NOCs (as per the GNPC) receives greater support.

6.5. The future governance agenda: Towards a new generation of on demand and TWP reforms?

Some of the problems identified here flowed from the particular approach adopted by the international policy community of natural resource governance actors, which itself derived from the old good governance tendency to promote a series of best practice reforms rooted in OECD country experiences. Towards the end of the era examined here, it became clear that a shift was underway, with some donors starting to adopt elements of the new thinking and working politically agenda that has increasingly taken over the governance agenda for some development agencies. Examples of this new generation of reforms have been piloted in Ghana (GOGIG), Kenya (KEXPRO) and Nigeria (FOSTER). This shift could constitute an important means of ensuring that reforms are embedded and capabilities developed in line with the specific contextual challenges in each context. It remains to be seen how extensively this takes place and the extent to which this new generation of governance interventions is capable of allowing for the broader ideological range of oil governmentalities identified here to flourish.

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Annex A. OECD initiatives on corruption in commodity trading

The OECD hosts a number of initiatives focusing on illicit financial flows and corruption in the commodity-trading sector. For ease of reference, the outputs of those initiatives are listed below.

Thematic Dialogue on Commodity Trading Transparency

Hosted by the OECD Development Centre, the Thematic Dialogue on Commodity Trading Transparency was launched in response to the call made at the London 2016 Anti-Corruption Summit to provide a platform for collaboration on how the global and multifaceted challenges of corruption in commodity trading can be addressed from both the supply and demand side. The outputs of the Thematic Dialogue (listed below) provide complementary and mutually supportive tools that home countries, trading hubs, trading companies and producing countries, including state-owned enterprises, can use to reduce drivers of corruption, increase transparency and achieve improved accountability in commodity trading.

- OECD (2020), *How to Select Buyers of Oil, Gas and Minerals: Guidance for State-Owned Enterprises*, OECD Development Policy Tools, OECD Publishing, Paris, https://doi.org/10.1787/a522e6c0-en.
- OECD (forthcoming 2021), *Typology of Corruption Risks in Commodity Trading Transactions*, OECD Development Policy Tools, OECD Publishing, Paris.
- OECD (forthcoming 2021), *Options for Operationalising Transparency in Commodity Trading*, OECD Development Policy Tools, OECD Publishing, Paris.
- Online Mapping Tool of State-Owned Enterprises and their Subsidiaries (forthcoming, May 2021).
- Online Stocktake of company reporting requirements applicable in different trading hubs (forthcoming, May 2021).

Illicit Financial Flows in Oil and Gas Commodity Trade

Led by the Anti-Corruption Task Team (ACTT), a subsidiary body of the OECD's Development Assistance Committee (DAC), the OECD-DAC's Programme of Work on Illicit Financial Flows and Oil Commodity Trading is undertaken in dialogue with oil producing African economies, and aligns with the OECD's high priority afforded to tackling IFFs. Focusing on the vulnerabilities to IFFs that arise in the oil sales process, the OECD-DAC Programme of Work highlights what OECD members and partners can do to mitigate IFF risks in the commodity trading sector, including through official development assistance (ODA) and in their role as the home or host of the range of markets and enablers that may raise or exacerbate IFF risks.

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Notes

[1] We are aware that measuring performance in this sector is challenging and that these indicators tend to emphasise transparency over technical competence, the latter being extremely difficult to measure and so to capture in indices. We also know that some scores do not correlate with what findings from in-depth country field work. It is for these reasons that we use these indicators to potentially signal particular trends but place a great deal of emphasis on our detailed country studies conducted by local and international experts.

[2] For a detailed account of this process, see Hickey and Izama (2016[17]) at https://doi.org/10.1093/afraf/adw048.

[3] The ongoing negotiations between the government of Uganda and the IOCs are dealt with in a working paper by Hickey and Izama (forthcoming[81]).

[4] For more information, see the 2010 Global Witness report, *Donor Engagement in Uganda's Oil and Gas Sector: An Agenda for Action*, at https://cdn.globalwitness.org/archive/files/pdfs/uganda_final_low.pdf.

[5] The interview took place on 14 April 2016.

[6] From an interview with a Ghana National Petroleum Company official #1 on 17 April 2019.

[7] This information emerged in the authors' interview with a former minister of mineral resource and energy and was confirmed in a subsequent interview with a senior advisor to the minister of mineral resource and energy. The interviews took place in Maputo, Mozambique, in August and October 2018, respectively.

[8] There are parallels here to the discussion in Bach (2012[80]) of "regulated" versus more "predatory" forms of patrimonialism and to the identification by Kelsall (2013[85]; 2018[28]) of this mode of governance with the willingness and capacity of ruling elites to limit rent-seeking to highly centralised and controllable forms. Also see the typology of Evans (1989[86]) at www.jstor.org/stable/684425, which includes "developmental and "predatory" forms of governance but which lacks attention to the large grey area in between, which is where we would locate "developmental patronage".

[9] As Tyce (2020[66]) notes, "The oil technocracy offers too lucrative a stream of rents, even before oil has started to flow, for it to be left in the hands of politically empowered and autonomous bureaucrats, given the necessities of generating political financing and ensuring factional balancing within a competitive and fragmented settlement." See https://dx.doi.org/10.2139/ssrn.3661541.

[10] Bottom-up pressures from lower-level factions and voters in general have been less significant than horizontal relations of power between elites, in part because here, we are focusing mainly on the upstream part of the value chain, which is more prone to elite capture and less open to democratic oversight.

[11] It is likely that other reforms associated with oil governance beyond the unbundling reforms, including public financial management and T&A reforms, will have positive spillovers beyond the sector.

[12] The midstream and downstream regulator, EWURA, which we identify as a PoE, in effect undermined an oil company project in the late 2000s.