

Serving Public or Private Interests?

*A Study of Norway's Oil for Development Initiative
in Ghana*

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Abbreviations and Glossary

Boe/d	Barrels of oil equivalents per day. ‘Oil equivalent’ is used to standardize natural gas production with oil production. ‘Barrel’ is an American measure equaling 159 liters
Carried interest	a company which has its initial expenses in a licence covered by another party has a carried interest
Concession	refer to a large block granted to the operator by the host government for a certain time and under certain government conditions which allows the operator to conduct exploratory and/or development operations
Crude oil	Liquid petroleum as it comes out of the ground, as distinguished from the refined oils manufactured out of it; also simply called ‘crude’.
Economic rent	Financial surplus derived from an industry which exceeds investments and work-created value.
EIA	Environmental Impact Assessment
FPSO	Floating production storage and offloading vessel
GNPC	Ghana National Petroleum Company
Governments take	Taxes and royalties from oil and gas production that go to the government.
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit, in Ghana called the German Technical cooperation
IMF	International Monetary Fund
IOC	International Oil Company
Joint Venture	Investment undertaken by a consortium of companies, usually with one member acting as operator
License Agreement	An agreement whereby a government gives an oil company the rights to explore for and produce oil in a designated area
Local Content	portion of a product or the share of hiring that must come from domestic sources
Majors	The ‘oil majors’ are the oil and gas companies involved in all stages of the industry – exploration, production, refining, trading, marketing, and, sometimes, transport.
MFA	Ministry of Foreign Affairs
MPE	Ministry of Petroleum and Energy

ME	Ministry of the Environment
MF	Ministry of Finance
MOU	Memorandum of Understanding
NDC	National Democratic Congress
NORAD	Norwegian Agency for Development Cooperation
NOC	National Oil Company
NPD	Norwegian Petroleum Directorate
NPP	National Patriotic Party
OFD	Oil for Development
Operator	Company having majority ownership in a license, making the decisions
PETRAD	Programme for Petroleum Management and Administration
PDO	Plan for Development and Operation
PSC/PSA	Production sharing contract/agreement. Agreement between an energy exploration company and a host government in which the company bears the costs and risks of exploration and production of a petroleum or mining project in exchange for a share of the production.
SDFI	The Norwegian State's Direct Financial Interest
Signature Bonus	Payment made by a firm to a host government for the right to develop a natural resource such as oil, gas, or a mineral deposit. Bonuses are often paid in stages: at the start of a project and when various stages of development are reached
Stabilization Fund	A fund that can be used to stabilize the government budget against commodity price volatility.
Supermajors	The six largest, non state-owned energy companies, also called International Oil Companies (IOC). These are ExxonMobil (US) (XOM), Royal Dutch Shell (Netherlands/United Kingdom)(RDS), BP (United Kingdom) (BP), Chevron Corporation (US) (CVX), ConocoPhillips (US) (COP), and Total S.A. (France) (TOT)
Upstream	Term used to describe exploration, drilling, production and transport of crude oil by an oil company, whereas downstream companies deal with processing and sale of petroleum products
WB	the World Bank

Map of Ghana, Gulf of Guinea and Ghana's oil fields



1. INTRODUCTION

Over the past four decades, the petroleum sector has grown to become the cornerstone of the Norwegian economy. By the early 1990s the state had ownership and control over the petroleum industry; its next move was to contribute to the internationalization of state-owned Statoil and the supply industry. While the industry was looking abroad, the Petroleum Directorate started consulting petroleum-producing developing countries on resource management through a small unit called Petrad.¹ However, it was not until the establishment of *Oil for Development* (OfD) in 2005 that petroleum aid turned into a prestige project for the Norwegian government. The OfD initiative, which involves a range of state agencies and aims at enhancing competence and expertise in resource management aid, engages the petroleum industry in its activities. The intention is to provide the government with a coherent strategy where it can draw on competence within the state and within the industry.

Through OfD the Norwegian state engages in 25 developing countries which have petroleum resources. Cooperation is structured along three main themes: resource management, revenue management and environmental protection, with good governance as an overarching theme.² OfD aid is provided by supporting governments and governmental agencies with human resources, assisting in institution building and the development of regulatory frameworks for the petroleum sector in other countries. The programme does not allocate vast amounts of capital: the total budget for 2009 was 264 million NOK.³ The focus is more on knowledge transfer through meetings and educational seminars. Ten of the states involved in OfD are so-called core countries, signed up for 'broad and long term cooperation'. Of these, six are located in Africa, a continent holding

¹Petrad is part of the Norwegian oil and gas competence cluster, which includes institutes, oil and gas companies, universities and the authorities: <http://www.petrad.no/default.asp?fid=1000> 12 May 2010

³ <http://www.norad.no/Satsingsomr%C3%A5der/Energi/Olje+for+utvikling> 9 March 2010

10% of the world's remaining petroleum resources⁴, whose oil reserves are considered especially attractive to international oil companies (Ghazvinian 2007). Ghana came to the limelight of the global petroleum industry when it made the world's largest oil discovery in 2007. Norway and Ghana signed a Memorandum of Understanding (MoU) in February 2008, where Ghana registered with a budget of 14.5 million NOK for 2009.⁵ The cooperation has so far consisted of official visits with delegations from and to both countries, including visits by Ghanaian officials to Statoil and Intsok,⁶ and Norwegian technical advice on oil production and regulatory frames for Ghana's petroleum industry. Statoil is also mapping out Ghana as a potential country of operations (Interviews Statoil), and Norwegian companies are increasingly interested in Ghana, so the Norwegian market sphere remains close to OfD's aid activities.

OfD has become one of Norway's best-known aid programmes – *and* a disputed one. The Norwegian government holds about 2/3 of the oil company Statoil, thus balancing the dual role of serving as an aid provider and a business agent at the same time. International criticism of the role of the Norwegian state emerged as early as 2006, in the *Financial Times*, expressing the view of other oil companies as to the benefits involved for the Norwegian industry, and for Statoil and Hydro⁷ in particular,

Energy company executives point to conflicts of interest as Norway advises oil-rich governments on licensing rounds in which Norwegian companies are bidding. 'Even if they are not given preferential status, they often have access to data – such as seismic information – before their competition', said one senior executive at an oil company active in Africa. Indeed, a presentation by Norwegian officials highlights the state's partnership with the private sector, naming Statoil and Norsk Hydro, Norway's two biggest, partially state-owned, oil companies.⁸

⁴ BP Statistical Review of World Energy 2008,

<http://www.bp.com/sectiongenericarticle.do?categoryId=9023769&contentId=7044915> March 9 2010

⁵ <http://www.norad.no/Satsingsomr%C3%A5der/Energi/Olje+for+utvikling> March 9 2010

⁶ A hybrid industry-government supported organisation working for internationalisation of Norway's oil industry.

⁷ The petroleum division in partly government-controlled Hydro was merged with Statoil in 2008.

This raises questions of the relationship between the Norwegian state and government-controlled oil companies. The effect of OfD on the competitiveness of the Norwegian oil industry, have been scrutinized in the Ghanaian paper *The Enquirer*. The underlying motives for creating OfD in the first place, questioning the awarding of a contract for the South Deep Water Tano block on the Ghanaian shelf to the Norwegian company Aker ASA. *The Enquirer* voiced concern that Norway's close relation to the Ghanaian government was a factor that influenced Ghana's National Petroleum Corporation (GNPC) in assigning the licence to Aker: "The Norwegian Government's support to Ghana in restructuring the oil and gas industry and the keen interest of the Norwegian Ambassador in GNPC became a plus in favor of Aker ASA".⁹ The Norwegian government, however, was not unaware that OfD could involve problematic issues. As noted in the Econ Poivry report (2004:31) which formed the backdrop to creating OfD:

The need to sustain a dynamic industrial development around the [Norwegian] oil complex challenge conventional boundaries between business promotion and development cooperation, and thus call for innovative approaches and close cooperation across ministries and industry groups. Certain holy cows may be up for slaughter.

Is, then, aid a powerful means for establishing contacts for the industry of a donor country? As the Norwegian petroleum industry is showing increased interest in Ghana, we may ask whether or how establishing OfD in Ghana benefits Norwegian companies. The OfD initiative can be examined in light of the current trend of increased reliance on involving business actors to achieve development goals and the subsequent greater use of private partners in aid. This trend was introduced by the UN under leadership of Secretary General Kofi Annan, established through the *Global Compact*.¹⁰ Research has shown that when

⁸ <http://www.ft.com/cms/s/0/7d824630-e153-11da-90ad-0000779e2340.html> 12 May 2006

⁹ <http://business.peacefonline.com/industry/201002/37739.php28.4.2010> (The Enquirer does not have a website, but the article is quoted on this news web page) 2 May 2010

¹⁰ Voluntary initiative drawing on business resources to create public good, www.unglobalcompact.org April 9 2010

development interests and private profit interests meet or are combined, profit interests tend to have the strongest influence and weigh more, though the premises and starting point for cooperation was to reach developmental goals (Bull and McNeill 2007). This thesis aims to contribute to the scholarly debate on the greater use of public–private partnerships in development governance, by contextualizing and analysing the Norwegian OfD aid programme.

1.1 Research Question

The thesis pays specific attention to how the aid programme *Oil for Development* balances relations to commercial actors in Norway’s petroleum industry. Starting points are why the programme came into being and what it provides as a part of Norwegian foreign policy. Thus my main research question becomes:

What constitutes the OfD nexus, and how does it advance public–private relations?

A nexus means a connection, correlation or interaction. The term is here applied to indicate that OfD is not only a programme or an initiative, but consists of various actors and strategies, as well as plans, policies and ideas, which are connected and interact through the programme. The OfD nexus thus refers to the initiative as a whole, drawing attention to its actors and strategies, and that OfD as a case may be seen as including a set of actions, plans and ideas, turned into a policy which is implemented to achieve certain goals. The OfD nexus represents an institutionalization of a governmental strategy that incorporates public and private actors, and affects relations between the two through practices of cooperation. I will explore whether or how OfD may be seen as a coherent strategy that advances relations between the public and the private by enabling cooperation within certain frames. In this thesis, *public* refers to state actors,

whereas *private* actors are oil companies and industry-led bodies, including partly government-controlled companies and foundations such as Statoil, Aker ASA¹¹ and Intsok. These are characterized by having profit or industry objectives. Statoil's role is under constant political negotiation. It operates as a private company, while government holds the majority of its stocks.

To understand public–private relations in the OfD nexus I will compare and critically analyse views of actors in Norway and a given cooperation country. The question of private–public relations must be studied in a definite context, as argued later in the theory chapter. Ghana provides such a specific case, though my overall aim is to understand the role of OfD in Norwegian foreign politics and whether or how it provides new spaces for interaction between the Norwegian state and oil industry. The main theory challenge in this thesis is to understand and reflect upon the exercise of power in public–private interaction as manifested in the OfD initiative.

1.2 Rationale for Choice of Topic and Case

This thesis is concerned with questions arising from the relations of public and private actors in the aid programme OfD. As a conceptual approach to answering the research question, OfD is here analysed as a public–private partnership (PPP). PPPs have been increasingly used in development activities since the late 1990s, when Kofi Annan brought a shift towards a pro-business attitude in development (Bull and McNeill 2007:8), a shift that must be viewed in relation to the global neo-liberal trend. There is no unitary definition of a PPP, and various meanings have been applied to the concept. A working definition may be that a PPP is a voluntary effort of actors from more than one sphere, sharing risks and benefits to obtain a public good. PPPs are debated: some see them as beneficial contributions to development, others see them as contributing to privatization and neo-

¹¹ Aker ASA is the mother company of Aker companies. The Norwegian state owns shares in Aker companies. The

liberalization. I argue that Norway's OfD may be seen as a PPP because it coordinates government- and industry-led organizations, drawing on resources from both spheres, in order to advance development.

A study of OfD can highlight discrepancies in the Norwegian self-image compared to the political reality of Norway's engagement on the global scene. The initiative combines the two areas where Norway may be seen as a significant world actor: as an *energy nation*, and as a humanitarian 'great power' (Tvedt 2003, Leira et al. 2007). Norway's role as an energy power is geographically and naturally founded. Huge incomes from this sector give the relatively small Norway an opportunity to play a larger role on the international scene than its size would indicate. This *do-good* nation legitimizes its acts on the international arena by promoting them as part of 'doing' development, whereas the energy nation Norway has since the 1990s emphasized internationalization of the petroleum industry. Media and politicians constantly re-create Norway's identity as the 'Good Samaritan' and environmental *avant garde* nation, while the state simultaneously encourages fossil-fuel activities worldwide and earns increasingly greater proportions of company income from international petroleum activities.

As a new partner for OfD Ghana provides an opportunity to study an initiation phase of the initiative, including how approaches were made and how contacts were established. Ghana is a new oil producer. Its discovery of oil on the *Jubilee field* in 2007 was described as one of the largest recent findings in Africa,¹² representing a great opportunity to the low-income country¹³ but a challenge for financial steering and litmus test for the young democracy.

group represents a very complex owner structure. The precise share of the state is thus worthy of a study in itself.

¹² <http://news.bbc.co.uk/2/hi/business/6764549.stm> February 5 2010

¹³ www.web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:641331~piPK:64133175~theSitePK:239419,00.html#Low_income

1.3 Choice of Method

In addressing the research question I wanted to understand stakeholders' views, motives and expectations, and therefore chose a qualitative case study, an approach well suited for getting rich information about peoples' perceptions (Thagaard 2003). The primary data source is open-ended interviews, which are good for getting nuanced information, combined with observation and study of documents. Data were gathered through fieldwork in Norway and Ghana: the fieldwork period in Ghana was two months, while interviews in Norway were carried out along with the writing process. Interviews were conducted with actors involved in creating OfD or working with the initiative from the government or industry side, in addition to oil companies and civil society representatives. A total of 31 interviews were conducted, nine in Norway and 22 in Ghana (see appendix 8.1).

1.4 Contextual background: global neo-liberalism

The extensive debate on how globalization and neo-liberalization have affected policymaking over the past decade has focused on state strategies and objectives. Global discourses of neo-liberalism also affect Norway, manifesting themselves in structures enabling or constraining a range of opportunities for Norway as an international actor. These structures are constantly re-shaped by actors, so that there is a constant struggle of defining reality. I will briefly introduce these discourses as a backdrop to studying the formation of Norwegian foreign policy.

'Globalization' was a catchword of the 1990s. It is still debated whether globalization leads to a weakening of the state, a return of the state or a mere changing of the role of state (Held et al. 2007). Many see globalization as having brought about global political consensus on the need of economic liberalization: commonly referred to as *neo-liberalization*, which may be understood as a consensus allowing for effective state intervention in the ways firms achieve global reach (Bridge and Wood 2005). A challenge is to study neo-liberalization

as a changing, contingent process, and not as an end process (Peck and Tickell 2003). Neo-liberalism represents a strong discourse that emphasizes competitiveness and market-based approaches to organizing public policy, often in terms of privatization. In this sense it may be seen as an ideology, a policy, a technique of rule, or ‘governmentality’ (in the words of Foucault) (Pierre and Peters 2000:195). In this context, forms of governance have altered state-market relations in ways that further imply a shift towards the market.

As a consequence of how the discourses of globalization, neo-liberalism and governance affect decisionmakers, there has been a change in the relationship between nation-states and private capital (Strange 1996). Most Western regimes emphasize relaxation of regulatory frameworks towards private business, opening in governance for private standards, rather than public, and increasingly see private companies as political actors (Newell 2004). Researchers have noted how the increasing political power of global corporations represents a growing divergence in resources between business actors on the one hand and the state and civil society on the other, resulting in power imbalances stemming from allocations of resources (Balanya et al. 2000, Korten 1995). However, there has been little research on the power of business in general or its role in governance (Fuchs and Lederer 2007). This is important to study in relation to the petroleum industry, a high-profile business sector controlled by international oil companies (IOCs), and increasingly by national oil companies (NOCs).

1.4.1 The Norwegian petroleum sector

Norway is the world’s fifth largest exporter of oil and the third largest exporter of gas, and the state holds a strong position in the Norwegian petroleum sector.¹⁴ Its tax system collects 78% of the companies’ net surplus, far more than the average for petroleum-producing countries; it also controls most of the Norwegian

¹⁴ The data in this section are from Ministry of Petroleum and Energy, *Facts 2009*, Available on www.npd.no/no/Publikasjoner/Faktahefter/Fakta-2009/ 12 May 2010

continental shelf through the company Statoil, where the government owns 67%. In 2009 Norway's petroleum sector was responsible for 26% of the country's GDP, 34% of the state income, 23% of all investments and 50% of Norwegian export. Further state surplus is invested in the world's second largest fund, the so-called 'pension fund' (the name reflects the expected demographic changes in the Norwegian workforce, and the need to provide for this). By the end of 2008 the pension fund accounted for 2275 billion NOK, and is estimated to reach 3090 billion NOK by the end of 2010,¹⁵ putting Norway in a favourable financial situation. Petroleum activities represent a formidable concentration of capital and resources in the Norwegian economy. However, offshore development has now reached a mature stage regarding oil discovery and development of fields in Norway, as petroleum production peaked in 2006, and this provides an incentive for the companies to move on to new markets.

1.4.2 Ghana: oil discovery and Norwegian involvement

Ghana is seen as a promising country due to its political stability, recent economic growth and now the chances of regulating a promising petroleum sector before unfavourable power structures consolidate. Great optimism flourished among Ghanaian leaders after the oil find. For instance former president Kufour stated: 'we are already doing so well. Now, with oil like a shot in the arm, we are going to fly'¹⁶. Ghanaian citizens, however, are concerned that oil will lead to corruption, doing little for the common people but exerting a destructive effect on democracy and development, as seen in neighbouring West African countries (Gary 2009). Explanations as to why petroleum resources, instead of contributing to development in a country, may seem to fuel conflicts, inequality and poverty, are often grouped under the term 'resource curse' (Auty 1990). Government and the companies, eager to start oil production, have

¹⁵ Revised National Budget 2010, Ministry of Finance, available on <http://www.regjeringen.no/en/dep/fin/press-center/Press-releases/2010/Revised-National-Budget-2010.html?id=604521> 12 May 2010

demonstrated the will to proceed fast in developing the Jubilee field, before a proper environmental impact assessment (EIA) is completed or proper regulations for the petroleum sector have been developed. At an early stage – less than half a year after the oil discovery – Norway entered as the main donor on petroleum issues in Ghana. The aid cooperation was a fact.

1.4.3 Norwegian aid

Along with the other Nordic countries, Norway is known for basing its aid programmes on altruism (Stokke 1989, Kolstad et al. 2008). Norway's self-image is largely built around the concept of altruism. More recently, however, Norwegian aid seems increasingly linked to interests within national trade and industry, as the government encourages industry partnerships within development. This stand was established in *Stortingsmelding* (White Paper) no 13, *Climate, Conflict and Capital* (2009:99), 'the government will contribute to development of private–public partnership between Norwegian government and commercial actors'. The aim of coordinating commerce and aid policies is asserted in speech by Minister for Development and Environment, Erik Solheim, in an article about prospects for West Africa:¹⁷

West Africa is among the areas I am most interested in. It is a huge paradox that while the Norwegian government has focused almost exclusively on East Africa and Southern Africa, Norwegian industry and commerce have made massive investments in West Africa. West Africa is an incredibly important political area, it is very vulnerable, and there are huge Norwegian commercial investments there. (My translation)

The Econ Pöyry report (2004:2), *West African Oil, curse or blessing?*, which was the analytical backdrop to forming the OfD initiative, noted precisely this gap in lack of official connections to West Africa compared with Norwegian business interests in the region. A country's aid motives may range from altruistic to

¹⁶ <http://news.bbc.co.uk/2/hi/business/6764549.stm> 12 May 2010

¹⁷ <http://www.xmag.no/id/1271> 7 February 2010

political and commercial (Alesina and Dollar 2000), with the commercial factor often seen as the most important, as expressed by a former Danish foreign minister, ‘the flag follows the flesh’ (Helgesen 2008). Aid is an integral part of a nation’s foreign policy; it may be seen as a foreign policy objective in its own right, or as an instrument to achieve other objectives (Stokke 1989:9).

1.4.4 The OfD nexus: actors and strategies

The initiative is a joint effort of the four Ministries of Foreign Affairs (MFA), Petroleum and Energy (MPE), Finance (MF), and Environment (ME), who form the steering group for the initiative, with the Norwegian Agency for Development Cooperation (NORAD) coordinating daily activities. A range of actors are further connected to OfD, among them Petrad, Intsok, Statoil and the Norwegian Petroleum Directorate (NPD). In addition, projects draw on resources from various governmental units, petroleum consultants, legal experts and transparency organizations; and OfD collaborates with multilateral institutions and (to some extent) NGOs. Actors, public and private, have varying interests and policy objectives, which may be conflicting or concurrent. The Norwegian state and companies have certain goals, and they develop strategies aimed at achieving these goals. For the state, engaging through the OfD nexus may promote Norway as a ‘humanitarian great nation’, strengthening the voice of a small state on the international arena. For the oil industry, OfD spreads positive impressions of Norwegian companies, creates contact spaces and contributes to reputation building. As this thesis will show, aid often navigates in a complex landscape of foreign and domestic politics, as well as private and public actors’ agendas.

1.5 Thesis Structure

In the introductory chapter I have proposed a research question, described my justification for choice of topic and case, and provided some contextual background for the study. In chapter two I propose a theoretical framework using

an interdisciplinary approach and drawing on international relations (IR) and international political economy (IPE) theory. The third chapter deals with methodological concerns, data collection in the field, as well as practical and ethical considerations. The empirical material is presented in chapters four, five and six, with context and findings. In chapter four I discuss the motivation for creating OfD, and Norway's potentially conflicting dual roles as a 'Great Humanitarian Power' and an 'Energy Nation'. In chapter five, I consider OfD in relation to West Africa, assess some challenges in Ghana related to oil discovery and OfDs role in addressing them. In chapter six, I discuss whether or how OfD serves to promote public-private relations through its institutions and practices. I relate OfD to global trends that influence Norway in the making of its foreign policy, and examine whether aid may be understood as a business political strategy. The final chapter summarizes and offers some reflections and conclusions.

2. THEORY FRAMEWORK

This thesis examines the (re)formation of Norwegian development policy with regard to the significance of internationalization in Norway's petroleum industry for the OfD initiative. I have formulated the following research question(s): what constitutes the OfD nexus? How does it promote public-private relations? At first glance OfD is an aid programme, and aid falls within the domain of a country's foreign policy. International relations theory (IR) is the study of interactions and the behaviour of actors engaging in international politics (Mingst 2004), so IR would seem a logical theoretical starting point for answering the research question. I found, however, that more is involved in OfD than what mainstream IR encompasses. As a state-led aid initiative OfD is distinguished by its close connections to Norway's petroleum sector. State-centred mainstream IR theory might prove inadequate for grasping this dimension of what constitutes the OfD nexus.

Globalization has radically altered the world's economic structures and how states and other actors engage internationally in politics. This brings a need for theories that focus more on the presence and role of non-state actors. International Political Economy (IPE) can be of relevance here, as it provides a linkage between 'private' and 'public', 'foreign' and 'domestic' concerns. A study of relations between the Norwegian state, private actors and Ghana will necessarily involve the analysis of power. With OfD, who is exercising power, how, and over whom? The analytical framework must consider who the relevant actors are and how they exercise the forms of power available to them. To establish such a framework I lend support to theory contributions from the IPE tradition, in particular Fuchs and Lederer's multidimensional assessment of power (2007), Falkner's neo-pluralist perspective (2008) and Nye's conceptualization of soft power (2004). First let us reflect on what interdisciplinarity means for theory in a master thesis such as this.

My aim has been to adopt a theoretical framing and a methodological approach well suited to my specific research questions. In a constantly changing world, not being restricted to the boundaries of one discipline can be fruitful for defining and responding to research questions. Coming from an interdisciplinary background of development studies, I considered various theoretical perspectives for understanding my question: sociological actor-network theory, theories about globalization from human geography and IR contributions from political science. I found IR and IPE to be the perspectives which could best illuminate the question of public–private relations in aid. The theory framework adopted in this thesis is not interdisciplinary, although it might be argued that IPE, deriving from international relations, is itself an interdisciplinary theory that draws on a range of academic schools such as political science and economics, as well as sociology, history and cultural studies. IPE is usually seen as a subset of IR (Strange 2000).

