



Original research article

## Bringing the state back in again? The emerging developmental state in Africa's energy sector

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## ARTICLE INFO

## Keywords:

Developmental state  
Petro-developmentalism  
Local content policy  
Ghana  
Mozambique  
Uganda

## ABSTRACT

Despite the rise and fall of the central role given to states in national development discussions, there is an emerging trend in Africa where several countries are harnessing their natural resources – at least in policy – for broad-based development. Particularly in the energy sector, there is the growing popularity of what is now termed ‘petro-developmental states’ who through the adoption of local content policies and laws seek to increase the participation of their nationals in the energy industry. The objective of our paper is to explore this phenomenon in Ghana, Mozambique, and Uganda by examining the specific laws and policies vis-à-vis the political will and institutional/infrastructural capacity of these countries to advance development. In identifying whether the developmental state model fits with the changing dynamics within Africa's energy (mainly hydrocarbon) sector, the results were mixed or negative although Uganda is sometimes seen as a promising example. Overall, the paper underscores the intersectionality of energy infrastructure, institutions, political power, and national development.

## 1. Introduction

The discussion around the role of the state in national development has been of scholarly interest for many decades (see [1,2]). However, different ideological swings in the global political economy resulted in what may be regarded as the rise and fall of the state's centrality in economic development [3]. In the current era, the state is seen as a viable option to correct the failures of globalization [4,5]. It is based on this background and the lived experiences of the ramifications of structural adjustment programs that many African states have begun shifting towards regaining control over aspects of their development, evident in certain institutional mechanisms in the energy sector. As part of the growing institutional infrastructure in Africa's energy industry, mostly oil and gas, is this shift towards legislation and policies that advance ‘developmentalism’ in a manner that was not previously a norm. As a result, a great deal of attention has recently been turned to what Ovadia [6] refers to as ‘petro-developmental states’.

Mkandawire [7] identifies two components of the developmental state: the ‘ideological’ component and the ‘structural’ component. The ideological component highlights a state that is ‘developmentalist’ in its orientation particularly in the manner in which it considers economic development as its core mission, involving extreme accumulation and industrialization. The structural component reflects a state's

institutional, technical, administrative and political capacity to implement development-oriented policies effectively. While both components are often intertwined, we find an interesting paradox in resource-rich African states where both the ideological (in terms of a nation-wide orientation towards development) and structural (in terms of the institutional capacity and political will to proactively implement development policies) aspects of developmentalism are often not clearly defined. This brings up an interesting dichotomy between structure and agency in the sense that even the few states with a clearly laid-out development agenda are considered to lack the requisite capacity and human resources to advance the said agenda [8].

The ideology-structure dichotomy in African states contravenes what is regarded as a ‘hidden developmental state’ in the United States – a phenomenon where the neoliberal ‘free market’ ideology or rhetoric is often undermined by the state's structural capabilities to take on a developmental role [[9]]. In the United States, Europe and elsewhere, this system has evolved into a Developmental Network State, which ‘involves public sector officials working closely with firms to identify and support the most promising avenues for innovation’ in such areas as new software applications, new biotech medications, or new medical instruments ([9], 172; see also [10–12]). This phenomenon is, however, unique from the East Asian model and therefore beyond the scope of this paper on ‘petro-developmentalism’ – except for the fact that a

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hidden developmental state in the United States generally means ‘developing nations have more room for active industrial policies than has generally been assumed’ ([9], 198).

Within the energy sector in particular, African states’ interventions have taken two main forms. Firstly, it is evident in the adoption of local content policies (LCPs) and laws meant to increase the participation of their nationals in the energy industry. Secondly, developmentalism via the assertion of resource nationalism is pursued through the enactment of new laws to increase state interests in energy projects and demands for renegotiation of previously concluded contracts with foreign investors. Our paper seeks to further explore the structure-agency dichotomy noted above in order to determine the viability of these forms of state interventions as a meaningful feature of developmentalism. Drawing on the fast-growing law and development scholarship, we engage in a detailed analysis of the contents of actual provisions of the new laws and policies formulated to promote development in Africa. To augment our focus on ‘Africa’ as evident in our title, we will draw upon both theoretical and empirical scholarship on Ghana, Mozambique, and Uganda. From a comparative perspective, these states have apparent differences in the area of governance and the contribution of oil and gas to their national economies. However, the common denominator we are interested in is the fact that they have all recently instituted LCPs in some shape or form within their hydrocarbon sectors. Schmitt’s [13] contribution to this issue also highlights how local content and participation was immediately thrust onto the heart of everyday politics in Niger the moment Niger joined the league of oil producing countries in 2011.

