

Political Regionalisation and Oil Production in Africa: the Case of the LAPSET Corridor

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Abstract

This study analyses regionalism in Africa from a theoretical and an applied perspective. The purpose of the study is to contribute to the critical and reflectivist corpus of theories of regionalism. This field is dominated by rationalist theories that are largely preoccupied with formal inter-state and market-driven processes of regional integration. The rationalist theoretical hegemony in academia and politics serves to reinforce and reproduce neoliberal ideology informing global political economic practices. This study illustrates the limitations and normative assumptions of these orthodox frames and demonstrates the multidimensionality of regionalisation. The study applies a combination of three critical reflectivist theories: the World Order Approach, the New Regionalism Approach and the New Regionalisms Approach/Weave-world in an analysis of an ongoing regional oil and infrastructure project in East Africa called the Lamu Port, South Sudan and Ethiopia (LAPSSET) Corridor. The study's primary research question investigates the extent to which oil production is driving the manifestation of (new) regionalism in East Africa, especially in terms of the LAPSSET Corridor, with secondary questions identifying the actors involved in this regionalisation, and what the theoretical framework reveals about the regionalisation in East Africa. After a review of some of the most influential theoretical contributions to the study of regions a critical reflectivist approach is suggested as an alternative to conventional rationalist theories. A broad historical overview of the East African region is elaborated with a focus on Uganda and Kenya, highlighting the social, cultural, political and economic evolution of the region before reflection on how forces of production relate to regime type in East Africa. Subsequently, a case study establishes an assessment of the historical and social construction of the LAPSSET Corridor. The objectives of the LAPSSET Corridor and its implementation mechanisms are scrutinised and viewed in comparison with its potential for inclusiveness of local participation and sustainable socio-economic development. Two important conclusions can be drawn from this study. The first is that oil production is critical in the current regionalisation in East Africa. However, the nature of this regionalisation flows contrary to other regional motives. The second conclusion is that the anti-reductionist and critical reflectivist approach is indeed essential to fully understand the variety of multi-level factors of structures and agency that influence regionalism and regionalisation in East Africa.

Opsomming

Hierdie studie analiseer regionalisme in Afrika vanaf 'n teoretiese en 'n toegepaste perspektief. Die doel van die studie is om by te dra tot die kritiese en reflektiwistiese liggaam van teorie oor regionalisme. Hierdie studieveld word gedomineer deur rasionalistiese teorieë wat meerendeels besig is met formele inter-staat en markgedrewe prosesse van regionale integrasie. Die rasoniese teoretiese hegemonie in akademia en politiek versterk en herproduseer sodanig neoliberale ideologie wat global politiek-ekonomiese praktyk bepaal. Hierdie studie wys die beperkinge en normatiewe aannames van hierdie ortodokse beskouings uit, en ontbloot die multidimensionaliteit van regionalisering. Die studie pas 'n mengsel van krities-reflektivistiese teorieë toe: die Wêreldorde Benadering, die Nuwe Regionalisme Benadering, en die "Verweefde Wêreld" Benadering in 'n analise van die regionale olie en infrastruktuurprojek in Oos-Afrika wat die "Lamu Port, South Sudan and Ehtiopia" (LAPSSET) Korridor genoem word. Die studie se primêre navorsingsvraag fokus op die mate waartoe olieproduksie die manifestering van (nuwe) regionalisme in Oos-Afrika dryf, veral in terme van die LAPSSET Korridor, met sekondêre vrae om die akteurs te identifiseer wat betrokke is by hierdie regionalisering, en wat die teoretiese benadering blootlê aangaande die regionalisering in Oos-Afrika. Na 'n oorsig van die belangrikste teoretiese bydraes tot die studie van streke word 'n krities-reflektiwistiese benadering voorgestel as 'n alternatief vir konvensionele rasoniese teorieë. 'n Breë historiese oorsig van die Oos-Afrika streek word verskaf, met 'n fokus op Uganda en Kenia, en dit beklemtoon die sosiale, kulturele, politieke en ekonomiese ontwikkeling van die streek voordat 'n oordenking van hoe die magte van produksie betrekking het op regimetype in Oos-Afrika. Voorts verskaf die gevallestudie 'n oorsig van die historiese en sosiale daarstel van die LAPSSET Korridor. Die doelwitte van die LAPSSET Korridor en sy implementeringsmeganismes word geëvalueer en beskou in vergelyking met sy potensiaal vir die insluiting van plaaslike deelname en volhoubare sosio-ekonomiese ontwikkeling. Die studie maak twee belangrike gevolgtrekkings moontlik. Die eerste is dat olieproduksie krities belangrik is in die huidige regionalisering in Oos-Afrika. Maar tog is die aard van die regionaliseringspatrone teenstrydig met ander streeksmotiverings. Die tweede gevolgtreking is dat die teen-reduksionistiese en krities-reflektiwistiese benaderings wel sentraal staan tot 'n volle beskouing van die verskeidenheid van veelvlakkige faktore wat regionalisme en regionalisering in Oos-Afrika beïnvloed.

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List of acronyms and abbreviations

AEC	African Economic Community
ADF	Allied Democratic Force
AfDB	African Development Bank
AMISOM	African Union Mission in Somalia
AU	African Union
BDM	Barrels per day
CMI	Christian Michelsen Institut
CNOOC	Chinese National Offshore Oil Company
DRC	Democratic Republic of Congo
EAC	East African Community
EACSO	East African Common Service Organisation
EAEC	East African Economic Community
EAHC	East African High Commission
EARH&H	East African Railways and Harbours
EC	European Community
ECSC	European Coal and Steel Community
EDC	European Defence Community
EEC	European Economic Community
EITI	Extractive Industries Transparency Initiative
EPC	European Political Community
FTA	Free trade Areas
GEMA	Gikuyu, Embu and Meru Association
CLR&PD	Centre for Legal Research & Policy Development
CSCO	Civil Society Coalition on Oil and Gas
CSO	Civil Society Organisations
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GHEA	Great Horn of East Africa
ICBT	Informal cross border trade
IDMC	International Displacement Monitoring Group
IDP	Internally displaced people

IFI	International financial institution
IHRB	Institute for Human Rights and Business
IMF	International Monetary Fund
IPE	International Political Economy
IR	International relations
IRR	Internal Rate of Return
JPC	Japanese Port Consultants
KANU	Kenyan African National Union
KPMG	Klynveld, Peat, Marwick and Goerdeler
LAPSSET	Lamu Port, South Sudan and Ethiopia
LCDA	LAPSSET Corridor Development Authority
LPA	Lagos Plan for Action
MFA	Ministry of Foreign Affairs
MWAPORC	Mwambani Port and Railway Corridor
NARC	National Rainbow Coalition
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
NIEO	New International Economic Order
NPA	National Planning Authority
NRA	New Regionalism(s) Approach
NRM	National Resistance Movement
NRsA	New Regionalisms Approach/Weave-world
ODM	Orange Democratic Movement
OSCE	Organisation for Security and Cooperation in Europe
PNU	Party of National Unity
PPP	Public-private partnership
PSA	Production Sharing Agreement
PWYP	Publish What You Pay
REC	Regional economic communities
RoK	Republic of Kenya
RoU	Republic of Uganda
RVI	Rift Valley Institute
SAP	Structural Adjustment Programme

SDI	Spatial Development Initiative
TEU	Twenty-foot container equivalent units
TNC	Transnational corporation
UDAO	West African Customs Union
UDEAC	Economic and Customs Union of Central African States
UGX	Ugandan Shilling
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNECLA	United Nations Economic Commission for Latin America
UNICEF	United Nations Children’s Fund
UN/WIDER	United Nations University/World Institute for Development Economics Research
UPDF	Ugandan People’s Defence Force
USD	United States dollar
USITC	United States International Trade Commission
WDM	Word Democratic Movement
WOA	World Order Approach
WTO	World Trade Organisation
WWF	World Wide Fund for Nature

For practical reasons the following abbreviations are used in relation to references:

Art	Article
Ch	Chapter
n	foot-/endnote
nd	no date
para	Paragraph
sn	<i>sine nomine</i> (no named publisher)

Chapter 1

1 Introduction

1.1 The history of regionalism

Regions, understood as the connection between entities of political, economic, social and cultural significance have existed for a long time in our history. However, political and academic debates about regional integration, cooperation and regionalism appeared in Europe only after the Second World War. In the last decades regionalism has become a persistent attribute of international affairs. Only one member of the World Trade Organisation (WTO) – Mongolia – does not belong to any regional arrangement. Regionalism is also one of the forces which in the last decades has been “challenging the traditional centrality of states in international relations” (Best & Christiansen 2012: 430).

The relevance of the phenomenon of regionalism/regionalisation has appeared and disappeared like ‘waves’ since the end of the Second World War, and has gained momentum since the mid-1980s, both theoretically and empirically. The contemporary academic debate on regionalism distinguishes between the ‘early’ and the more ‘recent’ debate on regionalism, which has widely gained acceptance. Simultaneously, the two categories correspond empirically with a first ‘old’ and a second ‘new’ wave, respectively, of regionalisms.

Since the emergence of regionalism in the political and academic spheres there has been an evolution with regards to the theoretical perception on regionalism and integration theory. The so-called mainstream theories (Neorealism, Functionalism, Institutionalism and Regional Economic Integration) have dominated the field and to a great extent influenced the political economic strategies and development of different regional projects. In contrast to rational, mainstream theories of regional integration, the reflectivist theoretical framework – New Regionalism Approach (NRA) – is more concerned about the historical context and agency of regionalisation, which “requires in-depth knowledge of how actors think of themselves, their motivations, identities and strategies, as well as how they are influenced by other actors and their contextual surroundings” (Söderbaum 2004: 4). Another important contribution by Söderbaum to

the new literature on regions is the emphasis granted the civil society as a dynamic force on the regional level (Söderbaum 2007).

1.2 Regionalism in Africa and the LAPSSET Corridor

In contemporary Africa regionalism (re-)emerged as a consequence of the struggle against colonialism. However, these regional arrangements were often a reconstruction of colonial and pre-colonial regional constructs (Abir, 1968; Söderbaum 2004; Bakewell & de Haas 2007). In the pre-colonial era pastoral migration patterns and trade caravans established trade routes and ties between people generating proliferation of commodities, language, technologies and culture across regions in Africa and far beyond the continent. The arrival of the Europeans in Africa witnessed the reconstruction of these trade routes and regions. In East Africa, the British rulers constructed railways in order to gain dominance in the region and to enhance the potential wealth in the coffee, tea and cotton production in the region. Regional institutions were established and transnational co-operation encouraged by the colonialists to maximise the potential of the countries. With independence in the 1950s and 1960s the new independent governments sustained the regional institutions and co-operation. The current greater continental adherence to sub-regional arrangements derives from the approach of the African Union (AU) and the New Partnership for Africa's Development (NEPAD) to enhance intra-regional economic growth, development as well as conflict management. The various regional economic communities (RECs) in Africa have recently advanced with functional co-operation. However, various institutional weaknesses are hampering national implementation and effective integration, which have been exacerbated by the assortment of overlapping regional arrangements on the continent. In addition, there is an elusiveness for the factors required for deepened integration. While the economies have been lacking sufficient complementarity, integration has also been hindered by the absence of strong regional focal points. Narrow domestic constituency in terms of pressure from civil society and business interests and the unwillingness to pool sovereignty have been impediments to real integration (Economic Commission for Africa & African Union 2006).

As mentioned above, the East African region is not a novel phenomenon, and the East African Community is the second attempt in the post-colonial era to established a formal institutionalised regional community in East Africa. Even though the region is one of the

most successful arrangements in functional regional integration on the continent, the EAC faces many of the same challenges as other RECs in Africa. Poor infrastructure is one of the main factors behind the slow pace of regionalisation and integration as well as the low level of cross-border, intra-regional and intra-continental trade in Africa. Poor infrastructure is also the reason why the countries' peripheral micro-regions remain very unproductive. A report by the African Development Bank (AfDB) (2013) on the state of infrastructure in East Africa says that “[s]urface transportation costs associated with logistics in East Africa are higher than in any other region in the world” (AfDB 2013: 4).

The most deprived infrastructure sector in East Africa is energy production. The sub-region of East Africa “has the lowest generation capacity after Central Africa [...] and the smallest per capita generation in the whole of the continent” (AfDB 2013: 4). The AfDB (2013: 4) recommends enhanced regional integration and intra-regional trade in energy to “reduce costs, and ensure greater reliability of supply”. The recent discoveries of oil and natural gas could therefore present several factors which can encourage and facilitate regionalisation. First, and because of the geographical circumstances of the region, the countries must improve the regional infrastructure (pipelines, roads, railways, refineries and ports) which will in turn allow for a better integrated regional market. Second, the oil and natural gas sector could have a ripple effect creating job opportunities, not only in the oil sector, but in the construction and maintenance of the infrastructure necessary to support the oil production in the region. Third, the micro-regions where the pipeline is intended to go, where the port under construction and where the oil extraction will take place are all traditionally neglected provinces of East Africa. As reports note (AfDB 2013) the exclusion of these regions is a loss of potential productivity and increased gross domestic product (GDP). Fourth, the introduction of oil and natural gas to the regional economy will to some extent help diversify the regional economy. Fifth, the political elites are all showing great interest in developing the regional oil production and infrastructure. This might constitute the regional focal point the region has been missing so far. Sixth, while oil production has not always proven to be a source of sustainable socioeconomic development, the sector seems to have changed since production started in, for example, Nigeria. Global governance organisations like the international standard Extractive Industries Transparency Initiative (EITI) and increased pressure from civil society organisations (CSOs) might

have the leverage to secure a more transparent and inclusive industry in East Africa. Tanzania is the only EAC member state with membership status to the EITI. Uganda and Kenya have both restated their intention to join the initiative, and oil corporations, such as Tullow Oil and Total, with extraction contracts in Uganda and Kenya are EITI stakeholders.

The process of constructing the Lamu Port, South Sudan, Ethiopia (LAPSSET) Corridor, a development corridor including oil and transportation infrastructure connecting Ethiopia, Kenya, South Sudan and Uganda, is to a great extent an endeavour to reconstruct an intra-regional liaison that dates back at least to the 18th century, and which includes the area today consisting of Northern Tanzania, Kenya, Burundi, Rwanda, Uganda, Southern Ethiopia and South Sudan. The region is interlinked by cultural, social, political, economic and other strategic factors as well as shared languages and long historical linkages (Obala 2012: 1). The caravan trade routes of the Zanzibari merchants witnessed the establishment of a trade network covering more than only the current EAC territory, and includes South Sudan and Southern Ethiopia. These trade routes had significant impact on the region and saw the establishment of merchant villages, spreading of ideas and culture, technology and language, such as Swahili. Several of the countries also share a common colonial history under the British, who set up regional institutions in efforts to integrate the region. At present, the EAC is constituted by the five countries of Burundi, Kenya, Rwanda, Tanzania and Uganda. South Sudan is an aspiring member to the community after its separation from Sudan in 2011 and Kenya has been pushing for the expansion of the EAC to include Ethiopia, Djibouti and Somalia.

There have been more recent efforts to create economic corridors between the east African countries of which the Uganda Railway is one example. The railway was constructed by the British and was an enormous and highly controversial project of its time, much like the LAPSSET Corridor today. The LAPSSET Corridor is a highly ambitious economic development project which will provide for an oil pipeline (connecting the oil reservoirs of Ethiopia, Kenya, South Sudan and Uganda), railway, highway, port facilities, refineries, airports and resorts. The objectives of the LAPSSET according to Kenya Vision 2030 is, first, to construct an intra-regional transport linkage between the above mentioned countries. Second, the project aims at promoting dynamic regional socio-economic development along the corridor, in particular in the

underdeveloped micro-regions between the countries. Third, the LAPSSET aims to advance regional development through the enhancement of cross-border trade (Kenya Vision 2030).

The LAPSSET Corridor route:



*The dashed red line and the black one to Uganda show the LAPSSET pipeline.
(The Economist (sn.) 2013)*

1.3 Research Problem

To a great extent, regionalism is a political phenomenon driven by state and non-state actors who apply it for different purposes. By taking a political perspective on regionalization this study attempts to identify the kind of actors driving the regional project in East Africa as well as their means and purposes.

The construction of the LAPSSET Corridor is a huge project with a price tag exceeding US\$30 billion. The participating countries will finance parts of it, but the main bulk of the expenses will be covered through a public-private-partnership (PPP), thus giving much ownership to external and private actors. The Treaty for the Establishment of the East African Community stresses the advancement of *people-centred*, market driven integration, inclusive of the private sector and civil society in the participation of the expansion of socio-economic development, and to strive for *harmonious and balanced growth and sustainable economic expansion conscious of equitable distribution* (EAC 2006). Therefore, one of the issues raised in this study is the compatibility between the means and strategy of the market forces involved in the LAPSSET project and the oil industry on the one hand, and the visions and commitments of the East African regional project on the other.

The LAPSSET Corridor stretches across the region's peripheral and historically marginalised and excluded territory and thus its impact is expected to "create jobs, reduce poverty, improve terms of trade and lower the cost of doing business" (RoK 2011: 24) on a local, national and regional level, but the actual inclusiveness of the LAPSSET Corridor and the associated oil industry in terms of local and regional participation is being questioned by the citizenry and civil society groups who fear their interests will be sidelined for capital interests of members of the elite, as well as for external and private actors. In the same vein, the construction of the different parts of the corridor will demand extensive labour participation, but it is debatable how much socio-economic developmental potential can be expected from the oil production in the region.

With reference to the EAC Treaty and its commitment to work with different stakeholders on the advancement of socio-economic development, one of the main goals of this study is to address the multidimensional societal process of regionalism in which states as well as non-state actors, such as "markets and the civil societies are all involved in a series of overlapping, contradictory and sometimes competing forms of regionalism" (Hettne 2004: xiii). A key issue to be examined is the role for external actors and civil society organisations in a regional infrastructure and oil production project such as the LAPSSET.

Finally, apart from the aim to provide an analysis of the social construction of the East African region, the study assesses to what extent the New Regionalism Approach

(NRA) can provide the lens and explanatory tools to assess political regionalisation and oil production in East Africa.