2.1 Mainstream IR Approaches

The field of international relations has been subject to studies by great thinkers such as Thucydides, Machiavelli and Rousseau, and was established as a political science discipline with the publication of E. H. Carr's *The Twenty Years Crisis* in 1939, and H. Morgenthau's *Politics Among Nations* in 1948. Three theoretical approaches have been most significant for studying international relations within IR: these are realism, liberalism and radicalism, with the more recent contribution of constructivism becoming increasingly important (Mingst 2004:58). Of these perspectives, realism, which may be traced back to Hobbes and Machiavelli, has been most influential (Hovi and Malnes 2003). As a model for scientific explanation realism is claimed to avoid both positivism and relativism, and to acknowledge the fallibility of our knowledge (Mingst 2004). The realist perspective sees individuals as power-seeking, primarily selfish beings who are organized in states that are held to act in a unitary way in their pursuit of their

own national interests. Self-interest provides a powerful incentive for one state to take advantage over another:

When faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how the gain will be divided. They are compelled to ask, not 'Will both of us gain?', but 'Who will gain more?' (Waltz 1979:105)

To realists, the state is an autonomous actor, constrained by the anarchy of the international system. Liberalism differs by seeing human nature as basically good, and the expansion of human freedom as best achieved in democracies and through market capitalism (Mingst 2004). Here humans are held to be rational, and the state as reflecting both governmental and societal needs. This in turn differs from the radical perspectives, based on Marxism, imperialism literature and core-periphery theory, which all see the international system as being hierarchical. Radicals tend to view the state as an executing agent of the bourgeoisie, influenced by pressures of the capitalist class, and each state as constrained by the structures of the international capitalist system. Developing countries are seen as constrained and dependent on the actions of the developed world, with dominant states exploiting the 'underdogs'. The most recent perspective, constructivism, takes into account the fact that the world looks different depending on one's situation: 'the world is in the eye of the beholder' (Mingst 2004). Thus, any view adopted from a particular point located in social space yields a perspective which is shaped in its form and content by the objective position from which it was adopted (Bourdieu 1979). In the constructivist perspective, the analytical focus includes the power of culture, ideas and language, and power is seen also in discursive terms.

These theoretical traditions can be applied to three levels of analysis: the individual, national and the international. Broadly put, studies that concern the individual level look at personality, perceptions, activities and choices. Studies at the level of the international system examine alliances, norms, rules, intergovernmental organizations and multilateral corporations. My research

question concerns, first and foremost, the state level. This involves looking at state interests, and cooperation between nation-states through foreign aid, as well as cooperation between the state and interest groups. However, as an empirical study, this thesis also shows that in real-life politics, the boundaries between what concerns the international, the state and the individual level may become blurred and can be transcended.

2.1.1 Criticism of IR: a state-centred world view

The strongest criticism of IR as a discipline is that it operates with a state-centric reading of questions of the world order (Fuchs and Lederer 2007). IR tends to view states as unitary actors, autonomous of other social and political agents, and as pursuing their social interests based on rational calculations of costs and benefits. This view has, it is held, led to the neglect of non-state actors, so that mainstream IR approaches have failed to see that the state is but one actor among many in the global system (Rosenau 1992). Due to the statist reading of the world in IR, studies of power within this discipline have tended to focus on state power, often minimizing or ignoring the power and influence of other actors, and this has led to neglect of the role of business in international relations (Cox 1996).

Within functionalist perspectives, business tends to be viewed in terms of problem-solver potential (Newell 2004). Participants in global or state governance often apply a functionalist perspective to the role of business, and with the growing focus on the 'new' political role of business have come new forms of activity and collaboration between states and other actors, such as corporate social responsibility (CSR) and the UN's *Global Compact*. These arrangements express a functionalist perspective on business inclusion – but fail to consider and link the new role of business activities to the core issue of *power* (Levy and Newell 2004). Even few scholars use a frame for analysis that pursues interests and struggles for political influence (Fuchs and Lederer 2007). In light of this, Newell (2004) asserts that we need to understand how corporate strategies

and interests are formed when developing within a mix of the market and the political sphere.

IR theory would thus appear inadequate for analysing business cases in international relations. One reason why there are few studies of the role of business linked to power in global governance is because it is difficult to capture the many facets of business power in today's world (Fuchs and Lederer 2007). International globalization has brought changes to the sources of power today and the allocation of actual powers of non-governmental actors. Globalization thus implies a changing mode of interaction between states and non-state actors (Bieling 2007). A newer sub-stream of IR, International Political Economy (IPE), places state–market relations at the heart of its enquiry (Strange 2000).

2.2 IPE: Acknowledging Countervailing Forces to State Power

IPE scholars analyse international relations in combination with political economy, emphasizing the importance of firms in the global economy (Newell 2004). Theoretical perspectives within this field deal with the effects of economic interaction on political structures and outcomes, and the ways in which states, institutions and individual actors shape the systems through which economic interactions are expressed. Susan Strange is among the political scientists who have articulated how the state seems to have lost much of its position as a superior holder of power due global neo-liberalism, and indicates how this can lead to altered relations between the state and market actors:

Where states once were the masters of markets, now it is the markets which, on many crucial issues, are the masters over the governments of states. (Strange 1996:4)

She asserts that, in this context, politics and policies are no longer formed by and between states, as presupposed by the mainstream IR view. Rather, policies today are shaped in struggles between states and market actors. The strengthened

position of corporate powers in relation to the state is important for understanding how a state's policies are formed.

OfD is a *rara avis* in Norwegian development policy. It involves a range of actors, including private-sector ones, and should, I suggest, be seen as a political strategy involving exercise of power by the various actors concerned. A framework well suited for studying this must analyse not only state power, but also the power and means of influence available to private actors. It should also open for an analysis of how policies are formed in the intersection of various actors' interests. 'Power' itself is, however, a vague concept. It appears in many forms – sometimes easy to identify, other times in forms that can be hard to discover. It ranges from hard coercion, via economic inducement and agenda-setting, to changing the behaviour of others through share attraction (Nye 2004). In IPE, power is understood as economic and political, and interrelated in complex ways.

2.3 A Three-Dimensional Approach to Power

A few dominant perceptions of power in political science today interpret power as instrumental, structural or discursive. Combining these can yield a multidimensional assessment of power (Fuchs and Lederer 2007:3). Such a combined approach provides an analytical frame that treats different levels of analysis at the same time, taking into consideration both structural and actor-specific dimensions of power, and material and ideational sources of such power. Fuchs and Lederer (2007:12) note how business has a range of ways for exerting influence. It can pursue political interests and exercise power through bargaining processes on the micro-level, on the level of the firm or various deals, or it can impose its interests on macro-level structures through the use of discursive power and social and economic relations. Various power dimensions offer alternative and complementary means to influence people and processes, and these acts may be understood as instrumental, structural or discursive power.

Instrumental power

The instrumentalist understanding of power has its origin in the realist approach. This type of power is associated with Machiavellian thinking and fits well with more 'basic' and traditional definitions of power, such as Dahl's familiar definition, 'A has power over B to the extent that he can get B to do something that B would otherwise not do' (1957, quoted in Fuchs and Lederer 2007:4). Similarly, Weber (2000:53) has defined this type of power as 'the possibility of one or several individuals to implement out their own will in the social intercourse, also despite resistance from others' (my translation from the Norwegian edition). This interpretation of power is based on a methodological individualist approach, analysing direct and observable power relations between actors. Instrumental power related to business actors may be understood as when business actors invest resources in order to exercise influence in political processes, for example lobbying. The use of instrumentalist power by business actors is not a new phenomenon, but has escalated since the 1970s because of greater incentives for political decisionmakers to provide business actors with privileged access (Fuchs and Lederer 2007). This need is explained with reference to rising concerns about economic growth and the complexity of policy issues in the globalized economy (Newell 2004). Business actors have expanded their lobbying activities, where the considerable resources available to them tend to offer a competitive advantage over other actors (Fuchs and Lederer 2007).

Structural power

'Structural power' is more challenging to define than instrumental power. Structuralist approaches hold that power and its use must be analysed in relation to social and economic institutions and structures in society (Fuchs and Lederer 2007:5). The focus is on the material structures underlying behavioural options, whereby decisionmaking is influenced, directly or indirectly. While instrumentalist power is likely to influence the output side of policy, assessing structural power focuses more on the input side. This view can be traced to Marx,

Althusser and Gramsci, and has been applied for example in considering the structural dependency of state elites on private-sector profitability and in emphasizing corporate bargaining power on government policy agendas of promising jobs and income (Cox 1987, Frank 1978, Wallerstein 1979 in Fuchs and Lederer 2007). We have an example of structural exercise of power by business today in public-private partnerships (PPPs), which allow business actors to influence the kind of area for which rules are designed, as well as the actual design, implementation and enforcement of the rules – described by Fuchs and Lederer as active political structural power. The phenomenon of business structural power is more controversial than instrumental power, due to the greater empirical challenge of proving underlying power, as it enables and constrains actor choices without directly observable inducements or coercion. Controversy applies also to discursive power.

Discursive power

Discursive approaches to power adopt a sociological and relational view on power, where power is seen as a function of norms, ideas and societal institutions that are reflected in discourse, communicative practices and cultural values (Fuchs and Lederer 2007:8). This is substantially different from structural power, as the Marxist tradition emphasizes the material basis as the primary source of power. In the discursive dimension, power shapes identities and perceptions, and fosters the shared interpretation of a situation. It is thus held as a sophisticated form of power, which, in contrast to the directly observable power relations of instrumental power, is not as easily identified. Discursive power precedes the formation and articulation of interests in the political process, due to its role in constituting and framing policies, actors, broader societal norms, and ideas. It may prevent a conflict of interest from arising or even from being perceived as one, as expressed by Lukes (2005:27), ‘Is it not the supreme form of power to form other peoples very desires and wants!’ Discursive power, and how it influences policy and politics, has been attracting more and more scholarly

interest (see Fuchs and Lederer 2004:8). Practices of discursive power may vary; some examples of where discursive power matters include the strategic promotion of certain ideas in the international system and the legitimacy of the international order, or related to nation-states' use of soft power (Nye 2004).

Business invests heavily in ways of executing discursive power; indeed, this may be the most interesting and extensive development of business political role today (Fuchs and Lederer 2007). Actors in the political process may frame themselves according to a certain image; corporations may describe and thereby frame themselves as good citizens; or NGOs may frame other political actors as unreliable. Framing is a method that is part of the discursive toolbox of business power. Through discursive power, business influences and may even shape the cultural values and desire of the common people. This subtle way of creating interests is closely related to perceptions of legitimacy: in order to exercise discursive power effectively in the political process, actors require authority, and that links legitimacy and power. Closely linked to actor legitimacy is authority, which may be defined as the legitimate exercise of power (Bull and McNeill 2007). In the globalised context expertise, moral standing and goal achievement are sources of authority.

2.4 Power and Interest Groups

The pluralist view¹⁸ sees policies as the result of different interest groups possessing resources which they use to exert influence, but with states as the main actors and politics as located within the governmental frame (Falkner 2008). Free market and competition between groups are believed to lead to stability in politics over time, and business actors are seen as an interest group in line with others, like trade unions, religious groups or consumer groups. However, the business groups are not 'just' another interest group (Lindblom

1977). Neo-pluralists assert that corporate actors operate from a privileged position compared to states and NGOs, as they have more material resources, which is seen as the dominant source of power. Business actors hold a special position in society due to their critical role as ‘providers of employment, sources of economic growth and stimulus for technological innovation’ (Falkner 2008:4). This challenges the pluralist view that competition among and between interests groups will lead to an equitable social system over time; structural power makes it more likely that business groups will ‘outgovern’ the needs of other groups and that their dominant resources will lead to a systematic favouring of business actors.

On the other hand, the structuralist approach readily leads to material determinism – the belief that the most resource-rich actors will always get their way. This has proven not always to be the case (Falkner 2008). Concluding that business always has superior power is too categorical. Varying policy outcomes can be explained by the fact that political agency and discursive power can overcome structural impediments. In addition, business actors represent a diversified group. Tensions between and within business groups weaken their overall power, as challenging forces can use this tension to play corporate actors off against each other. Business power is thus a multifaceted phenomenon. In today’s globalized world, business actors must face a wide range of civil society actors all seeking to influence norms and affect company behaviour by challenging their power and legitimacy.

A analytical perspective for assessing business power should therefore be sensitive to the privileged material position of business, but also acknowledge the diversity of business interests, their countervailing forces and the conflict potential among them (Falkner 2008:6). The structural power of business will have to be established empirically in each case, including the analysis of how

¹⁸ A line of political science developed for American politics, Robert Dahl’s book *Who governs?* (1961) is a classic text.

different interest groups make use of discursive power. For further understanding the exercise of discursive and structural power, the term ‘soft power’ may prove useful.

2.5 Soft Power

Power is easy to identify when there is an actor A, a state or a firm that directly exercises power over another actor B. Such an analysis assumes that actors are easily defined. However, in the case of structural power and discursive power in particular, actors may not always be readily defined, and use of instrumental ‘force’ may be hard to detect, because power works in various ways to set the frames for what is discussed or believed as realistic options, in the case of structural power, and to form actor B’s very own wants and perceptions in the case of discursive power. All the same, power which is not easy to identify is no less significant. Indeed, according to Lukes (2005), power is at its most effective when it is least observable.

In political processes, state agencies, NGOs and business all engage in constant contests over the structures and processes that constrain and enable business activities. The concept of hegemony, deriving from Gramsci, can help to explain discursive power in relation to the resultant social order (Levy and Newell 2004). Hegemony works in a way that ‘frames thought and thereby circumscribes action’ (Cox 2000:140). It may thus be understood as a subtle form of power which is not dependent on coercive and instrumentalist control of other actors. Gramscian ideas of hegemony and civil society here provide a conceptual link between the strategies of business actors and international relations, and can help to illuminate how the political economy of international governance is structured. In a situation of conflicting interests among groups in society, different groups will have an interest in establishing their representation of reality as the ‘obvious’ and right view of reality (Howarth and Stavrakakis 2000). This demands a great effort, in terms of discursively working to make and defend a

hegemonic position. A hegemonic discourse will always be vulnerable to the political forces that it excludes, which will seek to challenge the dominant social order.

‘Soft power’ is similar in substance, but not identical to, a combination of the second dimension of power- structural power, and the third dimension- discursive power. The expression was first applied by Joseph Nye (2004), and defined as the ability to obtain what one wants through cooption and attraction.

More than four centuries ago, Niccolo Machiavelli advised princes in Italy that it was more important to be feared than to be loved. But in today’s world, it is best to be both. Winning hearts and minds has always been important, but it is even more so in a global information age. (Nye 2004:1)

Attraction often has a diffuse effect, creating general influence rather than producing an easily observable specific action (Nye 2004). The notion of ‘soft power’ must be understood in contradistinction to ‘hard power’, such as the use of coercion and payment. A nation with a high degree of soft power, and the good will that engenders it, will inspire others to acculturate, and thereby avoids the need for expensive hard-power expenditures. Soft power can be wielded not just by states, but by all actors in international politics, including NGOs or international institutions.

According to Nye (2004), a nation-state’s soft power has three main sources: its culture – if attractive to others; its political values – if the state lives up to them; and its foreign policies – when it is seen as legitimate and having moral authority. The success of soft power thus depends greatly on the actor’s reputation within the international community, and its rise is related to globalization, which has changed the ways that actors may exert power on the international arena (Nye 2004). Today a state may not as easily pursue its interests using coercive hard power, but must play according to international rules in order to maintain goodwill and respect in the international community – although the objectives may be the same, whether soft or hard power is used.

2.6 Applying a Multidimensional Research Approach

Fuchs and Lederer (2007) do not offer any specific examples of how to proceed with a multidimensional research approach. In line with their approach of understanding power as multifaceted, I hold that, for studying power as exercised in practice, by not only state actors in processes of international governance relations such as aid, we need a theoretical framework that is sensitive to power in its various forms, analysing the instrumental, structural and discursive dimension. Within these main types of power, actors may adopt a range of strategies to exert influence. Instrumental power, where actor A directly changes actor B's behaviour by force, would seem easier to identify, whereas structural and discursive power may influence actor behaviour in ways not be immediately clear to those involved.

A tripartite analytical differentiation of power as a research approach is admittedly an ambitious goal, since studying three dimensions simultaneously is more demanding than the usual approach of applying only one power dimension. As a case of development policy, however, OfD represents precisely a nexus of different actors, involving several decisionmaking processes where all three forms of power may be present. Powerful individuals may influence choices of cooperation partners: an example of actor-specific instrumental power that does not imply hard force. Seeing OfD as a PPP opens for a study of how structural power is exercised. As OfD is a demand-driven programme, it also needs to maintain a good reputation; and the ways that OfD represents itself in line with the strong discourse of altruism in Norwegian aid make it relevant to analyse OfD's discursive dimension of power as well.

With globalisation sources of power have changed (Nye 2004). The types of influence from business actors have increased and taken new forms, giving new political strength to business power (Fuchs and Lederer 2007). The perspectives adopted here as an analytical frame encourage studies of business power in its empirical manifestation in specific contexts. Much of IR theory has

been characterized by statist views, resulting in failure to grasp adequately the ways in which states and business actors may exercise power today. But having recognized the privileged position of business, we cannot simply adopt a structuralist approach to studying it. Despite the often superior material resources of business, its power has not remained unchallenged. Civil society's use of its moral authority, and opposing interests within the business world, open for influence from alternative sources of power.

A limitation of the framework proposed here might be that it promotes a too strict analytical division between public and private actors. Most IR theory has contributed to an understanding of 'private' and 'public', 'domestic' and 'foreign' as binary oppositions (Brenner et al. 2003). According to Bieling (2007) such an analytical division risks ignoring that private and public actors are, in practice, interdependent. In this case study, the issue of 'public' and 'private' is complicated by the fact that some actors do not really fit into either category. Some of the actors defined here as 'private' due to their objectives as profit-seeking or pro-industry actors, such as Statoil and Intsok, are majority-owned or partly owned by the government, although not controlled by it. This blurs the boundaries between public and private. Because OfD represents a rather special case, it might be that even recent IPE contributions cannot provide all the answers for understanding its power dimensions.

To conclude, an analytical frame for studying power related to policy formation of aid operating close to the commercial world and involving private partners in development will need to deal with various dimensions of the power available to state and non-state actors. Using the analytical framework presented here, this study assesses how different actors exercise power and exert influence through public-private aid cooperation, while also being aware of the forces that enable and constrain business power today. I will use the analytical tools to try to understand how various forms of power are applied by actors in OfD in ways that affect relations between the state and the market spheres in a way favourable for some of the actors – notably, for the Norwegian state and the petroleum industry.

3. METHODOLOGICAL APPROACH

A research design is concerned with ‘turning research questions into projects’ (Robson 2002:81). In order to answer the research question of what constitutes the OfD nexus and how it advances public–private relations, I opted for a flexible research design which is well suited to studying one or few related cases in their context (Robson 2002). My aim was to build an in-depth picture of the case, and I therefore chose a qualitative approach, which is good for highlighting nuances and giving broad and thick information about the case (Thagaard 2003), and a case-study approach, which allows for the use of a wide array of data (Creswell 1998). Seeking to understand the informants’ perceptions and motivations, I chose semi-structured interviews as the primary source of information during my fieldwork. In line with the methods of a flexible and qualitative research design, choice of theory and sharpening of the research question took form in an interactive process of analysis and thus influenced each other during the process.

There is no overall consensus about how to conceptualize the conduct of research, even less for interdisciplinary research. In a specific research design, theory and method are closely connected to each other and to the phenomena being studied. There are many types of theory, and the choice of method makes some possible while excluding others. However, within the social science disciplines, such as political science and sociology, theories often have some similarities, despite the differences in their approaches. I take the stand of a critical realist, also described as a pragmatic approach, seeking a middle ground between constructionist and positivist approaches (Robson 2002). Critical realism tries pragmatically to apply the best theoretical and methodological approach to solving a problem, and thus goes well with a flexible research design.

3.1 Qualitative Method and Flexible Design

‘Qualitative method’ is a collective term for a range of research strategies including interviews, participatory observation, text analysis and more, all handling data which are not primarily figures or quantifiable information. These approaches are well suited where the field is complex or there has been little previous research (Robson 2002). They seemed the best approach to studying OfD – a new trend in aid, a new and little-researched phenomenon in Norwegian development. The OfD nexus also is a complicated field, with a multitude of strategies, actors and plans. Qualitative studies are also well suited to investigate ‘false consciousness’, meaning actors who are unaware of the historical reality they engage in (Lincoln and Guba 1981: 2003).

The qualitative approach further presumes systematic thought regarding the research progression and methodological choices during fieldwork; also essential are sensitivity and empathy to obtain an understanding of those being studied (Thagaard 2003). In qualitative method, the researcher must aim at theoretical breadth, meaning that both the researcher’s and the various informants’ understandings of the issue are coherently and consistently attended to (Thagaard 2003). This is done by presenting central tendencies in the material, what is typical, rather than a narrow selection which can give an inaccurate picture of the researched reality. I found this important to bear in mind when studying the politically sensitive themes of petroleum and aid, where actors differ in their perceptions of what is ‘right’ and ‘true’.

In qualitative method, flexible designs are applied. Such designs must be rigorous in ways of collection data, doing analysis, and writing report, while at the same time letting the detailed design framework emerge during the study, through constantly revisiting the questions (Robson 2002). It is often said that in a flexible design the researcher is the main instrument (Thagaard 2003, Robson 2002) because the analysis is performed by the researcher herself, not by tools or instruments. A flexible design normally includes data collection through a range

of techniques, such as interview, observation and documentary analysis. In this study, interviews were combined with elements of document analysis and observation, thus aspiring to data triangulation – a widely used strategy where information is drawn from multiple sources to enhance the rigour of the research (Robson 2002). Through applying several types of data, theories and methods, threats to validity and researcher or respondent biases can be reduced. My research design uses triangulation of data, as critical text analysis and observation are applied in addition to the main data source of semi-structured interviews, although the design is restricted to qualitative method

3.1.1 The case study

Case study is a type of flexible design that allows for detailed information on a contemporary phenomenon within its real-life context, supported by multiple sources of evidence (Robson 2002). I found this approach best suited for studying OfD and its cooperation with Ghana, as a case study is the study of a ‘functioning specific’, or a ‘bounded system’ (Louis Smith in Stake 1995), which may be a process, activity, event, programme, one or multiple individuals (Creswell 1998). Case researchers seek out both what is common and what is particular about the case. The approach is good for obtaining ‘thick’ and detailed information about meaning, context and perceptions – precisely the kind of data needed to answer the research question of this thesis. Yin (2003:13) underlines the fruitfulness of the case-study approach for understanding complex social phenomena, as it allows one to retain ‘the holistic and meaningful characteristics of real-life events’. A case study was rewarding as studying OfD as a policy needs to illuminate the complexity of actors and agendas that meet or are combined in this nexus.

Trustworthiness in a case study

Case studies are meant to capture cases in their uniqueness; they depend on single or few cases and often non-standardization of many methods – so, it is often

asked, can one really generalize from case studies? (See, e.g., Robson 2002.) *Generalizability* refers to the extent to which findings in the enquiry can be taken as generally applicable outside the specifics of the situation studied. Trustworthiness is crucial for producing good research: researchers must provide convincing reasons why their research results are credible. The two most important tools for achieving such trustworthiness are validity and reliability (Robson 2002). Validity involves whether findings are really about what they appear to be. Reliability concerns the consistency or stability of interpretations and results – whether the investigation would produce the same results if repeated. Fulfilled in a satisfactory manner, these measures would make a study trustworthy and enhance the ability to generalize from it.

Measures of validity and reliability were developed within traditional fixed designs for dealing with quantitative data, and there has been considerable debate as to whether these measures are applicable for qualitative data as well. Yin (1994) has convincingly argued that the purpose of case studies is not statistical, but analytical or theoretical *representativity* as the means for generalization. Generalization should not be emphasized in all studies; the commitment to generalize should not be so strong that the researcher's attention is drawn away from features important for understanding the case itself (Stake 1995). In practice there is a trade-off between ability to generalize and to give in-depth information of a case. However, case studies can usefully be seen as small steps towards a grand generalization (Campbell 1975, in Robson 2002).

