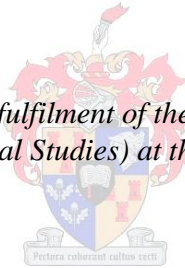


**Oiling Development?
A Critical Analysis of Norway's Petroleum
Assistance to Angola**

by
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*Thesis presented in partial fulfilment of the requirements for the degree
Master of Arts (International Studies) at the University of Stellenbosch*



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Declaration

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Dar es Salaam

Abstract

African affairs have traditionally not occupied a central place in Norway's official foreign policy, and relations with countries in West Africa have been limited. However, in recent years, resource-rich countries such as Angola – Africa's largest oil producer – have become the focus of Norwegian strategic interests. Private and public investments are increasing rapidly, paralleling a larger focus on aid. Today, Angola is a core country within Norway's most prominent petroleum-related assistant programme, Oil for Development (OfD).

This thesis will aim to contribute, by means of a critical political economy analysis, to a better understanding of Norway's role in Angola through OfD. Specifically, this study aims to question *who* and *what structures* Norway really is aiding in Angola. Such an objective will be achieved by firstly using critical theory to demonstrate Norway's role as a traditional middle power – through which Norway seeks to export an altruistic perception of a 'do-good- image' – is underpinned by a deeper national self-interest. Secondly, the thesis questions the theoretical foundation of OfD, and, thirdly, it attempts to identify *whom* the OfD programme is aiding. Ultimately, the thesis questions whether Norway is promoting sustainable development in Angola, or whether, instead, it is contributing to maintaining a status quo, from which Norway as a middle power continues to benefit.

The study illustrates that Norway, as a middle power, has neither the capacity nor the national self-interest to achieve fundamental change in Angola. Norway's commitment to the good governance agenda, and the belief in solutions offered by the resource curse thesis, is tackling the symptoms of Angola's underdevelopment, rather than its root causes. OfD adopts a state-centric approach, which accepts the political economy structures in Angola, and gives limited attention to global structures and civil society. The thesis offers an alternative analysis, which illustrates how OfD is masking a neo-liberal development approach by incorporating Norwegian business interests and development goals in the same programme.

Opsomming

Afrika sake het tradisioneel nie 'n sentrale plek in Noorweë se amptelike buitelandse beleid beklee nie, en verhoudings met die westelike deel van die Afrika-kontinent is beperk. Tydens die afgelope jare het olie-ryk lande, soos Angola, egter die fokus van Noorweegse strategiese belange geword. Angola is vandag 'n kern land binne Noorweë se mees prominente petroleum-verwante hulpverleningsprogram, *Oil for Development* (OfD).

Hierdie tesis het ten doel om, deur middel van 'n kritiese politieke ekonomie ontleding, by te dra tot 'n beter begrip van Noorweë se rol in Angola deur die OfD. Spesifiek bevraagteken hierdie studie aan *wie* en *watter* strukture in Angola Noorweë hulp verleen. Dit sal gedoen word deur eerstens gebruik te maak van kritiese teorie om te demonstree dat Noorweë se rol as 'n tradisionele middelmoondheid – waardeur Noorweë poog om 'n altruïstiese persepsie van die staat uit te dra – onderskryf word deur 'n dieper nasionale selfbelang. Tweedens sal hierdie studie die teoretiese begronding van OfD bevraagteken, en derdens poog om te identifiseer *wie* deur die OfD program ondersteun word. Laastens sal die tesis bevraagteken of Noorweë volhoubare ontwikkeling in Angola bevorder, en eerder bydra tot die instandhouding van die status quo, waaruit Noorweë as 'n middelmoondheid voordeel trek.

Die studie sal illustreer dat Noorweë, as 'n middelmoondheid, nie die kapasiteit of die nasionale selfbelang het om fundamentele verandering in Angola te weeg te bring nie. Noorweë se ondersteuning van die 'good governance' agenda, en oplossings wat deur die sogenaamde 'hulpbronvloek' tesis aangebied word, spreek die simptome van Angola se onder-ontwikkeldheid aan, eerder as die kernoorsake. OfD funksioneer op grond van 'n staat-sentriese benadering, wat die politieke ekonomiese strukture in Angola aanvaar, en beperkte aandag aan globale strukture en die burgerlike samelewing gee. Hierdie tesis bied 'n alternatiewe analise, wat wys hoe OfD eintlik 'n neoliberale ontwikkelingsbenadering volg wat Noorweegse besigheids- en ontwikkelingsdoelwitte in dieselfde program inkorporeer.

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List of Abbreviations

CEIC	<i>Centro de estudos e Investigacao Cientifica</i>
CMI	Christian Michelsen Institute
CSO	civil society organisation
CSR	corporate social responsibility
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EITI	Extractive Industries Transparency Initiative
FNLA	<i>Frente Nacional para a Libertação de Angola</i>
FRELIMO	<i>Frente de Libertação de Moçambique</i>
GDP	gross domestic product
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IPE	international political economy
MPLA	<i>Movimento Popular de Libertação de Angola</i>
NATO	North Atlantic Treaty Organisation
NIEO	New International Economic Order
NGO	non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
NUPI	<i>Norsk Utenrikspolitisk Institutt/Norwegian Institute for International Affairs</i>
OAU	Organisation of African Unity
ODA	Overall Development Assistance
OfD	Oil for Development
PAIGC	<i>Partido Africano da Independência da Guiné e Cabo Verde</i>
SADC	Southern African Development Community
SAP	Structural Adjustment Policy
UN	United Nations
UNDP	United Nations Development Programme
UNITA	<i>União Nacional para a Independência Total de Angola</i>
US(A)	United States (of America)

CHAPTER 1

BACKGROUND, AIM AND METHOD

1.1 Background – the Regime of Goodwill

The book *Important superpower – Potent small state*¹ was published in Norway in 1988, and has, since then, had significant influence on Norway's foreign policy and on the Norwegian self-image. Terms as 'humanitarian superpower', 'moral champion', 'pioneer' and 'vanguard' have influenced the rhetoric of Norwegian foreign policy, the Norwegian self-image, and the role that the country played as a bridge-builder between the North, South, East and West during the Cold War. Its self-image, as a vanguard of development and humanitarian assistance, was shaped throughout the 1960s, 1970s and the 1980s (Tvedt, 2003). Aid² was seen as a significant expression of Norwegian self-image, and before peace activism became a central part of Norwegian foreign policy in the 1990s, the aid given to the Third World was the most visibly moral-based practice in Norwegian foreign policy (NUPI, 2007:16). There is a perception amongst Norwegians that aid given to the Third World is founded on solidarity, and that Norway is a neutral donor without self-interest in terms of the aid given to underdeveloped countries. In essence, the granting of aid is based on a regime of goodwill (Tostensen, 2002; Report to the Storting, no. 13, 2008–2009:5).

African affairs have traditionally not occupied a central place in Norway's official foreign policy, and, historically, there has been a limited relation between Norway and Africa, especially in the West African region. It can, to a large degree, be argued that Norway never really had a conscious and coherent African policy, and that aid has dominated its relationship with the African continent (Tostesen, 2002). Aid has traditionally been linked to missionary work and solidarity

¹ The author of the book was Jan Egeland. Egeland has, since then, not only been a significant figure in Norwegian politics, but has also been recognised internationally through his position as United Nations Undersecretary-General for Humanitarian Affairs and Emergency Relief. Today he is the head of the Norwegian Institute of International Affairs (NUPI).

² For the purpose of this thesis, the concept of aid refers to Norway's Overall Development Assistance (ODA). The notion of aid will, thus, incorporate both humanitarian and development assistance.

groups, but, after the Cold War, the engagement expanded into such areas as political dialogue, conflict resolution, and environment issues (Foreign Ministry, 2007:2).

In 1995, one could observe a shift in countries receiving aid from Norway. Norway's relationship with India, which had been one of the former country's main aid recipients since the 1950s, ended, and there was a shift towards striving to attain more strategic goals in West Africa (Ruud and Kjerland, 2003). Since 1995, the Norwegian presence has increased drastically in Africa, and today Norway (which is a nation of 4.7 million people) is represented by 18 embassies on the continent. Moreover, as of 2007, eight of the ten largest recipients of Norwegian aid have been located in Africa (Foreign Ministry, 2007). Commercial and private investments and trade have increased substantially, and Africa represents the largest investment area outside Europe. The country of Angola is experiencing the largest increase in investment, both from the Norwegian government and the private sector (Foreign Ministry, 2007; Hanssen, 2008a).

The concept 'national self-interest' is rarely mentioned when one talks of Norwegian foreign policy, or indeed of Norwegian politics in general (Lunde and Thune, 2008). Such rare mention is not necessarily because the motive is not present in the foreign policy of the nation, but it is rather because, up until now, it has not been seen as a legitimate reason for action, so that the term has been avoided (Nyhamar, 2007). The geographical shift that occurred in aid-receiving countries in 1995 was later accompanied by a shift in rhetoric, with the term 'national self-interest' becoming much more evident in Norwegian foreign aid policy (Lunde and Thune, 2008).

After its national election in 2005, Norway experienced a change in government, where the new representatives from the Foreign Ministry initiated a discussion regarding Norway's changing role in a globalised world. In the debate, the message from the Minister of Foreign Affairs, Jonas Gahr Støre, was clear: Norway is a country one should be able to recognise (Dagens Næringsliv, 17

October, 2005), indicating that the central objective was to maintain its image as an exceptional do-good nation, even though the context was changing.

This thesis aims to go beyond a descriptive analysis of Norway's role as an aid donor. It aims to critically ask a broader question of *who* and *what structures* Norway is assisting through its petroleum-related aid - where Norway argue that they have a comparative advantage and where it can make a difference. At the same time, Norway claims that there is no self-interest in its aid programme. Samir Amin (2010) argues that a critique of aid can only be conducted within the framework of political economy, which is what this thesis sets out to do. By approaching the petroleum-related aid programme, Oil for Development (OfD), from a critical political economy approach, the thesis aims to identify Norway's role as an aid donor in Angola. The study also indirectly questions Norway's sense of altruism in relation to aid.

1.2 Problem Statement and Rationale

The trend in aid has illustrated that aid is not as altruistic as one might think, and often the actual needs of the recipient country are not what is regarded as the most essential (Barratt, 2005; Stokke, 1995). The noted shift in the aid debate in Norway has included very few voices that question whether Norway should be a donor country at all. Instead, the debate in recent years has moved onto a discussion regarding the efficiency and effects of the aid offered (NUPI, 2007).

In 2005, the Norwegian government launched the aid programme OfD, based on the country's knowledge and experience in successful petroleum sector management. Oil was discovered in Norway in 1969, and has, ever since, played a significant role in the country's development from a rather poor nation into a successful welfare state. With good resource management by strong state institutions, Norway has avoided the 'resource curse' phenomenon that many African nations are facing today. The countries concerned are rich in certain types of resources, such as oil, but have not been able to achieve prosperity to the degree that Norway has. Rather, natural resources on the African continent are regarded as having fuelled civil wars, having generated increased inequality, and having mired people in extreme poverty (Collier, 2007; Kolstad, Wiig and

Williams, 2009). The paradox of being a country rich in resources, yet low in human development and high inequality, is the condition in which the current case study, namely Angola, finds itself, which will be explored in Chapter Four.

OfD has become one of Norway's most predominant aid programmes, but also a programme that has received heavy criticism from various angles. The current Minister of International Development, Erik Solheim, argues that "oil should not be a curse, rather a blessing" (Norad, 2008:2) and the programme accordingly sets out to build on the Norwegian experience. However, the critique to which Norway has been subject has focused on how Norway's experience is not applicable to many of the Third World countries in which the country has made its presence felt. Both the global context and Norway's own history and political setting have been quite different from what many of the countries that are trapped in the resource curse today are experiencing. Due consideration must be given to how the Norwegian experience can contribute to improvements in such an unstable region as West Africa, where one finds some of the world's most corrupt governments. and where many of the countries are recovering from war, so that the state of peace is still fragile. Such a context gives immediate rise to questions revolving around the issues of self-interest and altruism.

With the assumption that aid is given in solidarity, and that there is little critical analysis of Norway's expansion on the African continent, the focus tends to be rather unbalanced. Although the government is able to focus on the aid given, little attention has been directed to what Norway receives in return Africa (NUPI, 2007). The reality that Norway is one of the few countries in the world that gives 1 per cent of its gross domestic product (GDP) to aid is something of which most Norwegians are aware. However, not many Norwegians are aware of the fact that Statoil's³ contribution to the Norwegian government, in the form of tax and stock revenues from oil extracted in Angola, equals the amount of aid that Norway gives to Africa as a whole (Hansen, 2007).

³ Statoil is Norway's largest oil company. When it was established in 1972, it was wholly state-owned. In 2001 it was decided by the Norwegian Storting (Parliament) partly to privatise Statoil, and today the Norwegian government have a 67 per cent share in the company.

Norway's role has become complex, consisting of many diversified actors, with the Norwegian embassies abroad being instructed to assist Norwegian companies to expand, while at the same time administrating large development projects. Ambiguity of roles and conflict of interest can, therefore, be seen to emerge. The example of Angola, where the Norwegian embassy (as an aid agent) and Statoil (as a business agent) share offices in Luanda, is often used as a clear-cut example of conflict of interest in a situation that creates a reliability problem, since the relations between political interests and business interests are very closely aligned.

Angola is most often portrayed rather simplistically in Norway, as a democratic country with large public-private partnership opportunities (e.g. Speed, 2010). In March 2009, the Norwegian Foreign Minister – on his first official visit to Africa since he was elected in 2005 – invited potential business investors from Norway to join him on an official trip to Luanda to meet representatives of the Angolan government to discuss suitable business opportunities (Speed, 2010). Whereas foreign direct investment in Angola obviously should be explored as an opportunity for creating development, there is also an explicit lack of critical analysis and attitude towards the so-called democratic system in Angola, in which country no presidential election has taken place since 1992.

No strong tradition exists in Norway of discussing the main lines of the foreign policy, least of all the concept of national self-interest in relation to the aid given to the Third World (Lunde and Thune, 2008; Tostensen, 2002). In addition, the issue of both private and public Norwegian expansion into West Africa, which is home to some of the world's most corrupt governments and institutions, has been void of debate in academic circles, as well as in the public media.

What makes research on the topic important is the Norwegian assumption that the nation always acts out of solidarity towards less fortunate countries, and not out of self-interest (Tvedt, 2003). As the Norwegian presence in Angola increases, an awareness of the consequences of such engagement in both a historical and a holistic perspective, becomes ever more essential. Aid is often seen to prop up the regime in power in a recipient state, and not necessarily as

helping the poorest members of the society or as promoting forces that can bring about change. In so doing, it exacerbates societal inequalities, and it becomes of great importance to understand *what* and *whom* one is aiding (Barratt, 2005). Both Norway's private and public increased presence in Africa have implications for the country's relationship with, and its role in relation to, countries on the continent. Such implications need to be debated so that Norway does not automatically become a nation that is represented as a cause in terms of the 'resource curse' (Hanssen, 2008b).

1.3 Research Aims

Building on Norway's self-image as a neutral aid donor, the overarching aim of this thesis is to critically explore Norway's role in Angola through the OfD programme. The exploration will take the form of:

- exploring Norway's role as a middle power, using critical theory;
- questioning the theoretical foundation of Norway's petroleum-related aid to such African countries as Angola;
- identifying *what structures* the OfD programme is aiding, in order better to understand Norway's role in Angola; and
- identifying whether Norway is promoting sustainable development or whether it is, to a larger extent, contributing to the maintenance of the a status quo, from which Norway, as a middle power, benefits.

1.4 Political Economy and Critical Theory

There has been a dominance of realism in the study of international relations, which has led to a focus on, and a concern with, analysing relations between sovereign states, as well as the causes of war and alternative forms of cooperation. The dominance of neo-realism has been challenged, and, since the 1960s, other branches of social science have been offering alternative methodological and theoretical means of explaining the international state of affairs (Halliday, 1990).

The school of International Political Economy (IPE) was established during the 1970s, in an attempt to link the fields of economy with political activity (Cohen,

2007; Hoffman, 1987). Despite the fields of politics and economy having always been interlinked, it is only since the 1970s that the field has gained proper attention within the school of international relations. Since Susan Strange addressed the gap between the two fields in 1970 in her article 'International Relations and International Economics: A mutual Neglect', political economy has experienced major growth in the study of International Relations. Strange described IPE as a method of analysing areas concerning the social, political and economic arrangements affecting the global systems of production, exchange and distribution, and the mix of values reflected therein (Mgonja and Makombe, 2009).

A critical approach to political economy theory has demanded a reconsideration of the relationship between different agents and institutions (Mgonja and Makombe, 2009). Rather than being problem-solving, the critical approach does not take any structures (such as those pertaining to North-South, gender, and core-periphery) for granted, but rather questions from where such structures and hierarchies historically come. Robert Cox (1987) argues that these structures are a product of human activity through history, during which people have learned to behave within the framework of social and historical blocks. However, the structures are continually changing, and people must learn to understand them and how they have developed in order to be able to change them. Political economy theory has developed as an alternative, critical perspective within this field of study, and has the strength "through the process of self-understanding and self-reflection... to provide a critique of the existing social order and point to its immanent capacity for change and for the realisation of human potential" (Hoffman, 1987:232).

The main argument for stating that a critical approach will be useful when analysing international relations is, first and foremost, based on the broad array of issues that a theoretical framework can explain. Such issues as poverty, inequality and marginalised states and forces in the global economy are arguably given insufficient analytical clout in other mainstream theories. The fact strengthens the usefulness of a critical analytical framework. Critical political economy theory emphasises history and the necessity of studying history when

looking at international relations, and does not accept the status quo as being natural and immutable. Neither the structure of the state, nor the manner in which states relate to one another, is natural, but is, rather, a product of historical forces. This also implies that the nature of, and the relations between, states will not always remain the same, but are likely to change in the future.

This thesis uses many voices within critical theory, political economy and theories on hegemony, placing a focus on the interaction between the political, economic and social aspects of systems of governance on the global and national level. Robert Cox represents an important break in mainstream IR, and in the school of IPE, presenting a theoretical framework that is situated within a historical materialist approach. By not only aiming to contribute with new analyses of a changing world, Cox (1987), in his method, aims to contribute new ways of analysing and of critically engaging with alternative ways, which not only describe the world, but which also aim to explain *how* and *why* the situation came to be so, and more importantly, how it can change. John Saul (2006:1) argues that the contemporary world, which is marked by great inequalities, can “easily be understood primarily in terms of the imperatives of the present global reality. Nonetheless, it is at least as important to view the process of the making of this unequal world in carefully articulated historical perspective.”

A critical approach can be seen as a viable alternative to the more traditional and orthodox way of theorising foreign policy and the middle power role in the contemporary world order in several different ways. One is the way in which the critical approaches of middlepowermanship, and, in particular, the notion of hegemony, endorse a way of relating the global context to foreign policy-making (Neufeld, 1995). By drawing on the Gramscian approach to the study of world order, the global politico-economic setting of Norwegian foreign policy will be outlined. By illustrating how Norway fits into the critical description of traditional middle power, which was elaborated on by the neo-Gramscian scholar Eduard Jordaan, the thesis will place Norway within the global economy and, as part of a neo-liberal project, question assumptions and look for contradictions that will give a better understanding of Norway’s role in Angola.

The field of political economy connotes the relationship between ‘power’ and ‘wealth’, and one of the fields where this link becomes most clear is in the petroleum industry in African petro-states (Obi, 2007). In this thesis, a critical political economy approach will be used to theorise about the petroleum-related assistance programme that Norway, as a middle power, offers to African petro-states. The thesis will, in addition, analyse the structures that are supported by the programme in Angola, a typical petro-state in Africa. In a critical vein, the thesis will not only consider the role of the state, but it will, rather, include a focus on the global level and on civil society, illustrating a more complex reality that is influenced by several different actors.⁴

1.5 Methodology

The purpose of the current study is to explore Norway’s role as an aid agent through studying the role that is played by OfD in Angola. Such an exploration should enable a better understanding to be gained of the system that Norway is aiding. In other words, the research can be categorised as being both of a descriptive and an exploratory nature, since the topic is relatively unresearched, and as it also aims to explore Norway’s aid programme, OfD. The purpose of exploratory research is to gain insight into a situation, even though the situation or phenomenon is of limited scope in the context of a more complex reality (Yin, 2003).