1.4 Research Questions

The aim of this study is to analyse a regional project using a specific theoretical approach. This study answers a set of research questions. In order to answer them, it first establishes an understand how processes of regionalisation is formed and how they are connected to different agencies, what the motives are for regionalism and regionalisation, what is driving the 'urge to merge', how the key actors are involved in, supporting or opposing the process of regionalisation, and finally, who the different actors are and how their relative strengths are distributed.

This study addresses the following research questions, grouped in one primary question and two secondary questions:

1. To what extent is oil production driving (new) regionalisation in East Africa, specifically in terms of the LAPSSET Corridor?
2. Which actors are involved in this regionalisation?
3. What, if anything, does the New Regionalism Approach reveal about the current regionalisation in East Africa?

1.5 Theoretical framework

During and after the Second World War, a debate emerged from certain political and academic circles in Europe about regional cooperation and integration. This debate was mainly preoccupied with the European experience and applied a theoretical framework with states and inter-state institutions as their central objects of analysis. Within the historical context and resulting from structural transformations of the global system in the 1980s a pluralisation of the academic discourse developed. New approaches, such as the World Order Approach (Gamble & Payne 2003, 1996), the New Regionalism Approach (NRA) (Söderbaum 2009, 2004; Söderbaum & Taylor 2008; Shaw 2000; Neumann, 2003; Hettne 2003; Hettne & Söderbaum 1998) and the NRA/Weave-world (Bøås *et al.* 1999, 2003) challenge the state-centric, market-oriented, problem solving theorisation of 'old regionalism', and inform the theoretical framework of this study.

Counter to the dominant perception in the field of regionalism, this study suggests that regionalism in East Africa is comprehensive and has many dimensions. In line with this argument the study questions the applicability of rationalist and to a large respect positivist theoretical frameworks, in particular with regard to their way of producing knowledge and their limited focus on formal and inter-state frameworks (Smith 2002: 70-72; Smith & Owens 2008: 176-177). Therefore, the proposed theoretical framework of this study is based on the New Regionalism(s) Approach (NRA). The NRA begins from a point of view that contemporary regionalism must be treated as a qualitatively novel phenomenon, in an ongoing process within a new context and a new content (Söderbaum 2004: 30). It emphasises the historical context and the importance of inclusiveness of the various relationships between the state, the market, the society and external forces existing within a particular regional space. Contrary to the theoretical approaches dominating studies on regionalism, the NRA also recognises that regions are socially constructed and reconstructed by these forces that join together in various forms of associations serving interests not necessarily compatible with those of other regional agents. This critical and anti-reductionist approach is intended to take account of the structurally and agency related multifaceted factors engaged in and driving the process of regionalisation in East Africa.

The study is based on three directly inter-related assumptions. First of all, the theories about our world reflect the actual reality of it. Secondly, the construction of the world depends on theories about it. Finally, and deduced from the former assumptions, all theories are value loaded (Söderbaum 2004: 3; see also Cox 1981). The theoretical framework in this study departs from the two most ideal approaches of building and testing theory. It transcends the deductive research approach because this approach entails that theory is created proceeding observation. At the same time it also transcends inductive theory since “[t]he limits inherent in inductive generalization would also circumscribe the reach of the theoretical contribution” (Söderbaum 2004: 3). Rather, this study complies with an eclectic and active comprehension of the hypothetico-deductive research approach, alternating and bringing together theory-loaded empirical data and empirically informed theory, which provides for the mutual redefinition of each of them against each other (Söderbaum 2004: 3; Blaikie 2004: 469-471). This combination facilitates a more thorough investigation of the case study (the LAPSSSET Corridor), in which the theory (i.e. the NRA) and the empirical field under

examination (i.e. the political economy of regionalism in East Africa) are elaborated in a process of reciprocal reinforcement.

The theoretical framework of the study is occupied with the process of regionalism and agency within a regional project. From a global political economy perspective, this study affiliates with the critical and reflectivist branch and is therefore also interested in widening the focus on states and markets to include ideas, identities, external actors, social forces and civil societies to the framework. In fact, the NRA borrows from Karl Polanyi the idea about “the (potential) political role of civil society as a means for the weak and the poor to protect themselves” in the process of regionalism (Söderbaum 2004: 32). Regionalism is not simply about economic networks and arrangements; it is also about social and cultural networks (Hettne 1994: 37).

This study perceives regions of being social constructs and aligns with the proposition made by Iver Neumann (2003: 161) that “[t]he existence of regions is preceded by the existence of region builders.” On a similar note, the NRA asks “by whom, for whom and for what purpose regionalism is being pursued” (Söderbaum 2004: 6). Regionalisms in the perspective of this study is a complex, heterogeneous, multidimensional and inclusive, but also contradictive phenomenon, which is being played out in various sectors, driven by different states and non-state actors located both within and outside institutionalised regional arrangements. The plural form of the word indicates “the pluralistic nature of the phenomenon rather than the perceived ‘singularity’ of other approaches” (Söderbaum 2004: 33).

Despite the association with the NRA framework, the study is also somewhat critical about its unduly optimistic perception of formal regionalism and overemphasis on the role of states. Instead, this study aligns with the version of the NRA associated with Söderbaum (2004), Marchand (Marchand *et al.* 1999), Bøås (Bøås *et al.* 1999) and Shaw (1998, 2000) (i.e. the NRA/weave-world), which gives more emphasis to ‘informal regionalism from below’. This approach gives tribute to an array of non-state actors, including: transnational corporations (i.e. oil companies), ecologies, civil societies and development corridors. According to this approach “[i]t is only when we make deliberate attempts to connect the two broad processes of formal and informal regionalism that we can get a clearer picture of the connections between them” (Marchand *et al.* 1999: 905-6).

This approach provides new and critical knowledge about the logics of the political economy of regionalism in East Africa while also informing the theoretical body on regionalism.

1.6 Methodology

This is a qualitative study based mainly on secondary sources and gray literature, but includes a handful of interviews with key informants. The study applies an eclectic and dynamic perception of the hypothetico-deductive research approach. Thus, it combines and interchange between empirically informed theory and theory-loaded empirical data, reciprocally reinterpreted (Blaikie 2004: 469-471; Alvesson & Sköldbberg 1992: 42).

In complex situations like the one under examination, when separating cause and context is difficult, a case study is often recommended (Yin 2013: 23). The appropriateness of the case study approach is also justified by the fact that it generates mutually informative cross-communication between theory and empirical analysis (Söderbaum 2004: 4). A combination of 'theoretical sampling' and 'snowball sampling' is applied in the attempt to make sense of the socio-political processes of the case under assessment in this study. With theoretical sampling "cases are selected specifically because the analysis is intended to shed light on some aspect of theory" of particular interest (Henn *et al.* 2009: 71; see also Neuman 2011: 270). Snowball sampling "is a multistage technique [that] begins with one or a few people or cases and spreads out based on links to the initial cases" (Neuman 2011: 269; see also Henn *et al.* 2009: 183). Semi-structured or informal respondent interviews have been applied, involving selected representatives from different sectors and on different levels. The flexible and fluid structure of this method allows the interview to be shaped more by the perspectives of the interviewees rather than by a strictly structured list of prepared interview questions which are more prone to constrain the respondent's answers. The informal structure of the semi-structured interview also generates more exposure to information and aspects unknown to the interviewer (Mason 2004: 1021-1022). The selection of the interviewees will depend on their roles and relevance for the particular issue under investigation, as well as the general accessibility of the interviewee. The selection of interviewees will include key representatives from the civil society, the oil sector and external donor institutions.

In recognition of the ethical codes of conduct and in accordance with the policy for responsible research conduct at Stellenbosch University, this study has ensured that all relevant ethical standards have been applied. Although the participation in the research entails a low risk of harm to the participants, all necessary procedures has and will be taken to ensure their safety and confidentiality. No information gathered through interviewees has been used without written or oral consent. Participants were not interviewed without prior information about their right to refuse to answer questions and their right to withdraw from the interview at any time. Moreover, all data collection and interview material have and will be kept secure to protect any personal data from improper access. In the event that an emergency situation was revealed during the research, the supervisor and/or Departmental Chair would have been informed instantly for further guidance. Finally, any unsolicited information emerging during the research has and will not be disclosed except if required so by law.

1.7 Chapter Outline

1. Introduction and outline of the history, theory, case study, conceptualisation, and methodology;
2. Theory: after a short introduction about theories on regions and the NRA contribution, this chapter will present a review of the major contributions to the field including the traditional mainstream approach to regionalism, the critical reflectivist contributions to the study, regionalism in Africa and civil society regionalism;
3. Conceptualisation: this chapter will provide historical background on the central and east African region from pre-colonial times to present. Then it will develop an understanding of the structure and nature of the region by elaborating on the evolution of the state-society complex focusing on Uganda and Kenya. This chapter also highlights historical tensions in the region which currently are being reinvigorated and reinforced by the LAPSET project. In order to show the intelinkages between agency and structure and to illustrate by whom, for whom and for what purpose oil regionalisation is being conducted it provides an analysis of the oil agreement between Uganda and the oil companies;
4. Case study analysis: This chapter will integrate the theoretical and case study material from the second and third chapters to address the research problem and

research questions. Based on the conceptualisation in chapter three it provides a holistic perception to regionalisation, incorporating the implicit socio-economic and socio-cultural elements of the current regionalisation.

5. Conclusion: This chapter provides a summary of the findings and answers the research problem and research questions. It then elaborates on the limitations of the study and presents some recommendations for further studies.

Chapter 2

2 Review of theories of regionalism

Regionalism, as the connection of separate political, economic, social and cultural entities via different interactions and interdependencies is apparent in historical records dating long back to early in our history as humans (Söderbaum 2004; Mattli 1999). However, the debates about regional integration, co-operation and regionalism only appeared in European academic and political debates in the aftermath of the Second World War. This debate was motivated by the issue on how to prevent the reoccurrence of war in Europe and the assurance of peaceful coexistence between the traditional belligerents of the region (Söderbaum 2004: 16; see also 2008: 4 Mattli 1999: 69; see Hettne and Söderbaum 2008: 63). Since then, the academic development has introduced a delineation between the “early” and a more “recent” debate on regionalism which has widely gained acceptance. Simultaneously, these two categories correspond empirically with an ‘old’ and a ‘new’ wave of regionalisms. The early debate was largely Euro-centric, as it was predominantly engrossed in the analysis of European states and inter-state frameworks as the key objects in formal regionalism. This changed with the second empirical wave towards the end of the 1980s with regionalism witnessing a global ‘renaissance’ prompted by major structural transformation in the global system, which saw the pluralisation of the academic discourse (Hettne 2005: 545-550; Söderbaum 2003a: 3-4; 2009: 479-483 and 2011: 51). However, it has been convincingly argued that the temporal perception of ‘old’ and ‘new’ regionalism has limited relevance because of several continuities, similarities as well as discontinuities between earlier practices, processes and theorisation of regions and more recent ones (Hettne & Söderbaum 2008: 62; see also Hettne 2005: 543; Söderbaum 2004: 16). Therefore, instead of differentiating between temporal regionalisms (cf. de Melo & Panagariya 1993:5), Björn Hettne (1999b: 8) suggests that “the identification of new patterns of regionalization (co-existing with older forms) [as] more relevant.” This entails an understanding of new regionalism not in a temporal but an empirical sense (Söderbaum 2004: 16).

This chapter will present a theoretical review of the major contributions, in terms of conceptualisation and empirical research and approaches to the study of regionalism.

It will provide a critique of rationalist theories and sketch out this study's theoretical framework. This chapter presents a theoretical background on how regions have been understood and theorised since the Second World War. Based on this background, the purpose of this chapter is to establish a comprehensive theoretical framework designed to address the multidimensional and heterogeneous features of the regionalisation project of the LAPSSET Corridor and its associated oil production. After a presentation of influential theoretical approaches to the study of regions, the chapter ends by looking closer at three contemporary critical/reflective approaches in order to build a capacity to understand by whom, for whom and for what purpose regionalism emerges (see Söderbaum 2003b; 2004). Using this approach and these questions as a reference point the next chapters will answer the research questions: (1) to what extent oil production is driving (new) regionalism in East Africa, specifically in terms of the LAPSSET Corridor; (2) which actors are involved in this regionalisation; and, (3) what, if anything does the New Regionalism Approach reveal about the current regionalisation in East Africa.

Rationalist theory, according to Smith (2001: 184-5), is a categorisation of the theories of neo-realism and neo-liberalism as well as several of their forerunners. The reflectivist category contains various approaches, such as feminism, postmodernism, normative and critical theory and historical sociology. In between these two categories (middle-ground) social constructivists studying international relations (IR) attempt to transcend (bridge) the two positions. The rationalist approaches relate to epistemological and ontological assumptions built on rational choice and perceives all actors as egoistic with pre-given interests, ideas and identities. On the other hand, reflectivists and constructivists take interests, ideas and identities as activated and informed after interaction. In other words, reflectivists and constructivists understand and study interests, ideas and identities as formed by inter-subjective practices and processes of social interaction (Söderbaum 2004: 15).

This chapter is subdivided into four sections, where the first two sections address some of the most influential rationalist and mainstream contributions. The third and fourth sections will focus on some of the critical and reflectivist approaches, divided into the World Order Approach (WOA) and the earlier and more contemporary versions of the New Regionalism(s) Approach (NRA). The reflectivist approaches dispute the exclusionary mainstream and rationalist focus on states, markets and their normative,

formalistic and problem-solving theorisation of regionalism. An updated version of the New Regionalism Approach serves as this study's theoretical framework.

2.1 The early debate: the European Integration Theories and the Developmental Integration Model

2.1.1 Europe: the pivot of conventional approaches to regionalism

The early political debate on regionalism with its focus on the preservation of European peace and security was directed by elements from within the federalist idealists movement, who after two world wars had grown highly sceptical of the nation-state. This movement of European federalism should therefore be understood as a political programme rather than an integration theory (Hettne 2005: 546; Rosamond 2000: 23; Söderbaum 2009: 480; Burgess 2009: 31). Within this federalist movement existed a division with regards to the strategy of unifying Europe. Two influential figures are representative of the two branches of federalist Europe: Altiero Spinelli were the main proponent of the “democratic radicalism”, envisioning the construction of Europe through political institutions with a European constitution drafted by a strong European parliamentary. Jean Monnet stood in the forefront of the other federalist branch advocating “federalism through instalments”. Monnet believed that “the political strategy of small, concrete, economic steps would *culminate* in a federal Europe” (Burgess 2009: 32; italics in original). However, certain national decision makers opposed the federalist project and had some of their ventures, such as the European Political Community (EPC) and the European Defence Community (EDC), to fail.

Setbacks to the aspirations of key proponents of European federalism through the creation of a federation of Europe by means of a popular constitutional process witnessed the emergence of a less political but more functional approach to European transnational cooperation. While functionalism had in common with federalism many of the same normative aspirations, peace building and diminishing the nation-state, functionalism favoured technocracy and emphasised economics to politics. In the functionalists' view form was secondary to function. For David Mitrany, the main theorist of the functionalist school, the federalist picture of a European community was merely a reproduction of the Westphalian logic of territoriality, which entails conflict and war (Hettne 2005: 546). Therefore the European Coal and Steel Community (ECSC), which was based on the technical question of how best to organise coal and steel

production, was the solution, while the European Community (EC), a political community based on the traditional relationship between authority and a defined territory was unacceptable. Instead, authority should be ascribed “to activities based in areas of agreement” (Mattli 1999: 21). Rejecting a political governance where the motive is the achievement and withholding of power, Mitrany proposed a technocratic and rational vision of human governance which relates to economics rather than politics and where the creation of transnational organisations are driven by the technocratic and rational pursuit of common needs and goods (Söderbaum 2009: 480; Rosamond 2000: 33).

While functionalism was more of a strategy, “or a normative method” than a theory (Söderbaum 2009: 480), the first essential theory of regional integration appeared with the offspring of functionalism. Neo-functionalism appeared in the late 1950s through the theoretical framework elaborated in the work of Ernst Haas and is, arguably, the first systematic analysis of political integration (Burley & Mattli 1993: 53). Neo-functionalism acquired a profound reputation during the 1960s and has been identified as “the paradigm of the European Communities (EC)” (Söderbaum 2004: 21). In addition, succeeding regional integration projects, e.g. in Africa and Latin America, have used neo-functionalism as their model. Neo-functionalism builds on its predecessor emphasising “mechanisms of technocratic decision-making, incremental change and learning processes” around specific sectors of co-operation and pertains the spur for regional cooperation as economic interdependency (Niemann & Schmitter 2009: 2, 6). An important aspect to Haas’ theory is the logic of “spillover effects”, from one policy coordination area to the other, i.e.: technical and functional pressures upon decision-makers would cause deepened integration.

Neo-functionalism differs from functionalism in its rejection of “the functionalist assumption of separability of politics and economics” and it directs more attention to the centres of power (Söderbaum 2004: 21; see Haas 1958, 1964). It applies a utilitarian notion of interest politics, and the main actors in the process of integration are supranational regional institutions, states, regionally formed interest groups and social movements and political parties (Mattli 1999: 24; Söderbaum 2004: 21). From a neo-functional perspective, integration does not postulate benevolence, harmony of interests, or a commitment to the common good: “Ruthless egoism does the trick by itself” (Burley & Mattli 1993: 54). States maintain an important role as actors and

initiators of the institutions and supranational authorities, but the regional institutional design, which is emphasised in the framework, recognises the subsequent regional bureaucrats, interest groups and self-organised interests as also important actors in the process.

As a consequence of the deepening economic integration in Europe in the 1950s further elaboration in the field of economics was developed. This was in particular the case with regard to Jacob Viner's (1950) theory for the customs union. Its focus was on trade and contained the step-wise vision of integration which include a free trade area (FTA), customs union, common market, economic union/community before reaching the final stage of political union. The theory on optimum currency areas pioneered by Robert Mundell (1961) contemplated on the benefits of the incorporation or the novel creation of currencies and established certain criteria for the success of a currency union. At the same time Béla Balassa (1961, 1967 & 1975) developed a model of linear consecutive steps of deepening economic integration or market integration. This model is based on the assumption of liberalised intra-regional trade in which economic integration starts with a FTA, before ensuing a customs union, a common market, a monetary union before the final step of an entirely integrated economic union (Söderbaum 2004: 23; Robson 1998; Østergaard 1993: 29-30; Belassa 1961, 1967 & 1975). The dynamics of these theories were the anticipation of a successive spillover effect from the first step to the last driven by economic necessity once they were set up. Moreover, (because of) the inherited costs of economic market integration each step had to be properly implemented before the next step was commenced, otherwise resources will fail to allocate fairly or efficiently.