3.2 Data Collection

A key element for getting good data is purposeful sampling. A sample must be chosen for specific reasons (Creswell 1998). I decided on whom to interview after some introductory informal conversations – with one 'junior' employee in OfD, a Norwatch employee whom I had previously worked with in editing *Oljespill*, a book on the scramble for oil in Africa, and a journalist in the

newspaper *Klassekampen*, who had written several articles about OfD. These meetings were helpful in choosing informants and preparing the interview guide. During the interviews I also asked for suggestions as to other persons to talk to, also referred to as ‘snow-balling’, and some informants were chosen because it was evident from looking at meeting reports that they were involved in OfD activities that I wanted to discuss. My fieldwork period in Ghana lasted mid-October to mid-December 2008, whereas fieldwork in Norway was split in conducting interviews before and after my stay in Ghana, with two interviews before, and the rest conducted from February to March 2009 and from January to March 2010. I selected informants from ministries involved in OfD in Norway and Ghana, and from petroleum corporations and petroleum industry related bodies. In addition I conducted interviews with civil society representatives in Ghana, ranging from a paramount chief to various NGOs and the World Bank, in order to understand the political situation. My final sample consisted of 31 interviews, most of them were with people holding high positions in society.

I used some document analysis, especially in preparation for the interviews. These documents were OfD web pages and working papers, Ghana’s petroleum policy and petroleum master plan, as well as some internal government documents that I was able to obtain. As for official documents showing the communication between Norway and Ghana in the Norwegian Foreign Ministry’s postal archive, I was given access to some, but denied access to others. In addition I used articles from various media, such as *Financial Times*, *Klassekampen* and *Upstream Petroleum Magazine*. Another useful text tool proved to be meeting plans and reports available on the Internet. These provided an overview of who had been present at important meetings, and I sometimes used this information to get in touch with people. For example, I had tried to contact Statoil for months to arrange an interview, but without success; instead, I simply got in touch with a person who had been present at activities that I wanted to discuss, and an interview appointment was set. In addition, I attended some meetings as an observer: the most important were the West Africa regional

seminar on data management in Akosombo, a joint donor meeting with OfD in Accra, and an Intsok/Statoil-hosted meeting on internationalization in the Norwegian petroleum industry in Oslo (see Appendix).

Table 1 Information sources

GROUP/ COUNTRY	GHANA	NORWAY
Governmental Bodies 11 interviews were done in this group, 6 in Norway, 5 in Ghana	Members of Ghana's Technical Oil and Gas Committee The President's Office (the Castle) Ministry of Energy Ministry of Finance EPA	OFD Secretariat in NORAD OFD Steering Committee Ministry of Foreign Affairs Ministry of Environment Ministry of Finance Ministry of Petroleum and Energy
Oil Companies and Industry Related Bodies 7 interviews were done in this group, 4 in Norway, 3 in Ghana	GNPC Kosmos Energy	Statoil Norwegian oil company Intsok
Other Interest Groups 14 interviews were in this group, 1 in Norway, 13 in Ghana	WB, Isodec, Friends of the Nation (FON), German Development Agency (GTZ), Third World Network, Ghana Trade Union, Chiefs, journalists.	Petrad Publish What You Pay (PWY)

3.2.2 The interviews

Interviews are about asking questions and (one hopes) receiving answers, and are flexible and adaptable tools for finding things out. Using follow-up questions and asking for examples can provide more interesting, richer answers. Through the interviews I aimed at responding to the informants' ideas and opinions in a neutral and equal manner. In preparation, I learned as much as possible about the interviewees before meeting them – background, working place and involvement

in OfD – in order to ask questions that were perceived as relevant to them. As my sample involved a broad range of informants from two different countries, I could not simply use the same interview guide for each meeting, but had to prepare and adjust for each separately. However, I do not feel this weakens the validity of the data, as all core issues were the same.

I experienced a small change in how structured the interviews were from the beginning towards the end of the interview process. Whereas the first interviews were more a matter of informants answering my ready-made questions and following a more rigid interview guide, I gradually got better at listening to what was being said. This enabled a more relaxed atmosphere, and the interviews tended to be more like conversations around the most important themes. This freedom from the interview guide was possible because of my increased familiarity with the field and with interviewing. I experienced that fieldwork really is ‘the art of conversation’ and also understood why the method of interviewing has been described as ‘the art of hearing data’ (Thagaard 2002:87). Questions had to be asked in a way that would invite the respondent to give good and extensive answers. By showing interest, curiosity and a positive attitude, I could build trust – important in opening up for dialogue. That some interviews were undertaken in a more relaxed atmosphere, I found mostly positive, when it made possible a confidential tone; however, in one case, it was more constraining, when I felt that a powerful informant was undervaluing the importance of my questions. When listening to this interview later, I recognized this informant’s attitude as ‘defensive’ behaviour.

3.2.3 Researching elites, time and getting access

My interviews were with few exceptions with elites, people working in governments and corporations, often in high/leader positions. Researching upwards brings challenges of getting time and access, but can be beneficial, as understanding how decisionmakers think is important in order to be heard on an issue. ‘Elite people’, however, are busy, and for interviewing about sensitive

issues like aid and business there is limited time to get people to open up. This may be a weakness of the data, although I was surprised at how many people wanted to talk, also about politically sensitive matters, especially when I demonstrated knowledge and familiarity with the issues.

Gaining access and establishing rapport are important for getting good data. And physical and social logistics shapes access to the field and influence data's trustworthiness. The context of data collection can be as important in explaining the data as the data themselves (Robson 2002). Often, people I interviewed would suggest other people to talk to, and would even introduce me to them. Getting access and establishing contacts represented a rather different process and experience in Norway and Ghana. The stay in Accra was rewarding as I was fortunate enough to have several informal meetings with people who worked with OfD, embassy staff, and researchers. It was tempting to use names from people in the OfD programme to get access, but I avoided that, as it could give the impression of my being affiliated with the OfD or the government, which in turn could affect the data. I always made it clear that I was independent, not working for the Norwegian government or OfD, and that I was there to learn about Ghana and aid cooperation with Norway.

Further practicalities included understanding codes of behaviour in Ghana for how to approach people and how to make interview agreements. A typical means of getting access and establishing contact in a case study is through gatekeeper informants and gaining confidence with the participants (Creswell 1998). A 'gatekeeper' is someone who is a member of, or has an insider status, with a cultural group, and who can serve as an initial contact for the researcher, leading the researcher to other informants (Hammersley and Atkinson 1995, in Creswell 1998). In Norway I had connections to OfD and civil society through previous organizational work. Having a gatekeeper became important in Ghana, where cultural codes and few contacts made the social environment I wanted to visit more unattainable. Here one specific gatekeeper became a key to access the Presidential Office ('the Castle'), and being granted access to the Castle during

the first weeks of my fieldwork gave further access to governmental organizations. There is, however, one note of caution regarding gatekeepers: as a gatekeeper person usually has contacts within one type or circle of informants, the researcher must consider whether all types of informants are covered with this gatekeeper's connection; it may be wise to search for more than one gatekeeper. I would describe my process of establishing rapport as a matter of being persistent (and a bit lucky), approaching a lot of events and individuals to establish good contacts.

Researcher's Role

Research is rarely value-free or politically neutral, but is founded upon the researcher's values (Robson 2002:72). During the research and writing process for this thesis I thought about my own role, my influences before meeting the field from a background of development studies and civil society work, all typically critical to the power of the oil industry. For the purpose of this project I needed to try to be neutral in dealings with all my respondents. Also the researcher's status, class and gender impact on the kinds of data informants give (Thagaard 2003). In Ghana my role was in cultural terms that of an 'other', and that probably affected the type of data I obtained, although I cannot know how things would have been if I had been Ghanaian. For an 'outsider' it is more challenging to establish trust in the interview situation, although it might make some informants open up, and I believe that being Norwegian gave me more access. Being a young female conducting fieldwork in a men's world,¹⁹ the petroleum sector, was both challenging and enabling. However, I experienced that it was possible to use this to my advantage. As a (young) woman, I found that many informants explained carefully and in detail how they perceived the issues in question. And in Ghana, I believe being a young 'unimportant' woman had a less intimidating effect when talking about sensitive issues. However, in

¹⁹ Of over thirty informants, only six were women.

other situations it was revealing my own knowledge of the field that helped informants to ‘open up’.

Reflections

During the fieldwork I focused on understanding how Ghana’s petroleum sector was arranged and administered, and which deals had been made with which foreign companies. I examined how many and who the ‘OfD people’, the ‘expats’ and experts in Ghana were, how long they stayed there, and why they were there. I tried to understand whether there was an opposition between Norwegian business interests and the interests of the Ghanaian state, and what objectives of the Norwegian government were (to be competitive, etc.). Other underlying questions were how to understand the actors’ narratives and whether they had seemingly similar or conflicting frames of interpretation, whether OfD objectives were manifested in actual praxis, and how meetings and collaboration were arranged, examining language use through observation (when possible) and text analysis. Meeting people in Ghana was equally important for me as meeting the elites I was interviewing, in order to get a better understanding of the society in which OfD is operating. During my field I therefore chose to live with a family, who happened to be located in one of the marginalized parts of Accra, La. The contrast of living in impoverished conditions, while regularly visiting elite people’s areas, increased my understanding of what it meant to be economically marginalized. That family became my doorway for trying to understand Ghanaian society. I also worked on a school project and served as an election observer during the 2008 presidential elections, as a part of a Canadian research team led by a Ghanaian whom I had previously interviewed in Norway, in their neighbourhood.

Storage and analysis of data

For the interviews I used a tape recorder, and data were stored both electronically and physically. In addition to data from interviews, observation and documents, I kept a fieldwork diary, writing down my approaches and the achievements of

each day, together with thoughts and reflections along the way. In doing the analysis, I went through all the material in sequences corresponding to the thematic organization of the thesis and in sequences corresponding to the outlining of questions in the interview guide. I noted what the informants expressed as relevant and what I understood to be relevant, and compared interviewees' statements, looking for coherences or discrepancies.

Limitations

Taking note of real-world constraints is important in an empirical research project (Robson 2003). This concern may be dealt with when making the research design, ensuring that choices of research focus are realistic in terms of the time and resources available. I had to be critical and selective in how to divide my time among informants, especially towards the end of the process. During fieldwork I was also given access to some non-official documents. These provided interesting sources of information, but could unfortunately not be cited, and were treated as background material. Regarding access to information, such as agreements between the Ghanaian state and oil companies, difficulties arose from norms of confidentiality in business culture and cultural norms of not sharing information in Ghana. A heightened focus on accountability has brought changes in norms of confidentiality, but in Ghana I found that there was confusion as to what governmental and business information should be accessible to civil society.

3.2.4 Ethical considerations

Researchers have a responsibility with regard to how they treat the data. Access to data also means responsibility for how you present it and what you do with it. This was particularly important when discussing politically sensitive topics. I always made it clear that information from the interviews would not be misused, and in some cases I gave promises of confidentiality, although I kept an open record and used a voice recorder in almost all interviews. In one interview, the

informants wanted anonymity, because of caution about revealing their work practices, what they called their 'intellectual capital'. On one occasion, an informant with a previous bad experience had initially refused to be interviewed. This indicates the importance of proper handling of informants regarding interpretation and protection in accordance to ethical research rules. It also says something about the level of disagreement and distrust between oil industry and civil society groups. That said, I would maintain that important people in society have an (informal) duty to contribute to research on their field. A further ethical consideration concerned to which extent informants should be 'included' in what the study was about. I found it important to be sincere regarding my research theme, since representing it otherwise could imply a risk of distorting data.

4. CREATION AND CONTEXT OF OFD

In Chapter One I formulated the research question of what constitutes the OfD nexus, and how it promotes public–private relations. In Chapter Two I presented a theoretical framework for analysis, and in Chapter Three I outlined the methodological approach. In this chapter I discuss the rationale and context for creating OfD, by examining the two reasons for establishing the initiative according to OfD’s website,²⁰ and the concurrent trend of internationalization in the Norwegian petroleum industry. Two reasons were given for stepping up Norway’s petroleum-related assistance: 1) a growing awareness of the negative situation of resource-rich developing countries, the ‘resource curse’, and 2) that Norway is uniquely positioned to do something in this field. I will elaborate on the ‘resource curse’ literature and discuss the idea of Norway as a country well positioned to provide petroleum-related assistance. That will entail examining ‘the Norwegian model’ – a term widely used in various contexts: in development literature, peace building, sociological literature on welfare, and in management of petroleum resources. The Norwegian model for petroleum management and the Norwegian model for aid are relevant in this thesis. I will argue that the creation of OfD must be analysed in relation to the Norwegian government’s objective of internationalizing the petroleum industry, but let me begin by pointing out that, when OfD was established in 2005, petroleum aid was not entirely new in Norwegian development thinking.

4.1 Continuation and Steering Structure

Petroleum-related assistance is given mainly by countries with strong political and commercial interests in hydrocarbons, and may be described as activities

aimed at improving the developmental impact of petroleum resources. Norway's petroleum-related aid is organized bilaterally, and focuses not on the allocation of money, but on capacity transfer and institution building. When OfD was introduced, Norway had already been engaged in petroleum-related assistance for some 30 years, mainly through Norwegian Petroleum Directorate (NPD) and the Ministry of Petroleum and Energy (MPE), in cooperation with NORAD. This had been low-profile aid, familiar to few people (interview, Lunde).²¹ With the establishment of OfD came an increase, unification, integration and coordination of previous efforts. There was an acknowledged need for more focus on the financial and environmental dimensions of resource management, in addition to the previous practice of assistance to technical resource management, and so OfD included a financial and an environmental pillar in the programme. That required a different steering structure than before, involving the Ministries of Finance and the Environment, in addition to MPE, NPD and Petrad, and the two 'regular' units for steering development programmes, Ministry of Foreign Affairs (MFA) and NORAD. This gave OfD a particularly complex steering structure.

The OfD initiative operates in the intersection of altruistic and commercial interests, and has as an articulated goal that others shall benefit from expertise in the Norwegian oil industry. In addition to the programme's steering model, that makes it a *'rara avis'* within NORAD. Further contributing to the impression of OfD as an anomaly in Norwegian development assistance is the fact that NORAD in OfD has employed mainly people from the petroleum sector to work within the secretariat of this development programme. The various actors in the steering group and the operative unit deal with differing dimensions of the 'resource curse'.

²⁰ <http://www.norad.no/en/Thematic+areas/Energy/Oil+for+Development/Oil+for+Development.127154.cms?show=ajj> 16.3.10

²¹ Leiv Lunde was central in the creation of OfD: first as a researcher, responsible for the ECON Poivry report *West African Oil – Curse or Blessing*, then as state secretary under Development Minister Hilde Frafjord Johnsen, and finally as first director of the OfD programme. Lunde was criticized for being involved on 'all sides of the table'.

4.2 Resource Curse, and the Hallmarks of Petrostates

By past experience you could wish nothing worse upon a developing country than an oil find.²²

Time has shown that producing oil in commercial quantities is not enough to obtain welfare and development. Without an effective system for managing oil production and generating income to benefit the population, what should have been a blessing can quickly become a curse (Collier 2007). There is also a clear negative correlation between resource riches, like oil, and economic growth (Sachs and Warner 2000). Without exception, every developing country where oil has been found has seen living standards decline and people suffer. Many oil-rich developing countries have performed worse than their non-oil neighbours, despite the big cash flows generated from the oil industry (Ghazvinian 2007:14). For many countries, large stocks of natural resources have not contributed to development, but instead fuelled civil wars and political instability, resulting in higher levels of poverty (Collier 2007). Countries that depend on oil have been shown to be among the most financially troubled, most authoritarian, and most conflict-ridden in the world (Karl 2005).

Despite the vast literature on the resource curse, there is no scholarly consensus as how to explain it. This could be problematic, as policy implications without a clear theoretical and empirical basis might lead to misplaced policy interventions. Various mechanisms of the resource curse may destroy the political and institutional fabric of a country, and several economic and social explanations have been offered as to why this occurs (Ghazvinian 2007:95). According to Østerud (2003), the ‘curse’ is that the abundance turns into a comfortable cushion, leading to overstated demands and expectations, high consumption, poor economic discipline, optimistic borrowing and neglect of

²² *Financial Times* 8 October 2003, regarding prospects of Chad–Cameroon pipeline project, quoted in Econ Poivry report 2004:14

other industries. To give a coherent picture of the challenges of resource curse, I have here used Kolstad et al.'s (2009) classification of resource curse in four main types which are seen as the most robust explanations: Dutch disease, patronage, rent seeking, and destruction of institutions. While these are different mechanisms, they are also likely to affect each other.

'Dutch disease' describes a situation when (natural) resources alter the industrial structure in a country in a way that in turn may reduce productivity and development (Kolstad et al. 2009). As the country becomes flooded with foreign currency from the export of natural resources, these artificially inflate the value of its own currency, making imported goods cheaper. This may lead to urban migration and declining agriculture production, and in the worst cases, foreign food import dependency – which not all can afford – and ultimately foreign aid dependency.

The second mechanism, rent-seeking behaviour, is described as the socially costly pursuit of rents (Svensson 2005). In extractive industries, like oil and gas, the revenues are disproportional to the cost of production, so there is a rent profit that accrues to those who control the resources. Also here the result is a drop in production, because entrepreneur talents engage in rent-seeking activities instead of running enterprises that create value; some forms of rent-seeking activity also qualify as corruption. A state that gets most of its income from external sources, like oil and gas rent, becomes less dependent on its people to provide tax revenues, and that has rendered some rentier states less accountable to the people and society they govern (Kolstad et al. 2009). As political power and economic influence become especially concentrated in a rentier state, lines between the private and the public get blurred, and rent seeking as a strategy for wealth creation becomes rampant. Moreover, since the people are not involved in the actual production and wealth creation, they have a hard time claiming a share of the outcome. With oil revenues, politicians have access to vast sums of money, and some petro-states become more concerned with redistribution of oil money than with diversifying and expanding 'the cake' (the

country's production) itself, leading to no real value creation in the country. This phenomenon has been termed the 'allocation state' (Ghazvinian 2007:104).

The third mechanism, patronage, occurs when public resources are employed to secure political power. With increasing resources, the future utility of having political power will increase; as a result, politicians will choose policies that increase their own chances of remaining in power. This can include giving public-sector jobs to people to gain support, or investing in projects that provide political but not economic payoff. Also this type of leadership behaviour, with politicians exploiting their political positions for personal gain, must be characterized as corruption (Kolstad et al. 2009). This also helps explain the rampant militarization of oil states, or the survival of non-democratic regimes, often with external help. The international oil companies frequently help the elites in African petro-states to stay in power (Ghazvinian 2007). Oil has contributed to forming a type of state where the benefits of statehood are privatized, whereas state failures are public, to be shared by the masses. Lack of accountability in petro-states, and their disappearing role as providers of welfare, has led to a situation where non-governmental actors take over social programmes. An example is Angola, another OfD country, where the leaders have control and can increase their possibilities for accumulation. It is not a collapsed state, but a privatized²³ one. The same regime that fails to provide for the country's common people engages successfully with the international community, which supports regime survival despite endemic poverty and the misuse of national resources (Ghazvinian 2007).

The mechanisms of Dutch disease, patronage and rent-seeking behaviour all lead to weakening of governance systems and what Kolstad (et al. 2009) give as the fourth explanation for resource curse: the destruction of institutions. Given access to natural resources, and through the mechanisms described, politicians

²³ Privatized here means as opposed to public (not to be confused with 'private' as elsewhere applied in this thesis to signify a part of business).

may destroy institutions, so that the actual effect of resource abundance becomes an undermining of democracy (Ross 2001).

In addition to the general challenges of natural resource abundance, petroleum-producing states are made extremely vulnerable by challenges that relate to the characteristics of oil production. Exploitation of oil is expensive, capital-intensive and enclave-oriented: it creates few jobs, is centralized and more rent-producing than all other industries (Ross 2008, Ghazvinian 2007). The oil industry requires a relatively low number of workers, and though billions are invested in oil production in Africa, not much is actually spent in Africa. More jobs are created for highly qualified workers, often from the USA and Europe, and the purchase of technical equipment directs money flows to the big supply companies, also based in the West. And even if an African petro-state has well-meaning leaders, high dependency on oil exports makes a country vulnerable to fluctuating oil prices. These factors may contribute to negative development in petroleum-producing countries, and to the resource curse. Indeed, the oil curse seems to have hit almost all oil-producing African countries in one way or the other. Most of the described resource-curse mechanisms emphasize weak leadership, failed institutions and poor governance as the underlying causes (Karl 1997, Kolstad et al. 2009, Mehlum et al. 2006).

4.2.1 The governance solution

In the literature, problem is portrayed as primarily a governance issue. Kolstad et al. (2009) note how negative effects of resources seem conditioned on governance, and poor governance is described as ‘the mother of the oil curse’. While ‘good governance’ was a big buzzword in development-speak in the 1990s, there are several limits to this approach. One problem is that underdevelopment is still discursively constructed so that the answer to poor development is (good) governance – meaning yet a way of measuring where ‘the West’ is better than ‘the rest’, so Westerners may take the expert role. Jones (2008:33) is critical that interventions proposed for dealing with the resource

course have focused mainly on good governance: arguing that we have too little knowledge of governance, and that the links between good governance and resource curse are currently ‘hollow and devoid of practical content’. With a focus on governance, management systems and administrative techniques are often treated as neutral and value-free phenomena to be implemented universally, regardless of the context (Turner and Hulme 1997), and ‘good governance’ policies have been known to reduce democratic processes to technical and administrative matters (Bøås and McNeill 2003). Working with governance issues concerns deeply structural matters that are not easily addressed by an aid programme. Still, and despite sad examples of this strategy (Ghazvinian 2007), it seems that good governance is held to be the most important means of combating the resource curse.

OfD as a ‘resource cure’?

According to its website,²⁴ OfD aims at helping developing countries to avoid the resource curse by focusing on capacity building and good governance. Through OfD, Norwegian experts provide advice and support to governments and to institution building in developing nation-states.

Kolstad (et al. 2009) are skeptical to capacity building as an approach in development. They have asked whether the OfD programme may become a smokescreen for African regimes with no good intentions, and conclude that more resources must be invested in understanding the political economy of the recipient countries. In the case of a country with a self-serving government and a lot of oil, a demand-driven aid programme may not be the best way to secure aid that benefits development goals for the whole population. According to Collier (2007:46) African politics may be described as ‘the survival of the fittest’, meaning that those in power will ‘eat’ as much as they can, as long as they can. Bayart (1993) has asserted that African politics works differently from Western

²⁴ <http://www.regjeringen.no/nb/dep/ud/tema/utviklingssamarbeid/olje-for-utvikling.html?id=446108> 12 May 2010

politics, by what he calls the ‘rhizome state’: a state focused on ensuring the succession of the head of state, which is seen as the whole art of governing in some countries. This may also indicate, despite the good rhetoric about governance, that corruption is not dealt with satisfactorily (Kolstad et al. 2009). The focus on revenues, resources and environmental management is held to be too narrow and sector-specific to tackle the major overarching themes of accountability and unfavourable incentives that are at the core of the resource curse; and capacity building and knowledge transfer do not in themselves lead to positive institutional change (Kolstad et al. 2009). The fear is that the OfD programme, in its current form, may help the elite in developing oil countries to get richer, rather than improving general conditions in the countries concerned.

Concerning what may be achieved with capacity building, many of my informants were also critical. In MPE there was limited belief in what the programme could achieve in terms of institution building (Interview). And as Wangen of Intsok put it:

There is an exaggerated faith in what OfD can do in a cooperation country; OfD and Norway is after all normally only one of several partners. For real institution-building in the cooperation countries, the timeframes for projects are too short. Measuring the effect of it [OfD] on two to five years, it is not serious, nobody would think up something like this in Norway – for example, the effect of a Swedish project on Norwegian development, which consisted of ten million NOK and some workshops... but in developing countries, we do it’ (interview, my translation).

According to an evaluation report of Norwegian petroleum-related assistance prepared for NORAD, training programmes in cooperation countries and in Norway have been successful (NOARD Evaluation Report 2007).²⁵ The evaluation also indicates some problems, the main one being that major institutional changes are almost impossible to implement in countries with an established petroleum sector where major revenues have already been generated.

In these cases, the effect may be to make the rich richer. The report concludes that long-term Norwegian commitment to oil assistance has been more successful where better institutional models are already in place or in ‘new’ petroleum-producing countries. This indicates that institution building has not been particularly successful. Also respondents working in the programme’s steering group were sceptical to the possibility of actually achieving institution building through OfD (interview). It is, however, hard not to focus on institution building, when institutional failure is depicted as the problem. In her *Paradox of Plenty: Oil Boom and Petrostates*, Karl (1997) also notes the importance of good institutions in managing oil resources, and describes Norway as a shining example where oil has been well managed.