Based on the nature of the research question, the qualitative research method was chosen. According to Marshall and Rossman (2006:2), qualitative research forms “a broad approach to the study of social phenomena; its various genres are naturalistic and interpretative, and they draw on *multiple methods of inquiry*”. Since the use of statistical data would not widen the understanding of the research, a qualitative research method was preferred.

⁴ Robert Keohane and Helen Milner (eds. 1997) argue that “we can no longer understand politics within countries – what we still conventionally call ‘domestic’ politics – without comprehending the nature of the linkages between national economies and the world economy, and changes in such linkages”.

1.5.1 Research Design

Bless and Higson-Smith (1995:43) argue that there are two alternatives for the design of exploratory and descriptive research, namely either a case study or a survey. Due to the study's focus, the research design was planned around a case study approach, which is a way of organising social data. The adoption of such an approach as a method of generalisation is often questioned, since it only represents selected cases, and the specific cases used hold implications for the conclusion of the study. Therefore, it is important to keep in mind that the case study chosen for the current study is not representative of all OfD engagements in other countries, be they in Europe, Asia or Africa, where the situation and results could have been different.

Yin (2003) makes two important points in responding to critiques of the case study approach. First, not all qualitative studies are aimed at generalisation, but qualitative case studies can be important and lead to new conceptualisations. A case study represents a limited part of the reality, but can be very useful when one requires analytical simplification (Yin, 2003). Secondly, Yin (2003:19) argues that "case studies, like experiments, are generalisable to theoretical propositions and not to populations or universes", which means that a case study does not represent a 'sample' with the goal in mind of achieving statistical generalisation. Rather, the goal of a case study is to expand and to generalise theories (analytic generalisation; Yin, 2003). The current study can be seen as a theoretical informed case study, in which theory will be used to shed new light on the situation.

Moreover, Cox (1999:392) argues that approaching knowledge is complex and in order to:

advance this knowledge you have to reduce the scope of your inquiry to the point where you can study something in its detail while being able to cut it off from everything else. But at the same time we must realise that it is only artificially cut off, and that you have to maintain also the question of how it links with other things to which it relates.

Norway's role in Angola is very complex, and limitations are obviously necessary in a study like the current one. At the same time, it is important to keep in mind that the present research is only one brick in a larger picture which one needs to

understand if one wishes to say anything meaningful about long-term change. Also of importance is the fact that one should understand the need for adopting a critical approach when engaging in research with another country.

Identifying the unit of analysis can be problematic in case studies, and relates to everything from an individual to groups, processes and decisions (Yin, 2003). In single case studies, the unit of analysis and the case often refer to the same thing, which is determined by how the research question has been defined. The unit of analysis for the present study is the role that is played by Norway's aid programme, OfD, in Angola.

Babbie and Mouton (2001:282) argue that multiple sources of data are important in all kinds of case studies. Making use of multiple sources of evidence, in a so-called 'triangulation', adds to the reliability of research and facilitates the finding of accurate answers that can be confirmed by several sources.

The data gathering will be split up into three sections. Firstly, data concerning Norway's more historical role on the African continent will be analysed to place Norway within the neo-Gramscian framework as a *traditional middle power*. Secondly, literature related to the resource curse and to good governance, the two main theoretical topics of OfD, will be analysed. Thirdly, data related to Angola will be the focus of the study.

The research will primarily make use of such secondary sources as official documents, official statements, academic analyses and literature, and other textual sources. Primary sources will be used where possible, supported by relevant literature about Norwegian foreign policy, and about the African political economy.

1.6 Limits and Delimitations

Several factors, such as time and practical constraints on the length of the study, have been placed on the research. Furthermore, the following analysis contains limitations and delimitations that are mentioned below.

Firstly, when analysing Norway's role in Angola, it is problematic to define who represents Norway. Private investments are growing, and many of the commercial actors are partly owned by the Norwegian government. Statoil and Hydro are the largest Norwegian actors in Angola, and both of these companies have the government as a majority owner. Even though it would be both interesting and insightful to look at many actors and aspects of Norwegian engagement in Angola (including the non-governmental organisations [NGOs]), this thesis is limited to only looking at the Norwegian Government's engagement through the petroleum-related aid programme OfD. As a consequence of this limitation, the thesis refers to the Norwegian government when talking of Norway.

Secondly, there are limits in terms of the scope of the thesis. By engaging with middle power theory, which has no clear definition, there are many aspects that could be discussed, and that could contribute to a theoretical improvement. However, it is outside the scope of the thesis to contribute to such a discussion and theoretical development. The limitation also applies for the other theories used in the thesis, such as the resource curse thesis and the literature concerning good governance.

A third limitation is in form of language. Many of the sources are in Norwegian. This will not pose a direct limitation on the project, since the author is fluent in Norwegian, but it can create a limitation for the reader who wishes to revisit the sources. The Norwegian government's general information is in both English and Norwegian, while the official documents are mainly in the language of origin.

A fourth limitation that is placed upon the study relates to governmental sources, which can be biased. Although Norwegian official sources are known for their high transparency, one should still be critical of them. As background material, sources from the Christian Michelsen Institute (CMI) in Bergen, Norway, will be given much attention, and have had an influence on the thesis, since the Institute represents an independent research institution that has established a team that

focuses on Angola, that has a long-term partnership with the Angolan research institute *Centro de estudos e Investigacao Cientifica* (CEIC).

The current research acknowledges that Norway, as a provider of oil-related assistance, was present in Angola before 2005. However, the research is delimited to analysing Norway's oil engagement in Angola through the OfD programme, despite a minimal amount of research having been undertaken into Norway's engagement before that time. Another delimitation to the study is the fact that the thesis only considers the role that is played by OfD in Angola, excluding any analysis of the 24 other countries with which OfD is engaged. In other countries where the country context and the OfD activities differed from the present case study, the results of OfD's programme can, and probably will be, different.

1.7 Structure of Thesis

The current chapter has aimed to contextualise the research, and has presented the background and described the methodology that will be used in the study. It was also argued why a critical political economy framework would serve as the most useful approach when presenting a critique of such an aid programme as the OfD and the research questions that the thesis presents. The rest of the thesis will be structured as is described below.

Chapter 2 Norway as a Middle Power in Africa

Chapter Two will elaborate on the critical approach to middle power theory. The aim is to establish Norway as a traditional middle power in the global hierarchy by giving a historical analysis of Norway's African foreign policy, and the country's actions and presence on the continent. This will be used as a backdrop to the later discussion regarding Norway's self-interest in foreign aid, as well as when it comes to questioning Norway's genuine interest in creating change, compared with maintaining and benefiting from the status quo.

Chapter 3 Theorising OfD

Chapter Three will critically analyse and engage with the theoretical foundation of OfD. It will, in short, present the resource curse thesis, which has gained much attention in mainstream petroleum-related assistance. However, rather than focusing on the state level, Chapter Three aims to include the global structures in the analysis. In critical political economy vein, it will question the over-arching goal of the OfD programme, namely the good governance agenda, of which the resource curse thesis forms part.

Chapter 4 OfD in Angola

Chapter Four analyses Angola and state society relations in a historical context to better understand who is benefiting from Norway's state-state aid to Angola. By analysing Angola's complex political economy, and identifying entry points of change, the chapter concludes that OfD is not contributing with support to the entry point that, according to literature and empiric evidence, most efficiently would bring change to Angola, namely civil society.

Chapter 5 Conclusion and Final Remarks

The final chapter will pull the previous chapters together. By using the critical approach from middle power theory from Chapter Two, the chapter will conclude that Norway is definitely fitting into the traditional middle power role, in accordance with which the self-interest is found on a deeper level, as chapters Three and Four illustrate. The chapter will touch upon contradictions in the Norwegian self-image and the political reality. It will summarise how a critical political economy approach is highly valuable and necessary when analysing foreign aid programmes like OfD, and how the approach offers a highly important perspective, which should be included in mainstream discussions about Norway's presence on the African continent. The chapter will, finally, provide some concluding remarks, and indicate some issues for future research.

CHAPTER 2

NORWAY AS A TRADITIONAL MIDDLE POWER IN AFRICA

2.1 Introduction

The foreign policy of a country can be seen both as something that binds a country together with the rest of the world, or, just as important, as something that indicates a state's uniqueness and what sets it apart from other states. In both cases, it makes sense to think of foreign policy as being linked to identity politics (NUPI, 2007:8). Norway has been able to create an image and identity, both domestically and internationally, as a key middle power that is a generous aid donor and a humanitarian superpower (Tvedt, 2003).

Norway was situated in the middle between the opposing superpowers during the Cold War, both geographically and politically. After this period, but even more clearly after the terror attacks that were launched against the United States of America (USA) in 2001, Norway's role in changing international politics has been much more unclear. There has been a lack of research questioning about what the changes imply for Norway at home, as well as about what role it should play abroad (NUPI, 2007). The role of Norway is expanding in the growing globalisation, including in Africa. In 1905, the Norwegian Foreign Ministry employed 20 people in Norway, and even fewer abroad. A century later, the number has increased to 1 400, and Norway has a total of 18 embassies in Africa alone, with some 300 employees.

Within this context, the overarching aim of the current chapter is to elaborate on *how* Norway has played a role as a traditional middle power in Africa. Critical theory will be used to demonstrate that Norway's role as a traditional middle power – through which the country seeks to export an altruistic perception of a 'do-good image' – is underpinned by a deeper national self-interest. The present chapter firstly provides an overview of how the literature around middle power theory has developed. The overview is followed by a discussion related to the

critical approach to middle powers, and an understanding of the neo-Gramscian notion of hegemony. The discussion provides a backdrop to understanding a critical analysis of the global structures and world order, and the role of middle powers in the system, and will also facilitate further analysis in the thesis.

The last part of the chapter focuses on Norway as a traditional middle power in Africa. By illustrating how the country fits into the critical understanding of a traditional middle power, Norway's approach towards the African continent will be analysed in the light of three overarching themes: multilateralism; the country's role as a peace promoter; and, last but not least, aid, which will be the focus in the rest of the thesis.

2.2 Middle Power Theory in International Relations

Until the end of the Cold War, the dominant neo-realist theorists had largely focused on the role played by the major powers and hegemonic order. However, the powers could not exist in a vacuum, requiring the remaining states, with diversified power status, to support the former powers. The remaining countries were classified as middle or medium powers⁵ (Jordaan, 2003). Classifying countries according to power capabilities is grounded in tradition going back to the times of Thomas Aquinas and the archbishop of Milan, Giovanni Botero, who was the first to use the notion of middle or medium power in the 16th century (Holbraad, 1984; Ravenhill, 1998:309). Even though the term has been in use for centuries, it became popularised when Canada asserted its middle power status during the latter stage of the Second World War. In the planning of what would become the United Nations (UN), Canada asserted that "power and responsibility went together and that post-war arrangements should reflect the stake and potential contribution of 'medium powers'" (Wood, 1990:78). In making such an assertion, Canada wanted to ensure that the middle powers had its special rights respected in terms of the non-permanent seats on the Security Council.

While identifying superpowers or major powers has remained relatively

⁵ The terminology can vary: middle powers–medium powers, middlepowermanship, middlepowerhood, etc. The current thesis will make use of the terms 'middle power' and 'middlepowermanship'.

unproblematic, attempting to pinpoint middle power countries, in contrast, has been shown to be highly problematic and ambiguous (Ravenhill, 1998; Taylor, 2001). Different scholars use different characteristics and variables to define a country as a middle power. With no unified definition of the term, states that share some of the middle power characteristics, such as interest in multilateralism and peacekeeping, or states of medium size, can claim the title, making the concept vague (Chapnic, 1999:73). In the 1990s, the term broadened even further when new and emerging states were included in the terminology, and attention was drawn to alternative sources of agency in the global order, including non-state-centric views (see Cooper, 1997; Jordaan, 2003).

A review of the literature suggests two broad distinctions in the thinking of scholars defining middle powers. The first approach focuses on the states' *material capability*⁶, while the other emphasises *behaviour* in IPE (Taylor, 2001:19)⁷. Both approaches can be seen as being politically motivated, with states using the middle power label to increase their state power. Both approaches are briefly outlined below prior to an elaboration of the critical approach.

Pratt (1990:3) argues that realism rules supreme in the inner councils of the foreign ministries of most Western states, with the material capability approach often being linked to the state-centric, realist view (see also Cooper, 1997; Cox, 1996:827; Jordaan, 2003:166; Taylor, 2001). Carsten Holbraad (1984) focuses on geopolitical criteria as military capabilities and forces when identifying middle powers, noting that middle powers are largely dependent on stronger states. Different criteria are used when ranking countries in the international system, varying from Holbraad's measurements of military capabilities to such economic indicators as the gross domestic product (GDP) (Wood, 1990), as well as to other factors, like population size and geographical location.

⁶ Also referred to as the aggregate approach.

⁷ Chapnick (1999) builds on three approaches: the functional, behavioural and hierarchical model. However, such categorisation is not elaborated on in the current thesis.

The large variety of measurements makes the approach controversial. In many ways, it limits the approach to distinguishing middle powers from superpowers. However, such measurements become rather problematic when setting the middle powers apart from those that are smaller (Van der Westhuizen, 1998; Wood, 1990). By pursuing a realistic approach that focuses on maximising influence and power, the approach can be useful when explaining the interest of middle powers. However, such an approach also points to the material constraints that middle powers face when they oppose the greater powers. Further, a limitation of the current thesis is the realist state-centric approach that emphasises great power agency and which focuses less on the ability of middle powers to manipulate international affairs. In a realistic vein, it has even been argued that middle powers can be discounted as having any importance at all.⁸ Higgott and Nossal (1997:35) address the problem by exemplifying the neo-realist approach, quoting Kenneth Waltz's statement "Denmark doesn't matter", and Krasner's argument: "Sure people in Luxembourg have good ideas, but who gives a damn. Luxembourg ain't hegemonic."

The second approach bases the definition of middle power on the states' foreign policy *behaviour*, and is linked to the liberal vein of argument. Cooper, Higgott and Nossal (1993) illustrate that middle powers and institutions do matter and can play an important role in the international system. Their identification of Canada and Australia as middle powers deliberately avoids using the physical attributes that the material approach builds on in their definition, resulting in a framework that is able not only to distinguish middle powers from greater powers, but also from smaller powers (Ravenhill, 1998:310).

By highlighting the danger of taking agency away from the analytical framework, the three above-mentioned scholars help to link foreign policy to 'national interests', and to demonstrate that power and interest cannot be ignored. Due to their position in the global economy, and their limited capacity to contribute to, and operate right across, the policy spectrum, middle powers define their priorities, identify areas of comparative advantage, and direct their resources

⁸ For a deeper description of the limitations of this approach, see Taylor (2001).

towards them – leading to what Cooper calls ‘niche diplomacy’ (Alden and Vieira, 2005; Cooper, 1997). Higgott and Nossal (1997) illustrate how the middle powers adopt different methods of doing the above, depending on their comparative advantage and on the area from which they stand to gain the most political benefit and desired results. The approach highlights the importance of agency when defining the foreign policy of middle powers and analysing their behaviour. Even those middle powers that are grouped together have different strengths on which they build in terms of their foreign policy strategy (Higgott and Nossal, 1997; Jordaan, 2003:173).

While the first approach mentioned might indicate that states need the appropriate material ability to be a middle power, the second approach highlights that the country must *act* like a middle power, and be willing to take on such a role. The way in which they identify how they pursue their foreign policy goals distinguishes them from the greater or smaller powers.⁹ According to Chapnic (1999:75), the behavioural approach is the most favoured model in middle-power literature. However, in spite of its popularity, the approach fails to reach an objective and common definition, and the behavioural characteristics noted tend to vary between scholars.

2.2.1 Critical Middle Power Theory

The lack of a common definition indicates that there are many pitfalls to be avoided when theorising about middle powers. While the realist approach focuses on state capacity, and the liberal approach focuses on state behaviour, the critical approach to recognising constitutive and material capability features when identifying middle powers is the international system. At the same time, the approach entrenches the importance of agency for individual states, and embeds behavioural features into the theoretical framework. Cooper (1997) points to the work of Robert Cox (1983) on middlepowermanship as providing an alternative approach that avoids many of the common pitfalls when conceptualising middle powers.

⁹ See Cooper et al. (1997) for an extensive overview of the liberal behavioural approach.

The argument in this thesis is that the critical approach to middle power theory contributes with the most useful analytical framework due to its multi-level historical approach that embeds both constitutive and behavioural features. While the more traditional theories seek “to facilitate the smooth working of existing social and political arrangements”, critical theory, in contrast, does not accept the status quo, rather seeking to challenge the “ideologically frozen relations of dependence” that sustains status quo (Neufeld, 1995:10).

To understand and make use of Robert Cox’s (1983) concept of middlepowermanship, one needs to see this as a *role* rather than as merely a way of categorising states. Cox (1996:244) argues that “middle power is a role in search of an actor”, in terms of which the ability to act like a middle power (in material capability terms) is required, combined with the willingness to act out such a role (behavioural term). Much of the literature concerning middle powers was written in an era of bipolarity in the international system. Cox (1987:242) aims to show that the middle power concept was just as useful after the Cold War as it was during it. He builds his theory around a world order as a historical process and the states’ positions within the hierarchy must always be rethought in the context of the changing international system, as well as when there is an absence of hegemon. Whereas the middle powers had created a position for themselves as ‘bridge-builders’ between the two superpower blocks during the Cold War, they now aim to be the link between the North and the South.

Middlepowermanship, in the behavioural vein, denotes a style of foreign policy behaviour that is practised by states that are neither great nor small. However, middlepowermanship has nothing to do with size, but rather defines a conception of a country’s role in the world, referring to the initiative and restraints of a country with middle-power status (Cox, 1992). According to Taylor (2001), such a way of combining states’ capability and their diplomatic behaviour provides a more useful definition of the nature of middle powers, as well as showing a greater understanding of the role that states play.

Van der Westhuizen (1998:437) points out the tendency within orthodox or idealist conceptualisations of middlepowermanship to see the states as having a

higher moral ground, and as being more 'trustworthy' and acting as 'good international citizens'. Their involvement in peace efforts, international cooperation and consensus-building activities underpin such an image. However, in more critical vein, Black (1997:103) argues that "middle powers are not simply middle powers because of their tendency to involve themselves in peace negotiations, or because they are active in multilateralism. It is rather their long-term interest *vis-a-vis* world order, the world economy and the dominant societal values and interest, all supported by significant material/technical/bureaucratic capabilities, to do so" (Black, 1997:103).

The numerous attempts that have been made to construct a common framework for defining the middle power concept in which the old and classical countries, as well as the rising and new middle powers are embedded, have the potential to make the literature more confusing, instead of to clarify the debates. Holbraad's (1984) attempt to divide the middle powers into an 'upper' and 'lower' group is limited by many of the same reasons as the materialist capabilities approach, and has been seen as problematic (Taylor, 2001). However, the work of Jordaan (2003) has received recognition for its distinguishing between *traditional* middle powers and *emerging* middle powers. The traditional middle powers emerged after the Second World War, and have established themselves as wealthy, stable, social democracies in the developed Northern hemisphere (Jordaan, 2003). Emerging middle powers, in contrast, rose after the Cold War when the global environment changed and the role and functions of the middle powers changed. As the name implies, such middle powers are emerging and still semi-peripheral, and are not core countries like the traditional middle powers (Jordaan, 2003). Moreover, the emerging middle powers are newly democratised, and are situated in the South. The emerging middle powers are often countries with a deep social cleavage, in terms of class (e.g. Argentina, Brazil, and South Africa) or ethnicity (e.g. Nigeria, Malaysia, and South Africa), whereas the traditional middle powers represent some of the most industrialised and egalitarian countries in the world, ranking in the top list of the Human Development Index (e.g. Norway, Sweden, and Canada;) (Jordaan, 2003:171, 172).

By broadening the concept of what amounts to a middle power, Jordaan's aim is to reduce the vagueness of the middle power concept and to give it greater analytical clarity (Jordaan, 2003). Both terms (i.e. 'traditional' and 'emerging') refer to the countries' position in the global system as middle powers, with the distinction being made due to the different nature of the roles of the countries. In the critical vein, and building on the thinking of Robert Cox, Jordaan's (2003:165) typology offers a framework in which traditional and emerging middle powers can be distinguished in terms of their mutually influencing constitutive and behavioural differences. The internationalism of middle powers can be identified by locating them within the global political economy and by identifying their role and interest in the neo-liberal hegemonic project (Jordaan, 2003). Such a process is elaborated on throughout the current thesis.