Moreover, such market-led approaches to regional integration takes several prerequisites for granted, and presupposes several factors in order to have the market creating effect and to produce welfare gains: including economic complementarity between the related states, structural pre-conditions such as infrastructure, services, competitiveness and labour skills, the need for the integrating states to have reached a certain level of development, regional macroeconomic policies to be stabile and harmonised, a high intensity of intra-regional trade, broad based allocation of eventual benefits of integration, and the compliance of member states to partly surrender sovereignty to an executive authority which transcends the national governments or boundaries (Østergaard 1993: 31-32; Söderbaum 2004: 24; Gibb 2009: 712-13).

This theory of regionalism and model of economic market integration was fixed on the welfare effects of a free market and the protectionist (discriminating) barriers to such a system. But it was unconcerned with the institutional political feature of the regionalisation process, as well as the reasons actors within the region decide on a regional construction. Finally, the theory is unable to explain the construction and deconstruction of a region, which are the drivers behind the construction, the beneficiaries and the motives of region-builders (Söderbaum 2004: 23).

Both market-led integration theory and neo-functionalism are indicative of automaticity, “the idea that the logic of integration is somehow self-sustaining, rational and teleological” (Rosamond 2005: 244), leading to deepening integration by moving from one stage to another owing to economic incentives and evolving welfare implications (Rosamond 2005: 244; see also Söderbaum 2004: 23; Hettne 2005: 546). As Carol Webb points out, “the expansive functional logic laid out by Haas and Lindberg reproduced the thinking of economists writing about economic integration at the time” (Webb 1983: 19, see Rosamond 2000: 60).

2.1.2 The intergovernmental backlash against regional integration

The political strategies, normative methods and theories of functionalism, neo-functionalism and economic integration theory have had much impact on, and still greatly influences regionalist thought both in the academic and political spheres. However, from the beginning of the 1960s is noted “not only a slowdown of integrative momentum, but also the reassertion of nationalist sentiment at elite level in West European politics” (Rosamond 2000: 75). The “fit between the neofunctional description (and prescription) and the empirical world [...] disappeared”, thus disproving the hypothesis of the linear process of stepwise integration (Hettne & Söderbaum 2008: 64).

This period, sometimes termed the “Eurosclerosis” saw the theory of neo-functionalism criticised, mainly from state-centric approaches, and even from its own advocates. Haas himself even pronounced it “obsolescent” and “Lindberg ‘retired from studying the EEC/EC” (Nieman & Schmitter 2009: 9). The work of Stanley Hoffmann (1964, 1966) provided a systematic contextualisation of this period and at the same time engaged critically with neo-functionalist arguments. Hofmann claimed that even though post-war Europe was undergoing significant social changes where the nation-state was being challenged the nation-states were still, and in spite of these changes,

central units in European integration, as they are in world politics (Rosamond 2000: 76). Most importantly, Hofmann criticised the neo-functionalists of having failed to locate the particular dynamics within the appropriate historical picture: “[t]he emphasis on the *process* led to a certain neglect of the *context*, or at least to a view of the context that may have been too selective” (Hoffmann, 1964: 85; italics in original). Based on Hofmann’s arguments emerged an important contribution to the debate about regional integration theory – intergovernmentalism – which initially was spearheaded by Roger Hansen. The scholars from this school held that regional integration only occurs if it corresponds with the national interests of the member states, and that the supra-national institutions function simply as facilitators to manage and implement the interests of the member states. The intergovernmentalists also stressed that regional integration could not expand from “low politics” or economics to “high politics” or security, which opposed requisites of the (neo-)functionalists (Söderbaum 2008: 5; also Hettne & Söderbaum 2008: 64). Simultaneously, the perception of the EC began to alter/“deviate”. The new comprehension of the EC was no longer as a federation, but as a confederation. “The ontological shift thus implied an epistemological shift towards a more state-centric, realist analysis” (Hettne & Söderbaum 2008: 64).

2.1.3 The European Blueprint and the Euro-centrism of the theories of regional integration

While the intergovernmentalists were challenging neo-functionalism, other researchers criticised the functionalist and neo-functionalist approaches in applying ideas about political and economic integration based on the European experience on regional integration in different places, such as in Latin America and sub-Saharan Africa where the same market integration logic were not readily appropriate (Söderbaum 2008: 5-6; Breslin *et al.* 2002: 6; Marchand *et al.* 1999: 901; see for instance Nye 1970; Schmitter 1970; Hansen 1969; Haas 1967; Dell 1966; Etzioni 1965). Thus, even though regional integration studies expanded beyond the European case and increasingly presented comparative studies, the European experience still informed the ontology of the studies (Söderbaum 2008: 5-6, see Gibb 2009: 708). Trying to move beyond their own Eurocentrism, neo-functionalist scholars (e.g. Ernst Haas 1961; Haas & Philippe Schmitter 1964; Leon Lindberg & Stuart Scheingold 1970; and Joseph Nye 1968, 1971) tried to identify some universal characteristics and “background conditions” of regional

integration prevalent in the Western European experience, such as, “pluralistic social structures, substantial economic and industrial development and common ideological patterns among participating units” (Rosamond 2000: 69; see also Söderbaum 2008: 6). However, as Breslin *et al.* (2002: 6) points out, these scholars, “used the European experience as a basis for the production of generalizations about the prospects for regional integration elsewhere”. The European Blueprint focusing on market integration and institutionalisation, was not only leading the discourse in the academic forum, but increasingly adopted at the political level, in particular in the ‘South’ (Marchand *et al.* 1999: 901). With reference to Africa, policy prescriptions such as the formation of the West African Customs Union (UDAO) in 1959, the Economic and Customs Union of Central African States (UDEAC) in 1964 and the East African Economic Community (EAEC) in 1967 represent such strategies. These institutions were informed by the “traditional customs union model based on *laissez-faire* approach of freeing trade” and orthodox economic integration (Aly 1994: 11, 14, 60-61; Axline 1996: 2). Both the composition of the regional institutions and their economic orientation towards regional market liberalisation by the establishment of customs unions and Free Trade Areas (FTA) are highly influenced by the European Economic Community (EEC) model (Olivier 2010: 28; Østergaard 1993: 28). Based on this record, scepticism developed in certain scholarly circles about the convenience of trade and market integration or orthodox economic integration to spur regional integration and development in developing regions. This scepticism saw the development of alternative approaches to regionalism.

2.1.4 Alternative approaches to regionalism: The regional co-operation and developmentalist model

During the 1960s and 1970s alternative models to regional integration, co-operation and development merged as an alternative to the classical Euro-centred models and economic, market driven approaches. Even Balassa argued that there could not be one universal model for regional integration/co-operation: “present day underdeveloped countries need more state interference in economic affairs than do advanced economies, since, in the former, market incentives are often not conducive to development” (1961: 10; also cited in Haarlov 1997: 31. From the point of view of both ‘regional cooperation’ and the ‘development integration approach’ economic integration as achieved through, for instance, the orthodox liberalisation of intra-regional trade and

the establishment of customs unions as inexpedient to developing countries owing to their economic susceptibility. According to these approaches, the attainment of long-term economic integration thus entailed alternative strategies to the non-interference market integration.

According to the advocates of regional cooperation, the fields of cooperation and harmonisation should not solely be within the economic sector. In addition the collaboration should take place on a voluntary basis. Regional cooperation can be defined as “a process whereby nation states in common solve tasks and create improved conditions in order to maximise internal and external economic, political, social and cultural benefits for each participating country” (Haarlov 1997: 15). To arrive at intensified economic integration with a mutually beneficial accelerated trade liberalisation and gradual renouncement of national sovereignty the preliminary emphasis should be on moderate progressiveness, pragmatism and technical focal points (Haarlov 1997: 15-23; see also Ravenhill 1990).

The second approach that emerged as an alternative to the economic integration approaches was the development integration approach, inspired by development economists, such as Gunnar Myrdal, Raúl Prebisch, Hans Singer and Arthur Lewis during the 1950s. Following the rationale of the structuralist tradition from which these economists belonged successful regional cooperation and integration among less developed countries did not result through functional cooperation or marginal economic change within the existing structure. Instead, “there was a need to consider changes other than purely marginal ones operating within the existing structure; the problem is one of fostering structural transformation of the economies” (Østergaard 1993: 34; see Robson 1968: 34; see also Sørderbaum 2008: 6). Rather than focusing on “efficiency maximization of existing capacity”, which is minor in developing countries, the development integration model “focuses on how to stimulate the creation of that productive capacity”, in order to break the dependency of development countries on the West (Østergaard 1993: 34). It is therefore proposed that extensive economic capacity in developing countries is low, or where it is found, is controlled by transnational corporations (TNCs) (Østergaard 1993: 34; Aly 1994: 43-45).

Consistent with the development integration model, its two objectives: “a ‘planned stimulation of productive capacities and investment” and “a balanced distribution of the benefits of economic cooperation and integration” is only achievable

if high profile political cooperation and integration has already been established. This position grew out of the experiences from the African post-independence RECs of the 1960s. Here, *laissez-faire* market integration created a ‘backwash’ or ‘polarisation’ process, of which distributional equity, as a matter of asymmetrical economic benefits for the trading partners and unequal “networks of power, information and knowledge” between the respective countries witnessed the collapse of most of these communities (Saasa 1991; see also Haarlov 1997: 29; Gathii 2009: 33-34). The objectives established on the background of these experiences are indicative of the different opinion from the neofunctionalist and orthodox market oriented integration approaches, and “implies that the gains should not be allocated on the basis of market exchange and comparative advantage” (Söderbaum 2004: 24; see Axline 1977: 103; Haarlov 1997: 31). In addition, the model applies “at least two broad sets of distributive instruments: compensatory mechanisms (transfer tax system, budgetary transfers, preferential tariffs) and corrective mechanisms (planned industrial strategy, regional development banks or funds, common investment code)” (Söderbaum 2004: 24).

Today, the model has little influence on practical policies of economic regionalism, but at the time both the approaches had major political impact, and to a great extent they were “considered to be instruments for enhancing industrial production, as in the strand of development thinking associated with the United Nations Economic Commission for Latin America (UNECLA) and Africa (UNECA) and the even more ambitious strategy of the United Nations Conference on Trade and Development (UNCTAD), both led by Raúl Prebisch” (Hettne 2005: 551). This process went as far as transforming regionalism into “a form of global mobilisation against an unequal world order” in a demand for a New International Economic Order (NIEO), which dates back to the Algiers conference of the Non-Aligned countries in 1973 (Hettne 2005: 551; Cox 1979: 257). In response to the economic depreciation of the African sub-regional communities and their external dependence through associations and agreements with the European Economic Community during the post-independence period, a new strategy was introduced with the Lagos Plan of Action (LPA) in the 1980s indicating an orientation towards a less market directed, more inward looking regional development integration. The LPA was highly inspired by a pan-African theme emphasising “the concepts of African solidarity, collective self-reliance and self sufficiency, economic progress on self-sustaining socio-economic development, reducing its dependence

vulnerability *vis-à-vis* 'external nations'" (Olivier 2010: 29; see also Ikome, 2004: ch. 2 & 3). In East Africa, both regional cooperation and development integration was highly influential in the context of the EAC (1967-1977). However, neither of the approaches succeeded in initiating significant socio-economic development, nor were any of them long-lasting strategies. Despite the models' apparent superiority to the solely market driven integration models, practical problems, political and structural issues of both internal and external origins could not be overcome (Østergaard 1993: 35-39). Instead, and also as a decisive factor in the failure of the above alternative approaches, rationalist regional theories of market integration theories achieved hegemonic status academically and politically.

2.2 The contemporary debate I: the domination of rationalist theorisation

The collapse of regionalist integration projects in the developing world and the coinciding slow down of European integration resulted in a dwindling of the academic debate on regional integration towards the end of the 1960s within both the ranks of economists and political scientists (Marechand *et al.* 1999: 901). However, during the second half of the 1980s the historical context of the bipolar world order changed as the Cold War logic eventually became invalid. In the ashes of the Cold War reemerged the debate on regionalism, only on an even larger scale. The most significant characteristics of the "new regionalism are its truly worldwide reach, extending to more regions, with greater external linkages" (Mittelman 2000: 113; De Melo & Panagariya 1992).

Differences between the theorisation of old and new regionalism have also led to several scholars emphasising qualitative distinctions between the approaches. While the first wave of regionalism was characterised as introverted and proceeding protectionist strategies, the new regionalism followed "extroverted forms of market integration and open regionalism" (Söderbaum 2004: 68), implying an interacting and overlapping relationship between globalisation and regionalism (Söderbaum 2008: 7; Cooper *et al.* 2008; Farrell *et al.* 2005; Schulz *et al.* 2001; Bøås *et al.* 1999; Hettne *et al.* 1999; Coleman & Underhill 1998). Subsequently, the reinvigorated debate on regionalism in the first part of the 1990s was much concerned with whether "regionalization was a stumbling-block or a stepping-stone towards globalization and improved multilateralism" (Söderbaum 2003a: 5; Hettne & Söderbaum 2008: 61-62). Finally, the term 'new

regionalism' with the added prefix 'new' is indicative of the distinguished theoretical novelty from the preceding framework and "is best understood as an indication of the richness of new regionalism theory" (Söderbaum 2003a: 5).

Theoretical innovations notwithstanding, the study and practice of regionalism carry significant continuity which will be addressed later in this chapter. The main purpose of this section is to provide a synopsis of the recent debate. It will therefore first try to identify the main rationalist approaches towards regions and regionalism by examining significant realist and liberal IR theory contributions to the broader field of studies on regions. Secondly, it will turn attention to the paradigm of 'open regionalism', which has been dominant for the preceding twenty years in the political discourse surrounding regionalism.

2.2.1 'Grand theories' of rationalism in IR, IPE and regionalism

The solitary situation of theories of regionalism and regional integration within the broader disciplines of IR and International Political Economy (IPE) came to an end towards the turn of the 1980s. With the most dominant theoretical approach of that era being structural realism this is not very surprising since the adherent scholars, "like Waltz have not been much interested in European integration processes" (Stone Sweet 1994 457; also cited in Rosamond 2000: 132). Furthermore, "several prominent Neo-realists basically shun the idea of European integration as a relevant phenomenon in International Relations" (Pilegaard & Kluth 2010: 7). With respect to their worldview, a nation state which on a voluntarily basis cedes the apexes of national sovereignty is irrational behaviour. Indeed, "they would be expected to jealously guard their autonomy, making international cooperation precarious at best" (Pilegaard & Kluth 2010: 7; see Waltz 1996, 1979). The only instance where realism accepts the possibility of cooperation among states is when the balance of power necessitates it in order for one group of states to check the power of another state or group of states (Söderbaum 2011: 53; see Gilpin 1987, Buzan 1991; Söderbaum 2004: 18). In accordance with the widely held realist proposition captured in Robert Gilpin's theory of hegemonic stability a regional hegemon can stimulate the establishment of regional cooperation and associated institutions in different ways (Söderbaum 2004: 18; see Hurrell 1995: 51-3; Gilpin 1987). Following this proposition international economic cooperation depends heavily on a local hegemon with sufficient "political-military and diplomatic resources

needed to establish the institutions through which such interdependence can be attained” (Grieco 1997: 173; see Gilpin 1987; Krasner 1976). Despite the reluctance of many realists to theorise on the occurrences of cooperation among states not only in Europe but globally, attempts were made to explain the increasing salience of the phenomenon, if not simply to uphold the theoretical relevance of realism in a world order where the circumstances are challenging the traditional position of the nation-state. Grieco 1995: 35: Grieco thus tries to create a hypothesis to explain institutionalism based on neo-realist premises:

“if states share a common interest and undertake negotiations on rules constituting a collaborative arrangement, then the weaker but still influential partners will seek to ensure that the rules so constructed will provide sufficient opportunities for them to voice their concern and interests and thereby prevent or at least ameliorate their domination by stronger partners” (Grieco 1995: 34, italics in original).

However the hypothesis is without very controversial assumptions, reproducing core assumptions in which “states are the key actors in world politics, [...] self-help agents [...] in an anarchical environment, [...] concerned about their safety and relative independence. Moreover, the thesis assumes state rationality” (Grieco 1995: 34; see also Rosamond 2000: 134; Söderbaum 2004: 19).

Barry Buzan is another (liberal) realist, belonging to the English School of IR, who disputes traditional realism as it is promoted by Waltz. Buzan’s conception of the ‘regional security complex’ has been a strongly influential contribution to the research field. Originally this was defined as “a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another” (Buzan 1991: 190; see also Söderbaum 2004: 20). Although the realist perception of states as a given and as key actors is dominating the analysis it nevertheless marks the increased significance of the region as another level of analysis within the broader field of IR.

Intensified global interdependence, economic globalisation and the pluralisation of international cooperation have been central aspects in the so-called inter-paradigm debate in IR, especially between liberal institutionalists and neo-realists (see Smith

2007: 4-5). Functionalist assumptions, pluralist reasoning and traditional liberal thinking have been influencing features of early liberal institutionalism which is reflected in peace building and reconciling institutions (Söderbaum 2004: 20; see Mitrany 1966). Robert Keohane and Joseph Nye formulated the theory of “complex interdependence” and became the intellectual trendsetters for liberal institutionalism with regards to the international system and the international economy especially (see Keohane & Nye 1977). However, while they continued to perceive complex interdependence taking place within an anarchical system, their followers – the neoliberal institutionalists – believe that “[p]olicy-makers and other relevant actors can create and reshape institutional structures in order to more effectively obtain collective interests” (Sterling-Folker 2013: 115). In other words, neoliberal institutionalists modifies one of the most fundamental pillars of realist assumptions by arguing that international collective action can “substantially mitigate the negative impact of anarchy”, without rejecting the anarchic environment altogether (Sterling-Folker 2013: 115; see also Rosamond 2000: 142; Cornett & Caporaso 1992: 233). Even though state preference is given primacy in an institutionalist analysis where the state is driven by rationality and self-interest (Keohane 1989: 142), the state pursues absolute gains, hence against the proposition that it seeks relative gains. Therefore, if absolute gains are made relative to national priorities, international cooperation is advantageous to the state. Following the logic of neoliberal institutionalism, efficient regionalisation is bound to become increasingly institutionalised. Neoliberal institutionalists hold regionalism to be motivated predominantly “by the procurement of public goods, the avoidance of negative externalities from interdependence, and absolute gains” (Söderbaum 2004: 22). Regionalism constitutes an incremental problem-solving process chiefly driven by or through institutions, both formal and informal, where “[t]ransactions and commerce generate a demand for regulation, institutionalization and supranational governance” (Söderbaum 2004: 22).