4.3 Norway’s Unique Position: The ‘Norwegian Model’

The idea that Norway is uniquely positioned for providing petroleum-related assistance, the second stated reason for initiating OfD, is based on the belief that Norway is a rare success example of a democratic oil-producing nation. To understand the content of this statement, we should take a look at the Norwegian experience regarding the development of the oil and gas sector, a picture corroborated by Karl’s (1997) description of Norway as more successful than most other petroleum-producing countries. Through decades of experience with oil and gas, Norway has accumulated wide expertise in petroleum management. Norway’s experience is often portrayed as one story – what I call the popular story, as in the recent NRK²⁶ documentary on the history of oil in Norway. The popular narrative of Norway’s oil adventure focuses on how the discovery of petroleum resources has had a massive impact on Norwegian society, lifting it from being a stable but poor country, to become one of the richest nations in the

²⁵ This NORAD evaluation report was written before Ghana became a cooperation country for OfD.

²⁶ NRK (Norsk rikskringkasting) is the state broadcasting system of Norway. Production of this documentary was supported by the oil industry.

world, all thanks to the great efforts of a few smart Norwegians in a critical period.

A more nuanced approach, however, reveals that this popular story, as the expression of a ‘Norwegian model’, encompasses several stories. The real story shows that the way Norway developed its petroleum sector is a complicated story, built on fortunate circumstances, not always following what are today called ‘best-practice’ methods – and with incredible luck in discovering oil at a time when Norway could readily draw on experiences from other countries.

To understand Norway’s unique position we need an historical overview of what actually happened, one that does not merely replay the image of the Norwegian state as always taking all the right decisions. Nor is there one specific oil story: Norway’s oil policies were formed through a democratic process that included extensive conflicts. Civil society groups will stress the democratic influence from NGOs, in particular the environmental movement; technocrats will focus on the establishment of Statoil; and social scientists like to talk of the (Nordic) welfare model. The Norwegian development model may, for example, stress how the Norwegian government has worked closely with NGOs to capitalize on their in-depth knowledge of the field and their local contacts. More recently, use of the Norwegian model has also been suggested as a means for internationalizing the petroleum industry through the aid channel (Ihlen 2007). These are but a few examples.

There are a great many differences in what people refer to as the ‘Norwegian model’: the expression is often used in relation to Norway’s oil and gas sector, by the media and by many of the informants in this study. The use of the term has been criticized; both the feasibility and the motivations for using such a concept have been questioned. The idea that this is a purely ‘technical’ model that could simply be applied to other countries is unrealistic, but the use of this expression still builds up the idea of the model as a transportable, transferable technical tool. The underlying concept of the Norwegian model builds on the self-image of Norway as a humanitarian great power (Leira et al.

2007) and the idea of Norway as holding a special position as a great energy nation – the one area where Norway can be said to have great-power interests (Obi 2007).

4.3.1 The ‘do-good nation’

Norway’s overall success, accompanied by democratic development and the well-known Scandinavian welfare regime, has led to much talk of a ‘Norwegian model’. The (well managed) oil industry has given the small but rich state an image of itself as a ‘*do good*’ nation, as its wealth enables it to be a bigger actor on the global arena than its size should say. This has led Norway to engage in peacebuilding processes and aid promotion globally, activities that do much to shape the ‘Norwegian identity’ today (Tvedt 2005).

Amongst other perhaps more obvious roles, foreign policy also contributes nation building at home (Leira et al. 2007). Images of what Norway *is* are constantly produced and reproduced through discourses on the domestic and international arena. One almost-hegemonic image is that of Norway as the altruistic helper and an example to follow. To some extent Norway shares this image with its Nordic neighbours, an image of being a ‘clean’, decent exception from standard praxis in international politics and economics elsewhere in the world. This image has also worked as identity construction at home, as well as being presented to the outside as a model which others could do well to copy (Leira et al. 2007).

Norway relates its ‘state branding’ to peace, humanitarian and development policies on the international arena through the ‘South political system’ (Tvedt 2005). According to Tvedt (2009), this system consists of both development and foreign policies, with the former supposedly grounded in values and altruism, and the latter in realism and national self-interest. However, the relation between realism and altruism in international relations is more complex than this simple two-part division, which has characterized traditional analysis. I will elaborate

further on aid motives in chapter 6. But first we will look at the role of the petroleum sector in Norway.

4.3.2 The 'energy nation'

Petroleum has been developed in Norway since the 1960s, when the American company Philips first expressed its interest in activities on the Norwegian continental shelf. The Norwegian oil adventure had a rough start: even though foreign companies invested heavily and Norway borrowed massively, the first field, Ekofisk, did not come onstream until 1971. After the big oil price shock in 1973, prices stabilized but exports did not go as fast as hoped. By 1977, Norway had become the most indebted Western country, with a debt as high as 47% of GDP (Mjøset 2005). But then, in 1979/80 oil prices went up again, and stayed high until 1986 due to the OPEC countries' cartel politics, making Norway's national debt easy to repay. In 1985, Statoil became more of a normal oil company, with the creation of Petoro²⁷ to run some of Statoil's previous responsibility for managing the state's economic rent (Mjøset 2005). Becoming an oil-producing country involved structural, economic and international changes, as Norway went from being a net importer of oil and gas, to become one of the world's largest producers. Development has gone through phases with shifting degrees of power between the industry, politicians and the bureaucracy (Ims and Engelstad 2003).

Several aspects of Norway's management sector for petroleum are seen as favourable. The integration of industry development and research is a successful trait of Norway's oil and gas management (Interview Intsok). The three-part management structure for the resources, with SDFI, Statoil and MPE, is central to the Norwegian model. SDFI and Statoil together own about 80% of the business on the Norwegian shelf (Andersen and Austvik 2000:5). The idea of securing

²⁷The company Petoro AS was created to take over Statoil's responsibility for the (Norwegian] State's Direct Financial Interest (SDFI), the organ responsible for managing economic interests of behalf of the Norwegian state.

jobs and employment in the oil and delivery industry, commonly referred to as 'local content' in the oil industry, was in focus from the very beginning. The oil sector and the oil-related industry and delivery activities became extremely important, and the high degree of local ownership of resources is a key for the Norwegian success.

Specific factors and decisions have formed what is often referred to as the Norwegian 'Oil Fairy Tale'. The main goals for the Norwegian petroleum industry were established in 1971, adopted by the Norwegian Parliament as the '10 oil political commandments' (Andersen and Austvik 2000:32). These stated that all oil activity on the Norwegian shelf were to be under national governance and control. As a consequence, the fully state-owned company Statoil and the Norwegian petroleum institute were founded in 1972, together with one private company, Saga, and one partly state/partly private company, Hydro. As a fully state-led company, Statoil became the most important political instrument in nationalizing the oil industry, creating the Norwegian model for oil and gas management and for controlling petroleum resources in Norway (Sejersted 1999). In the 1970s the then fully state-owned stock corporation Statoil was given many privileges. The use of concessions, a type of petroleum agreements where the government decide (behind closed doors) which companies to assign licences, was decisive for developing Norway's fields in the North Sea (Mjøset 2005).

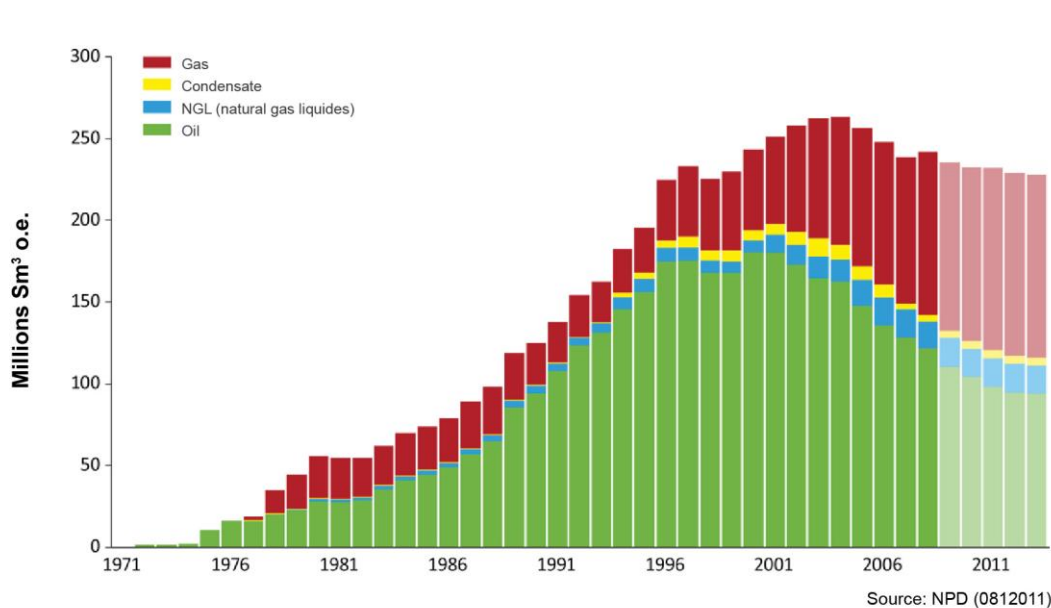
The context was special; in the 1970s Norway had a market-regulated economy, with regulations in place for distributing the revenues from economic rent to the state and other interest groups in society (Mjøset 2005). Norway thus had a strong state, integrated with a private commercial sector and a welfare state, already at the beginning of oil production. An open economy and a more developed welfare state were advantages. The state-active Norwegian model for organizing the petroleum sector was developed in the early 1970s, a time when the international framework (regulations and markets) strengthened the nation-states' possibilities for active control (Andersen and Austvik 2000). While the

1970s and the 1980s were an establishing phase, the 1990s and to now are better described as the harvesting phase (Mjøset 2005).

4.4 Internationalization of the Norwegian Oil Industry

According to the NPD, Norway produces 5.33 billions standard cubic meters of oil equivalents (smc o.e.)²⁸ per year.²⁹ New discoveries are still made on the Norwegian shelf, but the volumes of these are generally smaller. The US Energy Information Administration (EIA) has forecast that Norwegian production will fall by 4% per year, and maintains that oil production peaked in Norway in 2006.

Figure 1 Petroleum production in Norway



Economic and political globalization create new conditions for steering strategies, so that effectiveness and competitiveness across nation-state boundaries have become central measures for what are good, legitimate solutions

²⁸ Scm o.e.= standard cubic meters of oil equivalents. The term o.e. is used to standardise figures of natural gas and oil production: www.npd.no/en/About-us/Information-services/Dictionary/ April 4 2010

in the formulation of Norwegian policy (Andersen and Austvik 2000:4). The international trend is towards bigger and more effective companies. With the privatization of Statoil in 2001, the Norwegian government implemented a strategy, setting out to make Statoil a multinational corporation in order to achieve internationalization (Andersen and Austvik 2000). This change in Statoil's 'nature' was paradoxical, as it turned a company originally created to protect Norwegian national interests in confrontation with multinational oil corporations, into itself becoming an international company – of the type it was to provide protection from (Sejersted 1999).

The fusion of Statoil with Hydro in 2007 was a further step in the strategy to make Statoil a transnational corporation, competitive on the global market. Statoil is today the only oil company in Norway. It produces 1.9 million barrels³⁰ a day, thus ranking among the seven or eight biggest companies in the world (interview, Statoil). While Statoil's resource base is still predominantly in Norway, a strategic goal of the company is to become a global player, and to increase its revenues from upstream activities in foreign petroleum markets significantly. Statoil now spends more on investments outside Norway, although its revenues are still generated mostly from the Norwegian shelf (interview, Intsok).

Internationalization is a goal not only for Statoil, but also for the supply industry, which today earns nearly half of all its income from activities abroad (interview, Intsok). Among those I interviewed, all agreed that internationalization was important for the industry, though some doubted whether it was also important for the Norwegian state as such. An important tool for achieving internationalization is Intsok. It was created in 1997 as a partly state-financed, industry-led body, working for a closer relationship and collaboration between the industry and the state (interview, Intsok). Intsok is important

²⁹ [http://www.npd.no/no/Tema/Ressursregnskap-og-analyser/Temaartikler/Ressursregnskap/2009/ May 19 2010](http://www.npd.no/no/Tema/Ressursregnskap-og-analyser/Temaartikler/Ressursregnskap/2009/May%2019%202010)

³⁰ Barrel is an American measure equalling 159 litres.

primarily for the many Norwegian service and supply companies, whereas Statoil, due to its size, operates on a more independent basis. To internationalize, Statoil builds alliances with other companies, in order to compensate for its relatively small size and to be more competitive. A main feature of this NOC-NOC strategy with new upstream markets is sharing experiences from Norway's history in petroleum development (StatoilHydro 2009). Internationalization of the petroleum industry is also a declared ambition of the Norwegian government in its Soria Moria declaration (2005–2009:60).

4.4.1 The report that started it...

OfD was launched after the completion of a report made by Econ Pöyry, *West African Oil, a Curse or a Blessing?*, during the second right-wing coalition government of K. M. Bondevik. This report analysed the dynamics of the oil sector, as well as social, political, economic development and security in West Africa, and was intended to guide Norwegian policymaking in this region:

The background for OfD was a policy process in the MFA and in NORAD, based on a report conducted by Econ Analysis on request from the Africa Desk in the MFA in 2003/2004 (...) there was a focus on Africa and the strongly asymmetric relation between Norway's heavy focus with 13 embassies in the Eastern and Southern parts of Africa, compared to almost nothing in West Africa, while the economic interests of Norway are completely the opposite. (Interview Lunde, my translation)

The report states that West Africa has huge oil reserves, described as an 'oil bonanza' for the region, and notes that 'the international community is increasingly focused on *helping* this region'(2004:7, my emphasising). Foreign investment in the petroleum sector reflects a confluence of business and geopolitics in the sense that the commercial interests of international oil companies often come together with the broader economic and security interests

of their home governments, ‘be it east or west, jungle or desert, it is a safe bet that where the drillers go, the politicians, strategists, and lobbyists are not far behind’ (Ghazvinian 2007:8). This also has to do with the importance of the political dimension to oil companies: ‘if companies can rely on the governments to do their bidding, it can sharpen their competitive edge, and the more powerful the government, the greater the potential to the company’ (Econ Pöyry 2004:7).

4.4.2 The Norwegian ‘oil fairy tale’ continuing abroad?

The Norwegian oil industry follows a capitalistic orientation and it has to expand. The pace of exploitation on the Norwegian shelf has been high, and the growth in oil prices has covered falling production in Norway in recent years (Andersen and Austvik 2000). To continue the Norwegian oil fairy tale, the companies must sustain their revenue levels, and therefore need to go abroad, earning a larger proportion of their revenues from other countries (Ryggvik 2001). The expansion frame is often presented as having an ethical foundation: Norwegian industry can export ethical (high) Norwegian standards – Norway *should* expand because of the good standards that Norway can bring to the world. This is demonstrated by the slogan ‘Oil for Development’, indicating that everybody stands to gain from internationalization of Norwegian oil industry (Ihlen 2007), and opens up for linking the internationalization of Norwegian oil industry to the framing of ‘the Norwegian’ as a ‘goodness regime’ (Tvedt 2005).

In interviewing the head of Intsok, I noted a certain reluctance to talking about the importance of Norwegian internationalization; moreover, interviewees in a Norwegian oil company stated that internationalization was ‘not very important or very successful’ (interview, Norwegian oil company). However, recent Konkraft³¹ report, produced in the same timeframe as my interviews, asserts that internationalization has been successful for Norway; further, that the

Norwegian oil industry has to internationalize and that it should be a priority for the MFA that Norway has ‘a presence’ in countries with considerable oil and gas reserves. The report goes on to state that the interplay between the various actors on the Norwegian shelf (state and industry) has been of considerable importance for the internationalization of the oil business. There is, however, a general assumption that internationalization of the supply industry has been more successful than of the oil industry itself (interview, Intsok), despite the fusion of Statoil and Hydro.

4.4.3 The ‘Norwegian model’ revisited

The Norwegian model is not a static model, but has changed and modified to changing conditions, national as well as international. A critical evaluation of Norway’s oil assistance concluded that ‘the Norwegian model’ had been too heavily promoted, leading to rejection of alternative models or to understand that the Norwegian structure might not be the best solution everywhere (Aspelund 2006). There is now a greater awareness, or caution, amongst Norwegians in the development sector to consider OfD as providing a transfer of a Norwegian model. In the White Paper/Storting Report no 13, there is no mention of the expression ‘the Norwegian model’ (Tvedt 2009). Likewise, OfD is clear in stating that the programme is about ‘sharing Norwegian experiences’, and not promoting a Norwegian model. In practice, however, the presentation of Norway as the ‘expert country’ seems similar to the idea of a model, and the mental image of a model is strong, so that the notion keeps re-appearing in discussions with all the involved actors. As a civil society respondent in Ghana put it, ‘I think that Norway has certain experiences to teach; of course, the Norwegian model is counted worldwide as a good model’, another example is from my interview with GNPC’s Director of Operations:

³¹ Konkraft is a collaboration forum for ensuring competitiveness on the Norwegian shelf, involving the Norwegian oil industry association (OLF), Federation of Norwegian Industries, Norwegian Association of Ship-Owners and

... when we found the oil, the former Secretary-General of the UN, Kofi Annan, suggested to the President that oil can be a curse and it can be a blessing. Now you have made the discovery there is the time that we have to look at the whole industry, see how best we can refashion the industry, in matter to make it a blessing. So he said that the Norwegians have got a very good model, why don't you look at it?

To my question, 'have you heard talk of a Norwegian model?' another answer was 'Oh yeah yeah, the expression Norwegian model is used everywhere in the Ghanaian oil discourse, but the problem is that nobody knows what it is about, except that it includes a future generation fund as a part of the policy' (interview, Isodec). In Ghana the expression 'the Norwegian model' was widely used, but without much knowledge about what it is. In Norway on the other hand, people were more reluctant to speak of a Norwegian model in relation to OfD. Most would agree to that there is such a thing as a Norwegian model, although people in government and civil society had differing views as to what exactly it involves. The head of OfD stated in an interview with me that one does not use the expression 'Norwegian model', focusing instead on sharing Norwegian experiences, but that we could still speak of a Norwegian model, which would be:

(...) where there is a balance between international companies and the national state, that Norway in way has managed that balance, and that Norway has developed a trade and industry, connected to the oil and gas sector, which in a way is very productive. (Interview, OfD Director)

The mention of balance between international and national companies, and that Norway has managed this, is an interesting statement, in view of the fact the Norwegian state controls 80% of the petroleum resources in Norway (Andersen and Austvik 2000). People from civil society tended to emphasize the Norwegian model as a society with high level of organization and pressure on the government (Ryggvik, conversation), and were also more sceptic towards use of

the expression. For example, according to Mona Thowsen of Publish What You Pay (PWYP) : ‘The Norwegian model is a concept that doesn’t really hang together. (...) why do we use the concept of a model, unless we want to transfer something?’ (interview, my translation). My interviews corroborate the view that the use of the expression signifies that Norway has a successful model that can be implemented in cooperation countries, although, on closer scrutiny, it becomes evident that doing so is very complicated. Some parts of the Norwegian experiences may be useful for cooperation countries, such as the three-part organization model for steering the industry, whereas other parts, such as national protectionism, the license system of concessions and building of local content, are more problematic, due to changed international regulations and recent advances in technology.

4.5 (Un) Sustainable Self-Image?

The Norwegian self-image sees Norway as an environmentally friendly and altruistic nation – a great humanitarian nation. The Norwegian/Nordic model for aid is held to be very altruistic, with few elements of commercial, political or military strategic interests.³² The OfD initiative, however, seems to represent a change. The underlying trend and the motivation for creating OfD is well described by the Econ Pöyry report (2004:31), which points out how innovative approaches and close cooperation across ministries and industry groups might be needed to sustain the dynamic development of Norway’s oil complex, including crossing conventional boundaries between business promotion and development cooperation: ‘Certain holy cows may be up for slaughter.’ These I interpret as referring to elements constituting the Nordic model, especially the idea that commercial policies and aid policies should not to be linked. Further, the report’s proposed policy input (amongst others) to the Norwegian government

³² <http://www.dagbladet.no/2010/04/12/kultur/debatt/kronikk/bistand/11240925/> 12 April 2010

demonstrated a clear inclination to use aid means to promote business policy's goals, policy advice:

Make the necessary steps to sustain a more proactive Norwegian presence in West Africa – commensurate with its regional/global significance and the level of interest among Norwegian companies, and in so doing, encourage further Norwegian investment in this region. (Econ Report 2004:32)

The 2004 report addressed precisely the gap in lack of official connections to West Africa compared to Norwegian business interests in the same region:

...a significant boost is needed in order to realize Norway's potential to contribute meaningfully to global efforts to improve oil management in West Africa. In so doing it is essential to address the coherence cracks in present Norwegian policies, by uniting the following three main policy branches behind a common agenda: foreign policy, industrial policy/business promotion and development cooperation.

However, the ideal aim of using Norwegian private actors in aid, but not using aid as a Norwegian business political strategy, might be difficult to achieve at the same time (Stokke 1992:77). The policy goals for these three policy domains (foreign, industrial and development) differ, encompassing the goals of national interest, commercial interest, and advancing social and economic well-being. Yet, with OfD it seems that they can be united to achieve a common good for Norway *and* West Africa. The formulation from the Econ Pöyry Report, 'the international society is increasingly devoted to helping West Africa', indicates how policy interests may be 'wrapped' in a rhetoric of aid promotion. Causes for this shift away from the Norwegian model and towards a business-friendly attitude are also to be found in global neo-liberal trends. We may identify an increase in Norwegian economic motives for aid, and a nation-state actively participating in the global race for securing global oil resources.

4.6 Concluding Remarks

This chapter has nuanced the context and rationale for creating the OfD initiative. As a joint effort of a range of governmental and industry-related organs, the OfD nexus represents something new in Norwegian development. It coordinates various institutions in working with petroleum assistance, though these varying objectives. The OfD programme addresses the resource curse by aspiring to capacity transfer and institution building, although work with institution building is broadly acknowledged as a substantial challenge. The programme's elevated focus on good governance and technical issues leads to an apolitical approach to deeply political processes in cooperation countries. The real story of the development of the Norwegian petroleum sector differs from the popular story, for example Norway's protectionism by allowing for a high degree of state control of resources and the industry through the creation of Statoil, and the democratic dimension of pressuring government and companies, are important features of the 'real' story, which are not promoted in the popular story.

The oil industry produces one fourth of Norway's national GDP, and is the country's best-organized business sector. Both Statoil and the supply companies see internationalization as a next natural step. The expression 'Norwegian model' may be useful in that regard, representing something that cooperation partners are interested in learning about. However, the international climate has now changed, constraining the possibilities of cooperation countries to copy some features of the Norwegian story on petroleum management, such as protectionism. Despite a stated rhetorical shift from talking about the Norwegian 'model' to talking about Norwegian 'experiences'; the mental concept of a model remains and the expression is still used very widely. The image of Norway as a humanitarian great nation is powerful on the international arena – although OfD, when we look behind the rhetorical facade, seems to represent a shift away from the image of Norway as an altruistic donor, making the image of the do-good nation hardly commensurable with the acts endeavoured by Norway as a petroleum nation.

5. OFD IN WEST AFRICA, THE CASE OF GHANA

In the previous chapter I described and analysed some reasons for establishing the OfD initiative, holding that this must be viewed in relation to the internationalization of Norway's petroleum sector, and that the expression of the 'Norwegian model' is a useful tool for Norway in that regard. In this chapter I will give contextualization to understanding the research question of whether OfD may advance public-private relations, by exploring the initiation of the project in Ghana, a donor favourite, seen as a particularly promising African oil producer. I aim at giving a nuanced picture of the economic and political situation in Ghana, assessing the role of OfD in handling the oil find in the early phase and with regard to some of the challenging aspects that the programme addresses. Relations between Norway and Ghana will be examined in terms of development cooperation and increased commercial cooperation, by reflecting on issues of negotiating power and stakeholders' differing objectives.

In looking at how OfD became the most central donor on petroleum issues in Ghana, despite lack of long-established diplomatic relations between the countries, I argue that while initiating the programme, the Norwegians contributed to a perception of them as both altruistic and naive. Given Ghana's history of donors and aid dependency, and especially in light of the new oil discoveries, there is a desire among donors to contribute to an image of Ghana as an assistance success-story, although closer scrutiny reveals several notable obstacles to be overcome if Ghana is to become a pioneering example of an African successful oil producer. But we begin by looking at the growing Western interest in West Africa, and Norway's political and financial relations to the region.

5.1 Oil and Geopolitics in West Africa

West Africa's proven oil reserves have doubled in recent decades, now constituting 10% of the world's remaining resources³³, and is seeing increased international attention as a new and important energy market. The recent speed of growth in Africa's oil industry is due to the fact that it is one of the world's last under-explored regions, and that advances in technology, drilling and seismic now provide better access to the region's many deepwater areas.