While both Cox and Jordaan also emphasise the importance of the constitutive features by which middle powers can be recognised, the critical approach provides an account of what middle powers *do* in the international system and what purpose they are thought to serve. Largely, the behavioural characteristics of middle powers link them to the supporters and stabilisers of the hegemonic world order, due to their lack of capacity to bring about deeper global change alone. Chapnic (1999:75) argues that the notion of multilateralism, conflict management and moral power in terms of aid are key elements in the behavioural literature. The elements will be elaborated on later in this chapter.

Multilateralism is actually a behavioural aspect that seems to be a characteristic upon which most scholars who abide by middle power theory agree.¹⁰ Cox, in his 1996 article on middlepowermanship, largely focuses on multilateralism. According to Van der Westhuizen (1998), the middle powers in the aftermath of the Second World War directed their attention to multilateral channels in the bipolar international system, in order to help forestall direct superpower confrontation. Multilateral forums became the natural arena for the middle powers, even though multilateralism should not be seen as an alternative to great power politics. Alden and Vieira (2005:1079) argue that "(w)hat is

¹⁰ Whereas other scholars argue that middle powers support the world order, Cox (1987) goes further and talks of a specific world order: the *Pax Americana*.

important about middle powers is that they are situated ideologically and materially within the dominant hegemonic paradigm but are limited (by both power and disposition) in their capacity to act”.

As middle powers are situated both ideologically and materially within the dominant US-led world order, they can only use their status to respond to their relative power status, and not fundamentally to challenge the order. Rather, “true to their conflict-management proclivities, middle powers assist in making the ideology, values and practices of the hegemonic order that facilitate and mask global inequality appear more natural and universal” (Jordaan, 2003:169). Middle powers also act as legitimisers of the same world order, due to their privileged position in the global political economy from which they benefit in terms of “the institutionalisation of (and the inequality associated with) the current neo-liberal hegemony” (Jordaan, 2003:169).

Thus, recognising that defining middle powers is seen as highly problematic, it is outside the scope of the current research to contribute to the discussion concerning a unified concept of middle powers. Rather, the present thesis aims to illustrate how a critical approach can contribute to understanding Norway’s role as a middle power in the political economy and its engagement on the African continent. More specifically, a contribution can be made in terms of the usefulness of the theoretical framework for elaborating on Norway’s role in Angola. By taking the national interest into account, and by not ignoring power and interest, the analytical framework will be specially useful in the thesis, since the framework provides an effective counter to the idealist-inspired myth of Norwegian ‘exceptionalism’ in foreign policy practice.

However, to comprehend the critical understanding of middlepowermanship, it is important to elaborate on how the approach understands the world order and the role that middle powers play in the order. Such an elaboration is provided in the following section, before expounding on Norway’s engagement on the African continent after the Second World War. The findings will be used as a backdrop to use of the theoretical framework for exploring Norway’s role as a middle power in Angola.

2.2.2 Conceptualising the Global Context and Hegemony

Antonio Gramsci's writings on how to create an alternative state and society, based on a working class, and his understanding of hegemony, have proven to be a very useful tool in international relations, even though Gramsci himself never engaged directly with the field (Cox, 1983). The neo-Gramscian approach to hegemony "assumes a capitalist world economy in which relations between classes is a key explanatory variable. The role and activities of social structures, from firms to states to international organizations, are understood in terms of class relations" (Neufeld, 1995:13).

Gramsci saw hegemony as "universal norms, institutions, and mechanisms which lay down general rules for behaviour for states and for those forces of civil society that act across national boundaries, rules which support the dominant mode of production" (Cox, 1983:137). Cox developed the notion of hegemony further from a subnational level to also apply within the world orders, arguing that there is a consensus between states, which is manifested in the acceptance of ideas, material capabilities and institutions in a state. This order can be anticipated outwards on a global scale (Cox, 1983). Although hegemony is a form of dominance, such dominance not only relies on force, but rather on shared values and a shared notion, in terms of which the hegemon is able to shape the reality of other actors and states (Cox, 1983). According to Cox, a hegemonic world order is a historically determined period during which a major power establishes its domination through the consent of other states, finding that order compatible with their own interests (Cox, 1987). To gain an understanding of Cox's notion of hegemony to its full extent, it is worth quoting Cox at length:

Hegemony at the international level is thus not merely an order among states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of the different countries. World hegemony is describable as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things but must be all three. World hegemony, furthermore, is expressed in universal norms, institutions and mechanisms which lay down general rules of behaviour for states and for those forces of civil society that act across national boundaries – rules which support the dominant mode of production.

(Cox, 1983)

Neufeld (1995:14) explains Gramsci's hegemonic world order as implying a link between the international levels that are interconnected with hegemonic relations within civil societies in core states. To regulate this world order, the hegemon is able to establish norms and institutions to underpin their position. "Significantly, these norms and institutions are not identified with the narrow interests of specific states or social classes, but rather take on a semblance of universality and, therewith, an aura of legitimacy" (Neufeld, 1995:14).

Robert Cox's concept of world order refers to the distribution of power on a global scale. Cox elaborates on Gramsci's ideas about hegemony and civil society, applying it to IPE and to the global level. In Cox's description of *Pax Americana*, US hegemony after the Second World War, which is aimed at putting into place a new world order in which many of the Western states transformed their state structure (with the Marshall Plan contributed by the US) to commit to the new order based on trade liberalisation, on exchange convertibility and on basic conditions that would lead to a more open economy (Cox, 1987). According to Cox (1981), most of the international organisations were created with the means to support, to stabilise and to perpetuate the particular order in which the US were aiming to expand into new markets. One example is the Bretton Wood institutions, which were created to strengthen the structures that the US created, and in terms of which the International Monetary Fund (IMF) and the World Bank are often described as accessories to the US hegemon. Structural adjustment programmes (SAPs) of the Bretton Wood institutions became America's best tool for spreading the neo-liberal project to the Third World by creating dependent development. It is within this system that Cox elaborates on the middle powers' role and interest in supporting the existing world order, whether this is in the context of a hegemonic order, or in the absence of a hegemon (Cox, 1983).

Traditional middle powers are ideologically and materially situated within the dominant hegemonic paradigm, where their capacity to act is limited. They

promote the idea where they, as key middle powers, can act as bridge-builders between the North and the South, or the two ideological blocs during the Cold War. Alden and Vieira (2005) criticise the core literature concerning middle powers, arguing that it derived from a materialist account, written from the proverbial core, in terms of which multilateral institutions reflect the interest of the core countries. Traditional middle powers aim to maximise desirable outcomes through international organisations and multilateralism. By using their position to attain key positions within the decision-making hierarchies, which are led by the dominant hegemon, such powers justify their position as bridge-builders by promoting activism in the name of equality (Alden and Vieira, 2005; Cox, 1996; Van der Westhuizen, 1998). However, Alden and Vieira (2005:1079) argue:

in a substantive way, they are wedded to the ideological paradigm of neoliberalism that infuses the outlook and programming of these institutions and, through the systemic bias inherent in selection ..., owe their very position within the institutional hierarchy to a tacit acceptance of structural inequalities in the international system.

Although middle powers are neither great, nor small, when it comes to international power, capacity or influence, they demonstrate the propensity to promote cohesion and stability in the world system (Jordaan, 2003:165). Multilateralism is definitely a tool that is used to maintain such cohesion and stability, as well as for taking care of the national interest of the traditional middle powers. However, in this system they develop such policy instruments as mediation and peacekeeping to maintain this order, and promote the idea that they are 'bridge-builders' between the dominant power and 'the others', embracing the notions of being 'good international citizens' (Alden and Vieira, 2005; Van der Westhuizen, 1998:439).

This thesis recognises the usefulness of Jordaan's critical framework concerning middle powers and the focus on states in "the global political economy and elite complicity in the neo-liberal project as explanatory variables" (Jordaan, 2003:167). The last part of the chapter assesses Norway's engagement with the African continent in the light of the country's role as a traditional middle power, with a focus on multilateralism, on contributions concerning peace, and on aid.

By contextualising the Norwegian position in the global political economy, the role that national self-interest plays in global stability, controllability, and predictability will become more visible. Norway's role and interest in what Jordaan (2003:167) describes as "perpetuating the *status quo*, entrenching (and exacerbating) existing inequalities in power and wealth to their relative benefit" will, thus, be shown.

2.3 Norway as a Traditional Middle Power in Africa

Jordaan (2003:165) argues that "[d]espite problems of classification, a consensus has developed that states such as Australia, Canada, Norway and Sweden are middle powers". Moreover, in terms of Jordaan's differentiation, Norway can be characterised as a *traditional middle power*.

After having been a part of the Kalmar Union for 436 years, as well as part of the Danish Monarchy, Norway was ceded to the King of Sweden in 1814 when Denmark lost in the Napoleonic wars. Norway used the opportunity to declare its independence, and agreed to enter into a union with Sweden. Norway developed a liberal constitution and independent institutions, apart from the Foreign Service. The arrangement continued until 1905, when Norway was peacefully declared independent from neighbouring Sweden. This generated an opportunity for Norway to create an autonomous foreign policy. The main aim in this policy-making was that the country could remain neutral so as to ensure access to vital international trade (NUPI, 2007:7). A century later, the situation has changed significantly. Norway was, until the second half of the 20th century, a poor country compared with many other European countries. However, during the Cold War, Norway developed into a social democratic welfare state and a stable social democracy, which today is ranked at the top of UN's human development index.

As Norway was never a colonial power, the first interaction with the African continent came in the form of Christian missionaries in the 1840s, who embarked on efforts in South Africa, and later in Tanzania, Madagascar, Mali and Ethiopia (Tostensen, 2002). In addition, Norway's long tradition of whale

hunting and commercial shipping expanded the Norwegian access to ports along the African coast. Naval trade and Christian missionaries became the most prominent elements influencing the Norwegian policies that were adopted towards the continent before the Second World War (Tostensen, 2002).

2.3.1 Norway's Relations with Africa through Multilateral Channels

Norway's foreign policy developed in the context of the American-led hegemonic order. Norway, as a core country, has enjoyed clear benefits in its association with American dominance in the global order and its efforts towards liberalisation in trade and investment regimes. Domestically, the system did not only benefit a top elite, but it also contributed to the development of the welfare state. Internationally, Norway's middlepowermanship was directed towards supporting such multilateral organisations as the North Atlantic Treaty Organisation (NATO), the UN, and the Bretton Wood institutions. As a traditional middle power, Norway has strong traditions as an active multilateralist. In relation to Norway's relations with Africa, Tostensen (2002) argues that most official policies and political stands toward, as well as aid granted to, Africa took the form of contributions that were made to such international institutions as the UN. Confirming Norway's commitment to the UN, the Foreign Minister, Jonas Gahr Støre, proudly calls Norway the organisation's best friend (NUPI, 2007:20).

Multilateralism is seen as the natural forum for middle powers, but one should not forget why these organisations were created, and by whom. Alden and Vieira (2005) argue that, while classical middle powers that are already situated within the formal (IMF and the World Bank) and informal (G7 and G8) institutional framework, benefit from their involvement in the system, other emerging middle powers experience such a situation as being more problematic. The traditional middle powers are ambivalent when it comes to the acceptance of the reconstruction of existing systems, since doing so can challenge their situation, their power status and the status quo.

The creation of Norway's foreign policy has taken place in an environment that is subject to a changing world order, with the policy largely being dependent on other actors. External actors and factors have influenced the creation and

development of Norwegian foreign policy, with Norway having benefited from, and having had a great interest in, the creation of international organisations and institutions, which have aimed to stabilise the existing world order and to restore peace. Tostensen (2002) argues that the contributions of aid that are made through the multilateral institutions “are an expansion of the importance attached to multilateral solutions in the overall foreign policy”, which highlights the importance of “small countries like Norway’s dependence to seek protection under multilateral organizations”.

While emerging middle powers have a semi-peripheral status, traditional middle powers hold a core position in the global economy. Historically, Norway’s foreign policy has been preoccupied with a dependency on other larger powers, such as the US, and, hence, vulnerability to the international system. Norway has sought to maximise its influence and to protect its interest through multilateral ties in such hegemonic forums as the UN, NATO and the European Economic Community (EEC), while its diplomacy has been flexible and addressed towards issues where such intervention has been beneficial. Pratt (1990) argues that ‘classical middle powers’ use their position to attain key roles within large institutions like the UN. They make themselves important, based on their activism, since they are neither strong military nor strong economic powers.

Norway has, through the UN, had an active role to play in supporting the sanctions that were adopted towards, for example, apartheid South Africa and South West Africa (present-day Namibia), as well as towards Southern Rhodesia (present-day Zimbabwe). As a member of the UN Security Council in 2002, Norway was more actively able to help put Africa on the agenda (Tostensen, 2002). To strengthen the possibility of finding African solutions to African challenges, Norway, as part of the UN Security Council, stressed the importance of supporting African organisations. Regional and subregional support was emphasised in conflict management conducted through the Organisation of African Unity (OAU), the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), and the Intergovernmental Authority on Development (IGAD) (Tostensen, 2002).

A more aggressive attempt to put the South on the agenda in a multilateral forum involved the mobilising of a larger group of Western middle powers in the New International Economic Order (NIEO) negotiations in the 1970s than had previously existed (Pratt, 1990:18). The initiative was led by ministers from Norway and the Netherlands, in an effort to promote international reforms, in a multilateral forum, in which development of the Third World was put forward as the overarching goal. Even though the attempt failed in many ways, it is important to recognise Norway's sympathy with the countries in the South (the G77 group), during this period in the struggle between the North and the South, in the form of contributions that were made to multilateral forums, and how Norway used its position as a middle power in the project (Pratt, 1990).

The critical approach argues that the above-mentioned countries are wedded to the neo-liberal paradigm, and benefit from their position within it, so that they do not crucially challenge the underlying structures of the international system. Rather, they construct the idea of being 'bridge-builders', both during the Cold War and during the North/South divide, in terms of which one finds a tacit acceptance of structural inequalities.

Black (1997) elaborates on the point that many of the middle powers also supported the norms and institutions involved in the creation of the Bretton Wood Institutions after the Second World War, as a part of the US neo-liberal project. Norway, being part of the dominant class in the West and an emerging welfare state at this point, had large interests in a relatively open trading system (Van der Westhuizen, 1998:439). The structural self-interest behind the activism and support of multilateral institutions should not be underestimated behind the good international citizen image.

2.3.2 A Promoter of Peace on the African Continent

As a middle power, Norway aims to direct its attention towards those domains where it has a high degree of resources and reputational qualifications. Jan Egeland (cited in Tostensen, 2002) argues that a total sum of historical factors concerning Norway adds up to a comparative advantage, which gives Norway moral authority. Some such factors, such as the lack of a colonial past, having a

good image as a supporter of decolonisation, being a major contributor to and supporter of the UN, the large proportion of GDP that is directed towards aid, and the long traditions of human rights' advocacy, have played an important role in creating the Norwegian self-image as an important peace-loving nation. The image has gained prominence, with, after the Cold War, the Norwegian self-image as a peace-loving nation being expanded to include new political areas, with most of the policies that Norway directed towards the Third World falling into the terminology related to the peace efforts (NUPI, 2007:12).

While Norwegians tend to see its engagement with peace as being part of its 'good international citizens' role, neo-Gramscian middle power theory aims to identify the self-interest that is involved with such peace. Cox (1987:244) argues that "middle power is likely to be in the middle rank of material capabilities, but it also stands in the middle in situations of conflict. It seeks to expand the area of common ground which will make it possible to curtail risk in the management of conflict". Norway has, and is still, playing a supportive role in the hegemonic global order in several critical senses, one being the role that it has played as a mediator and facilitator to avoid or to solve conflicts in order to secure stability and global order. Norway has a long history of acting as a negotiator in conflicts around the world. The most profiled was the role that Norway played in the Middle East, where Øyvind Østerud (1997) argues that Norway used its niche as a neutral actor without self-interest in the negotiations concerned with the Palestine–Israel conflict, leading to the well-known and much-disputed Oslo process.

While Norway's engagements in the conflicts in Sri Lanka and Colombia, and its negotiation role in the civil war in Guatemala are highly profiled, the Norwegian engagement in conflict resolution in Africa has received less attention. Norway's strategy of playing the role of an organiser, initiative-taker and driving-force, rather than a direct negotiator, has played a crucial role in the peace process in Southern Sudan under IGAD, as organiser and financial contributor to the Burundi negotiations, as driving force in the dialogue between Eritrea and Ethiopia in 2000, and, just recently, with its representation at the peace

negotiation table in the Democratic Republic of Congo (DRC).

Neufeld (1995:23) argues that the policy circles' focus on peace and peacekeeping "can be seen as a strategy to appeal to public sentiment while dampening expectations for progressive actions". He continues by explaining that this focus appeals to the majority of the country's citizens, who for their country to play a progressive role, as a middle power, in the international arena. In contrast, it also serves as a justification for high levels of military spending.¹¹ In the global order, the Norwegian peace contributions can be seen as serving a larger agenda, by maintaining stability in the hegemonic, or, perhaps more importantly, in the non-hegemonic world order.

On the notion of national self-interest, one should not underestimate Norway's interest in, and engagement with, peace efforts. In respect of other powers in adjacent regions, conflict can have direct implications for foreign policy and national interest, but as Norway (and the world) becomes more globalised, the concern with peace broadens.¹² For Norway, as for many other middle powers, human rights have held a central place in foreign policy, including that which has been adopted towards Africa. In the 1990s, Norway's diplomatic rupture with Kenya was blamed on human rights issues (Tostensen, 2002). In May 2009, Norway was elected as a member of the UN Human Rights Council, in connection with which Norwegian diplomats have made it clear that they aim to make a difference and to continue to support those who seek to defend human rights.

2.3.3 Norway as an Aid Donor

Norway's first aid contribution and political stand towards the South was conducted through the UN in the late 1940s when aid to less fortunate countries

¹¹ Stockholm International Peace Research Institute (SIPRI) illustrates in their new study (*World Military Expenditure, 1988–2008*), that only six other countries in the world (Israel, the USA, Kuwait, Oman, Singapore and Saudi Arabia) spend more money on their military per capital than does Norway.

¹² See Higgott and Nossal (1997:27) regarding how globalisation has resulted in a new architecture of power evolving structural power from finance, production, and the exchange of technical expertise in the world market, resulting in what Susan Strange has called 'new diplomacy'. In the current globalised world, social changes have become a global phenomenon that needs to be understood on a global scale.

in the southern hemisphere was placed on the UN agenda (see NUPI, 2007; Pratt, 1990; Tostensen, 2002; Tvedt, 2003). Norway was still a small power recovering from the Second World War as a part of the Marshall Plan to Europe when the first bilateral cooperation started in 1952 in the form of a fishing project in India. Norway was then in its last phase of the Marshall Plan, with the aid budget during the first decade being relatively small, only representing one-twentieth of what Norway itself had received in aid after the Second World War (NUPI, 2007:18).

In 1963, the governmental aid relation was expanded to Africa. Tanzania became the first partner, and has been, until today, the largest receiver of Norwegian foreign aid (Report to the Storting, no. 13, 2008–2009). To avoid the aid fluctuating with political vagaries, the Foreign Ministry established the Norwegian Agency for Development Cooperation (Norad) in 1968 as a separate administrative directory. Norad's aim was to ensure that the aid was given in the form of long-term relationship in the form of grants and not loans, so that Norway could build up its levels of sustainable development (Tostensen, 2002).

In the period between 1960 and 1975, a significant change occurred in the Norwegian political attitude towards Southern Africa (Eriksen, 2000:9). Although trade and investment relations remained small, in the 1960s both the Norwegian official authorities and solidarity movements engaged in the liberation struggle, with a special focus on the Portuguese colonies and the anti-apartheid struggle (Eriksen, 2000). The close relationship to the liberation struggles in southern Africa was turned into a more regulated relationship when Norad was established in 1968, and the Labour Party decided to make the assistance to the liberation movements a priority in Norwegian aid (Eriksen, 2000:75), on which Chapter Four will elaborate.

More than any contemporary relationship, aid has become the most predominant relationship with Africa and has had a determining influence on Norway's Africa policy (Tostensen, 2002). From the 1960s until today, this relationship has played an important role in shaping the Norwegian self-image

as a humanitarian superpower (see Tvedt, 2003). Norwegians tend to see their willingness to give as being a direct expression of 'goodness', and the focus among Norwegians has been on how much is given in terms of percentage of the GDP. More fundamental and complex questions regarding the consequences of the aid, and how it has been donated, have received less attention and discussion (NUPI, 2007:17).