There are some scholars from within the ranks of neoliberal institutionalism and regional economic integration theory who aim to develop or challenge the perception of their own peers. Diana Tussie takes a step “away from one-dimensional views that posit regionalism and multilateralism as dilemmas of building-blocks versus stumbling blocks” (Tussie 2003: 100). She argues, new regionalism is the best “solution in response to dysfunctional multilateralism and globalism” (Söderbaum 2003a: 13), and

that “regions may well prove to be a good vehicle for smaller countries to enjoy more of a voice in international trade – magnified by their combined market share and political power” (Tussie 2003: 115). By the same token, while, coming from the camp of regional economic integration theorists, Percy Mistry (2003: 136, 137) argues that although “regionalism in the developing world is not simply a temporal convenience to bypass dysfunctional multilateralism”, it is “the most tractable risk management strategy available to development countries for coping with the challenges they confront in the twenty-first century”. While these scholars are sceptical towards certain aspects of liberal institutionalism and economics, they are still “first and foremost geared towards the analysis of states and interstate frameworks” (Söderbaum 2003a: 14).

2.2.2 The perseverance of the Euro-centric theories

The implementation of the White Paper of 1985 with the Single European Act in 1987 signalled the reappearance of European integration, and the obstinacy of European integration theories. Jacques Delors and the technocratic direction within the European Commission and the shift towards a new political entrepreneurship to effectuate negotiations and distributional outcomes coincided with the emergence of the school of supranational integration. The shift in the Commission concurred with strengthened engagement from the private sector to push for incremental integration of the internal market. These developments were taken as empirical evidence of neo-functionalist assumptions about functionality before integration and that of the institutions as agents of regional integration. The new approach did therefore draw on insights from neo-functionalism (Rosamond 2000: 98-102; Sanholtz & Zysman 1989: 96 126-128; see also Sandholtz & Stone Sweet: 1998; Moravcsik 1998). From an economic point of view, the transformation of the Common Market into the Single Market is interpreted as a strengthening of theories of neoclassical economic integration (see Baldwin & Wyplosz 2012: 23-27). Liberal intergovernmentalism, with Andrew Moravcsik as one of the most influential contributors, which “emphasizes the power of states and their preferences” (Söderbaum 2004: 26) interprets these events differently, stressing the “interstate bargains between [...] leading member states” in the European Community (EC), where the major initiatives are initiated and negotiated by “[h]eads of government, backed by a small group of ministers and advisers [...] in the Council of Ministers or the European Council” based on the rational of preferred national interests (Moravcsik 1991: 25; see

also Söderbaum 2004: 26). The analysis and debate about regional integration has therefore been dominated by, on the one hand, an understanding of the process as the interaction between, and the outcome of, national preferences informed by domestic politics, while on the other hand, “the logic behind large Council meetings and treaty reforms such as Maastricht, Amsterdam, and Nice” (Söderbaum 2009: 483; Rosamond 2000: 136-138; see also Moravcsik 1998; Sandholtz & Stone Sweet 1998).

Casual explanatory dissimilarities with regards to regional integration/cooperation in between neo-realists and neo-liberal institutionalists notwithstanding, their rationalist inclinations and shared ontological assumptions about states as unitary actors in an anarchical world as well as their preoccupation with formal interstate relations, economic interdependence and the market leaves the so-called ‘*neo-neo synthesis*’ standing as an intra paradigm debate. Liberal intergovernmentalist, Andrew Moravcsik’s “model of a two-level game to explain European integration consisting of a liberal theory of national preference formation and an intergovernmentalist account of strategic bargaining between states” (Rosamond 2000: 136) is indicative of the influence of these rationalist frameworks in IR. Interestingly, despite the Euro-centrism of the debate on regional integration/cooperation, the theories were not developed in Europe, but came from the United States of America (Wæver 1998: 723-24). Another feature which keeps characterising theories of integration/cooperation to a great extent is the discourse which maintains the process of European integration as quasi-ideal model for regionalism. Europe’s apprehension “of the regional paradigm has been hard to shift, and persists in the newer literature” (Fawcett 2005: 26; also cited in Gibb 2009: 717). This apprehension has also been informative of the new wave of regionalism globally (Söderbaum 2011: 58). The subordination of regionalisms elsewhere in the world is partly caused by “the underlying assumptions and understandings about the nature of regionalism (which most often stem from a particular reading of European integration)” informing conceptions on the validity of regionalism in different parts of the world (Söderbaum 2009: 490). The blueprint manual for regional integration and institutionalisation for extra-European regional projects has therefore “resulted in a return to a neoclassical economic agenda, underpinned by a belief in modernity, and supportive of a more aggressive market integration approach” in line with the neoliberal Washington Consensus termed *open regionalism* (Gibb 2009: 706).

2.2.3 Open regionalism: the hegemony of a regional project

Open regionalism entered into the debate during the first half of the 1990s and should be seen in relation with the adoption of neo-liberal policies most strongly advocated by the Reagan and Thatcher governments, and it has been defined as a “negotiating framework consistent with and complementary to GATT [the General Agreement on Tariffs and Trade]” (Cable & Henderson 1994: 8; also cited in Hettne 2005: 549). Open regionalism aligns with fundamental principles of orthodox market integration contiguous with *laissez-faire* market fundamentalism and neo-liberal ideas. According to promoters of open regionalism, regional projects should be outward-looking and refrain from high levels of protection by eliminating internal trade obstacles and external barriers in order to “form part of the ongoing globalisation and internationalisation process of the world political economy” (Hettne 2005: 549). Consequently, they are critical of the establishment of customs unions, since this, they argue raise “the real and potential risk of protectionism and trade diversion inherent in such ventures” (Söderbaum 2004: 25).

From the beginning of the 1990s, a new orientation within international financial institutions (IFIs) promotes open regionalism “as a mechanism to enhance multilateral liberalisation and promote integration in the world economy” (Gibb 2009: 706) (“The Preferential Trade Area for Eastern and Southern Africa (PTA), later known as the Common Market for Eastern and Southern Africa (Comesa), established in 1994 and 1981, respectively, provide good examples of ‘open regionalism’” (Gibb 2009: n. 27)). Margaret Lee (2003: 32) argues that this policy shift developed on “the realisation that promoting trade liberalisation at the regional level first was more acceptable to African leaders than unilateral liberalisation at the global level”. This argument is built upon the opinion in the World Bank where open regionalism reflects the ambition “to create a sub-regional unified, open economic space for the free movement of goods, services, capital & people; and move away from unsuccessful import substitution strategies (World Bank 2001; also cited in Söderbaum 2004: 92). According to the African Development Bank (AfDB 2000), open regionalism aims to increase intra-regional trade. Jamie De Melo and Arvind Panagariya (1992: 20) posit that “the temptation to use regionalism as a vehicle for import-substituting industrialization [...] will only divert attention from efforts to integrate Sub-Saharan Africa with the world economy” (also cited in Lee 2002: 2). Thus, regional integration has been used to integrate Sub-Saharan

African countries “more fully within the global economy” and as “an important tool for solving the continent’s most urgent problem, lack of structural change” (Page 2012: 6; see also Lee 2002: 5). Structural Adjustment Programmes (SAPs), promoted by IFIs and directed at the national level, were instruments to “reduce inflation, government expenditure, and the role of the government in the economy, including trade liberalization, privatization, and deregulation” (Woods 2011: 251).

Devotion towards open regionalism has been “[o]ne of the most striking characteristics common to all the regional projects (Gamble & Payne 1996: 251), especially in the context of Africa. In 1991, the Abuja Treaty was introduced as a prescription to the deficiency of the Lagos Plan of Action (LPA). The LPA was criticised for its “inward-looking regionalism and self-reliance” (Olivier 2010: 31). Abuja launched the African Economic Community (AEC) with supranational authority to make accessible African economies and to “give directives, coordinate and harmonise the economic, scientific, technical, cultural and social policies of member states” (Article 8(3) of the Treaty; see also Olivier 2010: 31-32). Kenya became one of the pioneer countries to sign for a Structural Adjustment loan with the World Bank in 1980, “which was conditional on the government adopting more liberal trade and interest rate regimes as well as a more outward-oriented industrial policy” (Gertz 2009: 2, 3). From the end of the 1980s Uganda has undertaken substantial programmes for economic liberalisation, and is still striving to continue the implementation of neo-liberal reforms. “Since 1990, Uganda has received US\$2,03 billion per year from the World Bank”, which helps to explain the promotion of neo-liberalism in the country (Vasher 2011: 167). The Kampala Document – “a nongovernmental process of institution-building developed along the lines of the [...] Organization for Security and Cooperation in Europe” (OSCE) (Stedman 1996: 261), the ‘African Renaissance’, contemporary EAC policies and Spatial Development Initiatives (SDIs) aim to interlace the orthodoxy of neo-liberalism within the state-led regionalism of African countries and in that way cultivate “an unquestioning belief that integration of their territories into the global economy is absolutely crucial and inevitable” (Taylor 2003: 313; see also Taylor 2005).

2.2.4 The study of regions: continuities and discontinuities

‘New regionalism’ is not only about new content, as highlighted in the previous section. Departing from the view during the 1950s and 1960s, “[t]he most important

features of the new regionalism are its truly worldwide reach, extending to more regions, with greater external linkages” (Mittelman 2000: 113). In addition, regionalism emerged “as a potent forces in the globalization process” (Mittelman 1996: 189). Therefore, when we compare the earlier debate with rather introverted analyses to the new regionalism analyses with more extroverted perceptions about what influences regionalism, the difference lies “very much in the ontological and epistemological perspectives” (Hettne 2005: 549). In a reading of many rationalist assessments the influence of external factors and the relationship between regionalism and processes of multilateralism and globalisation is highlighted (Söderbaum 2003a: 4-5; See Telò 2007; Baldwin *et al.* 1999; Sander 1996).

Theoretical overlaps exist, nonetheless, whether addressing the broader theoretical landscape in IR or in the more narrow integration theories. Both fields share an ontological preoccupation with interstate, formal regionalism and trade/market oriented regionalism and integration, which signals a continued Euro-centric perception and a scepticism towards the inclusion of non-state actors into their analysis of processes of regionalisation (Bøås *et al.* 2005: 1). However, the studies on regions have dedicated little attention to civil society. Even though civil society and other interest groups have been included in some neofunctionalist theorisation, such accounts “are still generally neglected in the description and explanation of new regionalism” (Hettne 2005: 555; see also Söderbaum 2007: 320). This narrow-mindedness of mainstream IR/IPE is accompanied by an empirical deprivation in where only Europe, North America and East Asia are represented (Hettne & Söderbaum 2008: 67-68; see Mansfield & Milner 1997).

Related to this is the strong domination of neo-classical economics enhanced with neoliberal logics in the body of theories on regions. Market/trade driven integration constitutes both an ideal type and a discourse, embodying certain values and norms. Inherent in this approach is an understanding of regional integration informed by Euro-centric ideas, inspired by Western ideals of economic and political modernity. Richard Gibb (2009: 707) points out “[t]he conceptual flaws inherent in market integration theory [...], from a developing-country perspective”, notably “its failure to explore the influence of spatial and temporal individuality of the states involved. In particular, it neglects the influence of how domestic politics, particularly African-state politics, can call into question many of the economic (and political) assumptions that underpin the

market integration approach. However, the resilience of the market-led approach, and its associated structures and values, is a reflection of a powerful and hegemonic postcolonial international political economy (IPE) discourse dominated by a prioritisation of global neoliberal values.”

Gibb highlights a significant gap in the theoretical and empirical approaches to regionalism. In this critique of mainstream, rationalist theorising, it is not suggested that these contributions should be invalidated. Instead, it is posited that an appropriate approach which is sensitive of the comprehensiveness of the respective regional phenomenon under scrutiny free from rigid analytical constraints. As Hettne eloquently points out: “The problem with rigid theorising is that it must delimit the object for study, even while the object refuses too much reductionism” (2005: 550).

2.3 Contemporary debate II: the pluralisation of the academic debate on regionalism

In this section the focus will be turned against the critical and reflectivist approaches which have broadened the theoretical and empirical landscape of the studies on regions since the 1990s. The section integrates the perspective of Söderbaum who transcends the World Order Approach as well as a selection of applications of the New Regionalism(s) Approach and the New Regionalisms Approach/Weave-world which offers an exceptionally perceptive account of the sub-Saharan African region.

2.3.1 The World Order Approach

The World Order Approach (WOA) originated to a great extent from the theorisation of world order launched by Robert Cox (1981, 1983 & 1987) as a contribution to a ‘new international political economy’, investigated by a small group of influential scholars in the early 1990s. Since then, Cox’s theoretical perception has been applied in studies on regions (i.e. Payne & Gamble 1996; Gamble & Payne 2003), although Cox himself became interested in the field of study only later on (see Cox 1999; 2004). Cox’s “theory of history [is] concerned not just with the past but with a continuing process of change; it was directed to the social and political complex as a whole rather than to its separate parts; and it contained within its brief the possibility of identifying the outlines of alternative distributions of power from those prevailing at any particular time” (Gamble & Payne 2003: 46). The WOA is developed upon a

historicist methodology and defines regionalism “as a state-led or states-led project designed to reorganise a particular regional space along defined economic and political lines” (Gamble & Payne 2003: 50). This implies the acceleration, modification or even the reversal of the course of social change, like emergent structures such as globalisation and regionalisation (Gamble & Payne 2003: 50). This further means that regionalism is not necessarily a strategy towards unrestricted neo-liberal economic globalisation, but proponents of the WOA do believe that “[t]he move towards regionalism at the end of the 1980s and during the 1990s [i.e. open regionalism] was on the whole a step towards globalism rather than an alternative towards it” (Gamble & Payne 2003: 51). Following this line of thought, open regionalism is a regional instrument informed by neo-liberal norms formulated by elite policy-makers in the core and large capital commanded by IFIs (Söderbaum 2004: 29). In the new world order, where there is no clear hegemon directing global capitalism open regionalism has emerged as the vehicle to protract the hegemony of neo-liberal capitalism of what in Cox’s terminology is called the “transnational managerial class” (1993: 261; see also Gill 1995; Gamble & Payne 1996: 252-253; Gamble & Payne 2003: 58-59; Söderbaum 2004: 29).

The relevance of the WOA to this study is notable by several means. First, in applying the method of historical structures the power relationship between different social forces can be identified. Cox also employs a perspective on states, which rejects the mainstream perception of states as ‘black boxes’, and rather treats them as heterogeneous units existing in a ‘state-society complex’. In addition, and fundamentally for the theory, it raises the question on how social forces (related to production) are connected to different kinds of states and world orders (Leysens 2008: 38-39). While Cox’s account of different modes of relations of production in the 1987 article *Production, Power, and World Order: Social Forces in the Making of History* is eloquently applicable to the socio-political and economic situation in the North Atlantic region it is more complicated to directly pass it on to other regions (ch. 2, 3 & 4). In relation to this the WOA can be rightly criticised for having a perception of social relations of production which today looks considerably different than in the late 1980s, especially with regards to regions like Eastern Africa, where the informal economy and “excluded” groups from the processes of production constitutes a significant bulk of the economy

(see Cox 1999: 25-26; Leysens 2000 266; Bieler & Morton 2001: 22-23).¹ However, in the conduct to capture a realistic snapshot of the political economy of regionalism, perceptive recognition of Cox's framework should inform the analysis. In addition, it is important to establish an understanding "of how neopatrimonial systems operate" in order to provide "a good grounding for understanding how Africa's regions "work"" (Söderbaum & Taylor 2010: 54).

The second importance of the WOA to this study is the emphasis granted to the structures and processes (i.e. the hegemony of the neo-liberalist and global capitalist ideology) in which regionalism is constituted. Moreover, the WOA highlights that like globalisation, regionalisation "is normally uneven in its impact" and with potential to lead to "increasing polarization" between and within regions (Gamble and Payne 2003: 57-58; Hout 1999: 23). Further, with the WOA, Cox "allows us to grasp the vertical dimension of power to the neo-realist horizontal rivalry among powerful states by constructing categories like domination-subordination of metropolis over the hinterland, centre over periphery" and core over intermediate and peripheral regions (Moolakkattu 2009: 447; see also Hettne 2005: 549-550). Therefore, when it comes to the assessment of external actors and the civil society as regional agents, Cox's conception of hegemony is of substantial significance in the study of regionalism.

Finally, and despite the preoccupation with states-led regionalism, the WOA embodies a normative position to the world order which potentially opens for structural transformation and regionalisation by non-state actors and civil society (Söderbaum 2004: 49; see Cox 1995: 34). The WOA is built upon the work of Antonio Gramsci where civil society was both "the ground that sustained the hegemony of the bourgeoisie but also that on which an emancipatory counterhegemony could be constructed" (Cox 1999: 3).

2.3.2 The New Regionalism Approach

The research project on new regionalism, which would later be known as the "New Regionalism Approach" (NRA) grew out of a United Nations University/World Institute for Development Economics Research (UNU/WIDER) seminar in Helsinki in the

¹ In recognition of this division Cox adds that "[m]any people would need to be understood more in their relationship to consumption (or the inability to consume adequately) rather than to production – the more or less permanently unemployed, the inhabitants of shanty towns, welfare recipients, and students. The old production-related categories are not entirely superseded; but the scheme of categories of people relevant to the problematic of social change needs to be rethought" (1999: 26).

mid 1990s and has a similar preoccupation with change and global transformation with a focus on “supranational or ‘world’ regions” (Hettne 1999a: xv; see also Hettne & Inotai 1994; Hettne *et al.* 1999). The New Regionalism Approach sees “the two processes of globalization and regionalization [...] articulated within the same larger process of global structural change” (Hettne 1999b: 2; see also 1994: 10). New Regionalism, taking place in a multipolar world is therefore qualitatively distinct from the first wave which was constituent with a bipolar Cold World system. The first wave of regionalism “was created ‘from above’ (by the superpowers), the new is a more spontaneous process from within the region and also ‘from below’ in the sense that the constituent states themselves, but increasingly also other actors, are the main proponents for regional integration” (Hettne 1999b: 7). New regionalism should therefore be understood as “a heterogeneous, comprehensive, multidimensional phenomenon, taking place in several sectors, and at least potentially ‘pushed’ by a variety of state and non-state actors, both within and outside formal regional institutional arrangements” (Söderbaum 2004: 31).