Since the early 90's advances in deepwater drilling technology and attractive contractual terms have helped turn Africa into the world's last true El Dorado – a place where exploration blocks the size of France can still be picked up at an auction, and host governments lack either the experience or the technical capacity to impose burdensome constraints on drilling activity. (Ghazvinian 2007:6).

Oil exploitation may represent the largest-ever inflow of capital to the continent (Gary and Karl 2003). Collier (2007:47), however, warns: 'if history repeats itself, this opportunity will be missed', and the pessimists hold that the stage is set for another missed opportunity (Soares de Oliveira 2007). The scramble has resulted in years of fast growth, big signature bonuses and blurred borders between politics and business.³⁴

In 2004, when the OfD initiative was being planned, oil production in West Africa was projected to increase by 50% or more before 2010, by which time it is likely to exceed 6 billion barrels a year – almost double Norway's production in 2004 (Econ Pöyry 2004:3). Foreign investments in West African deepwater fields were expected to exceed 50 billion USD within the same timeframe, making the Gulf of Guinea the world's largest recipient of offshore hydrocarbon capital investment (*ibid*). Since 1990 alone, the oil industry has invested more than 20

³³ British Petroleum (BP) Statistical Review of World Energy 2008, <http://www.bp.com/sectiongenericarticle.do?categoryId=9023769&contentId=7044915> March 9 2010

³⁴ <http://www.africa-confidential.com/article/id/406/Risky-money> 12.5.2010

billion USD in exploration activity and production activity in West Africa, and a rough estimate holds that towards 2010, one in every five barrel of oil on the world market will come from West Africa, making oil and gas Africa's major export article (Ghazvinian 2007:7). From having a lower geopolitical priority than Antarctica, Africa is now strategically important as an energy supplier. This is demonstrated by the fact that the USA has established a West Africa office (Africom) at the Pentagon, and has tried to establish a US military base in West Africa. What makes the African oil boom so interesting to energy security strategists in Washington, Europe and increasingly China is a series of opportune and unrelated factors concerning geography and, most importantly, politics (Ghazvinian 2007:9). 10% of the world's remaining oil resources might not sound much, but Africa's significance as an oil 'play' – to borrow the lingo of the industry – concerns more than how many barrels may be buried under its cretaceous rock. The West wants diversification of oil supply, and African oil is seen as cheaper, better, more accessible, and available in increasing quantities. Oil in the Gulf of Guinea is of good quality, in the industry's parlance called 'sweet' and 'light', which in fact means better in environmental terms. African oil producers are also less affected by OPEC production regulations, as only Nigeria belongs to that 'club'. When the OPEC countries cut production to sustain high oil prices, the supply from outside OPEC rises to meet the increasing demand.

The region's location is important. From the Gulf of Guinea, the way is short to the Americas and Europe (Econ Pöyry 2004, Ghazvinian 2007). Offshore oil production cuts transport costs and risks, and is held by oil companies to be easier than onshore production because it reduces the chances of political entanglements. But offshore production also provides limited benefits to the host nation, and is often described as the ultimate 'enclave industry'.

Finally, the contractual environment in Africa is known as favourable to international oil companies, where their share of the profits is generally high. Most African countries use variants of production-sharing agreements (PSAs),

whereby a foreign oil company is given a licence to search for petroleum on condition that it assumes the initial costs of exploration and production, and will relinquish parts of the block according to a determined timeframe if oil is not discovered. If oil is found, the company will share revenues with host government, according to the negotiated agreement, once its initial costs have been recouped. According to Ghazvinian (2007), PSAs are often offered to impoverished countries that lack technical expertise and the massive capital investments needed to drill for oil by themselves.

Despite the benefits and potentials, the West African region also presents a challenging operating environment. The Gulf of Guinea is the world's second most dangerous waterway (Ghazvinian 2007:13). Where there is lack of taxation and voting mechanisms, oil companies in effect support regimes with little respect for democracy and human rights – and that may prove difficult for how their *moral* licence to operate is perceived by other actors and the international community. Unstable regimes also mean unpredictability, as well as insecure frames for cooperation: and that means a risk for oil companies, as exploring and developing oil fields have a long timeframe.

5.1.1 Norway's relations to West Africa

Due to historical and cultural circumstances, including language and the fact that Norway is as a small country with limited diplomatic resources, Norway has had less diplomatic relations with (primarily Francophone) West Africa than with East and South Africa (Simensen 2003). The lack of a coherent and conscious Africa policy is now changing, and African affairs have never occupied a larger place in official Norwegian policy than now. The Norwegian Africa Policy Platform was launched in 2007, seeking a new Africa awareness in Norwegian policies, and Africa has been important in the current government's *Refleks*

project.³⁵ Especially West Africa has been receiving more attention, as the region sails up as one of the world's key regions for oil and gas production.

The Econ Pöyry report (2004) that formed the backdrop for OfD describes West Africa's regional comparative advantages, noting its openness to foreign investment, relative political stability, limited OPEC influence, low political risk (mostly offshore production), proximity to US and European markets, and the high-quality crude oil. The report goes on to state that oil will be a key factor in West Africa in the decades to come, at a time when North Sea oil production will already have peaked; it notes how Africa 'fell off the map' after the end of the Cold War, but that West Africa is now 'back in the super powers' geo-strategic calculations', and that 'the international community seems increasingly devoted to *helping* Africa, at least those countries showing signs of improved leadership and governance (Econ Pöyry 2004:7, my emphasis). The report also stresses that West Africa's position as major oil supplier in the world will be increasingly important, and that the international security dimension of the continent's multiple challenges has become more pronounced as a result of the war on terrorism, spiralling migration patterns across the Mediterranean and how unrest in the Middle East affects oil prices.

Europe provides more than half of all foreign investments in West Africa, with Norway among the most important European actors on Africa's oil and gas scene. Africa can in few years' time become Norway's largest investment region outside the EU (Hansen 2008). Norway invests and spends far more in West Africa than in Eastern and Southern Africa combined, including development cooperation, and Norwegian petroleum and supply companies invest more than 5 to 8 billion NOK annually, with West Africa set to become a key market for the Norwegian oil industry (Econ Pöyry 2004).

³⁵ This project involves is a series of articles discussing Norwegian foreign policy.
<http://www.regjeringen.no/nb/dep/ud/kampanjer/refleks/innspill.html?id=478948> 20 May 2010

5.2 Ghana Finds Oil- at Last

In July 2007, Ghana struck what has been referred to as a world-class discovery of oil in deep water on the Jubilee field,³⁶ named after Ghana's 50 years celebration of independence, and there have been frequent reports of good-quality findings on the Ghanaian shelf.³⁷ At the time President Kufour said that the 'black gold' would be the boost that Ghana needed to become an 'African Tiger'. Throughout Ghana, the excitement was notable. At the Office of Ghana's National Petroleum Corporation (GNPC) in Tema, one could feel that change was coming. The city's harbour was busy with oil industry shipments, all equipment in the Petroleum House was renewed, people were happy and busy, and guests complained that they used to be wanted, but were now sidelined. Ghanaians and foreigners were moving to Ghana and Takoradi, the city closest to the Jubilee field, expecting to do business.

The Jubilee field is situated off the shore of Ghana's western communities, and it covers parts of two blocks. One part is operated by the American company Kosmos Energy, the other is owned by the Anglo/Irish company Tullow Oil. Tullow is a medium-sized company; Kosmos is smaller. The oil discovered is 'light', meaning that quality is good, and the field is also rich in gas. Due to Ghana's good reputation and the size and qualities of the oil find, the country has received more than 40 applications for oil exploration blocks since the announcement of the Jubilee Field (interview, GNPC), and Ghana has turned to OFD for support.

Ghana has experience from extractive industries in the mining sector, but, as a Gyimah Boadi, a Ghanaian professor in political science and director of Ghana Centre for Democratic Development (CDD) put it (interview): 'We have lived with the gold for a long time, and that has not made anybody rich. Nobody is dreaming big because of gold, but everybody is dreaming big because we have

³⁶ <http://www.petroleum-economist.com/default.asp?Page=14&PUB=279&SID=716588&ISS=25274> May 19 2010

oil.’ That Ghana already has abundant natural resources which are not well managed feeds scepticism among NGOs about whether oil will in fact have the influence that people dream of.

5.2.1 Ghana: the Black Star of Africa

As the first African country to achieve independence from Britain in 1957, the World Bank’s star pupil, and recently depicted as an African model of democracy, Ghana has often been an African pioneer. But, although Ghana was the first to achieve autonomy, it soon became the epitome of African decline. Economic management after independence was poor, and the country struggled through more than twenty years of military coups. Aid increased dramatically and aid dependency set in during the 1980s (Whitfield and Jones 2009). Rich in natural resources, Ghana exports cocoa, gold and timber, but has had little industry. The same percentage of the population is employed in industry today as at the time of independence – about 14% (Killick lecture, Accra). Poverty is a major challenge. Ghana was ranked 152 in UNDP’s human development report 2009,³⁸ with 53.6% of the population living on less than 2 USD a day. Inequality is severe, with a Gini coefficient of 42.8.³⁹

Under British rule Ghana became the world’s largest producer of cocoa. Thanks to the strong economic expansion after 1945 and the country’s cocoa monopoly, Ghana had at the time of independence foreign reserves of 532 million dollars, but an economy dominated by foreign companies. President Nkrumah, who led Ghana to independence, focused on building up Ghanaian industry, which had been neglected during colonial rule, and invested in various factories. By the time of the military overthrow of the Nkrumah regime in 1966, the state

³⁷For example: <http://www.upstreamonline.com/hardcopy/news/article208032.ece> February 12 2010

³⁸ <http://hdr.undp.org/en/statistics/> 19.3.2010

³⁹ UNDP’s Human Development Report 2009: the Gini measures countries’ inequality ranging from 0 to 1, where 0 implies full equity; the higher the value, the more severe is the inequality in a country.

sector had expanded considerably in an attempt to gain control of Ghana's private sector, then heavily dominated by expatriate businessmen (Appiah-Kubi 2001).

Thereafter, military coups and various civil governments ruled: between 1966 and 1991, Ghana had four military regimes and two civilian governments. This led to considerable policy discontinuity, with poor financial management. Ghana's growth rate dropped, from 4.1% per year in the 1960s, to -0.3% in the 1970s. The decline was not reversed until Rawling's socialist-inspired regime started its Economic Recovery Programme in 1983 (Whitfield and Jones 2009). The same government introduced elections and a multiparty system in 1992, and Ghana is today seen as democracy in consolidation (Economist Intelligence Unit, Country Report 2008). John Kufour and the New Patriotic Party (NPP) led the state from 2001 to 2008, but power shifted to the National Democratic Congress (NDC) led by John Mills, in the 2008 elections. The Kufour government improved the macro-economic situation, though it did little with inequality. Ghana now aims at becoming a West African hub of trade and expertise on petroleum issues, and at achieving middle-income status by 2020, despite being heavily reliant on foreign aid.

5.2.2 Aid dependency and donor relations

Foreign aid constitutes 11.7% of Ghana's GDP,⁴⁰ and between 40 and 50% of government spending (Whitfield and Jones 2009). This aid dependency is a product of foreign exchange shortages and debt. It set in during Rawling's quasi-military government, which sought to address the economic crisis with help from the World Bank (WB) and the International Monetary Fund (IMF) (Tetteh 2003). The debt proved unsustainable as investments and reforms failed to bring the necessary foreign exchange and levels of growth.

Ghana has gone through two periods of Structural Adjustment Programmes (SAPs) – from 1967 to 1971, and from 1983 to present,

implemented under military dictatorship (Jebuni 1995). Both SAPs were initiated due to economic decline and involved a movement away from a state-controlled economy to a liberalized one. The second period is generally described as successful, and Ghana is often referred to as the ‘WB’s star pupil’ of adjustment. The WB sees Ghana as the triumph of neo-liberalism, though it has not comprehended the forces driving the adjustment processes (Hutchful 1995). Jebuni (1995) argues that the second structural adjustment succeeded because it was sold to the public as a ‘bitter but needed medicine’ for the country – however, this was at a time when the people were oppressed under a military dictatorship. The WB also spent twice as much staff and time in Ghana than in other African SAP countries (Hutchful 1995).

Many wanted to support the portrayed successful story on economic reform, so aid increased dramatically in the 1980s. With few economic resources outside the aid system, it was hard for government to set the policy agenda and forge development strategies outside those of the donors. The SAPs of the 1980s involved considerable use of foreign experts and technocrats, in effect marginalizing the civil service. Working conditions were poor, many relied on donor resources to do their job, and civil servants would negotiate as much as they could on a loan – but in the end would accept an aid package even if it was not in line with the ministry’s priorities (Whitfield and Jones 2009). WB and Ghanaian governmental staff perceptions of the economy often differed widely, according to an advisor to the NPP government, Kwamena Esilifie (interview). For example, the NDC resented privatization, which was part of the deal with the WB and the IMF, and this resulted in a large drop in aid in 1999 leading to inflation and collapse of the local currency. In the same year, Ghana experienced two external shocks: rising oil prices and a decline in world prices for Ghana’s export main articles – gold, cocoa and timber. Shortages and energy crisis followed, and from 2003 to 2005 Ghana implemented the Poverty Reduction

⁴⁰ http://www.nationmaster.com/graph/eco_aid_as_of_gdp-economy-aid-as-of-gdp June 6 2010

Strategy.⁴¹ The 1990s saw more and more NGO and media criticisms of government policy (Whitfield and Jones 2009).

The NPP government came to power in 2001 with a strong development vision, but it also inherited the economic crisis, aid-dependent budget and donor agencies embedded in the workings of the state apparatus (Whitfield and Jones 2009). The development vision was put on hold, and the government decided to implement the Heavily Indebted Poor Country Initiative (HIPC) in 2004. Concomitant to this aid dependency came increasing donor demands and participation in policy issues, and strong incentives to comply with donor wants in order to obtain foreign exchange.

'The golden age of business'

Rawlings had held an antagonist stance towards private sector. By contrast, on coming to power, Kufour declared his term 'The Golden Age of Business' (Whitfield and Jones 2009). This involved creating a Ministry for Private Sector Development, with a new development vision focusing on 'positive partnership' with the private sector together with an active role for the state. This emphasis on private sector development met heightened interest in the international donor community. However, donors accused the new ministry's Private Sector Development Strategy of lacking coherency and vision. For their part, policymakers defended the strategy, blaming donors of seeking to reframe it to suit their own wishes. In the end, the policy was changed largely as a means to secure donor funding, but the new strategy was negotiated outside Ghanaian state institutions, by international and Ghanaian experts, in for a where donors had the most influence. Civil servants are resource-stretched and private actors have businesses to run, but the *raison d'être* amongst donors is precisely to influence government policies. However, much time was spent on mediating among the competing interests of donors.

⁴¹ <http://webapps01.un.org/nvp/frontend!policy.action?id=130> 20 May 2010

At the time of the oil find, Ghana was the first post-HIPC country to access the international capital market. It now has more diverse sources of capital, although traditional donors still constitute an important source of finance (Whitfield and Jones 2009). Improved economic growth and new financial sources from China and the international capital market give the recent NDC government more room to pursue development visions. Ghana's neo-liberal policies since 1983 have brought an opening of the economy to foreign capital, but leaving the country with a relatively small national take from its own mining industry. This is often blamed on ignorance, and many hope that oil will be a different story.

5.3 Initiation of OfD in Ghana

Turning to Norway's cooperation with Ghana, the partnership was a fact from 2007, with the Memorandum of Understanding (MoU) signed in February 2008. This came about after the UN's Kofi Annan had contacted and discussed with Norway's Minister for Development and Environment, Erik Solheim. The conversation is available on podcast, as the first of speeches and conversations with Norwegian ministers made available online by the government.⁴² This is an extract of the conversation:

Kofi Annan: the desire to do it right is special in Ghana, the president and the parliament is eager to do it right. And I have also told them to not regard oil as a panacea for all our problems.

Erik Solheim: Environment is important.

KA: African leaders are increasingly aware that they are paying the most for pollution, I really wish you can set up something on this.

ES: Norway is very very eager to share our advice on the oil sector.

⁴²http://www.regjeringen.no/nb/dep/ud/lyd_bilde/podkast/erik-solheim---rett-pa-traden/kofi-annan-ber-norge-om-hjelp-til-olje.html?id=480936 21.3.10

According to the MoU, the cooperation would cover a wide area of cooperation, involving capacity building, strengthening of institutions, revising of laws, policies and tax regimes, and with a focus on tension areas, such as conflicts over land. OfD cooperation in the early phase in Ghana concentrated primarily on technical petroleum issues, such as assistance in developing the national Oil and Gas Policy and Masterplan, assistance with the plan for development and operation (PDO) on the Jubilee Field, and in making new petroleum laws. Among the first of Norway's activities was participating in and helping to arrange a conference in Accra – the National Forum on Oil and Gas Development in Ghana – on how to handle the new petroleum issues.

You find oil – what do you do?

After finding oil, Ghana's government arranged a National Forum. It was arranged in February 2008 with support and contributions from Norway, around the time of signing the MoU. At the Forum the idea was to gather national stakeholders and international expertise, and debate how to formulate oil policies and plans, including oil revenue management. The president put together a 13-person group, Ghana's Oil and Gas Technical Committee, drawn mainly from the president's office ('the Castle'), and from Ghana's GNPC and relevant ministries. It was set up as a tool for organizing how to deal with oil, and members of this group were OfD's main initial contacts in Ghana.

The Forum was criticized from the NGO side – first, for excluding important civil society groups from participating, then for discussing mainly technical issues related to government's capacity to develop the oil sector and fully maximize profits from generated revenues. A researcher affiliated with CDD, Kramon (2008), holds that the discourse on oil and the problem of the resource curse were framed incompletely, 'preventing a robust discussion of strategies going forward' as discussions did not take up the political problems experienced by many oil-rich countries. The Forum focused mainly on

technocratic issues, consulting experts for best practices in order to avoid the resource curse – but not tackling the issues of patronage and greater corruption, centralization of power in the executive, weakening of institutions. Thus, writes Kramon (2008:1), ‘the question of Ghana’s democratic development – and how to protect in the face of a potentially destabilizing windfall of oil revenue – has been seemingly avoided altogether.’

Ghana’s main challenges in facing oil production seem to concern how, institutionally, to meet the oil challenges in terms of regulations for production, laws and organizational structure (including revenue management), and how to deal with environmental challenges. The overarching challenge has been to ensure that oil revenues benefit the country as a whole, while avoiding the negative effects of the resource curse in petro-states. According to OfD’s objectives, these issues are all addressed. However, the programme cannot be implemented in a political vacuum. Let us take a closer look at the Ghana with which OfD is to collaborate.

‘Political culture’

Ghana is considered as a ‘hybrid regime’ in the Economist Intelligence Unit’s 2008 democracy index.⁴³ This is based on measurements where Ghana’s best score is on electoral process and civil liberties, reflecting its relatively free press and transparency during elections; the lowest scores are in political participation and political culture, reflecting low voter turnout and the dominance of only two political parties. Decisionmaking is centralized within a small group of people, a feature reinforced by the role of donors (Whitfield and Jones 2009).

Political culture, however, concerns more than large-scale measurements. Several Ghanaian informants spoke of what they referred to an ‘untouchable’ culture, for example a Ghanaian consultant for the German Technical Cooperation (GTZ): ‘There is one law applying if you are in government, another

⁴³ www.eiu.com 5 May 2010

if you are in opposition’ (interview). ‘Centralized decisionmaking and hierarchical leadership structures sometime hampers the flow of communication from leaders to employees’ (interview, oil company). The notion of a ‘culture of secrecy’ (describing how leaders sometimes refuse openness, according to my interview with a GTZ consultant) was emphasized as hindering openness within organizations and outwards to the people:

It is about political will, and about fear of giving people a weapon. Culture of secrecy is a mentality, a mind set. You take an oath when you work as public servant, so they are trained since the colonial days, to not give out information, because they have their mind set that it is criminal to give out information. This also comes from the period with military rule, everybody was always afraid, and you don’t know what happens to you if you give information out.

This reflects the complex reality faced by many civil servants working in Ghana. In this political climate, chances and suspicions of corruption are rampant.

Corruption may be a sensitive issue to talk about – but it exists in all countries. Ghana is perceived as having less corruption than other African oil-producing countries, according to Transparency International’s corruption index.⁴⁴ However, the oil industry as a sector is extremely exposed to corruption, and methods for corruption are becoming increasingly sophisticated, according to S.E. Heglund, responsible for Ghana in OfD and previously of Hydro (interview). To deal with this, OfD supports the EITI initiative – a coalition of governments, companies, civil society groups, investors and organizations established to advocate for transparency in extractive industries worldwide. It was introduced in 2002, with Ghana as one of three pilot countries.⁴⁵ However, the voluntary aspect of EITI decreases its potential, and risks reducing it to a rhetorical façade (interview). There has also been a warning that, with Ghana aspiring to become a regional financial hub, oil wealth together with corruption and lack of proper

⁴⁴ The corruption index measures perceptions of corruption, ranging from zero (most corrupt) to ten (least corrupt), Ghana is listed with 3.9, and Norway 8.6. (New Zealand came in first place, at 9.4.) http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table June 1 2010

regulations may turn the country into a tax haven,⁴⁶ which would probably impact negatively on its development. A focus on institution building could address these themes, but OfD has been occupied with providing technical advice on petroleum production, in addition to supporting the EITI.

Oil leads to ruined livelihoods?

As pointed out by Kofi Annan in his discussion with Erik Solheim, there is increased awareness on environmental issues in Ghana, this has created worries among people concerning oil production. The co-existence of fisheries and petroleum production is one challenge. The Jubilee field is located 45 km off-shore, at 1100 m. depth, amidst major fishing areas where subsistence fishing is the livelihood of the people. Little information was provided on how oil production would impact fisheries. The fishery uses many small canoes, and fishers claimed to be disturbed by petroleum activities. Conflicts between fishermen and oil workers at sea occurred early on, as the fish are attracted to the light and gather around the oil rigs, followed by the fishermen (interview, Paramount Chief Adjaye). Another environmental issue is avoiding harmful gas flaring. Developing a system for exploiting the gas demands large investments, but may have major environmental benefits and could mitigate national energy shortages.

Environmental issues are increasingly addressed by OFD – in Ghana presumably with the assistance of Environmental Impact Assessments (EIAs), but at the time of my fieldwork these issues had not been satisfactory deal with, although early production was underway, with floating production storage and offloading vessels (FPSOs). There seemed to be confusion regarding whose responsibility the EIA was and when it should be completed. OfD believed it to be responsibility of Kosmos, but Kosmos held it to be Tullow's responsibility (interview, Kosmos). The national government was criticized by local NGOs for

⁴⁵<http://eitransparency.org/eiti> May 10 2010

not having completed an EIA before starting exploration and oil field activity on the Jubilee field. According to Jonathan Allotey, Executive Director of the Environmental Protection Agency (EPA), OfD activities on environmental issues involved paying for a trip to Australia to learn about EIAs and another to Norway to meet ‘useful agencies’. But OfD’s focus on the environment had had little actual effect on improving the situation.

Including civil society

Civil society has had important role in connection with the environmental and political challenges of oil in Ghana. Its work for mitigating poor leadership and corruption is increasingly acknowledged, and was stated as an OfD objective in 2008. However, the concept of *civil society* is complicated: *what* or *who* is it? Ghana still has an active system of chieftancy, and, according to Mary Chinery Hesse, who is Chief⁴⁷ advisor to President Kufour, the NPP government has seen chiefs as the true representatives of the people (interview). But their role is disputed, and many query whether they are actually accountable (interview, Isodec). There are no mechanisms to ensure accountability, but the chieftancy system holds an important role in the Ghanaian society.

Contemporary civil society in Ghana is a part of longer processes characterized by inclusion, exclusion and manipulation of the idea of participation, based on factors such as party loyalties, ethnicity or military and civilian status (Whitfield 2003). A frequent answer in Ghana when talking about the inclusion of civil society was ‘*what* civil society was consulted?’ If government consulted some people whom they saw as representing civil society, Ghanaian NGOs would often counter that those consulted were not ‘true’ civil society representatives. In this landscape, consultations are subject to manipulation and control, based on government decisions as to who should participate, and when and how.

⁴⁶ <http://www.guardian.co.uk/business/2010/jan/19/ghana-oecd-tax-haven-warning> May 16 2010

Limited access to information was perceived as a problem, and much information which ought to be open is not. Ghana's Freedom of Information bill has not yet been adopted. NGOs feel that this is deliberate, as it has been promised by each new government for ten years, and has been postponed by them all (interview Isodec). In connection with dealing with oil issues, informants mentioned the need for information and also of understanding the central themes, such as licensing and concessions, oil administration and tax systems. Without the proper information, it is hard to put pressure on the government.