During the last decades, Norway has been among the countries in the world that has given the largest proportion (approximately 1%) of their GDP to development aid, underpinning the image of being a 'good international citizen'. The self-image can be explained as an extension of the deeply entrenched welfare and humanist values that underpin domestic redistributive policies in Norwegian society. Jordaan (2003:174) explains this as a "transposition of domestic approaches to economic justice and equality to the international sphere". The motivation behind this aid, Jordaan argues, is often more hegemonically induced than may appear on the surface (Jordaan, 2003:175). According to Jordaan (2003:175) "foreign aid has the effect of appeasing and averting demands for fundamental change in the global economy, working on a similar principle as the extension of the welfare state to poorer classes to dissipate revolt from below in a national setting." In this view, one finds the motivation behind the foreign aid as being on a deeper level, and sees it as a way of managing endemic instability in the world order.

2.4 Norway's New Face in Africa

When concluding the current chapter, the difficulties and challenges with categorising and generalising about middle powers must be emphasised. The ending note will, therefore, refer to Robert Cox's point, which sees the evolving nature of middle power diplomacy as a dynamic of the historical process, linked to the development of international organisations (Cooper, 1997:8). The role of middle powers should not be seen as fixed, but rather as something that continually must be rethought within the changing international system (Cox, 1996). Another important point to have in mind when theorising about middle powers, regardless of theoretical approach, is to make space for agency for the

individual country (Black, 1997; Jordaan, 2003). It is important to ask the question *why* middle powers seem to be such good global citizens. One should not underestimate the benefits of peace and stability – in the region or on the international arena – for the middle powers.

With the African continent having received little attention in Norway's first hundred years of foreign policy, one now sees a change. In 2007, the Foreign Ministry published the *Platform For an Integrated African Policy* to fill the lack of a coherent approach to the continent. However, such a publication raises new issues in terms of which questions like *who* represents Norway become vital. The debate concerning national self-interest in aid is relatively new in Norway, but the self-interest itself has been consistently present in a number of ways. Between 1965 and 1975 as much as 30 per cent of the aid budget was granted to Norwegian commodity suppliers, with, in total, more than half of the aid covering Norwegian salaries and deliveries (NUPI, 2007: 18). Terje Tvedt points to the fact that one needs to look at domestic issues and interests to understand how the foreign policy of Norway has developed. Tvedt finds that the boundaries between domestic and foreign policy diminish and the foreign policy is also reflecting national interests in Norway, as in any other country (Tvedt, 2003: 7).

While the governmental aid and bilateral engagement with Africa are increasing, the commercial actors (private and partly-government owned) are exploring the continent. Statoil and Hydro are the largest Norwegian investors on the continent, and, in many countries the companies represent the most visible sign of Norway's presence in Africa. Since the government owns the largest share in the companies, the role of the Norwegian government can be perceived as blurred and even conflicting at times. The debate, which will not receive much attention in this thesis, will be referred to only in terms of the larger picture of the complex reality.

In expansion on the African continent, the investments are increasing and Norwegian companies and the government are earning big money. According to Hanssen (2008a), Africa represents the largest investment area outside Europe

today, and Angola is already representing the largest oil investment country outside Norway. Angola represents the largest receiver of Norwegian investments and is a key aid receiver. Statoil and Hydro have been in Angola since 1993 – during the Angolan civil war – and by the end of 2006 the total investments added up to NOK 40bn in oil alone (Hanssen, 2008b). The Norwegian presence in Angola seems only to have increased. Hydro and the Angolan government are planning to open an aluminium industrial unit in Angola, which is an investment that will represent the largest Norwegian investment that has been made on the African continent ever, with the amount exceeding the total sum of aid that has been given to Tanzania since 1963 (Hanssen, 2008b). All of the new relationships have implications for Norway's role on the African continent.

Chapter Two has illustrated the usefulness of the critical framework for locating the national interest and benefits with regard to Norway's position in the global political economy and its role on the African continent. With a multiple-level analysis, the critical framework allows for an analysis in which the national interest of countries can be found on a deeper level, at the same time as it allows seeing this in structural perspective, in terms of which one can also identify Norway as a 'system supporter'. Much of the literature concerning Norway as a middle power, especially that which is concerned with analysing the country during the Cold War era, tends to regard Norway as being 'selfless' in its foreign policy and as its ignoring the national interest. However, Norway is not simply a do-good international citizen, as middle powers often are categorised, or as exceptional as the Norwegian self-image largely claims to be.

With the current chapter as a backdrop, the rest of the thesis will analyse Norway's role as a middle power through its prestige aid programme, OfD, in Angola. A critical approach will be favoured in identifying Norway's self-interest in its engagement in Angola. The next chapter will analyse the theoretical foundation of the petroleum-related assistance, before an empirical investigation is undertaken into Angola in Chapter Four.

CHAPTER 3

THEORISING THE FOUNDATION OF OIL FOR DEVELOPMENT

3.1 Introduction

Since colonial independence, millions of aid dollars have been flowing from Europe and the USA to the African continent, yet there is still a lack of development and Africa continues to remain the poorest continent in the world (Abbas and Ndeba, 2009:79). This failure and the social crises of the African states are often explained by alluding to the internal weaknesses within the states itself and, largely, to the marginalisation of the historical legacy of colonialism, global structures and the strong commercial interest of Western countries (see Gruffydd Jones, 2008; Obi, 2007).

This chapter begins with a short introduction to one of the most common explanations of why resource-rich countries in the Third World lack development, or the so-called 'resource curse'. Whereas the resource curse thesis has mainly concentrated on the domestic challenges that have been encountered when explaining the limited development that has taken place in resource-rich countries in the Third World, the critique in the current chapter focuses on the importance of including global factors and structures. When it comes to the political economy of oil, there are several international actors whose activities, policies and interests have implications for the development of the oil-producing state itself (Obi, 2007:10).

The first part of the chapter touches upon how the challenge has been approached in terms of the granting of petroleum-related assistance to some countries that have vast oil and gas resources. Thereafter the Norwegian initiative, OfD, is introduced. OfD aims to offer specified assistance to countries that are trapped in the so-called 'resource curse'.

By acknowledging the power of theory, the current chapter will build on Robert Cox's statement that theory is always intended for someone and for a purpose,

and on his favoured method of historical materialism. The chapter will also build on Eduard Jordaan's (2003) argument regarding the importance of asking critical questions about the neo-liberal project, and will discuss the terminology that is embedded in the project. Whereas most research into the OfD focuses on the resource curse thesis, the chapter will mainly focus on the overarching aim of the OfD, namely *good governance*. It will set out to provide a critical analysis of the good governance agenda, which seldom is questioned in relation to petroleum-related assistance. Important and critical questions will be raised, such as: Where does the concept of good governance originate? What is the agenda behind it? Who benefits from the theory and concept? And, not least, is it really contributing to the development of the Third World, or is it, to a larger extent, benefiting the already developed and the rich?

3.2 The Resource Curse and Petroleum-related Assistance

Africa is a continent with large natural resources, which not only represent a source of wealth, but also a possible source of power. Still, most resource-rich countries in Africa have not been able to use such resources to their own benefit and to offer their own population good welfare services. Currently, the World Bank and IMF classify twelve of the world's mineral-rich states, and six of the oil-rich states, as being highly indebted poor countries (Ayangafac, 2008:44).

Since large parts of the world are dependent on many of the natural resources found in Africa, there has been an increased focus on how resource-rich countries in Africa can make their own way out of poverty. However, there seems to be a negative correlation between natural resources and economic development on the African continent (Collier, 2007). This has generated a growing amount of literature on what is called the 'resource curse', which is a term that has gained increasing currency within academia and policy-making circles. The resource curse thesis hold that only a small number of resource-rich countries have benefited from their strategic resources, including oil, diamonds and minerals, with their possession of such resources having often been linked to civil wars ('resource wars') and having been a cause of social crises in Africa. Indeed, natural resources have been at the centre of debates concerning

development since the time of the Malthus and Ricardo studies (Jones, 2008), with literature in the field being extensive (see Ross, 2008; Rosser, 2006; Sachs and Warner, 2001).

The literature refers to several versions of the resource curse, with some having weaker explanatory power than others. The short, and comparatively simplified, version of the thesis holds that there is a natural connection between natural resources and how they fuel state corruption, profligacy, social crises and violent conflicts in poor countries. The challenges are often seen in the context of the power dynamics within a specific country, in terms of which the responsibility for the failure of development lies within the government. It is the government, together with the civil servants and a small group of elites that amass personal wealth, thereby excluding the majority of the population from benefiting from the country's natural resources (Jones, 2008; Obi, 2007).

In recent years, a consensus has emerged that is related to a stronger version of the resource curse thesis, which is centred on institution building.¹³ There is an increasing assumption that one needs to start with the building up of institutions and government structures to be able to create conditions in which natural resource wealth will support, rather than diminish, growth in developing countries (Jones, 2008:12). Recent research is also very clear on the need to strengthen those institutions that curb patronage and rent-seeking, particularly in order to fight corruption.

It is important to clarify one of the most common mistakes when talking about the resource curse: the possession of oil alone leads neither to violence nor to corruption. For oil-rich countries that possess the potential for rapid development, the entire situation boils down to them getting their politics right (Obi, 2007). There is no *natural* resource curse, which automatically leads resource-rich countries to develop bad democratic states. In many ways, existing approaches do not sufficiently take into account the distinctiveness of natural

¹³ Defining 'institutions' is useful, as it is currently linked to governance. The present thesis uses the same definition as do Kolstad, Wiig and Williams (2009:956), who define governance as "a subset of institutions explicitly referring to political institutions or rules of the political game".

resources vis-à-vis other factors that contribute to weak institutional conditions (Jones, 2008). Overall, the theory does not fully capture the complex dimensions of the politics and the international linkages that underpin violent conflict, corruption and bad governance in Africa. Instead, it overemphasises one single factor, such as oil. Obi (2007:14) argues that a “deeper reflection shows that the reality is more of an interplay between a set of interrelated factors, rather than the inevitable result of a single determinant”.

The focus on the negative correlation between oil and economic growth in countries with weak institutions has called for a wide range of different petroleum-related assistance programmes, with, in many oil-rich nations, the aid programmes constituting a significant proportion of total aid received (Kolstad et al., 2009). Kolstad et al. (2009:954) define petroleum-related aid as “activities aiming to improve the development impact of petroleum resources, i.e. oil and gas”. Many donors offer petroleum-related aid. However, Norway is the only donor that has integrated its different activities into a single programme. The Minister of International Development, Erik Solheim, has stated very clearly that oil should be a blessing for all countries, and not a curse (Norad, 2007). The rest of Chapter Three will explore the theoretical basis of the aid programme and how Norway’s programme is aiming to cure the curse.

3.2.1 A Norwegian Attempt to Cure the Resource Curse

Oil was found offshore the Norwegian coast on Christmas Eve in 1969, with the country, since then, having been transformed into ‘The Norwegian oil fairytale’. With the discovery of ‘black gold’, the Norwegian government was able to implement three main objectives: (1) to attain full employment; (2) to achieve greater equality through the redistribution of wealth; and (3) to expand the welfare state. With the significant oil revenues involved, Norway was able to increase its spending on social services, pensions and public employment, and to grant huge subsidies to agriculture and industry.

The oil industry grew fast, and Norway soon became a large oil producer, with extensive knowledge of deep-water drilling. Probably the most enlightened accomplishment of Norway’s ‘oil bonanza’ was the creation of a ‘petroleum fund’,

which was set up to store wealth for when the oil reserves would run dry, and to avoid overheating of the economy. Today, the fund is called the Norwegian Pension Fund, and is the largest pension fund in the world. With a strong and active government, Norway was able to escape the resource curse and the 'Dutch disease', and is often used as an example of how large oil resources can serve as a blessing to a country.

Norway has been providing petroleum-related assistance since the early 1980s, and the OfD initiative was established in 2005 in an effort to extend and better to coordinate this type of assistance. The programme claims not necessarily to export a 'Norwegian model' for the governance of oil-rich nations, but rather to offer knowledge and assistance in the form of resource management and "to manage petroleum resources in a way that generates economic growth, promotes welfare of the population in general and which is environmentally sustainable" (Norad, 2007:5). OfD aims to enable petroleum-producing countries to utilise their oil and gas revenues to reduce poverty and to create prosperity for the majority of the population, and not to allow money to disappear into the pockets of only a few (Govender and Skagestad, 2009:13; Norad, 2007). The programme is a priority area in Norwegian development assistance, with Norway today being one of the largest bilateral donors in petroleum-related assistance worldwide.

The programme is a joint effort of the Ministries of Foreign Affairs, Petroleum and Energy, Finance, and Environment, which, together, create directions and guidelines for the project. The regular implementing organisation (the secretariat) is located within Norad. All aid allocation decisions are taken in extensive consultation with the secretariat, chaired by a representative of the Norwegian Foreign Ministry, and integrated around three main themes: resource management; revenue management; and environmental management. 'Good governance' is the overarching topic, with the overall aim being sustainable development (Norad, 2008).

Considering that the petroleum sector was first included in international development cooperation in the 1980s, spending can be seen to have increased

most rapidly in recent years.¹⁴ From 2007 to 2008 alone, the amount of aid increased 44 per cent from USD 31.6m to USD 45.6m. Table 3.1 below shows the allocations of the OfD initiative in 2008 and 2009 in the ten long-term co-operation countries: Angola; Bolivia; Ghana; Madagascar; Mozambique; Nigeria; the Sudan; Timor-Leste; Uganda; and Vietnam.¹⁵

Table 3.1: Distribution of budget funds by country, in NOK 1 000.

Country ¹⁶	2008	2009
Angola	7 888	13 548
Bolivia	2 805	5 976
Ghana	3 428	8 308
Madagascar	12 574	4 303
Mozambique	18 802	13 861
Nigeria	4 511	4 559
Sudan	13 476	10 951
Timor-Leste	13 553	19 670
Uganda	8 419	13 808
Vietnam	1 657	–
Total	87 113	94 984

Source: Norwegian Petroleum Directorate [s.d.].

In 2007, the largest recipients of aid in terms of the OfD initiative were East Timor and Iraq, while, in 2008, a shift occurred in allocation, in terms of which Angola and Mozambique joined East Timor as being the larger recipients.

The OfD initiative is small in relative budgetary terms, constituting only 1.1 per cent of Norway's bilateral aid in 2007. However, the discrepancy between the rhetoric – which stresses the importance of the programme – and its relatively small budget can be explained mainly by the fact that the programme is relatively new. Further, it is important to bear in mind that the programme itself actually does not fund large investments, as other such programmes usually do. Rather, OfD is based on the sharing of knowledge and positive experiences.

¹⁴ Between 1994 and 2004, approximately NOK 440m was spent on petroleum assistance, and an economic overview indicates that there was an 80 per cent increase from the 82m NOK spent in 2006, to the NOK 148m spent in 2007 (Norad, 2008).

¹⁵ In 2007, 53 per cent of the expenditure was allocated to African countries. The share is expected to increase to 61 per cent in 2008 (Norad, 2008).

¹⁶ Distribution of budget funds by country, in NOK 1 000 (Norwegian Petroleum Directorate). Data available on: <http://www.norad.no/en/Thematic+areas/Energy/Oil+for+Development/Who+we+are>.

So far, the programme has been rather fragmented, with activities varying to a great extent from country to country. OfD is today represented in 25 different countries, where it handles capacity-building in such areas as legal framework, administration and supervision mechanisms, licensing and tendering processes, the organisation of public-private interfaces, local content and industrial development, environmental challenges, and revenue management issues, including taxation and petroleum funds (Norad, 2008). The aid programme is tailored to each country with which it is concerned, as they all face different challenges. Some countries produced oil before Norway's involvement, while, in other countries, oil production is a fairly new industry. The OfD evaluation report of 2007 concludes that the results are significantly better in countries where OfD became involved at an early stage, such as Mozambique and Ghana, of which two countries Norway has large expectations. In other countries, such as Angola, it seems more difficult to have any impact on the already existing structures and systems that are connected to the oil industry (Norad, 2007).

Although the concessions that are granted to OfD are increasing, the number of long-term cooperation countries is restricted to today's ten core countries, whereas there are currently 15 countries that provide limited cooperation. The demand for petroleum-related assistance is growing, and criteria have been developed for choosing those countries that will be included as OfD core countries. Firstly, the programme has a policy that such cooperation must be demand-driven, and, secondly, Norwegian expertise must be relevant for the country whose needs are addressed by the programme. Other factors that are also noted as being of importance are that the host country has to be committed to poverty reduction; to improving the welfare of the majority of its population; to the sustainable development of resources; and to addressing those environmental challenges that are related to petroleum activities. Not least of the considerations is the fact that Norway, as the host of the chair of the Extractive Industry Transparency Initiative (EITI), sees as essential that any country seeking assistance through the OfD programme is committed to the EITI programme regarding the improvement of transparency.

Theoretically, it is interesting to contrast literature related to the resource curse thesis to OfD's specific policies. OfD's stake in the resource curse emphasises institution-building, and focuses on the capacity-building of national institutions. However, it is important that the activities reflect the policy implications of recent research, and that the programme aims to build or to strengthen the right kind of institutions. Kolstad et al. (2009:963) argue that the OfD programme does not "really reflect the policy prescriptions of the scientific literature on the resource curse, which makes it unlikely that they will produce the institutional changes required to lift the curse". In many resource-rich countries, it is often the most powerful group that benefits from dysfunctional institutions, with it being unlikely that corrupt government officials will support any reforms reducing personal profit. In short, the thesis builds on the contention of Kolstad et al. (2009:957) that "institutions are long-lived and hard to change due to (colonial) history, social cohesion or political and economic vested interests". The researchers continue to explore the resource curse literature, finding that OfD, to a small extent, touches upon this matter, and concludes that the programme will be unlikely to make a difference if it does not analyse such constraints (Kolstad et al., 2009:957).

Another constraint with the OfD programme and how it seeks to help countries that are trapped within the resource curse is that the programme is based on the assumption that the reasons for the problem are to be found within the resource-rich country itself. As was mentioned earlier, most literature that relates to the resource curse focuses on the national level, in a rather static manner, with the historical context and global structures receiving little attention. In a globalised world, the central agencies of the state must be seen as being interlinked with international institutions and multinational corporations, as increasingly more decisions are taken outside each individual state. As a consequence, the decisions that are made in the central banks, the Prime Minister's office, or within the bureaucracy cannot only be regarded as domestic issues (Cox, 1987). To reach a comprehensive analysis of the dynamics of international relations, it is desirable to include different geographical levels of analyses (Levy, 2001:3). An analysis

that considers the global, national and sub-national levels separately – and that avoids taking an historical approach – is far too simplistic.

Another finding of Kolstad et al. (2009:963) is that petroleum-related assistance is usually offered by those donors and actors who have a commercial and political interest in the oil sector. They conclude that “(t)he existing focus on revenue, resource, and environmental management prevalent in petroleum-related aid is too narrow and sector-specific to address overarching problems of accountability and unfavourable incentives that are at the core of the resource curse. Nor does capacity building and technical assistance per se induce positive institutional change” (Kolstad et al., 2009:963).

Despite OfD’s approach depending on national context, some elements are recurrent. The cross-cutting dimensions of good governance are the overarching focus of attention of OfD, with such considerations being omnipresent throughout the programme. Employing Cox’s critical methodology, the next section of the thesis will take a more historical approach in addressing the reason for the lack of development in today’s underdeveloped countries, including resource-rich countries. The aim of the section is to illustrate from where the good governance agenda emerges and what the related discourse involves.

3.3 The Good Governance Agenda

3.3.1 Origins of Good Governance

The argument made by critical political economists is that, in order to understand the lack of development and the crisis of the African states, what must be taken into account is how each of the countries is integrated into the global order; the political economy and the international division of labour; and how the forces and structures affect domestic development (Cox, 1987; Gruffydd Jones, 2008). Scholars arguing from within the field argue that it is impossible to understand economic development without recognising the importance of the rise of capitalism in Western Europe between the 15th and 19th centuries (Reinert, 2004).