In contrast to the occupation of rationalist theorising of regions and states defined as predetermined and static units, “the NRA is more eclectic and more focused on the processes and consequences of regionalization in various fields of activity and at various levels, i.e. the processes through which regions are being made and unmade” (Söderbaum 2004: 31).² The new regionalism “can be defined as a multidimensional process of regional integration which includes economic, political, social and cultural aspects” and must therefore necessarily be an interdisciplinary field of research (Hettne 1999b: 17; 2003: 25).

The NRA is normatively related to the WOA in their critique of contemporary economic globalisation as a process with highly uneven implications for the world populations (Söderbaum 2004: 31). However, whereas the WOA employs a more pessimistic observation of regionalism as predominantly “a manifestation of economic globalization and prevailing forms of hegemony (i.e. as neoliberal open regionalism)” the NRA perceives new regionalism as a potential response to balance the disproportionate implications of globalisation. The NRA chief architect, Björn Hettne

² The advocates of the NRA apply the concept of ‘regionness’ as an indicator of the “relative convergence of dimensions such as cultural affinity, political regimes, security arrangements and economic policies (ie relative sameness)” (Marchand *et al.* 1999: 900). The term indicates that “a region can be ‘more or less’ and the level of regionness can both increase and decrease (Söderbaum 2004: n. 6, p. 215; see also Hettne 1993, 1999; Hettne & Söderbaum 2000).

(1997: 86) incorporates the thinking of Karl Polanyi (1957) in associating new regionalism with “a return of ‘the political’” (1999b: 7):

The current phenomenon of regionalism could be seen as a manifestation of the second movement, the protection of society, on the level of the macroregion, as a political reaction against the global market expansion which gained momentum in the 1980s. Thus we can speak of a ‘Second Great Transformation’.

According to Hettne, “[r]egionalism is thus part of both the first and second movement, with a neoliberal face in the first, and a more interventionist orientation in the second” (Hettne 2005: 548).

The launch of the NRA clearly marked a split from conventional theorising about regional integration/cooperation and its critical, reflectivist theoretical framework has attracted a number of followers. However, it has also received criticism from within its own academic camp due to “its implicit tendency to use highly institutionalized forms of regionalization, the EU in particular, as the norm for understanding contemporary practices and processes of regionalization” (Bøås *et al.* 2003: 203). This criticism is most explicitly evident when Hettne (1994: 12) argues, “Europe represents the most advanced regional arrangement the world has seen, and it will consequently serve as our paradigm for the new regionalism” (Hettne 1994: 12; also cited in Bøås *et al.* 2003: 203). In a more recent volume, some of the most prominent promoters of the NRA self-critically confess, “our project, in spite of good intentions to the contrary, has been too state-centric and too focused on formal organizations rather than pinpointing the process of more informal regionalization that take place on the ground” (Hettne *et al.* 2001: xxxii). Despite such criticism, but also with help from its critical peers, the NRA has developed appreciably from its foundation.

2.3.3 The New Regionalisms Approach/Weave-world: informal regionalisms from below

The New Regionalism Approach paved new ground in the study of regions in which new contributions have advanced related assumptions and critical/reflectivist approaches (see Bøås *et al.* 1999; Marchand *et al.* 1999). The NRA and the New

Regionalisms Approach/Weave-world are, for instance, “linked in varying degree to more or less the same epistemic network” and share fundamental meta-theoretical assumptions, perhaps most importantly their emphasis on the pluralisation of regionalisms (Grant & Söderbaum 2003: 4; Bøås *et al.* 2003: 198, 202-204), hence the uncomplicated ideational cross-fertilisation and networking between the proponents of the NRA and the advocates of the NRA/weave-world. For this reason, and for the purpose of this study I use the abbreviation ‘NRSA’ to account for both approaches.

The 1999 special edition of *Third World Quarterly* titled *New Regionalisms in the New Millennium* introduced several new insights to the study of regions. Despite important communalities with the NRA the NRA/weave-world disagrees with the state-centric orientation to processes of regionalisation. They can be state-led, and the states are often involved, but “[w]ithin each regional project there will be more than one regional vision, and often also more than one actor pursuing regionalism” (Marchand *et al.* 1999: 900). Other actors, such as non-governmental organisations (NGOs), CSOs, the media and TNCs, only to mention a few, may coexist, providing the region with ideational content, and as such “are involved in processes of ‘making the region into a region’” (Bøås *et al.* 2003: 201). As a consequence, for NRA/Weave-world research agenda it becomes important to emphasise the “multitude of overlapping, disjunct and often contradictory regionalisation processes”, which in turn makes it more accurate “to speak of new regionalisms instead of new regionalism” (Marchand *et al.* 1999: 903). In order to better grasp the wide scope of regionalising actors the NRA/Weave-world tries to transcend the contracted analytical focus on formal regionalism, and “make deliberate attempts to connect the two broad processes of formal and informal regionalism” (Marchand *et al.* 1999: 906). According to the NRA/Weave-world protagonists, “often the distinction between formal and informal is purely cosmetic”, and “[i]f we want to study the political economy of regionalization from below we must give agency to ordinary people and their daily activities as well as the more formalized aspects of regionalization” (Bøås *et al.* 2003: 207, 208).

The determinants for the regional delineation should not simply be the “geographical proximity [...] or formal political and economic cooperation” but “the actual practices” involved in the process of regionalisation (Marchand *et al.* 1999: 905). In the perception of the NRA/Weave-world, the region should therefore be understood as a social space where “state, market, civil society and external actors often come

together in a variety of mixed-actor collectivities, networks and modes of regional governance” (Söderbaum & Shaw 2003: 222; see Marchand *et al.* 1999: 898; Bøås *et al.* 2003: 204-207). Relevant for this study, is the emphasis on regional civil societies, whether they are informed by political, academic or cultural interests, as well as companies, defining their own regions in terms of their visions and strategies, as drivers for regionalisation (Shaw 2000: 408; 2002).

The idea of the “weave-world of regionalisation and globalisation” implies that “we are confronted with [...] juxtaposition, contradictory processes and simultaneous cooperation and conflict interwoven into streams of ideas, identities and more tangible resources” (Bøås *et al.* 1999: 1063). In order to reveal the “complexities of the formal/informal nexuses” the NRA/Weave-world argues “that we will have to incorporate into our research strategies and analyses a whole range of elements and practices that have been considered outside the domain of political research and the study of regional organisation” (Marchand *et al.* 1999: 905). The NRA/Weave-world protagonists posit that “most regional organisations in the South are, at least, partially out of touch with everyday reality and, moreover, that so far their achievement record has been rather mixed” (Bøås *et al.* 1999: 1066). From this point of departure, they pose the question, “how to reattach these organisations to their contextual realities” (Bøås *et al.* 1999: 1066).

The emphasis on the informal/formal nexus, and non-state actors, and their orientation towards processes and agency, therefore entails some epistemological alterations (see Marchand *et al.* 905-906). The NRA/Weave-world emphasises the multidimensionality of regional processes and thus aims to establish a holistic perception of regionalism. It therefore stresses the importance of integrating “insights from parallel disciplines/discourses such as critical geography, post-colonial theory and cultural studies, and post-structuralism in addition to international relations, international political economy, development and ‘new security’ (Bøås *et al.* 2005: 2; see Söderbaum & Shaw 2003). While the WOA and the younger editions of the NRA incorporate a systemic and universalistic perspective to their analysis, the NRA/Weave-world rejects such a logic, “emphasising instead the contradictory nature of informal regionalism from below in particular regions in the South.” In this regard, Söderbaum’s argument that *a priori* construction of “a particular regionalism theory only for the South,” should be avoided, is more appropriate (Söderbaum 2004: 35). This study,

therefore, maintains an eclectic and flexible application of the reflectivist and critical approaches deliberated above.

2.4 Conclusion

This chapter has provided a review of some of the most influential theories on regionalism and has proposed a critical/reflectivist framework combining insights from the WOA, the NRA and the NRSA/Weave World. The rationalist theories addressed in the first parts of the chapter are all to different extents based on similar assumptions of state-, market- and Euro-centrism and the “status quo bias” (see Schweller 1996). These theories have also dominated academic and political discourses for decades with their market oriented, inter-state frameworks, which provides a good argument for testing alternative approaches to regionalism. Indeed, rationalist theories on regionalism have much influence on policies and politics of regionalism through formal institutions. However, they fail to account for important forces and dynamics within the broader state-society nexus and thus neglecting central activity within the regional space, such as shadow regionalism, informal economies and the reality on the ground.

As the next chapters will illustrate, the regional activity is much more complex and multileveled than what the rationalist theories envision. Various regional actors, governmental and non-governmental, from within as well as from outside of the region pursue different, often contradictory regional strategies to serve their own interests. It is diverse regional agendas like these that create the region. Studying the potential of oil production as a driver for regionalisation requires a nuanced and contextualised understanding of the region. The detrimental socio-economic effects of oil production in sub-Saharan Africa are often connected to the historically and socially constructed patterns of society. The following chapter illustrates how the state-society complex has evolved in East Africa by focusing on the experience in Uganda and Kenya. The chapter also addresses how structural adjustment programmes of decentralisation and liberalisation, backed by IFIs and the donor community, have been squarely imposed on the region and used by political elites to strengthen regimes, patronage networks, and to impede political opposition. Finally, the next chapter will demonstrate the influence of TNCs on the state and policy-making in East Africa.

Chapter 3

3 The social and political economy of East Africa

The centre of interest in this study necessarily puts emphasis on certain dimensions more than others. Nevertheless, the remaining chapters will show how aspects of agency, structure as well as both formal and informal forms of regionalisms, and the interlinkages between these two, are important to create a comprehensive, anti-reductionist image of the political economy of regionalism in East Africa. The chapter provides a broad historical overview of the East African region, focusing on Uganda and Kenya to highlight the social, cultural, political and economic evolution of the region. This is done to develop an understanding of the structure and nature of the region in which processes of regionalisation are being pursued. The chapter also addresses how programmes of structural adjustment have been introduced in the region, how they have served to discipline actors, but also how they have been manipulated to serve the interests of political elites. The sections in this chapter also demonstrate how historical tensions in and between regions are being reinforced by the current LAPSSET project and oil development. Finally, an assessment of Uganda's oil agreements is made in this chapter to illustrate by whom and for whom oil development is being conducted.

3.1 Setting the historical scene

Despite vows from both governments and oil companies about the developmental potential of the LAPSSET Corridor and the associated regional oil production, it is safe to say that the ultimate aim of the project is to enhance and facilitate resource extraction. As Petrus de Kock (2012a: 11) notes, "Resource extraction is not a process that is devoid of historical context, which can take place in a socio-political vacuum." It is therefore necessary to elaborate the political economy of Eastern Africa. While recognising the variety of the historical and socio-political history of the various countries in the region, limitation in space does not allow this study to make a full assessment of all the regional actors. The analysis will therefore concentrate on the territorial boundaries of Kenya and Uganda.

It is not simply the state finances, government structures and the general macro-economic prospects of the country which will be affected by the oil extraction. Revenues

and rents accruing from oil extraction are also bound to have a significant impact on the political psychology of the governments and the regional citizenry. In order to identify some of the regional political implications derived from oil production it is indispensable to put the impending oil exploration and production within a historical perspective.

Instead of elaborating a detailed East African historiography, the goal of this section is to establishing a selection of reference points which have impacted on the political evolution of Uganda and Kenya. Certain similarities are discovered when comparing different petro-states in Africa. For instance, they tend to be highly militarised, but oil related contestations will often “have its roots in pre-existing tensions in society” (Banfield 2009: 22). Tensions, in this regard, do not exclusively imply violent conflict, and an analysis of key issues in the socio-political economy of eastern Africa will help illuminate some of the political dynamics or tensions preceding the discovery of oil and preparations for oil production. Another important commonality between states in sub-Saharan Africa, which also brings an important dimension to resource rich regions, is the neo-patrimonial structure of the state. The next section of this chapter will therefore briefly assess the neo-patrimonial state in sub-Saharan Africa.

3.1.1 The neo-patrimonial state in sub-Saharan Africa

As pointed out in the previous chapter, the approach of the NRSA attempts to transcend the conventional overemphasis on the state as actors in formal regionalism and inter-governmental organisations. In addition, it has now been provided for the importance granted to the connection between the formal and the informal in the theoretical framework applied in this study. When studying regions in Africa, this is of particular value considering the often blurred distinction between what is the domain of the formal and informal, public and private (Söderbaum & Taylor 2010: 54).

By applying the WOA this analysis rejects the mainstream perception of states as ‘black boxes’, but treats them as diverse units in a ‘state-society complex’, and not necessarily ‘rational’, as will be illustrated in this section. Before continuing with this analysis of the East African region where Uganda and Kenya will be assessed more in detail, it is necessary to establish an understanding about the logic of neo-patrimonial systems as this will create a better comprehension of the functioning of the region in Africa (Söderbaum & Taylor 2010: 54). Indeed, this study is concerned with identifying contradictory features of agents within a specific regional space. While Chabal and Daloz

(1999: 9) points out that the neo-patrimonial approach “seeks to make sense of the (real or imaginary) contradictions to be found in the state in sub-Saharan Africa”, this study adds that they are more ‘real’ than they are ‘imaginary’.

Drawing on Max Weber’s (1978) concepts of patrimonialism and legal-rational bureaucracy, neo-patrimonialism can be understood as a combination of these partly intertwined and co-existing forms of domination. While patrimonialism can be understood as a society where the distinction between the public and private realm is non-existing, in the neo-patrimonial state this distinction is formally prevalent and is accepted and referable. Neo-patrimonial rule is attained within the framework and assertion of the modern state’s legal-rational bureaucracy. With the formal representation of the structures of the modern state there is no clear distinction between the private and public sphere, i.e. the patrimonial system of the personal relations exists next to the legal-rational system of bureaucracy. Instead of being clearly separated from each other they pervade each other. In other words, “the patrimonial penetrates the legal-rational system and twists its logic, functions, and effects” (Erdmann & Engel 2006: 18). In this system formal institutions are invaded by informal politics. The neo-patrimonial state is therefore an institutionalisation of “type of political domination which is characterised by *insecurity* about the behaviour and role of the state institutions (and agents)” which in turn “structures the reproduction of the system” (Erdmann & Engel 2006: 19).

In the African context, the neo-patrimonial state is a legacy of the colonial era. The colonial African state contained a legal-rational sphere restricted to the centre of power and the European immigrant population. Beyond this sphere “was the realm of patrimonial rule, of kings, chiefs, and elders” exercising indirect rule on behalf of the colonial capital (Erdmann & Engel 2006: 19). Only between the end of the Second World War and decolonisation did the colonial powers attempt to bring the entire population under the legal-rational bureaucracy. However, this period was too short to establish a self-sufficient culture of legal-rational bureaucracy. Subsequently, the post-colonial state in Africa witnessed at the same time the formation of authoritarian rule and the expansion of bureaucracy which simultaneously was infiltrated from below and above by informal politics. Therefore, “the state in Africa has always been a hybrid or, a mixture of patrimonial and legal-rational domination” (Erdmann & Engel 2006: 20).

3.2 The evolution of a dysfunctional state-society relationship

Focusing on Uganda and Kenya, the next two sections will demonstrate how the evolution of the neo-patrimonial state in East Africa has created a state society complex of mistrust and tensions. As de Kock (2012a: 13) observes: “The role military forces play in the development of states differs according to history, and political-economic, cultural and social conditions.” The evolution of the state-society complex in East Africa is linked to pre-existing tensions in society, which again are fuelled and reproduced by the current developments of the oil and LAPSSET project.

3.2.1 Civil-military regimes – the historical repression of the East African people

Since colonial times, the armed forces in East Africa, but especially in Uganda have been elemental in establishing and re-establishing the political leadership in the countries. Additionally, the armed forces have played a central part in the politics of the country. In Uganda in the early 1960s Milton Obote used the military in order to repeal the constitution, removed the privileged position of Kabaka Mutesa I (former king of Buganda) along with those of his people, and drafted a new constitution in which Obote himself surmounted as president (Omara-Otunnu 1987: 75, 76-77). The abrogation of the constitution also led to the abolishment of all kingdoms in Uganda (de Kock 2012b: 26). “Although the struggle was of a political nature, it was only resolved by one party using the military as the instrument to attain its objective [...] Henceforth the administration relied on the Army as its principal safeguard” (Omara-Otunnu 1987: 77).

This marked the beginning of a situation in the post-colonial political evolution in which Uganda was “caught in a classic civil-military relations conundrum” (de Kock 2012a: 14). In the civil-military relationship the civilian becomes the enemy on which the military is meant to exercise its coercive force, and thus to “enforce its will on the community that created it” (Feaver 1999: 214). When Obote used the military as a means to win a political dispute with Kabaka Mutesa I, “Obote paved the way for the military to become a major power broker in Ugandan politics” (de Kock 2012a: 14). Increasingly, tensions grew between Obote and the senior officers in the armed forces, especially with Idi Amin who became major general in 1968. Amin strengthened his position in the army by appointing people from his region of origin in the north. When Amin launched a successful *coup d'état* in the beginning of 1971 the pattern of military behaviour, commenced by Obote, became firmly entrenched.