Through my interviews I found that Norwegian aid workers tended to overvalue the workings of civil society as a watchdog in Ghana; they had the impression that civil society was included because the Ghanaian government said so, but without asking the crucial question of *who* was included. There also seemed to be greater mistrust among Ghanaian stakeholders, which Norwegian aid workers might not readily understand or notice when working together with a few people and spending only a short time in the country. Norwegian NGOs have noted the lack of civil society inclusion in OfD programmes – not least since a strong civil society was an important element in the Norwegian model and our own history when developing the oil and gas administrative system (interview, PWYP).

The OfD director mentioned the problem of supporting or including civil society in OfD cooperation: 'It is a high risk strategy, for in the end it is, then you get, the governments in a country who doesn't like us giving money to the civil society in that country, but up until now we have managed to balance' (interview). This indicates that OfD has been taking care not to risk engendering negativity by pressuring local governments to include civil society, and that too much focus on civil society within the programme might be unpopular with partners. OfD has provided financial support to the international Revenue Watch Institute, EITI and other Norwegian donors, but does little to enhance the

⁴⁷ The title of Chief Advisor must not be confused with the chieftaincy, Chief Advisor is the President's 'right hand'.

inclusion of NGOs in Ghana, even though that might be a crucial factor in helping Ghana avoid the resource curse.

5.4 Aid Cooperation and Negotiating Power

Towards donors Ghana has been rather weak in negotiating power, although it has gained more authority and dialogue towards donors after the HIPIC (interview, Gyanni). Among the OfD objectives is to assist in strengthening governmental negotiating power towards companies, by giving advice on how to maximize government take. This implies advising on what petroleum laws and agreements are most beneficial. International oil companies often arrive with large teams of professional negotiators, whereas Ghana has little previous experience of negotiating oil contracts and few people with expertise in this field. However, Ghana's negotiating power towards the companies has improved after the oil resources were proven. Today, a company signing contracts takes a smaller risk, but has to agree to a higher governmental take in case of actual discoveries. In terms of development cooperation, Norway lacks long-established diplomatic bonds to Ghana, which means that Norwegians have generally been less familiar with Ghanaian politics, business culture, relations to civil society groups and the orientation of important actors in Ghana. All the same, with the OfD programme, Norway quickly became the central donor on petroleum issues in Ghana – which was surprising to some.

5.4.1 'Ghana has only one brother, and the name of the brother is Norway'

After the National Forum in Ghana to discuss oil challenges, arranged with OfD assistance, a meeting was arranged between Ghanaian government officials and Norwegian aid workers. Here a Ghanaian asked how Ghana should behave in case of potential contributions from other donors. The leader of the Technical Oil and Gas Committee, Appiah-Adu, Head of Policy Coordination at the Office of

the President ('the Castle'), replied: 'Ghana has only one brother, and the name of the brother is Norway', making it clear that Ghana regarded Norway as its sole aid partner on petroleum (interview Lind, Ministry of Environment). Norway has been placed at the centre stage on petroleum issues among donors in Ghana; it 'had the ear of the government' (interview WB). However:

The sudden arrival last year, at the highest level of the state, in the Castle, was a little bit astonishing for a lot of people, why they had got it, was it a tendering... procedure, why Norway was coming in without international competition, this was certainly a question mark. (Interview, Friedel of GTZ)

Other donors saw Norway as having an advantage, as expressed by Friedel: 'The Norwegian team had the bit advantage of being at the Castle and also on the side of the donors, so they had an excellent entry key for their inputs' (interview). Nevertheless, Norway's lack of long-established relations or permanent personnel in Ghana was seen as problematic: 'they had also a disadvantage, namely that they were not posted here, they had no embassy here. But you cannot, with a joystick from Oslo, orientate the debate here' (interview, GTZ). This lack of knowledge was, according to one informant, what led Norway to put 'all the eggs in Mary Chinery Hesse's basket'⁴⁸, as one informant put it (interview, WB). Hence, during the initiation of OfD in Ghana there was dissatisfaction among other donors because of Norway's role as the key donor, and also some dissatisfaction among certain parts of the Ghanaian government concerning how the cooperation started. Due to the centralized decisionmaking structure, with OfD working closely together with the Castle, other important parts of the government not located at the Castle felt left out – notably the Ministry of Finance. With limited information flow and in a political climate where

⁴⁸ Mrs. Chinery Hesse worked in the former president's office as Chief Advisor to the President, and was an important contact for the OfD programme. She was referred to as a very influential (equivalent to a prime minister) by the Norwegians, but as 'one person, and far from the most influential' by other informants (Interview WB).

suspensions of corruption are rampant, this behaviour on the part of OfD was seen as inappropriate in the beginning.

5.4.2 A donor meeting in Accra

During my fieldwork in Accra I attended a joint donor meeting on petroleum assistance issues. The meeting was established and held by the British, after discovering that the Ghanaian government had asked for assistance on the same issue from both the Norwegian and the British side. While the Ghanaian government saw it as in their interest to get diverse kinds of advice, the British emphasized the need for coordination of aid, to avoid wasting time and resources – and to position themselves closer to the government. At this meeting representatives of all the traditionally important donors in Ghana were present: the UK, Germany, the WB, the IMF, USAID and also Canada, Japan and the Netherlands. Discussions concerned how to coordinate aid to Ghana on petroleum issues, who had been asked for what, and who wanted to contribute what. The Norwegians were seen as outsiders, and everyone was particularly curious to know what the Norwegians were doing. Norway, described as having good relation with the World Bank, USAID and the British, seemed positive towards this coordination.

From spending time in Ghana and observing OfD and other Norwegian personnel working with OfD (see appendix 8.3), I feel that Norwegian aid workers have taken for granted certain beliefs and ideas about society that underpin their way of thinking and acting while in Ghana. This ‘Norwegian way’ of seeing things might not be in accordance with the reality of a Ghanaian context – for instance, as regards ideas of openness, democracy or simply cultural conventions. In fact, several Norwegians working with OfD and an oil company stressed the difficulties of understanding the culture in Ghana. Lack of familiarity with Ghana makes one less able to understand cultural issues; and not being placed permanently in Ghana makes it more difficult to work together with other aid workers (interview, GTZ). Interviews corroborate my impression that the OfD

personnel know too little about the country where they are working. In Ghana's aid circles, the Norwegians are seen as naïve, no matter how good their intentions may be. However, that seemed to work as an advantage and not a drawback, and the Norwegians working in Ghana through OfD seemed aware of this impression, which they also reinforced themselves.

Ownership in aid

Due to its aid-dependency history, Ghana is seen as having weak ownership in aid. However, in the donor world, the term 'ownership' is often used to mean commitment to policies, regardless of how those policies were chosen, rather than actual degree of *control* over policies that recipient countries are able to exercise over policy design and implementation (Whitfield 2008, briefing paper). The permanent negotiation process that has developed over almost all policies puts an immense burden on national administrative systems, which have to spend much time responding to donor initiatives and trying to work out their own priorities and steer projects towards their preferences. Aid dependency makes governments unwilling to take strong policy positions or chart a development strategy diverging from that of the donors, in fear of risking cuts in aid which can in turn undermine political support and cost a government the next election. In aid-dependent countries donors still dominate decisionmaking over which policies are adopted, how aid is spent and what conditions are attached to its release. Difficulties in taking control over policies where aid resources were involved was described by an informant in Ghana's Ministry of Finance:

With the negotiations, I think much of our weakness lay in the fact that we had not developed negotiation skills adequately, and then many times with a lot of negotiations there is not much flexibility to change things, it is aid (...) but you know, in the end of the day quite a bit of it is aid, and it is difficult to go out and say 'I want it like this or this'. (Interview, Gyanni)

The OfD programme differs from most aid programmes by providing human capital, not financial resources. Several in the Ghanaian government and GNPC saw that as favourable about the Norwegian petroleum aid; they also felt that

Norwegians allowed them to be ‘in the driver seat’ by presenting options, but letting the Ghanaians take the decisions.

5.5 New Friendship – the Business Side

A few Norwegian companies have been in Ghana previously, but their number is now increasing. Some companies have partner contracts on oil fields (such as InterOil) but these are small, and none have been operators. Statoil has visited Ghana and GNPC several times to map out business opportunities, in 2004/5 and again in recent years (interview, Statoil). In addition, various supply companies are active towards Ghana, as well as companies in other sectors. This was affirmed by the Norwegian consul in Ghana Morten Gade (email correspondence) although he added that he could not provide names, on grounds of business confidentiality.

The Norwegian company Aker ASA has been in Ghana before, and was recently awarded an oil and gas production licence on the South Deepwater Tano. This is a large exploration block, about the size of the Norwegian county of Vestfold.⁴⁹ The Aker ASA group encompasses many companies, including supply and oil companies. Aker ASA holds an 85% interest in the block; GNPC and the Ghanaian government own 10% carried interest, and a local partner, Chemu Power, holds 5%. If a commercially viable field is discovered, GNPC and the Ghanaian government can increase their stake to 25%. Deepwater Tano is located further offshore and at greater water depths than the large Jubilee, but it has much of the same geology and is thus promising. According to the deal, Aker ASA is to invest between 25 and 30 million USD in seismic surveys and data interpretation starting in early 2009, with drilling of the first exploration well scheduled for 2011.⁵⁰ Also Aker use the story of ‘successful Norway’ to promote

⁴⁹ www.akersolutions.com/Internet/MediaCentre/PressReleases/All/2006/AKPressRelease_1037650.htm

⁵⁰ <http://www.upstreamonline.com/live/article166034.ece>

themselves, emphasizing that this is something that they can bring to Ghana. The then-chairman of Aker ASA, Langøy, announced⁵¹:

The award by GNPC and the Ghanaian authorities represents recognition of Norway's oil and gas expertise and a vote of confidence in Aker's capabilities. (...)The project generates exciting opportunities for several Aker companies. Aker has played a key role since the opening chapter of Norway's modern history as an oil producer. Aker's broad industrial capabilities have continued to develop through new technologies and projects worldwide. We are now sharing this wealth of experience with the government and people of Ghana.

However, when writing this thesis, the Ghanaian government has made it clear that it wants Aker ASA out of Ghana, claiming that the licence is not valid.

When the licence was awarded, Aker ASA rated Ghana as 'very competent', but later they referred to Ghana as a 'banana republic' after they had been declared evicted.⁵² Why the Ghanaian government demanded that Aker ASA withdraw has been variously interpreted. According to the former, Aker ASA had not registered properly according to Ghanaian laws. This happened even though this contract was held to be more favourable for Ghana than the ones initiated prior to the discovery of oil. The problem seems to have been that Ghana's partner company Chemu was a 'ghost' company established by members of the Kufour government, in order to access the oil resources, and thus this represented a case of corruption. Aker ASA stated that it was the shift of government that caused problems, since it was the parliament under the Kufour government that had ratified the licence. This might be an example either of an unpredictable operation environment, or of Aker failing to register properly: views differ. The parties are now trying to solve the case by recourse to legal means. The law referred to by the new government concerns the obligations of

⁵¹ <http://www.myaker.net/text.cfm?path=1&id=226&lid=3> June 10 2010

⁵² <http://e24.no/lov-og-rett/article3542897.ece> 24.3.2010, and http://www.petro.no/modules/module_123/proxy.asp?D=2&C=29&I=13483&mid=20 24.3.2010 and <http://www.dn.no/energi/article1850169.ece> 24.3.2010

companies to conclude an agreement with a Ghanaian partner in order to operate, which points up the issue of local content.

Local content

Huge investments will be made in developing Ghana's oil resources, but many fear that these investments will not remain in the country. In the words of Director of GNPC, Thomas Manu: 'If all the contractors, all the suppliers are foreign, the investments will go there' (interview). OfD's Norwegian partner, Intsok, is sceptical to overrating local content, as local companies may not be the most competitive, and including them might raise costs of the projects (interview, Wangen, my translation). However, Norwegian experience indicates that the long-term importance of creating local content can be decisive. Having low rate of industrialization is not an advantage for Ghana, as it was being able to convert an existing shipping industry that helped Norway to establish a national petroleum industry cluster. The Ghanaian government recognizes local content as an important feature, but see problems in obtaining this, because Ghanaians still lack the necessary skills (interview Gyanni). According to the procurement rules, Ghana may prefer a national company under otherwise equal conditions – but with today's advanced technology, it is hard for Ghana to be competitive. Also current WTO regulations of protectionism restrict governments' ability to prefer national companies if they are not competitive, and Norway supports the liberalization of energy services under the WTO (Kristoffersen 2008). Making capacity and know-how transfer a part of production agreements is one way that Ghana can aspire to creating local content, but where government and company interests may differ – as they do, in several regards.

5.5.2 Conflicting aims

Any overly hasty production start is disadvantageous because it is likely to affect the longevity of the field and be more harmful for the environment. Today only 40 to 60% of the oil is extracted from the ground, on average in the world, and

increased oil recovery (IOR) has become a major issue (interview, Heglund of OfD). Whereas oil companies want to *cream* the field – taking out the easily exploitable oil, and then move on to new fields – host country governments (should) want to realize the full potential of the resources. These objectives may be conflicting, as noted by the GNPC Director (interview):

The oil companies want quick returns, while the country wants the ultimate of the resource. The initial stages of the deals are made a lot by the companies. GNPC and Ghana wants to use the full potential of the resource, and therefore wants the companies to invest more. (...) having invested the money when the oil is found, they now want to increase the investment and clear the field as quickly as possible and move on, and you want to find out the ultimate value. You are long term in nature, they are short term, you see. Even during negotiations the whole thing is based on risk and return, they see more risk and want more return, but you don't see as much risk, and want to give less return.

However, the Ghanaian government has acted quickly to start early oil production, although the legal framework and EIA is not ready: this was the view of the donors, including OfD. The government's rush to start production is understandable. The country has many good causes that need funding; a further motivation stems from high early spending and budget deficits. However, Norway did the same – although that is not part of the 'official oil story' of Norway, and OfD's shared experiences. In Ghana, a sense of urgency and fast-track development are shared by the operators and GNPC. This has somewhat undermined the plans for development and operation (POD) for Jubilee, as some information was not yet available when the document was submitted.

We should note that oil companies tend to rate the GNPC's institutional quality and negotiation force as higher than those of the government or NGOs. Where the companies refer to GNPC as having 'so much competence' the Norwegian government and Ghanaian NGOs see it as less competent, 'not even knowing what they are doing most of the time' (Interviews). The companies portray Ghana's negotiators as highly skilled. This enhances the credibility of the

negotiations, where the outlining of production agreements including the shares of profit are determined.

As noted, the distribution of concessions is a much-debated issue in the oil world, and various systems are in operation. The two most applied are open bidding rounds versus closed assessment systems, also referred to as ‘discretionary’. Ghana is currently using the same model as Norway, a ‘discretionary’ system which provides the government with good control of which companies are awarded licences. But as a ‘discretionary’ system is not transparent it is seen as more vulnerable to corruption. A bidding round system is promoted due to the focus on transparency, but it gives the host country less control. The company with the highest bid wins the license, but this might turn out to be a company with no good intentions of staying long or developing local content, this goes for example for Kosmos in Ghana. These only want to make discoveries, sell them for profit and move on. This indicates a double moral on the part of Norway, as the ‘discretionary’ licence system applied in Norway did serve to further the state’s control of the oil sector and which companies were allowed to operate on the Norwegian shelf. But although this system has worked well for Norway, OfD advises Ghana to choose an open bidding round system.

5.6 Mainstream View of Ghana: Desire for a Success Story

Ghana is widely viewed as a peaceful oasis in a region engulfed in turmoil. Among OfD staff there is the belief that Ghana has chances of becoming a success, a different example of an African oil country, avoiding the resource curse: ‘Ghana has an historical chance to make things right’ (interview, OfD Director). Ghana is increasingly seen as a model for peaceful democracy, as by Norwegian Minister for Development and Environment, Solheim: ‘Ghana takes the Lead Shirt again’⁵³ (my translation).

⁵³ Solheim in the Norwegian daily VG, 14 February 2009

The widespread wish to see a successful African country seems to bring a downplaying of the fact that reality does not always fit the desired image. Studying the sociological factors that underlie peace in Africa, Ayelazuno (2007) asks how people can have political freedom, but not socio-economic freedom. He argues that the relative peace in Ghana, achieved through successful elections and the installation of liberal democracy, will remain fragile unless the state takes seriously its social protection responsibility towards marginalized groups. Ghana has been promoted as a success story of neo-liberal economic reforms and transition to liberal democracy by an uncritical international media and the mainstream 'transitology' literature. As a result, Ghanaian leaders have tended to seek refuge under this image when criticized at home for the economic hardship that their neo-liberal policies have wrought on most Ghanaians (Ayelazuno 2009). Several of my respondents pointed out that the good reputation of the leadership serves to distract attention from problems in the country. For example:

(...) there is a situation that the reputation of the Ghanaian government in the world is much better than the reality, 'cause Kofi Annan was a good, Kufour is a more or less honest guy, therefore the reputation is very good, but when you look inside, the budgeting process of Ghana, the control and democratic control, the weak parliament, which has no domestic accountability role at all, when the transparency in the starting oil (...) there is quite a lot of improvement possible. (Interview, GTZ consultant)

Many informants expressed concern that donors want to see Ghana as a successful country, especially those working in NGOs. According to the Ghanaian consultant to GTZ, 'Aid donors, they want to say, Ghana is a good story, and they want to be in on it, but it is not good for us, because they don't want to hear the truth, to have critical reports' (interview). Donors want to work in a country where things are 'going well'. This is also favourable for companies, meaning less questions about having a moral licence to operate in the country.

5.7 Concluding Remarks

West Africa has a new important geo-political role as an oil supplier to the West. This has not gone unnoticed by the Norwegian government, which has up-scaled investments and development focus in this region. Ghana's oil boom has taken place at a time of greater attention to the challenges of resource richness, providing an opportunity to learn from the experiences of other oil producers, as well as from own experiences with extractive industry. A democratic governance system and stabilized growth are advantages for Ghana, but low industrialization rate is a challenge for creating local content. Ghana has had a weak negotiation position, but is now becoming more sophisticated in negotiations with donors, sidelining traditional major donors on the issue of petroleum, and has taken a stronger negotiation stand towards foreign oil companies as its oil resources have been proven. However, there appears to be a certain institutional deficit for good management of oil: Ghana has few people with high skills and experience in these issues, low transparency and a centralized decisionmaking system. OfD aims at addressing this, although institution building is deemed hard to achieve, and there was limited belief among Norwegians that institution building could be achieved within the programme frames in Ghana. OfD addresses some of the major challenges facing Ghana: resource management, environmental issues and the inclusion of civil society. However, the greatest focus has been on technical petroleum issues. On transparency and inclusion of civil society, OfD contributions have come in forms that have not had direct effect; as for environmental issues, there had been no effects at the time of this enquiry. In the early phase of discovering oil, Norway played a considerable role, as the central donor. Norway seemed to use and reproduce the perception of being a well-meaning but naïve donor. This image engenders good will – as well as placing Norwegians beyond criticism for how they proceeded in introducing OfD in Ghana, without respect for the 'aid architecture' in the country, and with scant awareness of other groups within the government than the President's own team.

6. ASSESSING PUBLIC–PRIVATE RELATIONS IN OfD

In chapter four I argued that the establishment of the OfD initiative in 2005 was commercially and geopolitically motivated, and concluded that the concept of ‘the Norwegian model’ has been useful in promoting Norway abroad. In chapter five I described the beginnings of OfD in Ghana in 2008, noting how Ghana has increasingly been seen as a Norwegian partner in both aid *and* business. There I concluded that the representation of Norway as the altruistic but naive donor was beneficial for OfD. In this chapter I analyse whether/ how OfD serves to promote public–private relations. Here I will describe the role of private partners in OfD, and assess whether the initiative has had importance for the Norwegian petroleum industry and whether business is likely to influence OfD work/policies through involving private actors in the aid. I further explore the research question by analysing relations and practices of cooperation among the three main actors of this case study: the Norwegian state, its petroleum industry, and Ghana. The focus is on relations between the Norwegian state and the petroleum industry. I will consider power dimensions in OfD, asking whether they indicate that the government has become ‘junior partner’ to business, and analyse how aid may be understood as a powerful business-political strategy for Norway in a globalized world. My argument is that the Norwegian state seeks strategies that can ensure continued growth for the country’s petroleum sector, while maintaining its concerns about integrity. I also reflect on some issues in the debate on aid motives and the inclusion of the private sector in development assistance, providing a context for understanding OfD and analysing it as a public–private partnership (PPP).

6.1 Aid as Foreign and Domestic Politics

OfD aims at using the expertise of the Norwegian petroleum sector to promote development in poor countries, through providing aid in yet another form. Foreign aid has impacted the world economy since the end of the Second World War, when it emerged in the wake of the changed conditions after decolonization. With the Cold War came fears of the threat of Communism, in turn leading to the creation of geographical bonds for foreign aid, closely linked to images of ‘us’ versus ‘them’ in world politics (Tuathail and Dalby 1998). From the beginning, establishing an economic world market that could provide opportunities for Western business, trade and commerce was among the motives for aid (Simensen 2003). Today, aid has become an important component of the world economy, linking ‘developing countries’ to the ‘developed’ ones and affecting the policies of nation-states.

In Norway, missionaries provided the first initiatives for aid, based on humanitarian and Christian norms (Stokke 1989). Foreign aid influenced and formed Norway’s perceptions of the world, soon becoming a central instrument of foreign policy, a means to promote national ideals and interests, and of general international self-assertion (Leira et al. 2007). At home, aid provided an important constituent part of the Norwegian self-image (Tvedt 2003). In relation to the size of its population, Norway has had a large aid industry ever since 1960, with thousands of Norwegians working in over 100 countries, and large amounts of financial resources being devoted to foreign aid (Simensen 2003:13).

Norway stands out among the top donors of the world, contributing some 1% of national GDP. Though greatly concerned about how much aid is given, Norway has been less concerned about the effects of its assistance (Leira et al. 2007). Aid is seen an expression of Norwegian good-will, and consequently perceived as a ‘good thing’. Any criticisms have largely been rejected, as criticism of aid soon becomes criticism of the Norwegian self-image. The development debate has largely been structured in line with the view that what

makes an act 'good' is the intention behind it: thus, given the premise that aid is fundamentally praiseworthy on ethical grounds, criticisms have been dismissed as morally reprehensible. This moral foundation for development policy in Norway is supported by all parties in parliament (except the far-right Progress Party). The debate over Norwegian aid programmes thus has a specific context, one in which some criticisms are voiced, and others not.

The view of Norwegian aid as an incontestably good and honourable thing was asserted from the beginning: 'Norway should appear a pure benefactor and a true friend of developing countries, without self-interests' (Simensen 2003:274). Aid should not be tied to Norwegian goods, and Norway should choose cooperation countries where there had been little Norwegian involvement, avoiding those where Norwegian commerce was already established. This image of an altruistic donor is important for achieving trustworthiness within the international community, and it became essential that nobody should question Norway's intentions (Leira et al. 2007). However, to the extent that people actually believed in Norway as a pure 'do-gooder', it was a self-delusion. In fact, more than half of Norway's aid between 1952 and 1975 went to paying off Norwegian deliveries and personnel (Simensen 2003).

Numerous studies exist of foreign aid, its impact on development and its motives and allocation (see e.g. Alesina and Dollar 2000, Berthelemy 2006). A country's aid policy is the result of many processes, involving multiple actors (Stokke 1989). Thus an aid policy can be understood as a nexus of processes, open to influence from different actors, with differing interests at different stages in its making. The main elements that influence a country's development policies are social and political norms and private-sector interests; aid and development policies are influenced by the same domestic and international sources as are other policies (Stokke 1989). Empirical studies show that altruistic, political and commercial motives all matter for aid allocation (Alesina and Dollar 2000). These motives are often intertwined, but it is possible to distinguish between altruistic motives and self-centred motives (Stokke 1989). Self-centred

approaches are geared either to satisfying political and strategic interests (implying political motives), or to satisfying commercial interests (implying economic motives). In Norway, aid policies are generally held to be dominated by altruistic motives, even though altruism goes counter to general assumptions about what motivates states (Bull and McNeill 2007). Recently, the private sector has achieved a more prominent role in aid policies – but does that also mean greater influence on the policies?