John Saul (2006:1) explains:

Europe chose to accelerate a process of world conquest that had begun with the exploits of Spain and Portugal in the very earliest day of mercantile capitalism's dawn and that continued unabated as stronger, more fully realized capitalist economies emerged in Holland, Germany, France and England to complement, even displace, the centrality of earlier Spanish and Portuguese global assertions. To make a long story short, the rest of the world was subordinated to the economic requirements of expanding European economic and military might. As a result, by the nineteenth and twentieth centuries most of the global South had been battered and pillaged, and then, ultimately, tied to Western economic centres by lead-strings of economic and political (including formally colonial) provenance. A global hierarchy was thus formed, in geographical, class and racial terms that would have a profound, even crippling, effect on the economic and social prospects of the vast majority of the world's population.

The colonial era perpetuated the above-mentioned historical structure, in terms of which African countries were exploited and robbed by the European powers, resulting in the development of, and profits maximising in, the North, resulting in minimising the development of the South (Abbas and Ndeda, 2009:77). The international division of labour force depended on the supply of an unskilled, cheap labour force in Africa that was used to extract resources, while the labour force in Europe developed and advanced technology to create growth. Such prioritising resulted in what Walter Rodney (1972) calls *underdevelopment* of the African continent, which he comprehensively explains in his book *How Europe underdeveloped Africa*. Rodney considered the underdevelopment process as being the greatest injustice to have been perpetrated under colonial rule.

At the All-African People's Conference in Cairo in 1961, the term 'neo-colonialism' emerged to symbolise that the end of colonial rule did not necessarily mean that the African continent was independent (Mazrui, 1967:74). While most African countries were decolonised in the 1960s and 1970s, it did not lead to a total abolishment of the phenomenon. "Classic colonialism is a relic but its absence does not mean that there are no 'colonial' interests to safeguard" (Omari, 2001, quoted in Taylor, 2003:47). Europe left the colonised countries dependent on European trade and maintained its influence through neo-

colonialism, which Nkrumah (1965) describes as an advanced stage of imperialism.

Nkrumah (1965) argues that the African countries emerging out of colonial rule inherited a colonial economic system that, for centuries, had produced raw materials for the countries in the North, and that such structures were not likely to change after decolonisation. The result of neo-colonialism is that foreign capital is used to continue exploitation, rather than for the development of the less developed part of the world. These forms of investment would only tend to increase the gap between the rich and the poor countries. African countries are, in theory, independent “and have all the outward trappings of international sovereignty. In reality, its economic system and thus its political policy is directed from outside” (Nkrumah, 1965:x). The process of colonialism and slavery created political subjugation, social devastation and economic regression (Abbas and Ndeda, 2009:77). According to Rodney,

[t]he factor of dependency made its impact felt in every aspect of the life of the colonies, and it can be regarded as the crowning vice among the negative social, political, and economic consequences of colonialism in Africa, being primarily responsible for the *perpetuation* of the colonial relationship into the epoch that is called neo-colonialism.

(Rodney, 1972:236)

Nkrumah¹⁷ refers to the post-independence of African countries, and to their lack of development, as ‘neo-colonialism’, while other scholars have other names for the same phenomenon. Rodney makes use of the term ‘underdevelopment’, as does Andre Günder Frank, who studied the effects of the colonial powers in Latin America. Lenin called the same concept ‘semi-colonialism’ when writing in 1916. However, all such terms refer to the creation of a state of dependency, in which the South has been subordinated to the needs and demands of the North, throughout the period of colonialism and until today. Saul (2006:9) points to the fact that the countries’ location in the global hierarchy of nations created in the colonial structures/system seems to be a good predictor of a state’s economic prospects. He illustrates how the hierarchal ranking has remained remarkably stable from the 1930s until today.

¹⁷ This also includes Franz Fanon, whose theory will be elaborated on in Chapter Four.

The main argument within the approach is that underdeveloped countries are not just 'behind' the further developed countries in the global political economy. Rather, the developing countries remain subordinated to the developed countries by various mechanisms that must be dealt with, and taken into, the analytical framework when aiming at creating development (Saul, 2006:10). Saul continues his argument to underpin that "[d]ependency is a real feature of contemporary international relations" (Saul, 2006:10).¹⁸

Robert Cox (1987) writes that, in the early decades of the 19th century, one saw a new period of production emerging: the liberal era. The new period became the basis for a new hegemonic era, during which the USA was raised as the new world hegemon, being referred to by Cox as the *Pax Americana* (Cox, 1987:394). The USA aimed to put in place a new world order, in which many of the Western states transformed their state structure and rebuilt themselves after the Second World War with the Marshall Plan contributions, which committed them to a US-led world order. The term 'superpower' entered the political vocabulary to distinguish the USA and the Soviet Union from the other states in the power hierarchy (Cox, 1987:211). An institutional framework was created to support the structures in the bipolar world order, with the UN, the World Bank and the IMF being created to support the US creation of the neo-liberal forms of state and world order.

Colonial ties obviously had an effect on the formation of African states. However, the new actors would play a large role in redefining the relationship between the state and the market in meeting social needs after many of the African countries gained independence (Wilson, Kanji and Braathen, 2001:2). The Bretton Wood institutions, especially the IMF, were able to use both incentives and sanctions to ensure that weaker countries with more reluctant governments and weak economies submitted to the new world order.¹⁹

¹⁸ Aid is a new form of colonialism/imperialism.

¹⁹ Cox (1987:395) argues that the "structures" are not "givens" (data), but are "mades" (facts) – made by collective human action and transformable by collective human action."

Abbas and Ndeba (2009:79) explain:

With the advent of the Washington Consensus and its Bretton Woods institutions, including the World Bank and the International Monetary Fund, political conditionality and aid dependence have marred Africa's independent development and economic self-determination. Imposed economic and political programmes and structures that serve the economic interests of Europe and the United States, coupled with a staggering aid dependence for most African countries, continue to retrench Africa systematically in the vicious cycle of political and economic regression and dependence.

Pressure was exerted on the state to tackle poverty, with structural adjustment programmes (SAPs) being imposed by the Bretton Wood institutions. African countries were introduced to the global political economy. The framework, with its 'legal' international institutions, such as the IMF and the World Bank, made it possible to perpetuate the structures created during colonialism, which generated underdevelopment. Such institutions are now controlled by the most powerful nations in the world, with the G8 group controlling almost half of the votes in the IMF²⁰, leading to a situation in which the interests of the wealthy countries are met at the expense of those in the poor (Murithi, 2009).

Rita Abrahamsen (2001:10–11) explains how the SAPs affected all segments of the population. The state was affected by the debt crisis; unemployment increased, which made the poor even poorer; the purchasing power of the middle class decreased; and the elite were affected in their patronage relationship by global financial difficulties. Through the policies of the IMF and the World Bank, external actors had become more deeply involved in domestic affairs and in domestic politics.

The late 1980s saw a retreat of Keynesianism to neo-liberalism, which, in many ways, can be described as having an even more explicitly undemocratic character (Abrahamsen, 2001:29). Since state-led development had failed, the Bretton Wood institutions were brought into line with the neo-liberal project, in terms of which the state was not only supposed simultaneously to become both better and smaller than it had previously been. The 1989 report from the World Bank,

²⁰ The G7 states account for 40 per cent of the voting power in the World Bank, compared with just over 4 per cent for the whole of sub-Saharan Africa (Abrahamsen, 2001:12).

Sub-Saharan Africa: From Crisis to Sustainable Growth, placed *good governance* at the heart of the donor agenda.

Without critical analysis of the good governance discourse and other concepts that are used in development programmes, the power relations and the underlying self-interest remain hidden. Robert Cox (1987) claims that theory is always for someone and for some purpose, while Rita Abrahamsen (2001) unveils how knowledge is used as a technology of power in development relations (Lavelle, 2005). In terms of such thinking, it becomes important to ask “Whom does this discourse serve?”²¹

3.3.2 ‘Good Governance’ – A Solution for Whom?

The lack of development in Africa during the Cold War was blamed on the lack of attention to governmental issues. Due to a changing balance of power, the development discourse changed. ‘Governance’ was introduced as a substitute for ‘power’, representing a framework originating in the USA that was able to create an illusion that one depended on good governance to create development (Amin, 2010:64). ‘Good governance’ became a buzzword that was synonymous with development for the next few decades. The SAPs from the 1960s and 1970s had not shown the desired results. In contrast, the neo-liberal project could not as easily be abandoned, and the good governance approach would continue the same neo-liberal project, but simply implement it in another way, with more focus on democracy and governance (Abrahamsen, 2001:43).

The US establishment has favoured the discourse related to the term, though it has never been defined and Europeans and institutions of the global system (such as the UN and the World Bank) have uncritically adopted the term (Amin, 2010). ‘Good governance’ is largely seen as a term within development aid, used as a goal or as a condition for aid, which contains a set of values, political and administrative elements that should be linked to the development project. During the Cold War, Africa had become the playground for proxy wars where the emerging superpowers, the USA and the Soviet Union, fought for global

²¹ Foucault (1980) discusses this in the relationship between power and knowledge.

influence.²² With the decline of the superpower rivalry, the African continent became less strategically interesting for the major powers in the West. Simultaneously with the end of the Cold War, the good governance agenda emerged to signal the arrival of the West as the hegemon in the Third World, which now represented the only alternative for the countries as loan donors (Amin, 2010).

Gruffydd Jones (2008) illustrates in her in-depth analysis of the 'failed states' concept the power of adopting a terminology into the Western vocabulary without asking critical questions and without putting it into an historical context. Since the US Minister of Foreign Affairs, Madeline Albright, introduced the word 'failed states' during the 1990s, it has been adopted uncritically by journalists, politicians, and even academics, and the Western powers have used the term to legitimise interventions in the underdeveloped world (Gruffydd Jones, 2008). There seems to be a trend, in terms of which the neo-liberal hegemony has created a discourse, in which the present is treated as if it has no history, and in terms of which the developed world has no responsibility for the 'bad governance' that has been taking place in Africa since Europeans first started to exploit the continent.²³

In Abrahamsen's (2001) deep historical analysis of good governance, she places the discourse in a wider context of a changing global power balance, seeing how the concept is developed to sustain and reproduce the specific forms of power and politics that the USA produced in the *Pax Americana*. Abrahamsen (2001:45) explains that one cannot see the good governance agenda simply as a humanitarian effort that is concerned with promoting development, growth and democracy. Instead, one needs to see the agenda as a development discourse that is intrinsically linked to a larger discursive practice, in which global power and domination are exercised. Abrahamsen (2001:64) highlights the power of

²² Presenting African countries merely as victims of the Cold War is too simplistic. It also gave African leaders the opportunity to set the superpowers up against each other, to attract foreign aid, and to increase the perceived international importance of their own countries.

²³ Not to forget all the Western multinational companies that have made money out of conflict on the continent, and some that have even aided such conflict (see, for e.g., Reno, 2000).

development to 'seduce', showing how this is evident in good governance discourse. Language is forceful when it claims to 'empower', 'democratise' and 'liberate' civil society, all of which terms can be seen as abstract words, in terms of which the concept of good governance always leads back to one factor: economic liberation (Abrahamsen, 2001:64; Amin, 2010).

The discourse around *good governance* is often equated with democracy, and it is made clear that democracy would not be possible without the existence of liberal economic policies. In this way, one can argue that the use of such terms is only an attempt to give the discourse a democratic face, and to legitimise a continuation of the structural adjustment programmes, while simultaneously delegitimising a more interventionist and socialist strategy, which, by implication, becomes an example of 'poor governance' (Easterly, 2006).

'Good governance' is obviously a heavily value-laden concept, which, for most Africans, is associated with meaning a free market economy, which, in the end, can be agreed on as defending Western interests. The term is defined by the developed, industrialised market economy countries in the richer North, and by multiparty systems, as an economy that is based on private ownership and free trade. In the same vein, the countries that undermine these interests are often defined as being undemocratic.²⁴ In many ways, political conditionality has been reconfigured in the terminology as good governance, which has become a prevailing dominant discourse within development in terms of which Western interests are well protected and the fundamental tenets of the Washington Consensus are reflected (Biney, 2009; Nyerere, 2009). According to these terms, one can argue that aid largely is given to those countries that accept the neo-hegemonic world order and that do not intend to challenge the status quo.

3.3.3 Norway, OfD and the Good Governance Concept

The Norwegian development assistance has been strongly influenced by the intense discussion between neo-liberal economics and dependency theories during the 1970s, 1980s and 1990s. The development aid policies and the economic and political relations between the developed and underdeveloped

²⁴ There are exceptions, like Egypt and Saudi Arabia, where the USA has other interests to maintain.

countries were under intense discussion during this period, at both a theoretical and a political level. White papers and political debates were influenced by both the demands of a NIEO among the developing nations within the UN and by the World Bank's SAPs.

The above resulted in many dilemmas and contradictions between theory and reality within development in the latter decades of the 20th century (Fält, 2009:84). The theoretical platform originating from the dependency field managed to distance itself from only focusing on domestic challenges within the developing states, and rather centred attention on global structures. The school of thought identified global economic and political inequality between the rich and poor parts of the world. It highlighted the need to give the developing countries sufficient space to develop their own independent development policies and development strategy, avoiding too much influence from the Western world and what is referred to as neo-colonialism, but also assuring that fundamental democracy principles were followed.

In contrast, with the above strategy there was a concern regarding the challenges within many of the Third World countries that had weak governments, where human rights and democratic principles were fragile. From this concern, the demand of good governance emerged, and Norway started to place conditions related to good governance upon the recipient countries. It is within such a context that the good governance concept was adopted into the Norwegian development aid rhetoric, which was strongly influenced by the neo-liberal school.

Norway had offered the assistance of experts along with their aid to the receiving countries during the 1970 and 1980s. The approach changed in the 1990s, with the revised focus being placed on the creation of a more local ownership to the development and aid programmes. The responsibility of creating development was placed on the receiving government. Capacity-building, the development of institutions, and research were key elements in developing good governance in recipient countries. Unfortunately, more than a decade later, with millions of aid dollars having been invested in capacity and institution-building, the results of

creating good governance have been much less than had been hoped for (Hansen, 2004).

In research undertaken for the current thesis, no sources were found where Norad questioned where the good governance²⁵ concept originated. The concept seems to be unquestioned in terms of Norwegian development assistance, and has largely been uncritically adopted into the development terminology. However, OfD has developed a checklist for assessing the state of petroleum-related governance in a given country, which draws heavily on principles and indicators developed by Chatham House.²⁶ Key characteristics in the Chatham Charter include the clear division of roles, long-term perspectives, transparent policies and processes, authorities with sufficient expertise to monitor and to report on oil companies, and a civil society that can hold their government accountable for its actions.

The natural question of the thesis is to ask whether the approach is creating a fundamental change, and whether it challenges the underlying structures that stager development. The aim for Chatham House (in cooperation with The Centre for Energy, Petroleum and Mineral Law Policy at the University of Dundee) was better to enable national decision-makers to govern their petroleum resources in a way that would have major socio-economic benefits for the majority of the population (Myers and Lahn, 2006). To be able to do this, they created a forum for national oil companies and the Ministries of Energy and Petroleum to meet their counter partners to exchange views related to governance.

These principles were developed, and aimed at establishing a common understanding of good governance between representatives from 16 different oil-producing countries, together with international oil companies (Myers and

²⁵ Oil for Development originally had three cross-cutting components: good governance, transparency, and accountability. It was later argued that all three components intended the same thing and could be merged under the good governance component, which is supposed to be reflected in all three fields where OfD works.

²⁶ For more information on the topic, see: <http://www.norad.no/en/Thematic+areas/Energy/Oil+for+Development/OfD+Information+Package/Good+Governance>.

Lahn, 2006). The result, after joint workshops, case studies and in-depth research, was five universal principles of good governance: (1) clarity of goals, roles and responsibilities; (2) enablement to carry out the role assigned; (3) accountability of decision-making and performance; (4) transparency of information; and (5) sustainable development for future generations.

Chatham House has received recognition from several institutions for its work, including for that which has been undertaken into the Norwegian petroleum-related assistance programme. However, what is worth noting in this case is that, even though civil society is mentioned together with external actors, what amounts to good governance is defined in London by stakeholders who have a major interest in oil. NGOs and civil society have also been invited to some of the workshops. However, the main objective of the project has been “to bring together[oil] producers in constructive dialogue about the governance of their national petroleum sector” (Myers and Lahn, 2006:4).

In Norad’s Strategy Paper towards 2005 (Norad, 1998:131), the agency recognises that an improvement in governance demands political will from the government, and requires a change in the power structures. The Norad paper continues with explaining that those processes that aim to change power structures are highly sensitive and complex, entailing change within the elite. What the paper does not mention is that such change also includes the elite in the North. One cannot limit the process to only include ‘politically sensitive changes’ in the South. The discussion loses its credibility if it only includes a change in the power relations on a national level in the South, but does not include redistribution on a global level.

3.4 Summary

Africa is currently the biggest receiver of aid, but still the terms, conditions and principles upon which the aid is delivered are not defined by the receiver, but by the donor (Abbas and Ndeba, 2009:vii). The discourse around ‘good governance’ has developed with the requirement that the obstacles to development lie within each state, which excludes the global structural level of analyses, and can be seen as a way of deflecting attention from the structure and constraints imposed by

the world economy (Schulz, 2001:106). Regarding good governance as an exclusively positive concept, this chapter has demonstrated that the good governance discourse and its mainstream perception serve to legitimise a particular form of liberal democracy and neo-liberal economic framework. Not least, it falls short of being a tool that is able to explore what specifically needs to be done in a real-world context (Gridle, 2007). According to Jones (2008), the resource curse thesis should be seen as being symptomatic of the current good governance agenda, and it is obvious that the literature behind both the resource curse thesis and the good governance agenda originates from Western scholars, reflecting Western views and serving Western interests.

Norway and the OfD programme have adopted such discourse without any hesitation, with the aim of saving countries from the so-called *resource curse*. As this chapter has shown, the literature and terminology of OfD can indicate that Norway, as a traditional middle power, is not attempting to shake any global structures, but rather to mask their approach on a domestic level with strategic goals that have been set with the Third World in mind. With good intentions, and hopefully contributing their petroleum expertise along the way, Norway is supporting Jordaan's middle power theory, while simultaneously illustrating contradictions in Norway's self-image as a do-good nation. By putting the good governance concept into historical context and by subjecting it to critical analysis, one can detect the self-interest of the Norwegian government on a deeper level than might otherwise be possible.

In short, one could say that the theoretical foundation of OfD is based on a problem-solving approach, in terms of which global structures are largely excluded, and the focus is on domestic challenges. The literature indicates that such an approach does not lead to fundamental change that can benefit poor people or underdeveloped countries, which is key to critical political economy. The discussion regarding lack of development should, to a much greater extent than it currently does, merge internal and external factors with a historical approach to better identify what the real challenge behind the lack of development really is and how best to approach it. As noted by Kolstad et al. (2009) regarding OfD, a deeper understanding of the recipient country's political

economy is needed to contribute to positive and sustainable development, and not least by means of addressing corruption.

CHAPTER 4

OILING DEVELOPMENT IN ANGOLA?

4.1 Introduction

Consideration must be given to why Angola, as one of the largest oil producers in Africa, ranks as one of the least developed countries on the continent and in the world.²⁷ It is debatable whether Norway's contribution through OfD is helping to improve Angola's striving towards sustainable development, or whether Norwegian aid is, in fact, supporting institutions that inhibit progressive change. These are two of the issues that are addressed in this chapter.

The two previous chapters stressed the importance of analysing aid programmes within the framework of the historical political economy. The current chapter aims to illustrate this point in an empirical context. The objective of the chapter is to explore the Angolan political economy and to question whether Norway – through OfD – is contributing to fundamental change in Angola. To be able to do conduct the exploration, it is important to explore different entry points for change, on a global, state and substate level. The chapter locates the Angolan state within the structural and historical framework of neocolonial capitalism and seeks to answer the main question of the thesis, namely *who* Norway is aiding in Angola.

The first part of the current chapter analyses the political economy of Angola, aiming to go beyond the superficial definition of a so-called democratic transition in academia that often equates 'democracy' with economic and political liberalisation, as was discussed in Chapter Three. The analysis will be followed by a short historical overview of Norway's engagement in Angola from the time of the liberation struggle to that of the modern-day petroleum-related assistance. The last part of the chapter will point out contradictions in the

²⁷ See UNDP's Human Development Index table.

relationship between Norway's development policy and Angola as the biggest recipient of aid through OfD.

The chapter illustrates that Norway is not challenging the underlying issues and root causes that prevent the majority of Angolans from benefiting from national oil revenues. In this respect, OfD is not supporting the most efficient entry point for change, but instead favouring state-state support to Angola. The political economy structures are deep and complex, and Norway, as a middle power, cannot challenge the existing structures and the status quo without jeopardising its national interests in the resource-rich country.