The end of Amin's rule did not mean an end to the importance of the army in political affairs. Not only was the Amin's regime toppled by another military coup: political disputes continued to depend on the influence of the army. Political and social instabilities resulted in the seizure of power by a military council which organised a rather dubious election after which Obote again rose to power in 1980. Contentions about the election result led to Obote's second fall from power after military intervention in mid-1985. This time it was Brigadier Bajulio Olara Okello who took command of both the armed forces and the political leadership. But his reign would only last for six months. His government was fragmented and powerless and could not put up any resistance when Yoweri Museveni moved on State House to stage yet another coup. Amii Omara-Otunnu (1987: 179) outlines the consolidation of Museveni's regime and captures the pivotal role of the military in his government to come:

As under previous administrations, Museveni's army plays a pivotal role in the political processes of the country. The significance of the military in the new regime is underscored by the fact that Museveni himself has occupied the portfolio of Minister of Defence. There are two major reasons why, for the foreseeable future, the military will remain at the forefront of politics. First, it is needed to pacify the country after five years of savage civil war. Second, military means are the only way to keep a firm hold over the country while Museveni creates a political constituency for himself. In this respect the National Resistance Army – which he both instituted and moulded and which owes considerable allegiance to him – is his most dependable ally.

The turbulent and violent post-independent period, in which the military made an indelible niche for themselves in the country's politics draws a clear picture of the political significance of uniformed men in the political evolution of Uganda. However, even though Museveni took power with military force in 1986, and his most loyal allies still may be the army, "he never sought to rule Uganda militarily" (Nganda 2011). Instead, Museveni has used political skills to establish a patronage network through co-option of party officials from the previous party.

In the course of Uganda's post-colonial history, at least 13 armed rebel groups³ have been fighting different governments for power. Each of these insurgencies provides an illustration of a history of internal political, ideological and ethnic divergences incorporated with regional biases of the respective presidents which caused a disruption of the national consensus, often resulting in extreme violence. Like Amin, Obote had recruited soldiers from his own region, in the north. When Obote's regime came to a sudden end thousands of soldiers fled back to the north. There, these dishonoured and disaffected soldiers became the recruit base of the insurgencies ravaging Uganda and much of the Great Lakes region from 1986 to present. As is most often the case in war, the most significantly affected from the fighting is the civilian population. In northern Uganda the National Resistance Movement (NRM) government forced the civilian population into camps for internally displaced people (IDP), or so-called 'protected villages', of which towards the end of 2005 amounted to about 1,8 million people (IDMC 2010).

The violent history of post-independent Uganda portends an uncertain future for the impending oil production in the country when compared to other oil producing regions in sub-Saharan Africa with a similar past, such as the Niger Delta. With that said, "the NRM government, under Museveni's leadership, has made positive progress in developing the economy, stabilising the territory and moving Uganda away from its history of internal conflict" (de Kock 2012a: 19). But there are already signals indicating an increased militarisation of the country as a consequence of the country's transformation into a petro-state. Spokesman of the Ugandan People's Defence Force (UPDF), Lieutenant Colonel Felix Kulayigye was quoted saying, "The purchase of the eight fighter jets and other military hardware is partly in preparation for the start of oil production in the Lake Albert region" (Olupot 2011). The political apprehension following the increased significance of the UPDF is that the "military may revert to its old political tricks in Uganda to manipulate, influence and direct political processes from the shadows" (de Kock 2012a: 19). The ten 'special interest group representatives' seated in the Ugandan parliament serve to further demonstrate the current significance

³ These include: Kikosi Maluum, Front of National Salvation (FRONASA), Uganda National Liberation Army (UNLA), Uganda National Rescue Front (UNRF), Former Uganda National Army (FUNA), Uganda Freedom Movement (UFM), National Resistance Army (NRA), Federal Democratic Movement (FDM), Uganda People's Democratic Army (UPDA), Holy Spirit Movement (HSM), Uganda People's Army (UPA), Lord's Resistance Army (LRA), West Nile Bank Front (WNBF), and Allied Democratic Forces (ADF).

of the UPDF in the country's political affairs and leverage regarding its national interests (Gloppen *et al.* 2006: 5). This has severe implications for the system of checks and balances in Uganda. According to Yasin Olum, "[t]he separation of power and provision of checks and balances, which is an essential feature of any genuine Presidential democratic system [...] is only partly ensured in Uganda and indeed undermined by a number of factors such as the presence of cabinet ministers and army representatives in parliament and the 'fusions between the NRM party and the state'" (Kamp 2010; see Olum 2010).

Uganda's violent past serves as an antecedent to a rather delicate prospect for the country's future oil production. As pointed out by de Kock (2012a: 19-20), "Grievances related to exclusion from benefits accruing from or political frustrations inspired by the negative social and environmental impacts of oil production could, at least theoretically, unleash the genie of civil war and insurgency in Uganda." As will be highlighted in the next section, the construction of the LAPSSET Corridor and the associated oil exploration and production incite existing political tensions and discourses relating to population growth, pressure on livelihoods, land ownership and social uncertainty, with the potential to transform into new political agitations and contention. From the perspective of the NRSA, this will "provide a more comprehensive understanding of the multiplicities, complexities, contradictions and diversities of regions and regionalization processes in the south" (Söderbaum 2004: 33; Marchand *et al.* 1999). A story about a journalist doing fieldwork in Hoima situated in the Bunyoro sub-county, and his meeting with some locals creates an indicative picture of how this development is already affecting locals in the corridor:

The villagers complained that they would not benefit from oil, but that if they could only talk to the 'oil people' they would ask for some oil for themselves. The journalist then asked what they would do with crude oil fresh from the ground. The villagers answered that they would put it in drums, set up a stall by the side of the road, and make money by selling the oil themselves (de Kock 2012b: 22).

Despite the fact that this would be technically impossible, the locals make a principally viable point about their right to a share in the wealth accrued from the oil

production. The story also illustrates the precarious lack of information about the oil project which is also highly relevant with regards to the LAPSSET Corridor project generally. It also demonstrates the lack of understanding about the oil industry, the oil itself and the major infrastructure project constituting the LAPSSET Corridor.

3.2.2 Kenya: Power before the people

The Kenyan story is similar but differs by the fact that “Kenya is among a few African states that have never been ruled by the military” (N’Diaye 2002)⁴. Kenya is the hub for investors, technology and industry in East Africa, and is considered by observers as a “beacon of stability in a conflict ridden region” (Sundet *et al.* 2009: 4). The extent of violence that took place in the country following the December 2007 election therefore came as a surprise for many people. This section shows that, despite the country has steered clear of military influence in state governance, the country share with the rest of the region the same kind of political and socio-economic marginalisation illustrated in the section on Uganda. The purpose of this section is to demonstrate how the marginalisation of the people is constituted on the macro-regional level, and further affects the political psychology of the East African people with resulting severe consequences for the perception on the state-society relations with potential to cause grievances in the forthcoming LAPSSET Corridor.

State-society relations in Kenya have been under strain since independence due to a widening gap between the political elites and the population at large. The great inequalities have generated political resentment coming to expression through tribal segmentation, especially spawned by perceived injustices over allocations and distributions of land ownership. As this section shows, many of the historical grievances and tensions between the state and society are still resonant and reinforced by contradictory interests between the state, corporations and the society, and now highlighted by the LAPSSET project.

Colonial Kenya was a typical British colonial state characterised by a highly centralised state with strong vertical executive powers. Unlike Uganda, Kenya was a European settler state and consequently land was very unequally distributed. Discriminatory land distribution, displacement from people from ancestral land and

⁴ In 1982, however, Kenya did experience an attempted coup, and even though the military takeover only lasted six hours, the putsch made it clear that power could not be taken for granted.

legal restrictions on indigenous Kenyans from certain areas to hold a tenure for land and engage in the commercialisation of land constituted the greatest grievances in the struggle for independence (Amis *et al.* 2008). The ethnicisation of Kenyan politics was entrenched through the restriction of political organisation to ethnically defined regions and prohibition of nationwide formations of socio-political movements (Kalande 2008). These issues and grievances were influential in spawning a very violent war of independence, or the so-called *Mau Mau* revolution. Eventually, the colonial administration initiated land reform, but this only resulted in the transfer of land from a European elite to an indigenous political elite (Branch & Cheeseman 2008). “Thus, when power was handed over from the colonial administration to the Kenyans in 1963, some of the key characteristics of today’s political situation were already in place: a centralised state with a powerful executive, political conflict around the issue of inequality, particularly with reference to land, and a tradition of violent confrontation between the state and popular movements in opposition” (Sundet *et al.* 2008: 6).

Jomo Kenyatta cemented the establishment of Kenya as a neo-patrimonial state early in Kenya’s post-colonial era. Kenyatta commanded the formation of patron-client systems, where clients were remunerated with state contracts, land allocations and other preferential treatment. A business elite belonging predominantly to the ethnical group of Kikuyu consolidated the leadership positions in politics and business. Kenyatta also “used the former settler land as patronage to solidify his support and build alliances” (Klopp 2000: 16), and subdued key political opponents by granting “ministerial appointments, parastatal and other jobs, and access to choice land in the Rift Valley” (Mueller 2008: 189)

When Kenyatta died in office in 1978, the presidency went to Daniel arap Moi, member of the Kalenjin ethnic group. Since independence, the power and resource base of the local authorities was gradually removed from the local administration to the central authority. This had detrimental impact on the social service deliveries of education and health, and it deprived the local authorities from its most important tax base. This policy line continued under Moi who strengthened the provincial administration, which is subordinated the president’s office and thus functions as an extension of the presidential power at the expense of the local administration (Barkan & Chege 1989; Sundet *et al.* 2009). In addition, Moi sub-divided existing districts in order to create new positions for his loyal allies, which created “an inefficient, corrupt and

incompetent government at local levels, with little capacity or resources to carry out their responsibilities” (Ghai 2008: 222; see also Sundet *et al.* 2009).

The Moi government struggled to sustain the state structures established by Kenyatta. Moi did not benefit from having a large ethnic base nor did he “have the same kind of access to the spoils of independence as Kenyatta” (Sundet *et al.* 2009: 7). Moi’s fear of losing power was intensified by the attempted coup in 1982, leading to an ‘informalisation’ of the state in which ethnic welfare organisations, such as the Gikuyu, Embu and Meru Association (GEMA), were banned, control institutions undermined, and the power of the presidency increased (Barkan & Chege 1989). State institutions were perceived as vehicles for the elite and subsequently ripped of executive powers. The presidency preyed on public land and parastatals which were allocated or sold to support Moi’s political patronage. State predation intensified during the Moi period with the state’s structures of accountability unable to secure liable management of state resources, which in turn further deteriorated state-society relations (Branch & Cheeseman 2008).

The increasingly rapacious governance style and exacerbated corruption of the Moi regime were met with mounted pressure from the donor society and IFIs for structural adjustments which eventually forced Moi to introduce multiparty elections (Dickovick 2013: 215). However, the reintroduction of multiparty democracy further escalated corrupt accumulation since multiparty elections cost money and since the future positions of sitting politicians became less predictive (Sundet *et al.* 2009). In addition, the political competition and entrenching of the Moi regime led to increased violence. The ruling party, as well as the opposition privatised public violence and “invoked extra-legal forces to retain power” (Mueller 2008: 189; see also Katumanga 2005). In order to secure the required votes, the different parties unleashed armed gangs to intimidate the opponent’s electorate generating probably even higher numbers of casualties and IDPs than during the 2007 election clashes (Sundet *et al.* 2009: 8). The opposition was effectively fragmented and Moi retained the presidency after the 1992 elections, although only by 1/3 of the votes.

In the 1997 general election it was the same story about state predation, large-scale corruption and organised violence. But this time his strategy of co-option did not work and a new opposition consolidated around the coalition of the National Alliance of Kenya and the Liberal Democratic Party under the National Rainbow Coalition (NARC).

The election in 2002 was set between two Kikuyu adversaries: Mwai Kibaki representing the NARC and his godson, and Jomo Kenyatta's son, Uhuru Kenyatta leading the Kenyan African National Union (KANU), in the place of Moi, who was now prohibited by constitution to run for re-election. The result was a major victory for NARC and an end to the political era of KANU.

The NARC government immediately launched a campaign against corruption, which received massive support from the citizenry, and demonstrates the importance and power in national consensus. However, the revelations of the anti-corruption campaign soon became a scandal as it tied grand corruption to Kenyan political party financing. As will be elaborated later in the chapter, the investigations also sketched out a culture of irregular and illegal public land allocations which today is invigorating public resentment against the LAPSSSET project.

The period between 2002 and 2007 tensions began to grow due to the government's inability to address the newly revealed corruption and inequalities. Despite a vigorous economic growth of on average 5.4 per cent in real GDP during the period and a staggering 7.1 per cent in 2007, the economic improvements were mostly to the benefit of the already affluent. Only 6 per cent of the national income was redistributed to the 20 per cent of the poorest population, while 49 per cent went to the richest 20 per cent. Moreover, "the population suffered from a generally high consumer price inflation, averaging around 11% in 2003-07" (Sundet *et al.* 2009: 10). When the close 2007 general election between Kibaki's Party of National Unity (PNU) and Raila Odinga's Orange Democratic Movement (ODM) ended with a flawed election administration the accumulated public resentment spiralled into inter-group acrimony which quickly transformed into violent ethnic confrontation. Nevertheless, "this ethnicisation of political unrest was related to underlying conflicts of long-standing social injustice, regional inequality and, especially in parts of the Rift Valley, of access to and ownership of land" (Sundet *et al.* 2009: 10). The ensuing rampage left more than 1,000 people dead and more than 350,000 displaced. Subsequent investigations show evidence of senior politicians sponsoring criminal gangs and police overlooking and even inciting the violence avowedly in complicity with politicians (Sundet *et al.* 2009). As observed by Geir Sundet, Eli Moen and Tiberius Barasa (2009: 5): "While the violence raged, the national leaders seemed more preoccupied with securing the best political outcome for themselves, than with using their influence to stop the violence."

3.3 Decentralisation of the state in East Africa

As noted above, IFIs and the donor community applied a lot of pressure on Kenya in an effort to combat corruption and reintroduce the multiparty system. However, the strategy went beyond just the introduction of democracy. Within the broader framework of the Structural Adjustment Programmes of the 1990s emerged a number of market reforms and decentralisation policies with the overall objective “to promote an adjustment of the production base to suit international market demands” Söderbaum 2004: 147). In Uganda, from the late 1980s the National Resistance Movement (NRM) led by president Museveni has been running a policy of decentralisation. This policy was launched as a vehicle for enhanced local participation in democracy and more efficient service delivery (Okidi & Guloba 2006; Muriisa 2008). However, the decentralisation system gradually shifted away from its initial intentions towards being an instrument for the promotion of political patronage and the motives of the central political elite (Larok 2008: 4, 20-22). Elliot Green (2008) argues that district creation is “an ongoing creation, new patron-client relationships can be seen as part of the same dynamic that has led to the ever-increasing size of the Cabinet and the Parliament.” At the same time, several decades after the process began “the quality of public service delivery is less than desirable; district local governments with no financial resources of their own have become mere agents of the centre while the accountability mechanisms for good governance and public service delivery are either non-existent or malfunctional” (Tumushabe *et al.* (2010): vi; see also Mitchinson 2003; Ojambo 2012).

In Kenya, the process of decentralisation had taken many initial turns before it was introduced with Moi from the first half of the 1980s, as an effort to make development “more consistent with the needs and aspirations of wananchi [people]” (Barkan & Chege 1989: 431). But as Joel Barkan and Michael Chege (1989: 446) point out: “decentralisation to district level and the empowerment of the rural population are not the same, not least because the former has resulted more in deconcentration than in devolution” and hence an extension of the centralised political elite.

3.3.1 Decentralisation and patronage

The ability of liberal or representative democracy to reproduce existing political and socio-economic inequalities is an established fact, in particular “when institutions of social and economic domination substantially overlap with or coincide with the power

structures and those who control them” (Crook 2002: 405; see also Rueschemeyer *et al.* 1992). The processes of decentralisation and devolution as witnessed in Kenya and Uganda today reflect to a great extent the “patronage-based party-building efforts” in Kenya in the 1980s and 1990s, motivated by a desire by the central government to “project its power more effectively into local areas” (Crook 2002: 406-407). As Crook demonstrates, “elite capture of decentralisation was actually facilitated by the government’s desire to create and sustain a power base in the countryside, and to prevent opposition forces coalescing” (Crook 2002: 412).

The current policy of devolution in Uganda and Kenya can therefore be understood as a historical continuity in which the central government introduces a policy, presented as a tool for poverty alleviation, resource distribution and enhanced political economic participation, in order to consolidate its political power and capability to access and allocate natural resources.

3.3.2 The politics of land and privatisation in East Africa

The structural adjustment programmes imposed on the neo-patrimonial structure of Kenya and Uganda have resulted in a fusion of neo-patrimonial and neo-liberal logics. As noted by Ian Taylor and Paul Williams (2001: 281) “a number of state elites in the Great Lakes and southern African regions have ceased to use the mantle of sovereignty to promote the collective good. Instead, they have used it to help bolster their own patronage networks and weaken those of potential challengers.” And at the same time, as Charles Hornsby (2012: 801) points out: “Land redistribution and land ceilings have occasionally come to the forefront of the agenda, but they run counter to Kenya’s liberalisation policy, which aims to allow market forces to reign.”

Communally owned land is a customary feature in rural areas in Kenya and Uganda, including the area surrounding the LAPSET Corridor and oil explorations. This means that most residents do not hold formal title deeds proving their ownership. With increased interests in land in the areas “speculators have exploited this situation to access portions of land via local contacts” (de Kock 2012b: 29). Between 75-85 per cent of Kenyans and Ugandans (UNICEF Kenya 2012; UNICEF Uganda 2012) live in rural areas and their livelihoods depend on their accessibility to land for substance-related activities. In the Albertine Graben area people are dependent on small plots for

cultivation and fishing. Larger industrialised farming is impossible many places due to wild animals and regulations, especially in and around the national parks.