Our approach should help us to assess the extent to which new and existing legal and policy interventions are characteristic of a developmental state or of petro-developmentalism at least. This assessment will lead us to critically reflect on four important themes: 1) whether or not local content provisions adequately represent a resurgence of the state in development, 2) the relevance of the developmental state concept itself as it applies to Africa’s energy sector, 3) the capacity (in addition to the commitment) of our selected states to spearhead interventionist policies that advance development, and 4) what the focus on LCPs implies for our understanding of development both at the micro and macro levels of analysis. These four themes underscore the objective to evaluate the connection between energy infrastructure, institutions, political power, and the meaning of such power for different stakeholders, including host communities. Given Routley’s [14] position that the developmental state concept in Africa often works more as a buzzword than a model, examining these four inter-related themes and the specific cases would help us to assess the extent to which current state interventions in Africa’s energy sector either reinforce or contradict our knowledge of the political economy of national development.

The rest of the paper is organized as follows. The next section traces the developmental state concept from its East Asian origins to its potential replication in the context of Africa. Here, we place emphasis on the contribution of Chalmers Johnson because it represents one of the first detailed accounts of the developmental state as evidenced in what became known as the ‘Asian miracle’. The theoretical leverage for this emphasis is that it helps to effectively accentuate recent characterizations of the developmental state idea *vis-à-vis* its historical antecedents. Also, the East Asian example is particularly useful for the context of Africa due to the colonial connection shared by these two continents in addition to the fact that recent iterations of the developmental state in Africa have relied on Johnson’s original configuration (see [15,16]). The theoretical discussion leads us into an examination of the developmental state in Africa’s energy sector – a section that focuses primarily on local content arrangements in our three states. The objective here is to illuminate the exact developmentalist discourses used in existing and new legislation in order to unveil the ideological component of petro-developmentalism. Following this, the structural component is discussed in the subsequent section to ascertain the nature of developmentalism being practised in Ghana, Mozambique, and Uganda and

the extent to which it fits with existing conceptions of the developmental state. It must be clarified here that the developmental state in Africa is not and cannot be limited to the hydrocarbon sector. In fact, a whole-of-economy approach to development is the only viable option for a state striving towards developmentalism. However, our focus on ‘petro-developmentalism’ is meant to enable us to reflect on some aspects of the developmental state phenomenon as materialized in a sector that remains an important driver of the continent’s economy.

## 2. The developmental state model and its replication in Africa

The ‘developmental state’ concept has been prominent in political economy discussions after it was used to explain the almost miraculous economic transformation experienced by East Asian countries such as Japan, South Korea, Taiwan, Hong Kong and Singapore after World War II [17]. Simply put, a developmental state is one that ‘gives first priority to economic development’ ([18], 37). Johnson’s [19] publication titled *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* is regarded as a seminal work on the developmental state – as it highlights the key strategies that made Japan’s impressive economic achievements a miracle. Although not the sole reason why Japan or any of these Asian states achieved tremendous economic success, the role the state played was a major factor [18]. Thus, the developmental state also implies state-led development or state intervention in economic policy. The concept is also associated with industrial policy, especially in cases where such policy has been used as a vehicle to spur economic growth [20]. Such a policy is often characterized by state promotion of infant industries via instruments like export facilitation, subsidies to local industries, trade protection, and preferential treatment in favor of local businesses, thus entailing government assistance to local businesses [21].

At the same time, industrial policy also requires a certain manipulation of market forces to achieve the needed economic growth. Johnson ([18], 40) noted that ‘there [was] no longer any question that the Japanese use of market mechanisms for developmental purposes [had] been successfully emulated in other countries.’ South Korea, for instance, despite the lack of natural resources, zero prior experience in industrialization and constant military threats from North Korea managed to achieve economic development, which facilitated its rise as an industrialized state with high per capita GDP and several other desirable economic prospects [22]. The strategy in this case was an aggressive pursuit of state-led export promotion policies which eventually loosened up to private sector involvement as the economy advanced [22].

Scholars have identified meaningful taxonomies for the concept. Johnson [18], for instance, has proposed four outstanding elements of a developmental state, namely 1) an elite bureaucracy with the managerial capacity to identify and develop specific industries, 2) a political infrastructure that permits change and innovation without interference, 3) the absence of overly-dominating legislative instruments that constrain administrative creativity and market viability, and (4) a pilot agency within the government bureaucracy, such as Japan’s Ministry of International Trade and Industry, equipped with attributes, autonomy and capacity to coordinate industrial policy formulation and implementation. Although these four characteristics are relevant to our understanding of the Japanese economic model, they are generally useful in helping us to capture the essence of developmentalism from its historical perspective. Based mainly on Johnson’s work, scholars have identified a set of four defining features of a successful developmental state, including development-oriented political leadership, an autonomous and effective bureaucracy, performance-oriented governance, and production coordination and conflict management (see [15,16]). These features are informed by the East Asian experience, as detailed in Johnson [18,19]. These analytical categories will be further examined in subsequent sections.

The end of World War II revealed the need to ensure state

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