4.2 Angola – The Paradox of Plenty

Angola is a resource-rich country on the Atlantic coastline of south-western Africa. With a population of 12.8 million, Angola was ranked number 148 out of 170 countries on the United Nations Development Programme's (UNDP's) yearly human development index in 2008. The country's life expectancy rate is as low as 38 years, with every fourth child dying under the age of five. The literacy rate is as high as 67 per cent, with a large gender gap. Only 54 per cent of the women can read, whereas 82 per cent of the men are literate (CIA Factbook, [s.d.]).²⁸ Simultaneously, Angola has emerged as one of the world's fastest growing economies, thanks to soaring oil prices and major international investments. Its capital, Luanda, is located on the country's 1 600-km-long coastline and represents a growing centre for both international oil companies and aid organisations. Luanda is not representative of the country's demography and growth, but rather the opposite. The rural areas are still strongly affected by the 27-year-long civil war that ended in 2002, and the large number of landmines that can still be found throughout the country have largely not allowed people to rebuild and prosper in the affected areas.

After a downturn in the oil production in Nigeria, Angola has today become Africa's largest producer of oil, contributing over 50 per cent of the nation's GDP

²⁸ Much of the data from Angola are old and out of date. The last Household Income and Expenditure Survey carried out in Angola took place in 2000/01 (Shaxson, Neves and Pacheco, 2008:38).

(Hodges, 2007:176). With its substantial economic growth, the country is increasing its influence in the region. Angola is obviously a country in which Western countries have much strategic interest. With the world's growing demand for oil, stability in the oil-rich region has become of national interest for all the greater powers in the world, including China and the USA.²⁹

Malyn Newitt (2007:19) argues that “[m]odern Angola is a child of its own history”, as the “political transition of its leaders, their relation to the population and their attitude to wealth accumulation are all rooted in four hundred years of historical development”. Some knowledge of the country's history is important for an understanding of Angola's tortuous transition to independence in 1975, and its current-day situation. Angolan history has been recaptured and analysed at great length by several scholars (see Chabal and Vidal, 2007; Guimaraes, 2001; Messiant, 2001, 2007; Power, 2001; Reno, 2000), of whose work only a short overview will be provided in the present chapter. The main aim of the section is to illustrate that the political economy of Angola was formed by the structures that the Portuguese regime imposed on the country when they arrived over 500 years ago. The export-oriented economy that exploited the natural resources has only benefited a selective few. International relations and the nature of the civil war are key factors that are important to understand in order to grasp Angola's situation today and how one can identify an entry point of change to create a better future.

4.2.1 From Colonialism to a Multiparty System without Democracy

The Portuguese first entered Angola as early as 1483, when explorers, who were in search of a maritime route to Asia, ventured up the Congo River. The explorers came across a region that was inhabited by several large ethnic communities, and where ethnic diversity dominated the local politics and society. Such diversity has consistently been a source of weakness for the country (Malaquias, 2007:23–25). After that, many Portuguese settled in Angola, hoping that it would be a place of vast natural resources. When they did not find the silver for which

²⁹ Together, China and the USA share 75 per cent of Angolan oil exports, 35 per cent and 40 per cent respectively (Ng and La Billion, 2007:38).

they were hoping, they quickly turned to the slave trade, especially to the biggest Portuguese colony at the time, Brazil.³⁰

Brazil gained independence from Portugal in 1822, which resulted in Portugal once more directing its focus towards Angola. In terms of its economy, colonial Angola functioned mainly as an exporter of natural raw materials and agricultural commodities to Europe. Simultaneously, Angola became an important market for Portuguese products, with the raw materials being processed in Portugal before being exported back to Angola (Guimaraes, 2001:16).

After the Second World War, Portugal experienced an expanded colonial trade and faster industrial development, mostly due to the significant role that Angola played in such development. The coffee-led boom in Angola, during which foreign capital made its way to the colony, largely influenced this period. During the period of late colonialism, the trade with Europe increased and Angola became increasingly more industrialised. The Angolan economy was no longer determined primarily by Portuguese influence, but seemed to follow its own path of development (Guimaraes, 2001:22). Whereas the other Portuguese colonies in Africa, such as Mozambique and Guinea, were relatively poor and underdeveloped, Angola offered the prospect of vast natural resources. Western interest in oil and diamonds was high, and the opportunity for many privileged sectors of society to enrich themselves was good, whereas the wealth of Mozambique and Guinea would have to be developed and earned (Newitt, 2007:76).

The Portuguese colonial regime did not collapse like the Belgian regime did in neighbouring Congo. Rather, the Portuguese aimed to end the armed liberation struggle that started in 1961, not only by force, but also by continuing to transform Angola into a modern industrial society (Newitt, 2007:78). The Portuguese refused to follow the example of other colonial powers in Africa, with Ghana having already gained independence in 1957. Portugal began investing

³⁰ The Portuguese marginalised the indigenous people from the time of their arrival in the area. Scholars like Chabal (1982) have called such marginalisation 'Portuguese apartheid' – see also Malaquias (2007:29).

more in Angola than it had done in the past, and continued to integrate it into the colonialists' economy. Contrary to the rest of Africa, for Angola the period between 1961 and independence in 1975 represented an economic boom period in the colonial economy. With the discovery of oil in 1955, the increased demand (and prices) on the world market for the commodity also had spillover effects on investments in other sectors in the country. The industry and transport system developed rapidly, and, by the time of independence, Angola appeared to have a strong economic base (Malaquias, 2007). However, the Angolan people were remained marginalised. During the time of the economic boom, the amount of colonial migration to Angola had been significant. However, over half of the 325 000 new white settlers were neither well educated nor trained in any profession, which resulted in a situation in which the Portuguese developed Angola into a modern economy, but almost every position in the business sector was occupied by the Portuguese, who formed the majority of the commercial farmers, senior and mid-level civil servants, engineers, doctors and teachers as well, despite them being no better qualified than were the indigenous people (Malaquias, 2007:37). The nature of Portugal's presence in Angola left behind a legacy, which had important implications for Angola's post-independence development.³¹

Portugal was the first European colonial power to occupy territory in Africa, and one of the last to withdraw from the continent. The Angolan armed resistance to Portuguese colonial rule was rather limited, and the Angolan fight for independence was not as cohesive as were the resistance movements in the other Portuguese-run colonies of Mozambique and Guinea. Angolan independence came rather as a result of the popular overthrow of the Salazar dictatorship in Portugal, in April 1974, which was led by armed officers who opposed colonial rule. The nature of the Angolan resistance was manifested through three different nationalist movements that were willing to fight to acquire power in Angola, with all three groups receiving some form of support from external patrons. The left-wing fraction, called *Movimento Popular de Libertação de Angola* (MPLA), represented a Marxist ideology and received

³¹ Already in early 1976, 300 000 of the Portuguese settlers had left.

substantial support from Cuba and the Soviet Union.³² *União Nacional para a Independência Total de Angola* (UNITA), on the other hand, was not founded upon any special ideology. Rather, it received its support from the USA and apartheid South Africa as an ally against communism. The former power was mainly intent on fighting the war against communism, whereas the latter power had a more complex interest in the Angolan conflict. South Africa was trying to establish itself as a regional hegemon, with the destabilisation of the region being part of its strategy, starting primarily with Angola (Nel et al., 2001). Parallel with its military support of UNITA, South Africa was fighting a long border war with rebel forces in South West Africa, who were intent on fighting for the independence of Africa's soon to be youngest state, Namibia. The third national movement, *Frente Nacional para a Libertação de Angola* (FNLA) received its first support from the USA and South Africa, but later depended on the military support that it obtained from Mobutu's Zaïre.

It was unclear who would take over power in Angola when the Portuguese withdrew from the country in 1975. The Portuguese left so speedily that the transfer of power was unsystematic, with them failing to settle any of the pending issues concerning Angola's future. Worse still was the fact that none of the liberation movements that were fighting for power had developed a holistic strategy for how they would unite and rule the new independent state and lead the modern economy. This led to a situation where the guerrilla movements adopted the fragile system that the colonial masters had left behind, which was based on the occupation of land and the exploitation of resources. There was much disagreement concerning the transition government that would pave the way for democratic elections, which was seen as the first move that had to be toward attaining democratic peace (Malaquias, 2007:34). The MPLA became the victorious national movement, when it gained military control of Luanda on 11 November 1975. However, with UNITA not accepting the new party that had come into power, none of the parties involved accepted a power-sharing

³² Tanzania and Congo-Brazzaville supported the MPLA, and also smaller donations were done from the Scandinavian countries to support the struggle against colonialism (Eriksen, 2000). Norway's support of Angola and the MPLA will be discussed later on in the chapter.

agreement, so that the stage was set for the outbreak of one of Africa's longest civil wars so far.

Agostinho Neto served as the leader of MPLA during the liberation struggle and as the first president after independence. His administration (1975–1979) inherited its fundamental political structure from the colonial period. The administration, with clear characteristics of modern patrimonialism and clientism, was maintained and further developed by Eduardo dos Santos from 1979 until the time of the writing of the current thesis (Newitt, 2007). The individuals who occupied the top positions in the party were given access to public goods, which they turned into personal profit by participating in the informal and illegal economy (trading in USD). The socialist, one-party state delegated political responsibility to those who were committed to the ruling MPLA party, with the organs of justice and repression following party orders, which resulted in the infliction of widespread injustice and discrimination (Vidal, 2007a).

Due to Joseph Savimbi's and UNITA's unwillingness to accept the MPLA as the leading party, the party had to concentrate most of its resources on fighting the internal enemy. UNITA was founded upon no distinct ideology of its own, but was motivated by the access that was given to the country's natural resources by the party in power. Such motivation did not stop the USA and South Africa from supporting Savimbi, as long as he did not represent a socialist movement. It was important for the two countries, USA and South Africa, that the socialist MPLA government was blamed for the challenges which were experienced with the Angolan economy, which was highly corrupt and neo-patrimonial. The system that had mainly been constructed by the previous exploiters received minimal consideration, and the MPLA was blamed for the 500 year old system.

The civil war continued until negotiations were finally successful in 1990. An external troika, represented by the USSR, the USA and Portugal, with all three countries having a key interest in Angola, directed the negotiations. The MPLA was urged to reform into a multiparty system and to reach accommodation with UNITA (Vines, Shaxson, Rinli and Heymans, 2005:34). However, the final

withdrawal of South African military troops from Angola was only later assured when the USA, Angola, South Africa and Cuba³³ met in the USA to negotiate the so-called New York Quadripartite agreement. The implementation of the agreement resulted in South Africa finally withdrawing its troops from southern Angola and northern Namibia, leading to the independence of Namibia in 1990.

The first Angolan election was scheduled for 1992, with it being designed as a 'winner-takes-all' solution, as would have occurred with a military victory. In preparing for the election, the MPLA continued to reorganise the state to ensure that it gained even more control over the institutions and natural resources than it would otherwise have had (Messiant, 2001). With the access to resources and control over the press, the MPLA focused on rebuilding their social basis on the ground, resulting in their victory in the 1992 election. Savimbi and UNITA could not accept the election results, and the MPLA refused to share power. Consequently, the MPLA chose to overlook international pressure to accommodate power sharing with UNITA, since the former political power had just received what they believed to be a stamp of legitimacy from the Angolan people by winning the election (Messiant, 2001:290).

To reinforce its power and control over the economy and society, MPLA embarked upon a rein of violence vis-à-vis UNITA military, as well as civilian opponents. Their political grip on state institutions was reinforced, including gaining an absolute majority in both the Parliament and the government. Once again, UNITA could not accept the outcome of the power given to MPLA, and waged war, which continued until Joseph Savimbi was killed in 2002, at which time Angola regained peace after 27 years of warfare.

The election in 1992 changed the international attitude towards Angola. The transformation from a single-party to a multiparty system was, from a Western point of view, what Angola needed in order to be able to start developing after the long civil war. Despite wide-ranging irregularities, the UN defined the election as free and fair, and the international community observed what they described as a 'transition to democracy'. The international community turned

³³ The USSR had already withdrawn from Angola at said point, and did not attend the New York negotiations.

their official support³⁴ to the MPLA, even when doing so resulted in an abuse of power (Messiant, 2007:100).³⁵ Importantly, Angola could now be categorised as a 'democracy', which legitimised its trade and diplomatic ties with Western governments. Other states soon came to understand the firm grip that MPLA had over the country and its institutions, in terms of which they had to acknowledge that they had to deal with MPLA if there were any national interests that they aimed to achieve. The election result had granted legitimacy to MPLA's one-party rule, and the party could continue to preserve the political status quo (Messiant, 2001).

Overall, the Angolan democracy can be described as a pseudo-democracy that uses a sophisticated form of suppression (Roque, 2008), or, as described by Messiant (2007:93), a form of "multiparty politics without democracy". The nature and ideology of the MPLA changed dramatically from when the fight for independence first started in the 1970s until Angola finally regained peace in 2002. Whereas the MPLA started its fight for power on a socialistically grounded manifest, the civil war gave little room for investments to be made in the infrastructure, development, health, education and other sectors from which the population could benefit. The development of the Angolan independent state prioritised short-term benefits and survival.

Political power in Angola was, at the time of the study, extremely centralised, and the President and his gatekeepers closely managed the patronage system. However, it is important to note that there has been positive change in Angola since 2002. The degree of transparency and stability in the country has increased since the civil war ended. However, such improvement must be seen in terms of the very low base from which it comes, and it must be kept in mind that most of the challenges are rooted in deep historical processes that have shaped, and that will continue to shape, the context of development in Angola.

Roque (2008) argues that, since peace came to Angola only as a consequence of the military defeat of UNITA in 2002, there has been little incentive for the MPLA government to promote true reconciliation through the integration of the

³⁴ The unofficial support from the US and South Africa continued (see other literature).

³⁵ No literature indicates that UNITA would rule with any less abuse of power.

defeated, or to form inclusive national forums in civil society, and to promote broad-based political debate in order to create the conditions for transparent, just and accountable governance. Since 2002, the peace can only be described as a military peace, in which the majority of the people live under a form of structural violence (see Johan Galtung), whereas the war continues in the Cabinda enclave.

Whereas the infrastructure in Angola is poor, most of the oil extraction has taken place off-shore, with very few parts of the oil industry being affected by the poor infrastructure or the ongoing conflict. The Angolan elite was able to establish a national oil company, Sonangol, which made doing business with Western investors very attractive.

At an early stage, general economic policies were strategically constructed in a manner that encouraged the members of the political elite to establish business enterprises within the oil sector. Based on an active collaboration with foreign actors, members of the elite have made huge profits out of oil, resulting in an obvious mix of roles within the Angolan government and the actors within the oil sector. It has become common practice for Angolan Members of Parliament to set up commercial companies between themselves and foreign investors for their personal gain (Maraques de Morais, 2010). Such a situation has led to a conflict of interests, which, in particular, has engendered the risk of corruption in Parliament. Moreover, the system has created a political environment in which one not only can focus on the political ability, but one in which one can also question the political will to create structural change from the side of the government.

Messiant (2007) addresses the above-mentioned argument in her analysis by warning that one should be careful to explain the lack of development in Angola by means of resorting to an assessment of the civil war, or to the colonial legacy. She argues that it is the lack of political will within the political system that serves to confound development in Angola, which is a fact that many foreign actors in Angola are tending to overlook. However, the current thesis argues that it is largely impossible to explain the lack of political will in Angola without

including both the civil war and the colonial legacy in the analysis. Franz Fanon (1961) addresses the issues by explaining that the new order that was established after colonial rule only defended the old order, and that, by approaching Angola in an historical vein, one can identify the roots to the lack of political will and development.

Fanon (1961) explains how the national middle class simply took over businesses that were previously occupied by the colonial overlords, from which the latter had profited greatly. The national middle class “considers that the dignity of the country and its own welfare require that they should occupy all these posts” (Fanon, 1961:122). Foreign companies then had to conduct their business and trade through the new national middle class, who “discover[ed] its historic mission: that of intermediary” (Fanon, 1961:122).

Fanon’s concern was that the new national middle class would tend to identify itself with the Western bourgeoisie, and therefore would not see it as its mission to change and transform the nation. Rather, it was likely that it would see itself as “being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the masque of neo-colonialism” (Fanon, 1961:122). In terms of such development, the nationalist bourgeoisie sets up a national system of exploitation to secure their own future, just as the Western bourgeoisie had done, and in many ways still do.

Fanon’s description of the national bourgeoisie fits Angola’s MPLA post-colonial system snugly. Currently, the elite in Angola aims for a bourgeoisie democracy in which only a small elite owns the means of production. Difficulties in influencing the government, even during the early days of independence, have been highlighted in several reports (e.g. Shaxson et al., 2008; Vines et al., 2005). Approaching government as the entry point to change has not been effective in the case of Angola, and, as has been argued by Fanon (1961), the bourgeoisie government does not see it as their task to bring about such change.

In short, the MPLA was able to adjust to a multiparty system without losing power; rather, the transition legitimised the system of one-party rule in addition to gaining more international support than in the past. In contrast, it did not

create significant change for the majority of the Angolan people in the sense of improved redistribution, and the Angolan state has proven to be an inefficient entry point for change in Angola. Thus, foreign investors largely continued to benefit from the already existing structures. Dos Santos' ability to withhold power was a sign of stability that was largely attractive to Western investors, especially compared with the political instability that oil-rich Nigeria has experienced. The situation enabled the MPLA regime to consolidate what is often described as its economic and political hegemony³⁶ in Angola (Messiant, 2007:103). Critical political economy theory suggests that the change must come from below (Cox, 1987), and empirical evidence, in the case of Angola, suggests the same (see Chabal, 2007; Hodges, 2007; Messiant, 2007). It is the forces within civil society that must bring about such change by making the government accountable to the Angolan people. The next section of the thesis will elaborate on Norway's engagement in Angola by means of the OfD. The last section of the will then explore civil society in Angola as an emerging entry point for such change.

4.3 Oil, Peace and Prosperity?

The Norwegian government has made it clear that Norway – as a small country – cannot provide assistance to countries worldwide. Rather, Norway should focus on those situations where they can make a difference (Lunde and Thune, 2008). In identifying Angola as a major OfD recipient, one can assume that it is regarded by the Norwegian government as one such case. The question, however, is whether Norway is, in fact, making a difference and contributing to positive change in Angola. The following sections of the thesis will explore Norway's engagement in Angola, and the contradictions that are inherent therein.

4.3.1 Norway's engagement in Angola

Norway played an active role during the Southern African liberation struggle from the 1960s onwards, continuing to the very end of the South African apartheid regime in 1994 (Eriksen, 2000). A close connection between the Portuguese Socialist Party and the Norwegian Labour Party, together with strong

³⁶ The notion of hegemony will be revisited later on in the current chapter.

engagement from the Norwegian solidarity movements, made the Portuguese colonies important recipients of Norwegian support.³⁷ For several reasons, Angola received little attention from Norway, despite the contributions that the latter country made to the MPLA as early as 1972. No literature was available in Norwegian about the struggle in Angola in the early 1970s, and no Norwegian had visited the liberation areas inside Angola (Eriksen, 2000:75). In contrast, *Frente de Libertação de Moçambique* (FRELIMO) was much better known in Norway than was the MPLA, and the struggle in Angola was seen as complex, since there was more than one group that claimed to be the leading movement against Portuguese rule (Eriksen, 2000:79).

The Norwegian government only supported those movements that were recognised by the OAU Liberation Committee. In the complex case of Angola, official Norwegian support was directed towards only the MPLA, despite the fact that there were several movements fighting in the liberation struggle (Eriksen, 2000:79). However, the Norwegian government and the country's embassy in Lusaka were very hesitant in their approach towards the MPLA, who were given much smaller grants than were either FRELIMO or the *Partido Africano da Independência da Guiné e Cabo Verde* (PAIGC; African Party for the Independence of Guinea and Cape Verde). The hesitation continued after Agostinho Neto's two visits to Norway in 1970 and 1972, and the situation was again discussed with Neto in Lusaka in 1974.

In 1975, all Norwegian support for the MPLA was effectively frozen. Sweden, in contrast, which had more or less adopted the same position vis-à-vis the MPLA in the early 1970s, declared that they would fulfil their undertakings to MPLA's liberation struggle, and continued with humanitarian assistance after 1975. Whereas Sweden established an embassy in Luanda as early as February 1976, it took another five years until a Norwegian ambassador first visited Luanda. Only in 1986 did Norway put an aid office and a consulate in place (Eriksen, 2000:87).