The theoretical approach applied in this study refers to the need to identify the multiplicity of forces acting within a regional space (see Marchand *et al.* 1999: 906; Hettne 1999b: 17; 2003: 25; Bøås *et al.* 2003; Söderbaum 2004: 31). With regards to the discussion on land, “the emergence of social tensions – and a discourse of fear and uncertainty regarding land – results from the clash between a multiplicity of economic, social and political forces in the region” (de Kock 2012b: 29). The forces competing for the access and ownership of land include private and corporate actors (i.e. oil companies) on the one hand, and communities on the other. While the oil companies are driven by a necessity to acquire land to map the sub-region for drilling sites, to construct oil wells and oil pipeline infrastructure to ultimately export the oil to the global market, the communities claim a social, cultural, political, and economic right and ownership to the land. Meanwhile, the government has made “temporary and permanent expropriations of land belonging to individuals and communities in the Albertine Graben” (PWYP Uganda 2011). With population growth and migration from other regions, such as from the Democratic Republic of Congo (DRC) and Somalia, the pressure and tension increase.

The tension over land is also to a great extent fuelled by fears and rumours about shadowy plans for oil development in the area between the government, the oil companies and speculators (de Kock 2012b: 29). Interestingly, in response to private speculations and land expropriations some of the communities in the Albertine Graben have begun organising communal land owners’ associations, documenting residents of an area or a village and registering the land in their names. But the registration fee for land in Uganda is approximately UGX3 million (about USD1,300) which is an expensive fee to cover for subsistence farmers and fishermen (de Kock 2012b: 30).

For many people, this situation is only a reminder of the historical marginalisation of the periphery by the centre. And while civil society is trying to create dialogue with the central authorities they are met with suspicion. As Florence Kyalimpa (2014), Oil and Gas Officer at World Wide Fund for Nature (WWF) Uganda, said during an interview “there is high degree of mistrust between the government, the citizenry and CSOs. CSOs do not trust the government because of its bad precedence.” Kyalimpa is not surprised about the resentments over the oil exploration and production, since there

have been so many corruption scandals which “have already manifested themselves [in relation to oil and gas] before we even started commercial production.” According to Kyalimpa, the mistrust between the government and CSOs is reciprocal. The government “claims CSOs lack capacity on the petroleum sector and are spreading flawed information which ends up causing havoc in local communities” (2014) In addition, the government is suspecting CSOs to be operating “under western influence” with “hidden agendas” to sabotage Uganda’s oil and gas industry (2014). Kyalimpa, however, argues that the mistrust is caused by limited transparency: “If government opens up fully and allow CSOs to freely express their opinions, as well as giving them timely and adequate information, there will be less havoc” (2014).

Enormous opportunities open for private sector involvement in the privatisation of the energy markets. The result is a more market and commercially oriented energy sector in which the role of the state as decision-maker becomes diminished and its ability to act in the national interest and for political reasons is reduced (see Söderbaum 2004: 154). Nevertheless, considering the historical competition in the sub-region in which each government protects its own interests, it remains to be seen how smoothly the operation and management of the LAPSSET will be. The increased significance of market principles in domestic and regional administration is closely linked to the general emphasis on state deregulation, decentralisation, privatisation and increased involvement of the private sector in the arrangement of water, oil, energy and services. However, as observed by Söderbaum (2004: 158), “[t]his is not necessarily a positive development from a normative point of view. The replacement of ‘politics’ with ‘economics’ leads to new power relations and new patterns of inclusion and exclusion.”

3.3.3 The politics of land and land grabbing

As mentioned earlier, Kibaki and the NARC commissioned a thorough investigation of corruption and illegal land allocations. The problem had become so common that people would refer to it as “*nchi ya kitu kidogo*”: ‘land of the “little something”’, homeland of the bribe” (Wrong 2009: 2; see also Branch *et al.* 2010; Manji 2012: 468).

However, speculation by members of the political elite over the prospective value of plots along the LAPSSET Corridor and oil lands is adding to the increasing migration of non-residents to the areas, intensifying competition over land. Allegedly, more than

100,000 hectares of land in Lamu, Tana Delta and adjacent areas to Lamu have been bought by investors or speculators from outside the region (Nunow 2012: 1; see also Vasquez 2013). However, the Commission of Inquiry into the Illegal/Irregular Allocation of Public Land, chaired by lawyer Paul Ndung'u, connected the crimes to the families of President Kenyatta and Moi, as well as ministers, members of parliament, civil servants, the military and the judiciary, and as a mechanism for both personal ends and as "political reward or patronage" (RoK 2004: 83; Southall 2005; Manji 2012). The discoveries were a clear signal that "corruption and patronage have become thoroughly embedded in Kenya's politics" (Southall 2005: 143). Similar illegal allocations were discovered ahead of the 2012 elections, and following the launch of the LAPSSET Corridor such allocations have led to the allocation of more than 100,000 hectares of land in Lamu, Tana Delta and adjacent areas to the corridor (Nunow 2012: 1, see also Vasquez 2013). These examples represent a worrying prospect for the land administration in the LAPSSET Corridor and constitute "an important sign of the difficulties of wresting control over land from those long accustomed to using it as a 'patronage resources' (Manji 2012: 483; Klopp 2000: 7).

3.4 Contracts curse: profit before people

This section contextualises oil development in East Africa by presenting an assessment of the contracts between the government of Uganda and the oil companies. This perspective is in accordance with the WOA which argues that "we need to move beyond the study of state and society as separate entities (as in neo-Realism)" in order to address how "social forces (related to production) [are] linked to forms of state, and world orders" (Leysens 2008: 38-39; see Cox 1981: 86). On the basis of this theoretical framework, the section serves to illustrate how the oil companies relate to the state (within the structures of the global political economy). By addressing the agreements between the Ugandan government and the oil companies this section will contribute to the understanding of who benefits and who carries the burden in oil production in East Africa.

3.4.1 Assessing Uganda's oil agreements

The exploration activities of the wildcatters, Tullow and Heritage have resulted in major oil discoveries in the Albertine Graben region in Western Uganda. Neither the government of Uganda nor the oil companies have willingly allowed public insight to the contracts. However, the watchdog CSO, *Platform*, has gained access to the contract terms and made them available online (see Carbon Web). The following contract assessment is based on this publication.

The oil contracts signed in Uganda are contracts between the oil companies and the Republic of Uganda directly. Such contracts are not uncommon, but normally, a host government would avoid absolute liability and direct responsibility by rather having a national oil company sign as contractual partner. Engaging a national oil company would restrict the liability on the behalf of Uganda, as only assets from the enterprises can be seized (Radon 2007).

Article 9 of the contract (see carbonweb) concerns bonus payments. The Production Sharing Agreement (PSA) for block 38 and 2 includes a signature bonus of USD300,000 and USD200,000 respectively (RoU 2007: 30). Such bonuses of cash upfront are often used to attract governments, and it seems such a distraction has been the case in the current contract with Uganda. The Minister of Energy and Mineral Development has claimed this to be a “significant improvement of the fiscal terms” (see Musinguzi 2010). However, such an amount becomes largely irrelevant, considering the future revenue flow of billions of dollars determined by these contracts. In addition, compared to other signature bonuses USD300,000 is a rather small reward⁵. More worrying is the fact that there has been no accountability regarding the bonus granted the government and it is not known through which channels the revenue has been transferred. The money does not appear on any official budgets, and according to the *Civil Society Coalition on Oil and Gas* (CSCO) in Uganda, “experts within the Ministry of Finance deny any knowledge of the money’s location and/or use” (Musinguzi 2010; Lay & Minio-Paluello 2010: 7). This is an indication of poor financial management which creates misgivings about the ability and intention of the government to properly manage its resources and larger future income.

⁵ In 2008 the Democratic Republic of Congo received a signing bonus of USD3.5 million upon signing a PSA for Block 1 (Kiggundu 2010).

According to the contract's Article 11, the Ugandan government has the right to a maximum of 20 per cent participation in the oil developments (RoU 2007: 32). For the government, this is a benefit as it allows a greater revenue proportion from the company's profits, and in the event of a successful project secures a more even sharing. Normally, the host government will demand oil reserves to be developed through a joint venture by the engagement of the state through a national oil company. The proportion held by the different parties varies widely, but where the state is the subordinate partner, the development costs are commonly sustained by the private company, which it in turn recovers through capital and operational expenditures, known as 'cost oil'. During the production phase the state company is the one carrying the production costs. Through a joint venture, Uganda would increase its domestic expertise in technicalities and business aspects of oil production, giving the state a better starting point in the advent of future deals. Currently, however, Uganda is not signifying any plan to enter a joint venture, which implies "effectively handing over a significant portion of revenues to the private companies (Lay & Minio-Paluello 2010: 8).

Article 12 of the contract addresses cost recovery and gives the oil company the unilaterally beneficial option of using 60 per cent of oil profits to cover expenses induced from exploration, development and operation. When cost oil expenses increase, 'profit oil', the post shared between the company and the state, decreases, implying that increased expenditures is transferred on to the state. According to an Ernst & Young (2009) audit of Heritage Oil's exploration activities in Uganda between 2004 and 2006, Heritage had inflated its cost recoverable expenditure by more than half a million dollars. Furthermore, the contract places the government in an unfavourable position with regards to legal expenses. This is expressed in an annex to the contract where it is stated, "All costs and expenses of litigation [...] in defending or prosecuting lawsuits involving the Area [...] are recoverable" (RoU 2007: 102). This would make the government liable to any legal expenses in the event that the company was to be taken to court by any individual or institution in Uganda, and if the company was to sue or prosecute a Ugandan citizen or company and even the Ugandan government.

Article 13 in the agreement covers production sharing of profit oil, in which the government's share grows relatively to the private company according to the daily increase of oil barrels produced (RoU 2007: 35). Similarly, the share of the private company increases with a decrease in barrels produced. PSAs normally imply a sliding

profit in order to “ensure some level of return for the private companies while delivering an appropriate rent to the host government” (Lay & Minio-Paluello 2010: 10). However, the sharing agreement in this contract is solely based on the level of production, which implies that “the profit sharing terms provide no check for excessive company profits at the expense of Uganda – for example at times of high oil prices” (Lay & Minio-Paluello 2010: 11). In addition, the contract is based on a false premise “that the profitability of the project is only determined by the volume of production” (Edwards 2009), while the opposite is actually the case – fiscal structures derived from company profits are more capable to achieve bigger shares of rent than fiscal structures based simply on the quantity of oil production (Lay & Minio-Paluello 2010: 11).

With regards to state revenue, statements from both the Ugandan government and oil companies claim total government revenues from oil to exceed 80 per cent (Kathman & Shannon 2011: 35). However, a minute from the Ugandan Permanent Secretary Fred Kabagambe-Kaliisa (2004) in the Ministry of Energy and Mineral Development presents a lower prospect (just around 70 per cent).⁶ According to estimates made by Platform a much lower government revenue should be expected, and the inclusion of the LAPSSET Pipeline will further reduce the governments take on the total revenue. A more moderate estimation made by the *US Energy Information Administration* indicates a 70.7 per cent government take including the pipeline or roughly 75 per cent without the pipeline (see Lay & Minio-Paluello 2010: 13).

Turning to the corporate profits, an assessment of the Internal Rate of Return (IRR) gives a measurement of the profitability of the oil project. The IRR gives a description of the company’s investment profits (see Muttitt 2005: 38). By assessing the IRR a conclusion can be made on whether the government or the company has made a good deal. Under normal circumstances, a project generating 12 per cent or more is a profitable venture for any oil company. Under more riskier circumstances oil companies will require an IRR between 15 and 20 per cent, with everything over 20 per cent representing a astounding profit rate. In their report on Ugandan oil contracts, Taimour Lay and Mika Minio-Paluello (2010: 14) “reveal that Uganda’s contracts are highly

⁶ The minute was written on the conclusion of renegotiations over Block 3/3A, and contains a prediction estimate for total government revenues expected from Block 1, 2 and 3A.

profitable for the participating oil companies. In the most likely scenarios, Tullow Oil could make a 30-35% return on its investment.”⁷ (see also Veit *et al.* 2011).

Importantly for the purpose of this study, Article 16 in the contract gives the companies the right to construct the export pipeline from Uganda to Kenya. By granting the oil companies the right by contract to construct the pipeline, the contract bypasses the Ministry of Water and Environment’s approval which would have included environmental and social impact assessments, and an overall ability by the Ugandan government to make a well advised decision about Uganda’s best interest in the construction of such a pipeline. Moreover, the rights and responsibilities elaborated in this contract are highly favourable to the companies. Because, “[w]hile the contract explicitly states the oil companies’ right to construct a pipeline and the government’s obligation to support such a plan, it does not include the opposite responsibilities – i.e. the contract does not state that the oil companies will conduct adequate impact assessments or strategic environmental plans or construct the pipeline to certain standards. Nor does it include a contractual right for the Ugandan government to investigate and oversee proposals prior to approval” (Lay & Minio-Paluello 2010: 18). The rights of the company in Article 16 comprise rights of way, trenching, coating, insulation and heating, and suggest an ownership management which includes rights of “international routes and tariffing arrangements” (Tullow Oil 2007: 25). These examples are indicative of the assumption that the oil and pipeline projects are being done for the oil companies, and raise doubt about the participatory and people-centred development of the EAC and the Vision 2030 flagship project, the LAPSSSET, as it has been promoted from the beginning (see Kibati 2012).

3.5 Conclusion

This chapter has served to identify several structural, political and social contestations in the region which have been reproduced by incumbent political elites of the post-independence period. These tensions have shown potential to transform into extreme acrimony and violence. In one instance, the political elite seems more interested in securing their own personal interests and political power, in the other the leadership has demonstrated the readiness to resolve to military actions against

⁷ This assessment of corporate profits is supported by a Credit Suisse (2009) report on Heritage Oil.

dissidents. This chapter has also served to identify the main actors involved in the LAPSSET project. The main proponents of the project are the state elites and the oil companies. But with a critical anti-reductionist perspective the chapter has also shown how this regionalising project interfere with other regions and residents living in the vicinity of the LAPSSET Corridor, and how processes of regionalisation such as the LAPSSET is generating responses and creating counter reactions and contradicting regional constellations on the ground.

In accordance with the NRSA approach the chapter has also problematised the nature of the state and the so-called national interest. It has identified the type of state in the region as authoritarian and neo-patrimonialistic institutions. It has highlighted the significance of private interests and regime boosting as a result of structural and historical circumstances in East Africa, and also as a response to global programmes of political and economic restructuring. This study posits that the present regionalism in East Africa constitute what Söderbaum (2004: 206) defines as “a diplomatic game” where the political regimes “praise regionalism and sign cooperation treaties, in order to be perceived as promoters of the goals and values of regionalism.” Following these findings, “there are good reasons to remain sceptical of any type of regionalism that is supported and promoted by [...] authoritarian and neopatrimonial regimes” (Söderbaum 2004: 206).

The next chapter introduces the case study of the LAPSSET Corridor. It explains how the LAPSSET is socially and historically constructed. This chapter will also address its implementation mechanisms and assess its potential for inclusiveness of local participation and sustainable socio-economic enhancement. The chapter has also demonstrated how the mixed actor coalition between the state and TNCs is transforming state-society relationships.

Chapter 4

4 The case of the LAPSSET Corridor

4.1 Introduction: The LAPSSET as a case of political micro-regionalism

The LAPSSET Corridor can be understood as a Spatial Development Initiative (SDI) initiated by the Kenyan government. It was launched by previous president Mwai Kibaki and continued by the current president Uhuru Kenyatta. Kibaki's neo-liberal orthodoxy marked a shift away from the isolationism and protectionism featuring Kenya under the leadership of Moi. Correspondingly, "[a] key component of the SDI paradigm is [...] to move away from the protected and isolated import substitution approach to economic development towards one in which international competitiveness, regional cooperation and a more diversified ownership" (Söderbaum 2004: 160). Furthermore, according to Paul Jourdan (1998: 718), "SDIs are [...] targeted interventions by central governments for helping unlock economic potential and facilitate new investment and job creation in a localised area or region" by eliminating infrastructural constraints to global capital and investments, often through close collaboration with the private sector in public-private-partnerships (PPPs), and via "strategic investment opportunities in the SDI area" or 'anchor projects', generating "sudden large injections of resources into a region."

This chapter addresses the origins, dynamics and impacts of the LAPSSET Corridor of East Africa as a case of micro-regionalism in this special and politically contested part of eastern Africa. As indicated in the NRSA/Weave-world, the analysis of processes of regionalisation must transcend the formal policy strategy and institutional structures of the LAPSSET project as such to grasp the implicit socio-economic and socio-cultural elements to provide a more holistic and historical understanding.

4.1.1 The social and historical (re)construction of the LAPSSET Corridor

This section illustrates how a regional space is under continuous construction, reconstruction and deconstruction. The section is structured as follows. The next segment highlights the fact that the regional space in which the LAPSSET Corridor is being constructed has constituted a link between the East African countries and the

global economy for more than 100 years, by way of trade, labour migration and transportation (see Abir 1968; Rempel 1998). It also sketches out how different actors have been involved in transforming the region through coercion and systematic marginaliation and how this has created alternative and contradicting regional relations.

The regional space in which the LAPSET Corridor currently is under construction is not a novelty but can be traced back to the Zanzibari caravan routes which connected the interior with the coast, opened up the region for trade and resource extraction and linked it to the larger trade networks between Africa, Arabia and Asia. The Zanzibari merchants established the most important caravan trade routes in this region in the early history of East Africa. With costal stations in Dar-es-Salam and Pangani, and Mombasa and Lamu in today Tanzania and Kenya respectively, trade routes were expanded into the hinterland of what is now Burundi, Rwanda, Uganda, South Sudan and Ethiopia (Abiri 1968). Up until the 18th century the East African region had suffered stagnation in trade and intra-regional interconnection. However, “due mainly to the growing demand in ivory and other animal products, gum, ambergris, mangrove poles and slaves” this stagnation came to an end (Abir 1968: 104). These trade routes connecting the region of East Africa saw the establishment of merchant villages or stations along the route, and the spreading of ideas, culture, technology and language, such as Swahili.

Many of the countries in the region (except for Burundi, Ethiopia and Rwanda) also share a common colonial legacy under British rule. The British established institutions in efforts to integrate the region. A customs union between Kenya and Uganda was established in 1917, which was joined by Tanganyika (today Tanzania) in 1927. The East African High Commission (EAHC) followed in 1948 and was preceded by the East African Common Service Organisation (EACSO) from 1961 to 1967, which in turn was superseded by the East African Community (EAC) of 1967 to 1977 and of 2000 until present. The new EAC expanded in 2009 when it was joined by Burundi and Rwanda, and South Sudan is an aspiring member to the community after its separation from Sudan in 2011. Recently Kenya has been pushing for the expansion of the EAC to include Ethiopia, Djibouti and Somalia (Coloma 2013).