6.1.1 Private sector in development and PPPs

The trend towards greater inclusion of the private sector began with UN Secretary-General Kofi Annan's *Global Compact* in 2000. The Compact aimed at drawing on business resources for the provision of public goods, by encouraging commercial actors to adopt sustainable and socially responsible practices. Kofi Annan voiced appreciation of the role of the private sector in a way that the UN had not done before (Bull and McNeill 2007), and the Johannesburg World on Sustainable Development was partly about legitimizing the role of business in development (Zadek 2004). One result of this trend has been the growth of public–private partnerships (PPPs).

The term is frequently used in the development debate, but there is no consensus as to what a PPP actually is. Every society seems to have distinguished between 'public' and 'private', often implying a tension between the two (Parsons 1995). The term 'private' is diffuse, sometimes applied to signify a part of 'business', at other times a part of 'civil society'. In this thesis, the focus is on PPPs involving cooperation with private business. PPPs in development involve relationships between state actors and commercial actors, and various types of PPPs may be identified, depending on the relationships of financial and organizational structure (Hodge and Greve 2005). I have here adopted the UN definition of PPPs:

voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks and responsibilities, resources and benefits. (From Bull and McNeill 2007:5)

Views also differ regarding how to interpret PPPs. They have been seen as purely financial and organizational relationships, but also as a continuation of privatization, described as the ‘last chapter of the privatisation book’ (Coghill and Woodward 2005). In the latter sense, PPPs may be seen as contributing to the institutionalization of the existing – neo-liberal – order (Bull and McNeill 2007). But, unlike the case with privatization, governments have generally been able to pursue PPPs unopposed, indeed almost without having to justify their use (Coghill and Woodward 2005). This may be because PPPs seem to claim a middle ground between the dominant mid-20th century idea of nationalization, and the dominant idea in the 1980s and 1990s: privatization (Hodge and Greve 2005). As an aid programme with a stated goal of drawing on business expertise and involving businesses in its work, OfD exemplifies the trend towards including the private sector in development, and I will argue that it may also be seen as a PPP.

6.2 Public–Private Interaction through OfD

In the initial phases of OfD, it was thought that private companies would have a more central role in the organizational structure than what in fact became the result. The original plan was to include Norwegian companies (Statoil, Hydro and potentially Aker Kværner⁵⁴ in a reference group, actively involved in the programme, and the Compact was discussed as one type of model (interview, Lunde). The companies’ participation was discussed at a meeting between Minister of Development, Erik Solheim, and the chief executive officers of what were then Norway’s two most important oil companies, Helge Lund of Statoil

and Eivind Reiten of Hydro. It was acknowledged that conflicts of interests would arise in OfD work, and that to minimize them, openness and clarification was a key point (meeting résumé, MFA). The original idea for including the private sector was then abandoned, due to two beliefs: that there would be a higher risk of conflicts of interests; and that it would be difficult to convince other parties – especially NGOs and international oil companies – that double roles could be properly managed. Due to the political importance of the oil industry and the Argus eyes of NGOs on this industry, a more cautious model was instead attempted.

Nevertheless, in OfD work today, many industry-related organizations – like Intsok, the Norwegian Petroleum Directorate (NPD) and the Ministry of Petroleum and Energy (MPE), and the company Statoil – are asked to host delegations from OfD cooperation countries and to assist by providing technological expertise on resource management. None of the industry-related actors receive remuneration, but contribute their own resources (often described as limited) in order to assist the programme in its aid activities (interview MPE, Intsok and Statoil). They should therefore be considered voluntary cooperation partners to OfD.

However, in OfD work-plans and presentations⁵⁵ a range of Norwegian institutions are listed as cooperation partners. Some are industry-related, like the Ministry of Petroleum (MPE), the Norwegian Petroleum Directorate (NPD), Petrad and Norwegian embassies. But neither Statoil nor Intsok is mentioned, although in practice both are partners to OfD. That becomes evident from a look at meeting plans– for example, the visit of Ghana’s Oil and Gas Technical Committee to Norway in May 2008, where meeting Intsok was on the agenda,

⁵⁴ Today known as Aker Solutions, a company in the Aker ASA group.

⁵⁵ <http://www.norad.no/Satsingsomr%C3%A5der/Energi/Olje+for+utvikling> 12 May 2010

and in particular Statoil was given extensive space and time. OfD has a short set of guidelines⁵⁶ for how to deal with industry partners. We may note:

OfD shall not use the resources of the oil companies in institutional cooperation programmes with regulatory authorities in cases related to licensing, upstream contracts or fiscal frameworks.

This means that Statoil should not be included in aid activities that involve counseling on petroleum fiscal laws or processes regarding cooperation countries' licenses, as that might entail a double role, giving Norwegian industry advantages. However, interpreting these rules and applying them in practice may not always prove so simple. Statoil's role in relation to OfD is ambiguous, as the Norwegian government is the major owner (through the Ministry of Petroleum and Energy), while Statoil is mandated to operate as a private company, and the power of Statoil is repeatedly taken up as an issue in the Norwegian debate.

According to former Minister of Finance Per Kristian Foss, Statoil was at times (before privatization) so powerful that people asked if it was not the company that governed the state instead of the other way around (Kristoffersen 2007:74). Even after Statoil was privatized, the bonds between the company and Norway's political leaders/the MPE have remained close. As Håvard Narum has pointed out, today's way of organizing Statoil's ownership is like 'letting the foxes mind the geese' (*Aftenposten*, 21 May 2010). Recent examples of Statoil's power are the government's technological breakthrough, referred to as a 'moonlanding', regarding CO₂ capture and storage at the gas-powered plant at Mongstad, where the government proposed full implementation from 2014, only to postpone it to 2018, as Statoil had originally demanded. Another recent example concerns the environmentally harmful oil-sand projects in Canada, where, despite having majority ownership, the Norwegian government is unable

⁵⁶ <http://www.norad.no/Satsingsomr%C3%A5der/Energi/Olje+for+utvikling>

to restrict Statoil. News commentator Arne Strand⁵⁷ concludes, ‘when Lund [Statoil director] says jump, the government and the Storting jump.’

But in some regards Statoil’s interests may not differ that much from those of the Norwegian government. The Norwegian state has strong economic interests, owning shares in many companies (in addition to Statoil it has shares in companies of the Aker group), and is also the third largest investor in British Petroleum (BP)⁵⁸ through the State Pension Fund. The Norwegian government is interested in securing a strong petroleum sector of its own to contribute to economic growth, and uses the rhetoric of the importance of successful Norwegian companies for the state in providing innovation, job creation and wealth production for securing and sustaining the welfare state. This can be linked to how global neo-liberalism and the push for internationalization change the formation of politics, in the favour of the big companies.

6.2.1 An arena for serving the industry?

The overall goal of the petroleum industry was simply put by the head of Intsok: ‘we try to sell what we have in this country’ (interview Wangen, my translation). Internationalization of the petroleum industry is seen as important factor for securing future growth in the petroleum industry (as argued in chapter 4). At Statoil, internationalization was held to be ‘important for everybody, as the world gets more global and competition increases’ (interview, Kløve). A member of the OfD Steering Group from the Ministry of Finance agreed that internationalization was important for the industry, but doubted whether it was also important for the Norwegian state (interview, Rasmussen). The role of OfD for the petroleum industry is indicated in Konkraft’s report no 4 (2008:10), *Internationalization:*

Having a Norwegian presence in countries with significant petroleum resources has also proved an important factor in the internationalization of the Norwegian

⁵⁷ <http://www.dagsavisen.no/meninger/article486500.ece>

⁵⁸ The Norwegian State owns 2% of the shares (the majority owner holds 5%).

petroleum cluster and several government ministries have collaborated in the 'Oil for Development' initiative.⁵⁹

The report further points out that OfD is not primarily an arrangement for the industry, but that the industry has 'significant experience to offer'.

Operating in Ghana contributed to an increased focus on Ghana from Norwegian companies, as well as a better understanding of Norwegian industry in Ghana. Knowledge of the foreign business environment is valuable in the 'oil world'. This context was further described by Wangen of Intsok:

If you take Ghana, what Norway has contributed, many [Ghanaians] have travelled in Norway, and that is a good starting point. I starts with relations. Then I'm not saying anything about possibilities for corruption, I'm only saying something about understanding the business opportunities and trying to do business. (Interview, my translation)

Here it is a matter of the valuable effects of knowledge, reputation building and what may be referred to as the *door-opener* role. Many informants in the government and OfD described these unintended side effects, 'the law of unintended consequences' (interview, OfD Director Nore) and 'the baker's babies' (interview, Rasmussen). This brings in the question of whether OfD constitutes a case of conflict of interests.

6.2.2 Dual roles and false consciousness

The potential for conflicts of interest through OfD is widely acknowledged, as indicated by Lunde, who had a major role in creating the programme: 'this [OfD] is great politics, it demands greater awareness and control' (interview). A role conflict may be 'narrow' or 'broad' sense, from the level of the specific firm or deal/contract scale, as against on policymaking at the bilateral level.

A conflict of interests occurs when an actor is involved in multiple interests, one of which might corrupt the motives for an act in one of the other

⁵⁹ <http://www.konkraft.no/default.asp?id=983> 12 February 2010

interests. That is what I describe here as a role conflict in a ‘narrow’ sense. An example would be when the government acts as facilitator for a company like Statoil, by providing access to data or contacts. As mentioned in the introduction, concerns were voiced in the *Financial Times (FT)* about possible dual roles that the Norwegian government could face through the OfD programme. In this article, *FT* noted the views from multinational oil companies, who pointed out that Norwegian companies, through OfD activities, might gain access to information in the oil sectors of the cooperation countries – information that could be used to commercial advantage. That is the type of conflict of interest that the OFD guidelines address.

However, there can also be role conflict in a broader sense. This is less obvious than, and does not necessarily represent, a role conflict in the narrow definition. Not only are upstream oil companies part of the internationalization of Norway’s petroleum sector: this sector also involves large supply companies which in fact have been more successful than oil companies in terms of internationalization. OfD seen as a strategy for facilitating Norwegian business interests, while claiming to do development, represents a double role – and one that not all the involved actors themselves may even be aware of, because the mixing of agendas/objectives is implicit in the creation of the programme itself.

Finally, for many of OfD’s cooperation partners, coming from countries where NOCs are fully controlled by the government, it might be difficult to make a distinction between Statoil as a company and the Norwegian state – to them they appear as the same. Norway claims to have a strict separation between the company and the authorities – indeed, it is one of the points emphasized in the story of ‘the Norwegian model’, with the tripartite organization of a state-company (Statoil), authority (the Petroleum Directorate) and owner (the Ministry of Petroleum and Energy). Yet, on closer scrutiny, the Norwegian state’s facilitating actions for the company indicate that the division between the company and the political leadership is blurred also in Norway.

Conflict potential

The tough competition today among international oil companies for getting licenses – with most of the remaining oil located in politically unstable areas, and some 90% of the remaining oil resources owned by NOCs – may help to explain why the industry sees governmental cooperation as so important. But in this international setting where NOCs become stronger and control more resources, other oil producers might not be so pleased about the Norwegian government negotiating with governments in oil states, as this is seen as beneficial for Norwegian industry. In this international climate, OfD encouraging countries to attempt a protectionist/nationalist model, as Norway did, is a difficult point – it is not in Norway's interest, nor in the interest of other Western oil countries either, and doing so might make Norway unpopular (interview, Lunde). In this context my data corroborate Falkner's (2008) view that conflict potential among companies can act to limit business power. In the case of the Norwegian company in Ghana, another company – the Texas-based Anadarko Petroleum Corporation – alerted the media to Ghana's choice of Aker ASA for the license to the deepwater Tano block, calling it inappropriate. The issue of Norway's potential dual roles emerged with suspicions of why the Norwegian company had been granted the Tano license, expressed in Ghanaian and Norwegian press, indicating that close governmental relationships through petroleum aid between the countries had been decisive.⁶⁰ Competition among companies provides an incentive for them to speak up when other companies are seen as not playing 'by the book' and gaining advantages thereby.

Does it matter?

In the view of Norwegian Minister of Development and the Environment, Erik Solheim, potential role conflicts should not lead to abandoning OfD projects in countries where Statoil or other Norwegian companies have interests, because

Norway can also be expected to make positive contributions in countries where it does business. But where Norwegian oil experts are involved, there will always be an underlying issue of double roles.

It is a fact that it is hard to find Norwegian oil experts that do not in one or another way have self-interests in Norway's internationalization project succeeding commercially. It is also a fact that the Norwegian foreign policy machinery has gradually become more and more joined up with Norwegian oil interests. (Ryggvik 2007:42, my translation)

The Norwegian ideal of keeping aid separate from economic motives was not, however, shared by all informants. As several Ghana-based interviewees pointed out, mixing aid and commercial interests was simply 'business as usual' in Ghana.

For example, if a country produces water pumps, then the next day they will knock on your door and explain to you that their pumps are the best in the world. So wherever you have development cooperation you have a certain mixing of commercial interests, and this goes in particular for the oil industry. (Interview, GTZ).

In Norway this is never so openly put, and was even referred to as a taboo: 'People in Norway look the other way when economic interests are mentioned together with aid' (Bernander, Director of Confederation of Norwegian Enterprise at Commerce's conference on aid (*Næringslivets bistandskonferanse*) on Africa, 2010). Despite this, government has established an aid programme which combines precisely industrial and development objectives. Does this mean that market forces have taken precedence over the Norwegian state in policymaking?

⁶⁰ This was denied by those responsible for awarding the contract, who asserted that a Norwegian company had been chosen in order to get variation on the Ghanaian shelf, not only American and English companies.

6.3 Government as ‘Junior Partner’ to Business?

Professor of history and former chairman of the Norwegian Nobel Committee, Francis Sejersted, describes Norwegian politics and the oil industrial complex as a situation where the ‘more business-oriented considerations have become ruling also for the politicians’, and asserts in light of this that the government has become a ‘junior partner’ to business (1999:49). There are in essence three ways in which business actors may influence OfD policies: through the use of instrumental power, for example as lobbying; through structural power, for example agenda-setting and introduction of private standards; and through discursive power, by getting other actors to behave as desired through forming shared values. Divisions between them are however not absolute.

6.3.1 OfD as a source of networks

Contacts and information are important for doing business in the petroleum industry. In relation to OfD, there are several openings for instrumental influence⁶¹. My interviewees referred to a specific example in the case of Ghana, where a Norwegian company contacted OfD for tips on how to proceed in that country.⁶² Opportunities for companies to call on OfD when considering a country are facilitated by the OfD strategy of hiring retired personnel from the petroleum industry; as expressed by the Director of OfD, ‘I am preoccupied with people who know the business’ (interview, Nore). Having former business associates from oil industry in OfD lowers the threshold for approaching them.

When working in cooperation countries, OfD-related personnel may also get requests regarding business establishment. As an associate within Norway’s Ministry of the Environment (ME) put it, ‘OfD countries may present a request

⁶¹ The boundaries between instrumental and structural power may be unclear at times, network is in a sense a form of structural power, but it opens for use of instrumental power.

⁶² This person working in OfD happened to be the individual previously in charge of oil exploration in Ghana for the Norwegian company Hydro, which at that time was offered the winner-ticket block that became the famed Jubilee

about Statoil coming to that country, and then it may happen that we say that to Statoil' (interview, Lind, my translation). This indicates how close relations of the political and commercial spheres can be beneficial for creating networks, with network being an important part of the oil game. OfD may thus have importance for the industry by virtue of its being a visible and knowledgeable actor connected to potential market countries.

MoUs

Establishing cooperation agreements, 'Memoranda of Understanding' (MoUs), contributes to providing networks; such MoUs can be seen as tools for industry. Whereas Statoil denied that MoUs were of any significance to them (interview, Kløve), others mentioned the valuable role of MoUs for companies: 'Statoil typically encourages MoUs' (Econ Pöyry 2004:11). A cooperation agreement with another government entails official visits, often with ministers or other important people, and provides meeting interfaces. MoUs provide an arena where companies employ instrumental power and influence politics, and then use this for gain entry into a market country. This constitutes a door-opener role. Further MoUs have potential problem-solving effect. Should political changes or unforeseen events occur, a government agreement can provide people and increase chances of sorting things out – the *trouble-shooter* role.

The door-opener and trouble-shooter roles are also assigned to embassies, who can serve as meeting places. They work for business policy aims and OfD, and thus have double roles as responsible for aid ventures and as entry points for business. One way a country's business sector can affect politics is by influencing the establishing of embassies, often in line with a country's economic interests. The embassy role was also described as a door-opener: 'it is another setting if we show up with the ambassador than with some other type of agent' (interview, Statoil), and a trouble-shooter. If difficulties materialize in a country, embassy

field. But Hydro lost faith in it and sold it, not long before the discovery was made. Several informants mentioned

personnel can provide people to help sort things out for the industry. As explained by the OfD director, if a foreign-policy problem emerges, ‘we throw it over to MFA, and then they kick in’ (interview, Nore). There has been talk about setting up a Norwegian embassy in Ghana because of the increased cooperation (interview Musæus, Councillor at Embassy in Nigeria, Petroleum and Commercial Affairs). Establishing embassies is an arena where business may exercise instrumental power by influencing where they are to be located.

6.3.2 Structural power: agenda-setting and introduction of private standards?

As a PPP involving private sector experts and employing personnel with a background from the oil industry, OfD is a potential arena for structural power. In the cooperation between Ghana and Norway, the provision of technical advice to the petroleum policy and on the POD of Jubilee has been the most emphasized part of the cooperation thus far, and where Norway has had greatest influence.⁶³ Assistance is provided through visits to and from both countries. For the visit from Ghana’s Technical Oil and Gas Committee to Statoil in May 2008 there was a tripartite programme, says Brynjulv Kløve of Statoil, one of those who hosted the delegation (interview). The first part involved learning about Statoil; the second part was about the Norwegian model; and the third focused on how Statoil works to obtain licences, as well as how Statoil works as a company. A visit to Statoil has two main functions:

They [visiting delegations from cooperation countries] want to learn how an oil company operates, in order to learn more of the internal thought processes. And it is an opportunity for the Norwegian government to show what we have got. After all, we are Norway’s best showcase. (Interview, Kløve)

that the future of Hydro could have been completely different had it not been for this bad decision.

⁶³ The model for financial steering that Ghana has adopted is further away from that advised by Norway.

For Norway, having a well-known and successful company like Statoil serves to attract attention. People come to visit and learn from it; some come in hopes of establishing business cooperation. This contrasts with the OfD guideline of not using Statoil in cooperation that involves regulating authorities.

When the delegation of Ghana's Oil and Gas Technical Committee visited Norway, the same people hosted the official delegation who are also responsible for mapping out and making suggestions to Statoil's board as to whether Statoil should invest or go into Ghana. The Ghanaian Oil and Gas delegation also consisted of some very important people, such as Ghana's Director of the Ministry of Petroleum, Gyamfi, and people with high positions in Ghana's National Petroleum Corporation (GNPC).⁶⁴ These are all influential in the decisions that will later be made, through a non-open 'discretionary' system of license awarding, as to which companies will be assigned licences on the Ghanaian shelf. Thus, OfD has facilitated a meeting of decisionmakers and influential people in this industry – a clear example of the close bonds between OfD and the oil industry in Norway and Ghana. Statoil here has an agenda-setting role, and decides on advice to policy input to the Ghanaian delegation.

Also illustrative of OfD closeness to petroleum-related agencies in Norway is the fact that coordinating responsibility for OfD in the Ministry of Petroleum and Energy (MPE) is located in the Section for Industrialization and Industry (INI), the ministry's contribution to internationalization of the energy industry. Confronted with this, informants replied that it was for purely 'practical' reasons, as INI is the section with most previous knowledge of 'dealing with' foreign countries – through promoting internationalization. Once the idea of the initiative is accepted, that could seem the logical place to put it. Nevertheless it points up the close link between advice on policy inputs from

⁶⁴ GNPC has the role of a petroleum directorate and a company, meaning the boundary between the company's political and commercial factions are unclear.

OfD and what must be seen as pro-internationalization forces in the Norwegian state apparatus.

Between structural power and discourse

Using Norwegian oil specialists' advices may result in the adaption of private standards in Ghana's oil industry. Having personnel with a background from the oil sector is positive, from the OfD perspective, with a view to making relevant expertise available to developing countries. But this also has a downside to the extent that OfD staff are less familiar with developmental processes, including how to work with governance issues. The OfD staff I interviewed seemed highly knowledgeable about the petroleum industry, but less so when it came to development and the societal processes of governance and development.

In the oil business world, applying the label of 'business' to something seemed to make it more legitimate, downplaying the moral issue. As to whether informants deemed it morally right for Norway to earn vast sums of money on African oil-producing countries with weak democracy or little respect for human rights – in some cases benefiting from these countries' lack of national control over resources *and* in part contributing to uphold undemocratic regimes – the answer would be, 'but, that is business!' There is a downplaying, or neglect, when it comes to discussing the power of commercial actors around OfD and in developing countries. Many working in government and OfD under-communicate the level of ethical and practical dilemmas arising from this. People with a lifetime of experience from the petroleum business are more likely to hold 'business values' and perceive the neo-liberal consensus as a 'commonsense' issue – a natural perception of how things are supposed to work. This contributes to OfD's apolitical approach to development work.

6.3.3 Altruism and the power of discourse

What motivates private actors to participate in OfD, and contribute with their 'limited' resources in order to provide aid? Answers from my interviews with

OfD staff, Norwegian governmental agencies and industry actors all indicated altruism. As put by Statoil, ‘that simply has to do with goodness, we [Norwegians] have so much and we are generally good and honourable, so we want to share’ (interview, Kløve).

In the public debate in Norway, OfD is repeatedly presented as altruistic, as in White Paper/ Storting Reports no 13, *Climate, Conflict and Capital*: ‘our efforts are grounded in solidarity’ (2009:5), and no 15, *Interests, Responsibility and Opportunities*: aid and humanitarian policies ‘are grounded in values with basis not in self-interest, but in humanity’s common interests’ (2009:11). Norwegian government officials (re)assert that OfD is based on purely altruistic motives; it is ‘motivated by doing developmentally-profiled work, and is not something that takes consideration to Norwegian companies or Norwegian industry, or other actors, or NGOs or anything else’ (interview Lunde, my translation). Also the Minister of Foreign Affairs, Jonas Gahr Støre, has asserted: ‘Norway does not have any interests in this [OfD], only to do development.’⁶⁵

According to government officials in Ghana and GNPC, one reason why Ghana chose Norway as their main cooperation partner on petroleum was that Norwegians were perceived as having valuable experiences to draw on. But equally important was their perception of Norway as being ‘less dangerous’ and letting Ghanaians be more in ‘the driver seat’, by presenting options and letting Ghanaians choose for themselves what to do) (interview, Gyanni of the Ministry of Finance and the President’s Oil and Gas Committee, and GNPC Director Manu). Most Ghanaians are sceptical to altruism as an aid motive, but Norway is seen as being less self-interested than many others. A common perception of donors and of Norway was expressed by Yao Graham, Director of Third World Network (interview):

⁶⁵*The impact of Africa – political partner and global actor*. arranged by MFA and Nobel Peace Centre. http://www.regjeringen.no/nb/dep/ud/aktuelt/nyheter/2009/impact_africa.html?id=557884 20 May 2010

- Do you think aid is driven by altruistic motives?
- I say all donors have interests they pursue.
- Do you think it's the case that Scandinavian donors are more naïve?
- Not necessarily. We are aware of bribing from Norwegian companies (...) this shows a state of double standards. But I still make the general claim on two grounds, the Scandinavian countries do not have the vested interests that ex colonial powers, and two, Scandinavian countries have good systems and we want to learn from you, and if you gain something from it that is legitimate.

In addition to the sense of Norway as an altruistic donor, Norwegian government officials and companies also present their companies as acting with a higher moral standard than others when doing business. This conviction was not shared by all Ghanaian interviews, however. The GNPC Director had had dealings with Norwegian companies earlier:

Norwegian companies are not any better when they are working internationally. I have had negotiations with NorskHydro before. I've dealt with Statoil before. What is making them behave properly in Norway? Civil society, government regulations, and because they are being scrutinized. (Interview, Manu)

Despite such mixed experiences of Norway and generally negative experiences with donors, Norway has succeeded in marketing itself as an altruistic donor with little self-interest. Few Ghanaians believed that Norway was purely a well-doer, except from a few who had been part of OfD cooperation and referred to the programme in terms of OfD's own expressions and rhetoric. These tended to state (to me at least) that Norway *really* was an altruistic donor. There might be two reasons for this: either they have accepted the 'Norwegian story' of altruism, or they have a genuine belief that it is true – or most likely, a combination of the two. The success of creating the story of 'the altruistic donor' and 'the Norwegian model' exemplifies discursive power.