Angola itself has traditionally, either through bilateral or multilateral channels, received relatively little development assistance compared with other African

³⁷ In addition to the ANC in South Africa.

countries.³⁸ Overall, official development aid has played a limited role in Angolan social development (Nordås, Tveden and Wiik, 1999). While Sweden has been one of the main donors to Angola, Norway's support of the MPLA since 1975 has been limited. One reason for the cessation of support was linked to the lack of trust in the Angolans' capacity to manage the assistance, with an even greater lack of confidence existing in the leadership of the MPLA. After an extensive review of all diplomatic and legal aspects, the Norwegian Foreign Ministry decided not even to acknowledge the Christmas card that was sent to them by the Angolan Foreign Minister Jose Eduardo dos Santos at the end of the 1970s (Eriksen, 2000:85). Archival sources show that Norway, at the time, was also reluctant to appear on the global stage to be supporting a communist party that received its main support from Cuba. The concern was taken to such a level that all political parties in Parliament, except for the Socialist Labour Party, decided to bring all development projects with Cuba to a halt as retaliation for the country's support of the MPLA in Angola (Eriksen, 2000:87).

Parallel with the change in the international climate in the late 1980s, which saw the end of the Cold War, the amount of aid that was provided from Norway to Angola increased. Such aid was given first and foremost in the form of emergency assistance that increased due to the deterioration of the situation for most of the Angolan people. However, already in July 1987, the first agreement was signed between the Norwegian and Angolan governments concerning expert assistance that was directly linked to the energy sector (Nordås et al., 1999).

During the 1990s, Sweden withheld increasingly more aid due to the lack of progress that had been achieved up to that point in Angola. The Swedes indicated that there was a lack of will from the Angolan government to invest in a better future for its people and in the fight against corruption, and in 2011 it was announced that the Swedish Embassy in Lusaka would be closed down. Norway, in contrast, increased its support from 1994, parallel with the overall shift in its

³⁸ Three reasons for such a phenomenon could be: (1) that many donors thought the country itself could use the vast natural resources to benefit the nation to a larger extent; (2) the civil war has worsened conditions, with the assistance that has been given have not been distributed satisfactory; and (3) the MPLA was said by many donors to be on the 'wrong side' during the Cold War (Nordås, Tvedten and Wiik, 1999:28).

development policy towards West Africa, and with its increase in oil investments in the same region. While the main form of aid continued to be emergency assistance, support of the peace process, rehabilitation and the infrastructure was also increased (Nordås et al., 1999), in which Norway obviously had a self-interest, since all three elements would determine whether it could continue to have access to Angola's natural resources. Norway's aid increased even further when the petroleum assistance that had first been set in place in 1987 was better formalised with the creation of Norad's OfD programme in 2005. Angola was chosen as one of the ten core countries, and later became the country that received the most support from Oslo through OfD.

4.3.2 Contradictions

A central point in critical political economy, which is highlighted by Robert Cox (1987:393), is the importance of identifying contradictions in existing relationships and structures.³⁹ Regarding the aims and goals of OfD, one finds several contradictions in the relationship between OfD and Angola as a core partner. Such contradictions become very interesting when recalling the statement that was made by the Norwegian government, arguing that Norwegian development aid should be prioritised where Norwegian experience was relevant, and that Norwegian aid could make a difference. The remainder of this section and the rest of the chapter will highlight some of the contradictions that exist regarding Norwegian relevance in Angola, and how there are contradictions between what Norwegian petroleum assistance has on offer and what Angola needs.

The first contradiction that will be pointed out is that there are several differences between many of the countries that are trapped in the so-called 'resource curse' today, and Norway's own history and experiences. The most general difference is, arguably, that Norway already had a long history of democratic governance, strong institutions, a developed industry, and a political regime that aimed to create a welfare state even before oil was discovered in the country. Norway has little or no knowledge of oil management in a post-conflict state such as Angola, where all the democratic institutions are weak and the

³⁹ Cox argues that "it is from these contradictions that change could emerge" (1987:393).

political will to redistribute the oil wealth is limited.

On a regional level, it is worth noting that the Norwegian experience has its roots in a very stable region, whereas Angola is located in what, for a long time, has been described as one of the most unstable regions in the world. Furthermore, the two countries have been integrated into the global political economy in two very different ways and time periods. Norway was one of the US government's key allies during the Second World War and throughout the Cold War. The emerging US hegemon invested in the development of the Norwegian welfare state, creating a wealthy and stable northern ally. This resulted in major NATO bases in Norway, and Norway – despite its peace image – has been a key ally in the war in both Iraq and Afghanistan. Angola, in contrast, has been located in a region where the US has not invested to the same extent in reconstruction as they did in Europe after the Second World War.⁴⁰ On the contrary, during the Cold War, Angola was 'on the wrong side', as defined by the US superpower and its South African ally. In contrast to the strategy to develop a sound and stable region in the North, the strategy in the South was to destabilise the region, especially the socialist countries (Taylor, 2001). Also, the global environment today is very different from when Norway established its oil beneficiation system and structures. Whereas most developing countries today are subject to a system in which trade liberalisation and open economies are seen as a condition, Norway itself practised national protectionism and strict control in the oil sector through the nationally owned oil company, Statoil.⁴¹

Another contradiction is the fact that OfD is committed to the EITI as far as increasing the transparency of the oil sector goes. OfD's criteria for becoming a core partner country clearly state that members of the EITI will be prioritised.

⁴⁰ The US put forward an Africa strategy in 2005. However, one cannot compare the amount of money that was given to Europe in the form of Marshall Assistance to what has been given to Africa. Jakki Cilliers (2008) illustrates the point by arguing that the total amount of foreign aid that has been given to Africa since the 1960s from all Western countries equals the same amount that the US government spent on one day, 15 September 2008, alone to bail out US companies due to the financial crises, or during the first nine months in Iraq.

⁴¹ Paul Collier (2007) asks, in his book *The Bottom Billion*, how relevant the experience of one of the world's richest and most peaceful countries is for a country like East Timor.

Angola has never applied for membership of, or shown any interest in joining, such an initiative. Even though the Angolan state has not joined the EITI, reforms in its oil sector have taken place. However, the challenges concerning corruption and transparency have been seen only to increase (Norad, 2007), and targeted reforms have failed to reverse the trend. In OfD's criteria for selection of cooperative countries, they state: "for long term Oil for Development cooperation to be considered, there must be well-documented political commitment to good governance, including transparency and anticorruption" (Norad, 2007). When comparing the above quote and the literature used to analyse Angola's political economy in the thesis, it seems very contradictory that Angola was chosen as a core country for the OfD programme. There is little evidence "of well-documented political commitment to good governance, including transparency and anticorruption" in the Angolan regime, and the above quote was removed from OfD's webpage in 2009. The aim of the OfD programme was to make a difference where there was at least a minimum standard of governance. However, by removing the quote from the webpage, it became unclear whether good governance was still a requirement for OfD cooperation (Global Witness, 2009).

In the political system of Angola, there was certainly an overlap of roles when it came to those in power and to interests in the natural resources, which has led to a lack of transparency. In addition to the overlap of roles in the Angolan system, the same accusations have been directed towards Norway, on the basis that it is both a large aid donor and a business agent in the petroleum sector. Norway is also playing a dual role in Angola, in terms of which the former country acts both as an aid agent advising the government of Angola on how best to deal with international oil actors, while simultaneously serving as investors and oil extractors by way of Statoil. There would probably be less confusion regarding Norway's role, and it would be easier for the Norwegian government to advise and to address the real issues of inequality and the lack of resource distribution if Norway did not have a vested interest in its granted oil concessions (Ryggvik,

2007:69).⁴² Another factor that blurs the picture of Norway's role in Angola is that Norwegian commercial interests – through state-owned companies – are much more visible to Angolan society than are the government aid programmes, which do not have the same marketing strategy.

In early 2009, Norway produced a White Paper on Corporate Social Responsibility (CSR), which contained the details regarding the formulation of a policy that was intended to guide Norwegian businesses abroad. Unfortunately, few unilateral steps have been taken to regulate Norwegian actors abroad. The White Paper, rather, leaves it up to each individual actor to define the nature of good behaviour (Curtis, 2010:18). Many Norwegian state-owned companies have attempted to develop CSR programmes, which they eagerly promote on their webpage.⁴³ Such a practice is especially popular in those countries where the social aspects of doing business are questioned. For example, the Norwegian company, Hydro, decided to invest more in CSR by donating NOK 4m to the Dos Santos Foundation. Ironically, the foundation is owned and managed by President Dos Santos himself, and distributes resources and invests in projects that serve his best interests (Messiant, 2007), which is a fact that will be discussed further in the last part of the current chapter. Such an investment can by no means be seen as supporting the poor. Rather, it can be seen as a gift from Hydro more or less directly given to President Dos Santos and his regime.⁴⁴

Another contradiction that is worth noting, and which is highly relevant for the current analysis, is a statement that is made by the Norwegian government. Norway should be present where it can make a difference (Lunde and Thune, 2008:15). Norad's evaluation report (2007) states that if the maximum benefit is to be gained from the OfD project, it is important that they enter the picture early on. Such a statement correlates with the literature concerning the resource

⁴² In addition to the oil sector, the Norwegian government is actively promoting Angola as an attractive country in which to invest for other sectors as well. For example, Hydro was, at the time of the study, investing in aluminium plants, and Yara, Norway's largest producer of fertiliser, was also investing in the country.

⁴³ See, for e.g., www.statoil.com or www.hydro.com.

⁴⁴ Hydro admitted that they contributed the amount that they did because they were afraid that they would be thrown out of the country if they did not act upon President dos Santos' request for such a donation.

course. 'A small window of opportunity' is identifiable between when resources are discovered and when income starts flowing into an economy (ECON, 2004). In the case of Ghana, where OfD was involved at an early stage, the results could be quite different from those that have emerged since Angola first discovered its natural oil resources in 1955. In Angola, oil played an important part in the civil war, and has already become a significant contributor to the Angolan economy. Thus, the literature intimates that Angola's window of opportunity has now closed and that Norway has little to contribute to oil-related challenges at such a late point.

In many ways, Angola would seem to be more of a mismatch than a match in terms of being considered a main cooperation country by the OfD. Based on the last internal evaluation of the OfD programme, Angola is also a country that has shown the least effect of the aid programme (Norad, 2007). However, it is still the largest recipient of OfD support, and it is still regarded as a core country for investments by Statoil, Hydro, Yara and other Norwegian investors that see a business opportunity in the country.⁴⁵ Ultimately, therefore, even though Norway professes to be helping to bring about progressive change in Angola, its role may be seen to be a much more ambiguous one.

4.4 Status Quo versus Change

4.4.1 Civil Society – an Emerging Entry Point for Change

As mentioned earlier, the situation in Angola is often described as one in which the MPLA has political and economic hegemony. Gramsci's exploration of the concept of hegemonic forces within the state and how such forces are maintained is built on by Robert Cox in developing his critical political economy framework (Cox, 1983). Both Gramsci and Cox argue that it is meaningless to limit the definition of a state to only those elements that belong to government. Rather, Gramsci depicts the hegemony of the bourgeoisie in terms of their concessions to subordinate classes in exchange for the consent to bourgeois

⁴⁵ At the time of the study, Statoil and Hydro had been in Angola since 1993, and, by the end of 2006, the total investments amounted to NOK 40bn in oil alone (Hanssen, 2008b).

leadership, thereby illustrating the power of civil society within the state (Cox, 1983). Gramsci's definition of hegemony enables him to enlarge his definition of the state and he argues that one has to include the underpinnings of the political structure of civil society to make the notion of the state meaningful. In this way, the notion of the state is extended to include the political structure of civil society within it, as rulers are forced to recognise "the hegemonic structures of civil society as the basic limits of their political action" (Cox, 1983:126).

Robert Cox describes states such as Angola as 'protostates', with the world economy not depending on such states, though they are important, due to the extent that they export natural resources that Western countries need (Cox, 1987). According to Cox, such states do not receive their support from the population or from civil society, but external actors support the elite in the states with a supply of arms and credit. Due to their only receiving support from greater powers weakened the hegemony of the MPLA, according to Gramsci and Cox (1987). The MPLA has been able to suppress civil society, with them having successfully diminished their ability to form a strong counterpart.

The civil society in Angola is still very young. Govender and Skagestad (2009:20) argue that the first civil society organisations (CSOs) in Angola emerged at the beginning of the 1990s, with them having experienced many historical, political and economic challenges since then. Many of the challenges are rooted in the colonial past and in the pre-independence period (Amundsen and Abreu, 2006). Further, the MPLA has been able to control and, in many ways, to suppress the NGOs and civil society after 1975. The NGOs remain weak institutions, due to their lack of funds and organisational capacity, as well as their inability to mobilise the electorate. In an attempt to extend their control, Dos Santos himself has created a group of civil society groups over which he has direct control (Messiant, 2007:113),⁴⁶ while, simultaneously, the 'real' civil society is subject to a widespread culture of fear (Vidal, 2007a:173).⁴⁷

⁴⁶ For more detail on the Dos Santos Foundation, see Messiant (2001).

⁴⁷ In November 2005, 100 protestors were arrested by the National Police when they charged the government with mis-spending of billions of public dollars (Ng and Le Billion, 2007:45).

Nevertheless, civil society has slowly become more prominent, with it having largely come to represent an emerging entry point for change in Angola. The Civil Society Conference that was held in 2007 was noted as a possible 'turning point' for civil society in Angola. Much hope has been expressed that different CSOs will exert an increasing amount of pressure on democratic mechanisms and build a capacity that will make civil society more visible and structured (Shaxson et al., 2008:13). Civil society is growing stronger, and it holds great promise, both in Angola and in extending into the region.

In contrast, in addition to the colonial legacy and the MPLA's attempt to restrain the CSOs in Angola, Alexander and Gilbert (2008) argue that donor funding for the civil society in Angola is lacking. In terms of contemporary development in Angola, the need might exist for increased international support, both financial and advisory, in the form of guidance, experience, and assistance. The Angolan civil society still has a long way to go before it can be classified as strong or well organised. It is debatable whether an alternative source of support to Angola could be based on Norway's experience in developing a strong civil society. The goal should be for the Angolan civil society itself to form a counterpart to the government, in terms of which the government should be accountable to its population, and not only seek its support from global structures. The attainment of such a goal would also require returning to the form of support that Norway first contributed to Angola, before the former country's economic interests became so evident, namely one that is based on solidarity.

OfD notes the important role that civil society plays in its attempt to save countries from the resource curse. However, only a fraction of the OfD programme is linked to civil society in general. Out of the Nok 94 984 000 disbursed to OfD activities in 2009, only around Nok 20m, in total, was linked to CSOs. In addition, most of the money was disbursed to CSOs which were not Angolan, but international, such as the Revenue Watch Institute, the EITI and other Norwegian NGOs. Furthermore, Norway was, at the time of the study, in a process of phasing out support to CSOs in Angola in general (Hanssen, 2008b) – a shift that probably would slow down the process of change even more in Angola.

This underpins the importance of seeing Norway's engagement in Angola alongside significant commercial interests.

4.4.2 Norway's Ability to Foster Structural Change

Many African countries have grown highly dependent on foreign aid since independence. Before many countries in Africa gained their independence, Franz Fanon (1961) was able to predict that most of the African elites would not be able to rise to the historically progressive role that the European bourgeoisie had played during the first part of industrialisation. Following political independence, and in line with Fanon's prediction, foreign aid became one of the central mechanisms used to co-opt elites in order to maintain the economic and political status quo, thereby helping to disarm any indigenous attempts at structural change or independent development outside the normative structures of power (Schulz, 2001:106). Although global political and economic actors and forces played a role in shaping the context of the politically enfranchised political and economic elites in many African states, the local/national agency in shaping the practices must also be recognised. Furthermore, in no way is good governance, with its insistence on the building of efficient governmental institutions and transparent rule, irrelevant. Rather, as the current thesis has intended to highlight, the main constraints to the realisation of good governance in many African countries lie not only within the continent or in the African states themselves. Mainly, it is the structure of the IPE that retains most of the power and control in the neo-colonial era. Such structure helped shape the context, practices and institutions that have facilitated a certain set of state practices. Schulz concludes:

Until foreign aid donors are willing to address this issue squarely, and to end their complicity in this system, the governments and peoples of the South will be condemned to a perpetuation in a status quo that structurally condemns them to witness an ever-widening gap between the rich and the poor.

(Schulz, 2001:107)

Within the constraints of the position of a traditional middle power, Norway is not in a position to influence or to shape global structures on its own, even though, in many cases, it has supported such change rhetorically and in foreign policy discourses. Norway is situated ideologically and materially within a global

context of US hegemony and concomitant neo-liberal political and economic practices, and is thus limited to acting within and challenging the overarching structures. Such conventional middle powers as the Norwegian state are system supporters, because they rely on the global configuration of power for their own position, as well as benefiting from their position in a myriad number of ways. In this regard, a bilateral aid programme provided by a middle power, such as OfD, is not likely to have a major influence on global structures. The Norwegian state's approach and policies are, thus, inefficient agents for the achievement of structural change.

However, when employing the rhetoric of foreign policy discourse that favours change, making use of a terminology of good governance and development only serves to support and strengthen the underlying hegemonic system. The Norwegian state's foreign policy can be classified within the framework of traditional middle powers, by masking reality, upholding the status quo, and not displacing any fundamental global structures or institutions. Engaging with a predictable and stable Angola is obviously in Norway's strategic national interest, as doing so would facilitate bilateral relations. Behaving as a traditional middle power, Norway's engagement with Angola, through OfD, is characterised by pursuing economic gains. By promoting a 'comparative advantage' – upon which petroleum-related aid is based – one can also see how aid has become a comparative advantage for Norwegian interests. It is evident that, when one has Norwegian officials sitting close to the oil administration in petro-states, advising them on how better to deal with international oil companies, trade and aid are to the advantage of the Norwegian state. The motivations behind OfD might be seen as twofold. On one hand, Norway builds on its niche and reputation as a successful oil-rich nation that has not been trapped in the resource curse. On the other hand, OfD is also seen as an opportunity to internationalise Norway's petroleum industry.

Whereas the aid from Norway to Africa originally was based upon solidarity and a very limited national self-interest, a change has obviously occurred, of which OfD is a good example. The neo-liberal development approach emphasises the increasing role of involving private business in development strategies. Through

OfD, the Norwegian state has formulated an aid programme, masking its neo-liberal development approach by incorporating Norwegian business interests and development goals in the same programme. The phenomenon is not necessarily new – however, it is very well institutionalised through OfD, illustrating the underlying neo-liberal turn in Norwegian aid.

In an attempt to identify entry points for change in Angola, the present chapter has concluded that global and state levels alone would be inefficient entry points for change in Angola. Several global actors are interested in maintaining the existing structures in Angola, largely in order to be able to extract natural resources under the same conditions and at the same profit levels. With the lack of political will from the government of Angola, and a lack of political will from the international community, it is unlikely that any attempts will be made by the actors concerned actually to deal with the structures of the political economy in Angola, and Angola's position in the hierarchy of the global order. The USA is intent on cultivating relationships outside the Middle East, so that it can decrease its dependency on the oil supply from such an unstable region. It is, therefore, unwilling to place pressure on the Angolan government over issues of economic governance and redistribution, since it benefits from the maintenance of the current status quo.

Angola is a country that has been dependent on foreign aid to a much lesser extent than have other countries in Africa, with the result that the instrument of foreign pressure, using aid as a 'carrot and stick', remains limited. However, Angola is not as fundamentally isolated and resistant to external pressure as one might assume. The Angolan government has, in the past, been able to take an *à la carte* approach to different reforms and to advice given from foreign donors and external agents (Shaxson et al., 2008). In other words, they have chosen those reforms that have been beneficial for the local elite, or have opted for reforms that avoid impacting on any of the fundamental political and economic structures, enabling the existing elite to remain in power.

In contrast, OfD has been assisting the Angolan state in developing a more efficient tax system, which, from a Western point of view, is seen as one of the

essential requisites that has to be in place in order for resource-rich countries to benefit from their natural wealth. Norway has historically followed the trajectory of a typical Western European country, which underwent state–society bargaining over taxation throughout the 19th and 20th centuries, and which helped form the structures that are currently in place.

Moore (2007) argues that taxation matters is of fundamental concern when good governance is a goal, since it can be seen as a form of bargaining between the government and its citizens that can benefit both state structures and social welfare. Taxation matters can be used as a social fiscal contract, which hopefully will result in an efficient and accountable public authority and a higher standard of living for the general population. However, when the main source of income comes from natural resources in states that have not undergone a long process of state–society formation and political and economic transformation, governments run by elites often turn to global actors with whom they can negotiate to maintain their income, rather than orienting themselves towards their citizens. Such behaviour, in turn, is related to the process of state formation in Africa, which, from the outset of colonial rule, was oriented towards supporting ‘native administrations’ that could facilitate colonial rule and processes of extraction. The institutions and practices of indirect rule colonialism that were Angola’s political inheritance on the eve of independence, did not transform overnight. Former colonial regimes supported local elites that supported Western interests and deliberately undermined political leadership that aimed to transform structures and political practices from below (Murithi, 2009; Rodney, 1972). The global environment thus aided in creating perverse incentives for the political elites to maintain the status quo. The incentive to engage with the citizens and to create public institutions was weakened (IDS, 2010:70). Mamdani (1996) further speaks of the problem of citizenship inherited from colonial rule. That is, the bifurcated political system that created both citizens (governed by civil law and administration) and subjects (governed by native law and authorities) has left behind a problematic legacy, in terms of an absence of civil society and citizens who are equal under the law.

The Norwegian International Development Minister, Erik Solheim, declared, as have many other ministers around the world, that Norway will continue to support the Angolan government through state–state relations and bilateral aid (Report to Storting, no. 13, 2008–2009), even though such an avenue has not proven to be an effective point for fundamental change, either theoretically or empirically. Generally, industrialised countries have been unwilling to jeopardise their national oil companies and other national interests in terms of their relations with Angola, and, therefore, have chosen not to challenge the method and style of governance in Angola in any fundamental way, but rather to continue their support for maintaining the status quo.

CHAPTER 5

RHETORIC, POLICY AND REALITY

5.1 Introduction

An article in *The Economist* (2007) describes Norway as a country with one of the world's best reputations for peace, but also notes that the road ahead is a mixed one for such a middle power as Norway. During the 1960s and 1970s, Norway was able to position itself as a nation seeking peaceful solutions between the superpowers. In the 1980s and 1990s, when the neo-liberal agenda was the dominant paradigm, the Norwegian model illustrated that a strong and active government was still important in terms of political economy. As the Norwegian national self-interest has become more evident in the country's foreign affairs and aid, the state has come increasingly to struggle more to stand apart from other states.

The current thesis has, so far, critically challenged the theoretical foundation of Norway's most prominent aid programme, OfD, using a critical political economy framework. The thesis has also challenged the given assumptions of the Norwegian aid policy, highlighted contradictions, and weighed rhetoric against reality. This final chapter will draw what has been said in the previous chapters together and consider Norway's role, in terms of the OfD in Angola, as a supporter of the status quo on both the national and the global level. Many of the core arguments and findings from the previous chapters will be revisited in this chapter.

5.2 Summary of Findings

Chapter One gave the historic background to the Norwegian foreign aid switch towards West Africa from the mid-1990s onwards, describing how the OfD followed a decade later. The background regarding the Norwegian self-concept of being a selfless aid agent with no national interest in development aid showed

the importance of the topic. Chapter One also highlighted the lack of academic research about the topic.

The Norwegian self-conception of a 'do-good nation', linked to the concept of middle powers, was further elaborated on in Chapter Two. While there is little controversy in the literature concerning Norway's position as a middle power, Norway is distinguished more accurately as a traditional middle power due to its characteristics (wealthy, stable, egalitarian, social democratic, and not regionally influential) and its behaviour, as creating an identity that is distinct from other powers and how it pressures for global reform (Jordaan, 2003:165). It was also argued that the adoption of a critical approach is most useful when analysing Norway's role and its actions within the global structures, due to its focus on the middle powers' position in the global political economy, with the elite being complicit in the neo-liberal project. Furthermore, the adoption of such an approach also serves to problematise Norway's 'do-good image' and to identify the element of national self-interest on a deeper level.

Chapter Three illustrated that the theoretical frameworks upon which OfD is based, namely the resource curse thesis and the good governance agenda, are weakly developed and that there is a clear need for a more nuanced approach. It is important to understand the academic gaps in the relationship between natural resources and development, and that, when only relying on Western scholars, one should be cautious when dealing with the literature. With the greater focus on institution-building as part of development assistance over the last decade, there has been an absence of deeper analysis of how institutions evolve and persist. Both the resource curse thesis and the rhetoric concerning good governance are developed by Western research institutions, and have been adopted by Norwegian aid policy, which clearly represents a problem-solving approach.

Chapter Four looked at Angola as an empirical case study. The country experienced 400 years of slave trade from the beginning of the 16th century onwards, with millions of the Angolan workforce being taken overseas (Guimaraes, 2001). The era was followed by half a century of systematic and

industrialised colonialism, during which the Portuguese exploited the country's natural resources. The political economy of Angola has maintained the same basic structure for the last few centuries, in which export and exploration have been the main features. The power structures remain the same in the post-colonial era as they were before independence in 1975, with the Portuguese elite merely being replaced by a native Angolan elite. Oil was one of the key components in financing the 27-year long civil war from 1975 to 2002. However, the end of the war in 2002 has not led to any significant fundamental change, as the majority of the population is still excluded from benefiting from the country's large natural resources.

The current thesis has, in general, argued that structural change is key to development, and that it is important to understand how positive change takes place. The aim is to identify entry points for such change, with a critical political economy analysis being able to serve the purpose. There is no shortage in theoretical toolkits within development agencies. However, when approaching underdeveloped, fragile and post-conflict states, the critical political economy approach has been used to a limited extent in recent decades. Only in recent years has the approach regained recognition among development agencies (UNDP, 2010).

While the Norwegian attempt to trigger change by engaging with the government of Angola has been rather ineffective, the attempt remains the main entry point for change for Norway's focus on Angola. Whereas the theory points to civil society as being a more effective entry point, the channel is receiving most of its support in terms of rhetoric, and not real action. OfD can be described as problem-solving, rather than critical, and has, to a limited extent, brought about fundamental change for the majority of the Angolan population.

Recognising the benefits of a critical political economy analysis, many development agencies have incorporated the approach in their development assistance frameworks.⁴⁸ So far, Norway, including Norad, has not adopted a

⁴⁸ For example, The Netherlands Strategic Governance and Corruption Analysis includes an overview of the social and political factors that shape the political system, including both formal and informal institutions of the states and private sector. Another example

political economy analysis in their work. Kolstad et al. (2009) clearly conclude that the lack of political economy analysis in OfD, as it currently is, is a handicap for the programme and it will, therefore, not bring about the change that is needed in Angola. The current thesis has stressed the importance of adopting a holistic understanding of the challenges and the political processes that enable states to be responsive, capable and inclusive if one aims to contribute to development that will have a real impact on the poorest of the people, which, in the case of Angola, are most of the population.

5.3 Norway – a Traditional Middle Power in Angola?

Norwegian politicians take pride in formulating policies that reflect concern for the poorer parts of the world. The Norwegian government also pushes for reform by challenging large global multilateral institutions, such as the World Bank to reform so that it can benefit its clients, and not only its rich owners. In general, there have been few global reforms since neo-liberalism first started in the 1980s. However, in 2005 a Norwegian coalition government presented an extremely offensive new political platform in the form of the Soria Moria Declaration (2005). The rhetoric in the Declaration gives the impression of it being a 'post-imperialist' North–South agenda (Bond, 2008:77), which is led by a new government with a strong influence from a progressive Norwegian civil society.

The political declaration in 2005 set a high standard for a financial shift between the North and South, so that a more offensive position could be adopted towards the redistribution of global wealth. There was a clear message in the Declaration that Norway should withdraw its support from such neo-liberal institutions as the World Bank and the IMF, since the institutions had illustrated that the will for reform was marginal. Rather, Norway would increase its support through other multilateral channels, such as the UN, focusing on development programmes and emergency assistance. However, the political platform remains

is Sweden's Political Power Analysis. Even the World Bank, which traditionally was reluctant to include too much political analysis in its development strategies, is now including a political economy framework called the Problem-driven Governance and Political Economy Analysis Good Practice Framework.

to build on the neo-liberal rhetoric that is associated with the World Bank and other neo-liberal institutions, in discussions of transparency, anti-corruption and good governance.

The political platform in the Soria Moria Declaration included a commitment to reducing the illegitimate debt burden for poor countries, with it wanting to make sure that Norway did not financially support the Third World, in terms of liberalisation and privatisation. In February 2007, the first actual move away from the World Bank was taken. Norway withdrew its support to the World Bank's privatisation facility, due to several critical NGO reports. In August of the same year, the Norwegian Petroleum Fund (The Norwegian Pension Fund) sold its shares in many global funds and major firms, such as Wall Mart, DRD Gold Limited, Freeport McMoRan Copper and Gold, due to ethical concerns about such funds and firms. Bond (2008:79) argues:

these initiatives appear to potentially shake post-Cold War, North-South power relationships and suggest new prospects for a social-democratic reform agenda for global governance. However, much deeper dilemmas remain because some of the Norwegian reforms legitimate the existing system rather than confronting and weakening it.

When it comes to actually shaking the prevailing global structures and to negating the neo-liberal institutions to which Norway has been so loyal since their origin, a closer look reveals that Norway has not really kept the promises that it made in the Soria Moria Declaration in 2005. First and foremost, Norway, in 2006, cancelled debts in the shipping industry from the 1970s for many Third World countries. The government later admitted that the loans given to 21 countries in the 1970s were not sustainable and that they benefited Norwegian interests. The interest and profit that Norway had made on the loans were not paid back in 2006, although Norway will eventually profit from the agreements any way (Bond, 2008). Another example is the Norwegian move away from the World Bank in 2007, with Norway withdrawing USD 2.8m from the Private Public Investment Fund, with, only a few weeks later, the government of Norway disbursing USD 200m to the World Bank International Development Association.

As Chapter Two showed, it is not the fact that Norway is a substantial promoter of peace, or that it gives a large amount of its GDP in aid, or the fact that it

participates in multilateralism that makes Norway a middle power. It is rather Norway's position, role and interest in the global political economy vis-à-vis the world order that makes the middle powers not challenge the fundamental position and global structures. Power relations are deep and one needs to go deeper than only accepting a surface-level rhetoric when asking whether Norway really does challenge the neo-liberal structure with the aim of creating change. Bond (2008:93, 95) concludes:

Oslo's ongoing collaboration with the Bank in many settings sets back the cause of social justice, by continuing to provide legitimacy to one of the world's most undemocratic and economically regressive institutions... For the Norwegian Government, the time has come to decide whether resources and legitimacy will continue to be given to those, like Wolfowitz and Zoellick, who will set back progress, or instead to those who will advance it – which, in prior decades, were given to oppressed civil society and liberation movements in Africa.

The school of neo-realism suggests that there is no space for ethical concerns in foreign policy. Neo-realism, as a broad theoretical approach, would argue that Norway's engagement in Angola eliminates the poor majority of Angola and identifies the strategic interest of Norway as the main reason for its presence in Angola. The individual conditions, rights and welfare have little implication – as long as they do not impact on the state's power. This thesis has elaborated on a more Marxist view, suggesting that states act like this since middle powers have a larger interest in acting in relation to other capitalistic states to maintain the status quo in global political economy structures.⁴⁹

A quarter of a century ago, it probably seemed very unlikely that Angola would become one of Norway's most important partners. However, at the time of the current study, 40 per cent of Statoil's international production took place in Angola, with Hydro being about to sign one of the largest international contracts ever to be signed abroad by a Norwegian company, for a hydropower station, including an aluminium platform worth NOK 30bn, in partnership with the

⁴⁹ B. Barratt (2005) looks closely at how human rights abuse and poor conditions for the people in the recipient country only have a negative influence on aid, with the aid donor having neither an economic nor a strategic interest in the recipient country. She continues her argument by claiming that the middle powers, in particular, refuse to punish states that are of strategic interest or importance to greater powers and allies.

Angolan government. NGOs have, for several decades, been producing reports documenting that the Angolan government is looting the state and its people for its oil revenues.⁵⁰ Nonetheless, the Norwegian government states very clearly in their White Paper related to Norway's approach towards the developing world (Report to the Storting. no. 13, 2008–2009) that Norway will continue its state-state support to Angola. The three largest Norwegian companies in Angola are partly state-owned.⁵¹ All the above-mentioned investments have serious implications for the Norwegian economy, with one example being that Norway's national interest is largely present in Angola.

The Stortingsrapport's (Report to the Storting, no. 15, 2008–2009) White Paper touches upon the dilemma of having a national interest in those countries to which Norway also contributes aid. The White Paper states that many developing countries have become important actors in areas that used to be dominated by the developed countries. The argument is made that one can no longer see the economic world as being divided into 'North' and 'South', since many of Norway's most important present-day partners in trade are amongst the least developed countries in the world. The government paper states very clearly that Angola is one of the countries in which Norway has substantive interests. Norwegian self-interest is becoming increasingly more evident. Norwegian companies are investing ever more in the West African region, especially in Angola, with its commercial role in the area rising fast, whereas the political role remains very limited.

With an increase in the number of Norwegian embassies in West Africa, parallel with an increase of Norwegian private sector investments, the role of the embassy has become twofold. Embassies are tasked with managing development assistance, while simultaneously promoting Norwegian business opportunities in the region, assuming that doing so will benefit both the developing country and Norwegian business. However, there is no guarantee that increased business will automatically result in improved development and welfare. It will all depend

⁵⁰ See, for e.g., Global Witness reports on www.globalwitness.com or Alexander and Gilbert (2008).

⁵¹ Statoil, Hydro and Yara.

on the structures that are present in the country of origin. In the case of Angola, it is evident that a record-high GDP growth has not had a large effect on the standard of living of most of the population.

In relation to the guiding research question of the thesis – regarding whom the OfD programme is aiding in Angola – the answer seems clear, namely the Angolan elite government, which was elected in 1992. By continuing with state-state assistance, the Angolan government will choose to implement those reforms that do not challenge the power balance within the country.

The main point of Chapter Four was to show that it is in the interests of the key actors within the IPE related to oil as well as to the elite in Angola to maintain the status quo in the country, from which Norway also benefits. To reform governance means that one needs to challenge the established power structures, which entails a political process, whereas Norway's role in the whole West African region is limited. Changes in power structures are often hard to achieve, with such change, in the present instance, requiring change within the Angolan elite. However, such changes are also not popular in the North, since they most likely would lead to the destabilisation of entire nations.

The political reality of Norway's engagement in Angola is far from being 'exceptional'. In the current study, a critical approach was adopted to reveal and explain the self-interest of Norway's foreign aid policy by approaching it historically and by questioning given assumptions and highlighting contradictions. The Norwegian presence in Africa is also undergoing significant change. Whereas, half a century ago, Norway had few interests on the continent, the picture is quite different today. Africa is becoming a very important trading partner for Norway, and their economic relationship is likely to intensify. Such intensification would definitely change Norway's role on the continent, and if Norway were not able to make some coherent decisions regarding the role that they want to play, it is in danger of losing its image as a 'different' actor, which will be likely to weaken Norway's image of being an altruistic aid donor. Without clearly prioritising those areas where Norway can make a difference, the country will lose its current ethical niche and its comparative advantage.

Norway's foreign aid policy lacks coherence and is obviously contradictory in many ways. OECD (DAC, 2008) concluded that Norway "has not yet developed an overall approach" to promoting coherence in government policy, and that it "needs to turn the rhetoric into reality" (cited in Curtis, 2010:23). Lunde and Thune (2008) concluded that Norway's primary foreign policy interest lies in strengthening the international legal, social, economic and security order, in line with its ally, the USA. Much of the reasoning behind such support could be found in Norway's global position, with Norway deriving much of its wealth, and its position, from the system.⁵² In Norway, interests and ideals, such as peace, good governance and stability, are often closely linked.

Broadly speaking, Norway's foreign policy can be seen as incoherent, with some policies supporting the present world order, whilst other policies are reformist and indicate a will to bring about change, though such change is rarely seen in reality (Curtis, 2010:25). The OfD does not deal with the underlying challenges that stagger development in Angola, and its approach can be described as being problem-solving rather than critical. Approaches towards the Third World are changing, with political economy analysis becoming more acknowledged as an analytical approach. The current thesis encourages Norway and Norad to follow the trend.

5.4 Final Remarks and Further Research

This thesis has raised many critical questions, with it not being the aim to answer all, but rather to illustrate that such issues deserve more attention within the context of development. Whereas the thesis has limited itself to focusing on the Norwegian state as an actor, it is evident that the country's business interests are increasing worldwide. The effect will be that Norway's international image will largely come to depend on the behaviour of the country's private sector development abroad, since the investments concerned exceed public ones. If the private and state-owned actors do not see it as their goal to operate in

⁵² Curtis (2010) highlights UN's Convention on the Law of the Sea, in terms of which Norway obtains most of its oil and fish resources, as an example.

accordance with human rights principles, and continue to benefit from undemocratic systems, such as that of Angola, their doing so will have a negative effect on Norway's image and reputation. The OfD is, in many ways, structured so as to take care of some of the concerns, but as was mentioned earlier, the programme has been criticised for being a gate-opener for Norwegian oil companies and commercial interests. The picture of who Norway is and what its interests are in Africa is becoming increasingly more complex, and it is obviously a simplification to see Norway as a single-minded actor. In terms of development, with ever more Norwegian actors expanding into Angola, it becomes pressingly more important to follow the effects of such development. Consideration must be given to how development affects the Angolan population. Whether it contributes to a strengthening of the Angolan elite, or whether there are possibilities of continuing the expansion in a manner that benefits the Angolan people to a larger extent than does the current system is debatable.

Angola itself sees it as important to diversify its partnerships, so that it can maintain beneficial economic arrangements with those partners whom it chooses. Their striving to maintain such arrangements creates a situation in which the government of Angola can remain in better control, without any external actors becoming overly influential. China is one of the largest external actors in Angola, and is relatively honest about its intentions in the country, which concerns its need for Angola's natural resources so that it can continue its own development. China's approach is also quite different from the approach that has been taken by Norway, with the former country wishing to trade in natural resources for rapid post-conflict infrastructure. China's approach has received much attention, since its foreign policy does not concern itself with the human rights situation in the recipient country. Another way of seeing China's approach is that it contributes towards an infrastructure that not only benefits the elite in Angola, but which also reaches the broader parts of the population to a much larger extent than the Norwegian aid seems to do. Clearly, more in-depth research is needed by those actors who do not have a commercial interest in Angola, in order to gain a better understanding of what kind of aid modality

would be most beneficial and effective in uplifting the living standards of the Angolan poor.

Norway's position as a traditional middle power in the future is also highly dependent on the potential of the emerging powers. Such countries as China, India and Brazil are playing an increasing role in international relations, and, at one point, they might challenge today's world system. In an era of US-led dominance, traditional middle powers have been in a favourable position, with them supporting the system since their own position has been dependent on such an hegemonic power. However, in light of new developments in the international system, their positions might be threatened, and they could easily disappear into a structurally irrelevant group of countries (Toje, 2010). Based on the understanding that Norway's power relations with other countries depends on the hierarchy that is centred around US hegemony, further research is needed into how a changing world order might impact on Norway.

It has not been the intention of the current researcher to dwell on specific CSOs which OfD could or should support, since this, in itself, is a challenging question with no simple answer. Supporting CSOs and creating mechanisms for a participatory civil society does not mean that civil society actors will act in unity, which would result in collective action. Research that has been undertaken by the Institute of Development Studies (IDS, 2010) concludes that collective actions that benefit the poor do not automatically come from strengthening CSOs. Whereas some organisations have a bigger influence than others, it is not obvious that those with wide national networks necessarily represent the broad interests of civil society as a whole. The study concludes that it is probably most beneficial to support those civil society networks that have a strong vertical reach so as to be able to achieve improvements in social accountability (IDS, 2010:45). More research is needed to find a suitable way in which Norway can help to strengthen Angolan civil society.

The difficult question in the development discussion is obviously whether it is best to continue doing 'business as usual', while hoping for the Angolan model of 'baking the cake first, and sharing it later' to evolve until, one day, the Angolan

poor will benefit from the country's vast natural resources. The alternative is to encourage Norway to retain its integrity and to take a stand that does not allow for the conducting of business with a non-democratic government, such as that of Angola, so long as the latter country's political will to redistribute its oil revenues remains limited.

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