6.4 Aid as a Business Political Strategy

The rhetoric of universal values and actors free of interests and power is an immense source of legitimacy in a world otherwise filled with conflicts and interest-maximization (Tvedt 2003). That Norway has strong commercial interests, first and foremost through its petroleum sector, is under-communicated in the Norwegian development dialogue. Contradictions between Norwegian humanitarian politics, foreign politics and business politics are not openly discussed. Policy recommendations that were given to the Ministry of Foreign Affairs, and led to the creation of OfD, are not reflected in the public debate in Norway. There is thus a discrepancy between what the programme is represented as doing, and the governmental and industrial objectives that motivated its creation.

Norwegian aid through the OfD initiative meets all of Nye's (2000) sources of 'soft' power: a desirable culture (Norway is perceived as rich and attractive to others); attractive political values (Norway is seen as more altruistic, with little corruption and as 'less dangerous'); a foreign policy characterized by moral authority (OfD aid is perceived as a legitimate involvement in Ghana's petroleum sector). To exercise soft power, the state needs legitimacy. Norway's representation of itself provides the state with authority, in terms of sources of legitimacy (Bull and McNeill 2007). It is represented and perceived as a holder of expertise, with high moral standing and as a goal achiever, having 'succeeded'. Norway has discursively established its role internationally with a high level of integrity. In particular, authority has accrued from combining the image of an 'altruistic donor' with the attractive knowledge industry expressed as 'the Norwegian model'.

This is important, since recognition of resource curse challenges and the poor record of many oil companies in developing countries have meant that companies increasingly need a *license to operate*, politically but also in terms of legitimacy (interview, Lunde). OfD contributes to give Norway such a moral

license to operate. By defining its activities as ‘doing good’, the programme provides Norway with the moral right to be involved in a country. Altruism may be seen here as a foreign policy instrument that promotes the national interests of Norway. The OfD initiative thus provides the Norwegian state, as the holder of economic, technical and political expertise which contributes to attractiveness, legitimacy to establish itself in difficult market countries, or in countries where it has had little in terms of diplomatic relations, such as Ghana.

The Ghanaian state seems to have more constrained ways of exercising power, compared to donors and Norway, although Ghana’s increased economic role and geopolitical importance has provided a stronger position. While Ghana would (perhaps) have been best served by nationalizing its petroleum sector – not unknown in several other developing countries – that would be difficult, as Ghana is still dependent on making alliances in aid and business in order to gain the technical know-how and capital investment required to exploit the oil resources in the first place. Neither is nationalization the advice offered by Norway, and Ghana cannot control what is presented to it as policy advice from Norway.

Stokke (1989:162) has argued that Norway, as a middle-sized power in international politics, uses the means available to it to promote its own agenda; and that, as a small country with an open economy, Norway has an interest in the establishment of an international regime for maintaining international peace and economic stability. The OfD initiative contributes to operational environments that are ‘friendly’ and suited to Norwegian business actors, and thereby increases the competitiveness of its industry.

6.4.1 Public–Private Relations in the Age of Globalization

With the increased globalization, commoditization and privatization aimed at short-term profit since the 1970s, competitiveness has become a crucial factor to succeed in the world of global business. This period has seen the growth of international companies, with at least two Norwegian companies in this category:

Statoil and Aker ASA. In this globalized context, there is on one hand state autonomy, but on the other, nation-states face the structural dependency of capitalistic reproduction. This contributes to a blurring of the division between 'public' and 'private'. In the case of OfD, the public and private, the economic and political, and the domestic and foreign are in policy practice deeply intertwined. A separation between them must be seen as a result of social processes and political decisions of how actors wish to present the situation. That in turn relates to how key concepts in foreign politics are framed today.

This globalized setting is increasingly determined by key actors' understanding of energy-political contexts, connections and alliances, where the discourse of 'security of supply' has become more and more important for framing the shared supply of the Western states (Kristoffersen 2007). The confluence of business and geopolitics explains the growing role of the USA in West Africa (Gazvinian 2007), and can probably explain also Norway's increasing interest in West Africa. In this contemporary context, some see state power as increasing (Weiss 2003). But most scholars concur that business is gaining the upper hand over the state. Indeed, many see states as being reconstituted as 'competition states', meaning changing conditions to facilitate their commercial activity (Bieling 2007, Cerny 1990).

The state–globalization debate has not been dealt with extensively within the limited scope of this thesis. On the fundamental question of whether globalization weakens and 'hollows' out the state, I would assert that OfD may be seen as exemplifying a business-oriented transformation of statehood, rather than a weakening of the state's role. It exemplifies a case where the state has acquired an active role as facilitating and mediating for its business interests.

The trend of including business in governance and development plans must be seen in this setting. States even depict developing state and oil industry competitiveness as beneficial for a country's distribution of welfare, presented in the rhetoric of maintaining the state's financial redistributive strength for the public good. The OfD initiative is a plan and an idea where strategies of industry

and development and foreign politics meet. In this institutionalized frame, state and private actors cooperate, working together to reach a common goal – or different goals but applying the same means. According to the classification of PPPs presented above (Hodge and Greve 2005), OfD may be seen as a PPP with looser financial bonds, as there is relatively low investment and little risk involved, but as having a nearer organizational relationship, due to the closeness of Statoil and industry-led bodies to politics and governmental agencies. As a PPP, OfD can be thus be understood as an arena where business can influence policies by exercising rule-setting power, benefiting from its position in material structural contexts. This corroborate Fuchs and Lederer's (2007) conceptualization of PPPs as active political entities that provide opportunities for business actors to influence the input side of policies, thus contributing to the structural power of business.

As such an arrangement, the OfD initiative seems to contribute to greater neo-liberalization. It may thus be understood as the Norwegian state's 'answer' to the increased demand for international competitiveness and presence in countries of importance to Norway's economic interests. In this globalised context, the sources of legitimacy and authority are changed. The private sector in development has heightened importance as an idea that can provide the legitimization, authority, and attractiveness that business partners represent today. Power in the global information age is changing. In the democracies of the West is has become less tangible and less directly coercive than it was in the past (Nye 2004).

6.5 Concluding Remarks: OfD as a Win–Win–Win of Energy and Aid?

In this case study, the main groups of actors with power are the Norwegian state, the Norwegian oil industry and the Ghanaian state. These form a threesome, interacting and influencing each other. The exercise of power within this

threesome may be found in three dimensions: instrumental, structural and discursive. All of these may be exercised within the OfD nexus, but I would hold that that the nexus is primarily an arena where structural and discursive power are exercised: structural power through networks,⁶⁶ and partnership with private sector, which brings the public and the private spheres together and opens for influence on agenda setting and potentially introduction of private standards. Discursive power involves how OfD, Norway and ‘the Norwegian model’ are represented and perceived in the public debate at home and abroad.

In Norwegian foreign and development politics, interests and values are increasingly connected in a way that serves to blur the borders between domestic and international politics. OfD is a strategic part of Norwegian foreign policy, where issues of role conflicts may and do occur. Through its practices, OfD may be beneficial to the Norwegian petroleum industry. Reputation building, the door-opener role and potential information flow are most important, in addition to a trouble-shooter role. In Ghana there is also clearly interest in working together with Norway, signalling that Ghana sees itself as gaining from the cooperation, while remaining aware of and protecting its own interests. OfD may or may not have a dual role, or a potential for conflicts of interest – but this is not necessarily damaging to the cooperation countries involved. It is other Western oil companies that dislike the advantages accruing to Norway from this cooperation, as the dual role puts Norway in a favourable position.

So far OfD has produced advantages for Norway, by providing an interface and acting as a door-opener for the industry. Norwegian oil and oil-related companies and the Norwegian state alike benefit from OfD. As far as I can tell, the OfD secretariat works on the basis of altruistic motives. The motivations for the programme are a complex mixture of altruism and self-interest. However, the motivations for the programme are difficult to disentangle, because Statoil and

⁶⁶ Network, however, may open up for use of instrumental power, such as lobbying of where to put embassies or which countries to choose.

Norway are interconnected, both as decisionmaking bodies and as beneficiaries of OfD. Ghana almost certainly benefits from OfD. Norwegian industry seems, in the case of Aker ASA in Ghana, to have benefited from OfD, and the Norwegian state thus benefits from OfD. It is therefore easy to understand why it has been promoted: all the three most relevant actors like it – the Norwegian government, the companies, and Ghana.

We have also seen how, in the case of OfD, the public–private separation is a misconception, a myth, as the ‘public’ and the ‘private’ actor’s goals overlap more than they conflict. It is thus an institutionalized coherent strategy for both industry, foreign and development objectives. The design of OfD as bringing political and commercial spaces together in interactivity promotes public–private relations and is constitutive of OfD as having a dual role in Norwegian foreign politics. OfD may well be understood as an exercise of ‘soft’ power in the interests of Norway, which again can be understood as a case of well-concealed ‘hard’ power. Many of those contributing in the programme may genuinely not be aware of this themselves – it can at times be an advantage to be naïve.

7. CONCLUDING CHAPTER: REASSESSING OFD

This thesis has offered a contextualising and understanding of the OfD nexus, its actors and strategies, and whether or how it has institutionalised practices that alter relations between the state and market sphere in Norway. To study this I chose a case study of OfD's initiation in a cooperation country, Ghana, with a focus on identifying the actors and their sources of power. The research material has been organized around three chapters: an analysis of motives for creating the OfD initiative; a description of how the cooperation has proceeded in the specific case of Ghana; and thirdly an analysis of how dimensions of power have been exercised within OfD. This concluding chapter presents an analysis of how findings are interpreted in this thesis, to indicate how we can understand the research question in light of this. Lastly I offer some reflections on the methodological challenges and usefulness of theory, and conclude by considering the broader significance of this study.

7.1 OfD and the Case of Ghana

Petroleum-related aid has become popular in Norwegian foreign aid. Here Norway has a 'comparative advantage', even though it distributes relatively little in terms of financial resources. The Norwegian government sees it as positive that Norway shares its experiences of petroleum sector management with developing countries. Norway's oil expertise is, however, very well suited to the conditions of Norwegian society: an open economy in a small country that benefits from being a trade liberalist. This stands in contrast to the picture that emerges from studying Norway's petroleum history, and what Norway has practised itself. Rather than an open economy, national protectionism and controlling the Norwegian petroleum sector through Statoil were central to the Norwegian model. The international environment since then has changed, making it difficult for countries to copy the protectionist features of the Norwegian story.

In today's international petroleum climate, Norway's OfD is cautious about advising developing countries to follow protectionist politics. The OfD programme emphasizes 'sharing Norwegian experiences', but in daily practice the image of a 'Norwegian model' (to be copied) remains important. This serves as a discursive tool for representing Norway as attractive and knowledgeable, motivating petroleum producing-developing countries to become involved in Norway's OfD programme.

However, the programme has been resented by international oil companies who see Norway as gaining a competitive advantage from being close to the administrations of petro-states. Through OfD, Norway advises and influences petroleum policies and regulations in petroleum-producing developing countries. This contributes to create good will for Norwegian companies; it provides meeting spaces, information and knowledge about potential markets and business associates, and helps in establishing operational environments that happen to be well suited to Norwegian companies.

Ghana has become a core cooperation country for OfD, with Norway as the central donor from the 'beginning of oil' in Ghana. The discovery of oil might represent an opportunity for Ghana to achieve its developmental goals and decrease aid dependency – if it could overcome the institutional and managerial deficits that have badly affected earlier extractive resources, and the challenges of petro-states. OfD is indeed concerned with the challenges of the resource curse in Ghana. But the programme does not challenge the neo-liberal world order or the legitimacy of the market; its approach to governance issues has remained technical and a-political, where the challenge is in reality a deeply political one.

Aid debates are full of endless discussions about how to make aid work, but without mentioning the 'big elephant in the room': the fact that one reason why aid fails to contribute to development may be because that is often not the main motive for providing aid. To make aid work we need a better understanding of the context in each cooperation country, but also more research on the allocation mechanisms of aid cooperation and why a particular type of aid is

provided. A more systematic and detailed analysis of the motives involved in petroleum-related aid could prove very useful.

This study has provided a nuanced analysis of the motives behind OfD. I have argued that creation of the programme was motivated also by the aim of internationalizing Norway's petroleum industry. In line with the analytical backdrop to the creation of OfD (the 2004 Econ Pöyry report), three policy branches are involved behind the common agenda of OfD: foreign policy, industrial policy/business promotion and development cooperation, with distinctly different policy goals. The goal of foreign policy is to serve the national interest; industrial policies serve commercial interests; and development policy focuses on promoting social and economic well-being (Stokke 1989). In light of this, I have enquired whether and how OfD acts to promote public-private relations in Norway.

7.1.1 Providing new spaces for state and market?

OFD is a *rara avis* in Norwegian development. The initiative has a complex steering structure and hires personnel with a background from the petroleum industry to run its daily operations. This is a nexus constituted of actors and strategies, made into a policy and an institution, coordinating several agencies involved with petroleum assistance – though these have varying objectives. One motivation for the programme has been to take advantage of the industry's experience, drawing on private actors. In terms of its practices, OfD is a PPP with close relational bonds of partnership. As a PPP, it allows for the exercise of structural power, while the discursive power of the Norwegian state is constitutive as a source of legitimization for these acts. The OfD nexus promotes public-private relations in Norway by providing a common arena for the state and market spheres in the context of an aid programme. It is thus somewhat of an anomaly as regards Norway's (self-) image as a purely altruistic donor.

In practice, OfD serves commercial interests linked to Norway's industrial policy, and foreign policy objectives of being a notable actor on the international

arena, while it claims to be working solely to advance social and economic well-being – the main development policy objectives of Norway. In OfD cooperation, public and private actors would appear to have congruent policy aims; although the industry-related organizations (e.g. Statoil, Intsok and Ministry of Petroleum and Energy) have commercial policy objectives, NORAD has (in principle) purely humanitarian objectives, and the Norwegian state has commercial objectives but sees it in its interest as a middle-sized power to be perceived internationally as a ‘humanitarian great nation’. This status gives moral authority on the international arena, and the image of a ‘pure do-gooder’ is thus important for sustaining legitimacy as a source of power, at home and abroad. In my view, the material interests that motivated the creation of OfD have indeed been politically understated.

7.1.2 Usefulness of theory and generalization

In undertaking this study it soon became clear that mainstream IR would not provide all the answers to understanding power dimensions and policy objectives in the OfD programme. IPE, with its focus on relations between state and market actors and including a political and economic view on power, proved more helpful. The perspective of interest groups provides a useful understanding of business actors, their sources and constraints to exercising power. Seeing power as a multifaceted phenomenon is crucial for grasping all of the OfD power dimensions. In order to understand the changed relations between state and market and the trend of including business in development that OfD represents, I found it necessary to include some perspectives on globalization and neo-liberalization. A full theoretical treatment of these phenomena is beyond the scope of this brief thesis, but I would hold that they provide a necessary frame for understanding the research question.

The case of OfD is particularly challenging for analysis. Power is easy to detect when actor A makes actor B do something that B does not want to do. However, in the case of OfD, actor A is hard to define – is it the Norwegian state

or the oil industry? The two are at times difficult to disentangle. The theory framework does not seem to fully grasp the interconnectedness of private and public actors in this case. And actor B, Ghana, does not perceive itself as being ‘forced’: after all, receiving aid and advice is in many ways excellent – making OfD an unusual example of the exercise of power.

This is an exploratory study of a rather unique case: public–private relations in the OfD nexus in the context of aid cooperation with Ghana, with interviews as the primary source of information. This study alone would provide limited scope for generalization. However, I believe it has provided some important insights on how the coupling of industry objectives to Norwegian aid policy can be seen as problematic. These findings may stimulate the investigation of other projects in a similar manner, in particular PPPs in development involving commercial actors.

7.2 Concluding Remarks

The thesis is intended as a contribution to the scholarly debate on the increased use of private actors in order to achieve development. The discourse of global neo-liberalization has led to the proliferation of arrangements where business actors work together with nation-states. This study corroborates the view that business is increasingly seen as a political actor, and that it is widely believed that cooperation between public and private actors is necessary to achieve societal goals of sustainable development, resulting in new patterns of cooperation that create new forms of governance. The OfD programme represents a neo-liberal turn in Norwegian development, as the policy aims at achieving Norwegian political business and development goals within the same frame of governing, where trade and commerce have increasingly become drivers for development policy. The mix of policy agendas in itself is not a new phenomenon, but the way in which it is institutionalized through the OfD initiative represents something new in Norway’s development landscape.

We have seen how Norway's interests and power structures are complex, and that the state's interests vary in time and space. Norway's interests change because Norwegian industry changes, and it is in this light that we may comprehend the increasing coupling of industry and state policies today. This study directs its critique primarily at how the Norwegian state has organized aid coupled to commercial interests. OfD is here understood as an example of advanced public-private relations in Norwegian foreign aid policy.

The OfD strategy has been possible thanks to widespread perceptions of Norway as a successful petroleum country: being able to receive advice from such an actor is an attractive proposition for many. The aid programme rhetoric of letting cooperation countries be 'in the driver's seat' does not conflict with the initiative's function to serve as a door-opener for the industry: on the contrary, the positive image created reinforces the door-opener role. OfD is thus successfully implemented as aid, but functions as a sophisticated soft-power tool for the Norwegian state and industry. I argue that the initiative is an arrangement for increasing the competitiveness of the oil industry while, apparently, acting within the boundaries of the image of Norway as the 'Great Humanitarian Nation'.

8. Appendix

8.1 Interview overview

Informant	Affiliation	Location	Date
Andy Mormon, George Sarpong	Kosmos Energy, Petroleum Company	Accra	11.12.08
Adjaye	Nzema Paramount Chief, Ghana	Takoradi	24.11.08
Appiah Adu	Director of Oil and Gas Technical Committee, Ghana	Accra	04.11.08
Ben Asante	Ghana National Petroleum Corporation, GNPC	Accra	21.11.08
Brynjulv Kløve; Mari Skarholt	Statoil	Oslo	9.2.10
Daniel Batidam	GTZ Consultant, Good Financial Governance	Accra	04.12.08
Don Kris	Director of Friends of the Nation, Western Communities	Takoradi	25.11.08
Gero Friedel	German Technical Cooperation (GTZ)	Accra	04.12.08
(confidential: 2)	Norwegian oil company	Oslo	27.02.09
Mangowa Ghanney	Ghanaian Ministry of Finance, member of Oil and Gas Technical Committee	Accra	10.12.08
Yao Graham	Third World Network	Accra	08.12.08
Gulbrand Wangen	Intsok	Oslo	10.02.09
Apiagyei Gyamfi	Director of Petroleum, Ghanaian Ministry of Energy, Member of Oil and Gas Technical Committee	Accra	10.12.08
Gymiah Boadi	Centre for Democratic Development (CDD), Ghana	Accra	12.11.08
Halvor Musæus	Embassy Councillor, Nigeria, Petroleum and Commercial Affairs. OfD, West Africa Coordinator	Akosombo	18.11.09
Ingrid Rasmussen	OfD, Steering Committee, Norwegian Ministry of Finance	Oslo	19.03.08
Jonathan Allotey	Head of Environmental Protection Agency (EPA)	Accra	01.12.08
J. D. and N. Eshun	Chief Fishermen, Ghana	Sekundi	25.11.08
Kathy Bain	World Bank	Accra	20.11.08
Kofi Wayo	NDC politician, Ghana	Accra	09.12.08
Kwamena Esilifie	Advisor to the NPP government, Ghana	Accra	02.12.08
Leiv Lunde	Former head of OfD (responsible for ECON report)	Oslo	10.03.09
Mary Chinery Hesse	Chief Advisor to the President, 'the Castle', Ghana	Accra	12.11.08
Mona Thowsen	PWYP Norway	Oslo	13.10.08
Dr. Nii Moi Thompson	Executive director Ghana Development Policy Institute	Accra	11.11.08
Petter Nore	OfD, Director	Oslo	21.01.09
Steve Manteau	Integrated Social Development Centre (ISODEC)	Accra	03.11.08
Svein Erik Heglund	OfD official, responsible for Ghana	Oslo	06.10.08
Terje Lind	OfD, Norwegian Ministry of the Environment	Oslo	30.03.09
Thomas Manu	Director, operations, GNPC, Ghana	Tema	21.11.08
Yaw Baah	Ghana Trade Union	Accra	03.12.08

8.2 Interview Guide

1. Norwegian aid

- How do you think Norwegian aid is conceived internationally?
- Is Norwegian aid different from other donor countries or institutions? (Ex. multilateral organizations or other countries?)
- Is there such a thing as an altruistic motive in aid? What is Norway's motive for engaging in aid projects?
- What is 'The Norwegian model'? When is it relevant to use such an expression?
- Can this model/these experiences be transferred to Ghana? On which parts of the Norwegian experience does OfD focus on sharing?

2. Oil for Development

- What is OfD? Background? Vision?
- Is OfD different from other aid programs? How?
- What is 'good governance'? How is 'good governance' operationalized in OfD?
- How is 'ownership' treated and secured in OfD?
- How is 'capacity building' achieved? 'Knowledge transfer'? What challenges do you see with this type of aid?
- When and how is it important to include civil society in OfD projects?
- How important is local content? Who is responsible for creating local content? At what stage is it important?

3. Oil for Development in Ghana

- How was OfD initiated in Ghana? Is Ghana different from other OfD countries?
- How is aid organized in Ghana? How does the OfD program fit into this?
- Are there 'mutual interests' of Norway and Ghana in the petroleum sector?

4. Norwegian Political Economy (part of interview guide in Norway)

- Is it necessary to increase oil extraction to ensure the Norwegian welfare state?
- Is what is best for the oil industry also what is best for Norway?
- What is more important in Norway – consensus on petroleum policies, or developing of new policies?
- Does Norway have a special responsibility for achieving sustainable development? And do Norwegian private companies share this responsibility?
- Can we use an expression like 'sustainable' when we talk about the petroleum industry? Or when we talk about OfD?
- How important is internationalization for Norwegian oil industry? How successful is internationalization?

- How powerful is the Norwegian oil industry? Are there limits to companies influence? Can Statoil give neutral advice?
- What can be the mutual benefits of private and public interests through oil for development? How does Oil for Development relate to internationalization?

5. Ghanaian Petroleum Industry (part of interview guide in Ghana)

- What is the role of Ghana National Petroleum Company (GNPC)? How strong is Ghana's negotiation force towards other companies?
- What role is given to civil society groups and the media in Ghana?
- What are conflicting areas in the Ghana because of oil extraction? How are conflicting interests treated?

8.3 List of Activities I Observed

1. A first trial meeting between civil society and the oil industry in Norway (referred to as 'a small catastrophe', showing how difficult communication between these main groups of actors is.)
2. The First West Africa regional OfD seminar, run by Petrad. The seminar focused on data management in the oil industry.
3. A donor meeting in Accra with OfD, a coordination of all the most important donors in the field of Oil and Gas in Ghana, hosted by the British Consulate, after discovering that the Norwegians and the British were asked to assist Ghana with the same matter (the development plan of the Jubilee Field).
4. Seminar on internationalization in the Norwegian petroleum industry arranged by Intsok and StatoilHydro.
5. NORAD and ME meeting on EIA and SEA in OfD cooperation countries.
6. Fishermen and Fish Saleswomen Workshop in Takoradi, and Fishermen Chiefs Meeting, also in Takoradi, run by the local NGO Friend of the Nation, to discuss how oil would change their community and what the government in Ghana was doing.
7. OfD meeting with Norwegian key departments and Paul Collier, discussing responses to resource curse.

8.4 List of Documents used for Analysis

1. Memorandum of Understanding (MoU) between Norway and Ghana
2. Ghana's Petroleum Policy
3. Meeting reports (MFA, Norway)
4. Programmes OfD activities; visit of Ghana's Technical Oil and Gas Committee to Norway, 2008.

8.5 Meetings and Documents to which I was denied Access

Meetings: Meetings between GNPC, OfD and the Ghanaian Government and meetings between the Ghanaian Ministry of Energy and Norwegian consultants from OED. These meetings were said to be confidential.

Documents: Regarding Norwegian official documents in the postal archives of the Ministry of Foreign Affairs I got the following rejections:

1. Concerning the draft framework document 'Utkast til rammeavtale mellom Norge og Ghana om petroleumssamarbeid'. (Reason: not final document)
2. Concerning on 'Norske olje og gass interesser i Ghana'. (Reason: was being dealt with internally in the ministry)
3. No access to negotiated contracts between the Ghanaian state and international oil companies, including the Norwegian contract.

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