In addition to these formal institutions, the British developed infrastructure that connected the East African countries. The Uganda Railway, or the ‘Iron Snake’ (also called the ‘Lunatic Line’), connected Uganda with Mombasa by the Indian Ocean and was

constructed to aid Great Britain in achieving domination in the region. Moreover, the railway allowed for the export of coffee and tea and encouraged other types of commerce and settlement along the tracks, which had developmental impact on Kenya and Uganda for decades. For instance, the construction of the railway resulted in the founding and development of cities such as Eldoret, Jinja, Kisumu and Nairobi. In 1929, the Uganda Railway became the Kenya and Uganda Railways and Harbours, and in 1948 it became the East African Railways and Harbours Corporation (EAR&H), under the East African High Commission, when it was merged with the Tanganyika Railway. When the EAC was dissolved in 1977 the EAR&H was split into the Kenyan, Tanzanian and Ugandan national railway corporations. During colonial time, the British also encouraged labour migration between Kenya, Uganda and Tanzania which continued after independence and the establishment of the EAC (Bakewell & de Haas 2007: 100).

The history of the political economy of East Africa is still bearing its mark of the old colonial master. East Africa was of strategic importance for the British, not only because of its position along the Indian Ocean, but also for its proximity to the source of the Nile. The various commodities in Kenya and Uganda also made it important for British industry. Therefore, Kenya was also important because of its export potential, which led to a higher degree of industrialisation in Kenya, compared to Uganda. Following independence, the highly centralised structure of the colonial state was also adopted by the post-colonial governments which is highly visible today. Kenya also adopted a better developed infrastructural network compared to its neighbours, and which still constitutes the developmental basis for the country's economy. Secretary for Transport, Cyrus Njiru illustrates this point noting that "91% of Kenya's GDP is now generated within a 100km radius of the railway[s]. [...] Outside the corridor lies a geographical territory that constitutes over 75% of Kenya's land mass. It constitutes less than 10% to national GDP. Why? Because the transport infrastructure has never been modernised" (Kantai 2012). As several of the countries in East Africa are land-locked countries, they are dependent on transporting their products over long distances and across borders, which combined with the underdeveloped transport infrastructure, lengthy administrative procedures and delays at ports and checkpoints along the road networks make exports and imports very expensive.

However, the ambitious plan has been met by resentment by the people in the sub-region where memories of systematic marginalisation is still fresh in mind (see

Weiss 2004). Nevertheless, Kenya's regional ambition to penetrate new markets, such as South Sudan is an opportunity Kenya is determined to grasp. Since 1896, the Kilindini Harbour in Mombasa has made Kenya into the regional hub for trade, industry and energy. Between 2007 and 2011 the traffic through the port increased by 23 per cent and "in 2011 the port handled 770,000 TEU (twenty-foot container equivalent units) of freight, though it was built for only 250,000" (Coloma 2013). The overload is slowing down transit and according to a US International Trade Commission (USITC) report, it takes on an average more than two weeks for a container to pass through the port (USITC 2012). The discoveries of oil in Uganda in 2006 therefore represent a threat to Kenya's position as the regional hegemon for energy. The increasing military activities of Kenya's western neighbour in military intervention missions in Somalia and South Sudan, and Uganda's bid on South Sudanese oil as earlier mentioned, adds to this dimension. It can therefore be argued that the LAPSSET Corridor has significance beyond simply developmental and economic levels.

The LAPSSET Corridor will undoubtedly have transformational effect on the East African region, and while it can constitute an incentive for an enlargement of the EAC, it can also be seen as challenge to the EAC as it is today. Tanzania has recently complained about being 'sidelined' in the EAC and has complained to the EAC following an agreement to construct a railway connecting all EAC members except Tanzania (Ng'wanikilala 2013). Moreover, Tanzania has launched a USD32 billion transport corridor, the Mwambani Port and Railway Corridor (MWAPORC), defying Kenya's ambitions "to cement its position as the regional communications hub" (LAPSSET Tracker 2013).

On a lower regional level, the LAPSSET Corridor and oil production are also showing potential disrupting effects. In the Kingdom of Bunyoro in western Uganda, there are indications of "an acrimonious split" (Ssekika 2013). The kingdom covers the districts of Buliisa, Hoima, Kibaale, Kiryandingo and Masindi, all districts where there has been oil discoveries, but the ethnic group of Bagungu residing in parts of Hoima, Buliisa and Masindi is now pushing for a breakaway from Bunyoro. Stephen Birahwa Mukitale, the Buliisa county MP, is blaming the secession dispute in external forces that intend to divide Bunyoro to gain access to the oil resources (Ssekika 2013). There is also a more severe geopolitical threat to the oil and infrastructure project, which goes back to NRM's internal struggles, and is more recently linked to the Ugandan military

engagements in Somalia. Because of its involvement in the African Union Mission in Somalia (AMISOM), Uganda has become an al-Shabaab target. In addition it has recently been confirmed that al-Shabaab is connected with the Allied Democratic Forces (ADF) that went into hiding in the DRC in the 1990s. Now back, and in 2007 they crossed Lake Albert into Uganda. They were pushed back by the UPDF, but since then “the Ugandan government has consequently become increasingly sensitive to the security threat a resurgent ADF may pose to the country’s oil operations” (de Kock 2012c: 57).

It is also expected that the LAPSSET Corridor will have significant impact on intra-regional informal cross border trade (ICBT) in East Africa, “although the nature and direction of that impact is hard to determine” at this stage (SID nd.). An AfDB (Afrika & Ajumbo 2013) report shows how the informal exports in 2006 from Uganda to Kenya, Rwanda, Tanzania, the DRC and Sudan stood at USD223.89 million, “corresponding to 83% of official exports to these countries over the same period”, and increasing to approximately USD790.73 million in 2009 (Afrika & Ajumbo 2013: 5-6). The report highlights the “positive knock-on effects” of ICBT in Uganda with regards to employment creation, increased income, development of the agricultural sector and “enhanced regional food security” (Afrika & Ajumbo 2013: 6). Improved transport infrastructure and a reduction of the many checkpoints in the region will increase efficiency in logistics, but ICBT has been able to thrive “in part because of logistical inefficiency – allowing it to serve markets and consumers that more formal distribution channels do not reach” (SID nd.). Therefore the LAPSSET will lead to a formalisation of ICBT, and necessarily a reduction thereon.

The seemingly drift between Tanzania and the rest of the EAC members and the possible expansion of the regional block to the north and the possible exclusion of Tanzania, the potential divisions of regions in western Uganda and regionalising insurgencies demonstrate the interlinkage and contradiction of the two broad processes of formal and informal regionalisms, and the LAPSSET Corridor is a tangible example and a generator of this contradiction. These examples also support the NRSA perception of the construction, reconstruction and deconstruction, “intentionally or unintentionally – by state, market, civil society and external actors, which come together in complex and often informal multi-actor coalitions for a variety of both positive and negative purposes” (Söderbaum 2004: 2). As this brief historical overview has shown, the East African region is not a novel phenomenon, and is historically and socially constructed,

and it is upon these existing ties the current (re)construction of a cross-border relationship is emerging.

4.1.2 The objectives of the LAPSSET

The idea of the LAPSSET goes back to the 1970s, but was pulled up from the drawer by former Kenyan president Kibaki and has been advanced by the successor Kenyatta who has made the project the most high-profile project in Kenya and the most ambitious project on the whole continent. The construction of the LAPSSET Corridor was launched in Lamu in the beginning of March 2012 by presidents Kibaki, and Salva Kiir and foreign minister Meles Zenawi of Kenya, South Sudan and Ethiopia, respectively, following an official opening of the project. The LAPSSET Project is a flagship project under the development blueprint of the Kenya Vision 2030. The Vision 2030 constitutes the guide and motivation of Kenya to become a globally competitive and prosperous middle-income nation by 2030, and the LAPSSET Corridor is among the main means to realise this goal. Kenya Vision 2030 stands on three pillars: The economic pillar strives to achieve and maintain a sustained economic growth of 10 per cent until 2030; the social pillar aims to build a just and cohesive society that enjoys equitable social development; and, the political pillar in which an “issue-based, people-centred, result-oriented and accountable democratic system” is to be achieved (RoK 2007: 2; see RoK 2008; Mwendwa & Misati 2014). The political achievements will be secured through addressing “economic growth challenges and thereby creating more opportunities for everyone” (RoK 2008: 58). Reaching the objective of the social pillar is to be achieved through a comprehensive refurbishing of various sectors, including education and training; health-care services; environment, water and sanitation; environment and conservation; gender, youth and vulnerable populations; housing and urbanisation; labour and employment, and science, technology and innovation. The revamping of these sectors is important parts of the overall objective to achieve a middle-income status for Kenya by 2030, and equip the country sufficiently to become a competitive player in the global market. The political objectives in the Vision 2030 are guided by the overall rule to rebuild confidence between the people of Kenya and the authorities, address electoral disputes and ensure participation for Kenyans “in free, fair, credible and decisive elections” (RoK 2008: 124).

Officially, the LAPSSET is supported based on its importance for GDP and increase in employment, its investment incentives and its importance for export products in the region, but also as an enhancement vehicle for other policy areas, such as global capital competitiveness, regional economic integration and as an expansion of the ownership base.

The objectives of the LAPSSET Corridor are as follows:

1	To enhance and foster commercial communication between Ethiopia, Kenya, South Sudan and Uganda;
2	To promote regional socio-economic development along the transport corridor, especially in the semi-arid areas of the participating countries;
3	To enhance the GDP of the national economies;
4	To facilitate regional political economic integration;
5	To enhance regional and intra-African trade;
6	And, in the long term, to construct a continental bridge between the Indian and the Atlantic oceans, thereby boosting the interlinkage among the African countries.

(see Kenya Vision 2030)

The LAPSSET project consists of seven components and is estimated to cost around USD33 billion. The project is also promoted as a job creator and the Kenyan government will also provide 1000 scholarships to youth from the county of Lamu.

1	The Lamu Port (Manda Bay);
2	The LAPSSET Railway;
3	The LAPSSET Highway;
4	The LAPSSET Oil Pipeline;
5	Resort Cities in Lamu, Isiolo and Lodwar City by Lake Turkana;
6	New airports in Lamu, Isiolo and Lochichokio;
7	And, Oil Refineries (construction plans consider refineries in Southern Sudan, Uganda, expansion of the refinery in Mombasa as well as a new refinery at Lamu Port).

(see Kenya Vision 2030)

In addition, services related to the infrastructure project components include the Malindi – Garsen Road; the High Grand Falls Multipurpose Dam (to provide water and power supply); a fibre optic cable (to provide for communication), and; other associated sub-projects to generate and attract investments in manufacturing and commercial sectors along the LAPSSSET Corridor.

The regional leaders are demonstrating joint determination in their bid for private investors which will be needed to cover the major bulk of the project expenditures USD24.5 billion (total: 30 something billion). The heads of state of Ethiopia, Kenya, Southern Sudan and Uganda are now joining forces and are adopting the AfDB Africa50 Infrastructure Fund Approach in order to “make a compelling business case to private sector players”, as said by the leaders (cited in Otieno 2014).

4.1.3 The governance and management mechanisms of the LAPSSSET Corridor

The LAPSSSET Corridor Development Authority (LCDA) was established in April 2013 “to manage implementation of the various project components”, and has appointed Silvester Kasuku as the LCDA CEO⁸ (see MFA Ethiopia). This “autonomous agency” is consistent of an “11-member board that includes five state officials, five private sector representatives and a chairman appointed by the President”, which was legally established on 1 March 2013 (Odhiambo 2013). Its headquarters will be in Nairobi with local offices in Lamu, Isiolo, Lochichokio, Marsabit and Moyale. Its stated mission is “[t]o be an effective authority that plans, coordinates and manages the delivery of LAPSSSET [Corridor] Programs in the region through partnership and consolidation for growth and prosperity” (LCDA Mission & Vision).

The LCDA is pushing for public-private-partnerships (PPPs) to fund the implementation. Recently the Kenyan parliament enacted the Public Private Partnership Act No. 15 of 2013. The act is timely considering the significance of proposed PPP funding of the different LAPSSSET components. The PPP Act should be understood from a historical point of view, where the Kenyan government has been unable or unwilling to cater for fundamental public services. In addition, the “law was adopted in line with the national development program [...] “Vision 2030” (CLR&PD 2013), and thus underscores the structural significance of the programme of which the LAPSSSET is a major component.

⁸ Kasuku is the former Infrastructure Secretary of the Republic of Kenya.

4.2 Refinery or pipeline: contradictory motives for regionalisation

Despite efforts by the LCDA and the heads of state in the participating countries to attract investors to finance the LAPSSET Corridor, the whole project seemed to be running out of steam for a while. This was until an agreement was signed between the government of Kenya and South Sudan to include a pipeline as a main component to the LAPSSET Corridor (ABM 2012). With the subsequent oil discoveries in Kenya foreign investors are showing increased interest in the project. Uganda's position next to the LAPSSET has not been decided until recently. The country discovered oil in 2006, but had initially other regional ambitions than to transfer it through the LAPSSET oil pipeline. This section argues that oil production has been an important driver for the current regionalisation. To illustrate this point, the next section makes an assessment of the significance of the oil industry to influence political decision-making in Uganda and to modify its regional ambitions. This will also illustrate for whom, by whom and for what purpose oil regionalisation is being conducted in East Africa.

It is not only in East Africa that the carbon industry influences policies. A report by UK based watchdog NGO, *World Development Movement* (WDM) (2013: 3, 4) reveals how William Hague as foreign secretary (12 May 2010-14 July 2014) "intervened to help UK company Tullow Oil avoid paying tax in Uganda." According to the report, the British foreign secretary "is said to have telephoned the Ugandan president and lobbied strongly for Tullow's £175 million tax bill to be waived" (WDM 2013: 4). The WDM report also claims chief executive of Tullow Oil, Aiden Heavey granted education secretary Michael Gove £10,000 ahead of the 2010 UK general election (WDM 2013: 4; see also Mbanga 2012). Heritage Oil is also accused in the report for having donated £60,000 to the Conservatives (WDM 2013: 4; see also Slater 2011).

Uganda joining the LAPSSET project is actually an example in itself demonstrating the leverage power of oil companies on East African political decision makers. Since the discoveries of oil in Uganda the regional strategic ambitions of Uganda to become a supplier of refined produce to the central and eastern African markets have been confronted with the oil companies desire to transport oil through a pipeline to the ocean to supply the global market. Uganda wanted to construct a refinery with the capacity of 150,000 barrels per day (BPD) and "transform Uganda into east and central Africa's main refined products supplier" (Naresh 2012). Indeed, Uganda had even plans of processing oil from South Sudan, in direct confrontation with the LAPSSET Corridor.

However, Article 16 in the contract between Heritage Oil and Uganda indicates that Uganda has changed their position, now in favour of the pipeline instead of the refinery. Article 16 gives the companies the right to construct the export pipeline from Uganda to Kenya. By granting the oil companies the right by contract to construct the pipeline, the contract bypasses the Ministry of Water and Environment's approval which would include environmental and social impact assessments, and an overall ability by the Ugandan government to make a well advised decision about Uganda's best interest in the construction of such a pipeline. Moreover, the rights and responsibilities elaborated in this contract are highly favourable to the companies. Because, "[w]hile the contract explicitly states the oil companies' right to construct a pipeline and the government's obligation to support such a plan, it does not include the opposite responsibilities – i.e. the contract does not state that the oil companies will conduct adequate impact assessments or strategic environmental plans or construct the pipeline to certain standards. Nor does it include a contractual right for the Ugandan government to investigate and oversee proposals prior to approval" (Lay & Minio-Paluello 2010: 18).

Article 16 also grants the right to tariff the crude oil transported through the pipeline in order for the company to cover its costs and make "a reasonable return thereon; such return will be determined having regard to the risks assumed by shareholders of the Pipeline Company in outlaying the funds for the construction, operation and maintenance of such facilities" (RoU 2012: 37). In the contract it is neither determined the extent of "reasonable return", nor how and by whom it will be funded. However, considering the large return projected with regards to the PSAs, there is reason to expect similar projections for the pipeline.

The oil companies have promptly advocated for the need to construct a pipeline, given the geographical circumstances of Uganda as a landlocked country with insufficient transport infrastructure, which consequently will affect their margins, and have used these arguments in order to rationalize their excessively favourable terms. However, "given that the contract guarantees "a reasonable return" (i.e. strong profits) for the operators, this argument serves to distract from the fact that the pipeline represents another source of profit generation for oil companies operating in Uganda" (Lay & Minio-Paluello 2010: 19). Moreover, the fiscal analysis above illustrates how the pipeline will cut government revenue from oil, putting the state in an even more unfavourable position compared to the oil companies.

According to Florence Kyalimpa the government has tried to negotiate the contracts with the oil companies, but companies exercise much influence over the decision making process. She claims that the experience of the oil companies, and their financial capability and human resources exceed the negotiating capacity of government. Another civil society agent who wishes to remain anonymous (Interviewee (sn.) 2014) argues the companies were in favour of this solution in order to secure quick profits, adding, “they even threatened to withdraw from Uganda if the government had refused to grant them that option” (see also Wiig & Ramalho 2011: 11).

4.2.1 Checks and balances in the oil and infrastructure sectors

The increased attention during the 1990s on oil in Africa focused on the notion of oil exploitation as a new kind of western imperialism, and the current discourse is largely preoccupied with concerns about the environment. Although these issues are important they have also “served mainly to obscure the true dynamics of what was really going wrong” (Shaxson 2007: 1125). The oil discoveries in East Africa are significant, and the potential of the oil development to transform the economies apparent. Host governments in oil producing countries receive substantial funds, such as taxes, royalties, license fees and support for local communities, which should contribute considerably to socio-economic development. Yet, many oil-producing countries fail to make wellbeing out of resource wealth. When resource revenue management remain opaque and unaccountable “mineral and petroleum wealth can fuel large-scale corruption, as well as poverty, injustice and conflict” (Kowalczyk-Hoyer 2011: 5). Already in 2007, revenue from oil production in sub-Saharan Africa amounted to four times the OECD countries’ total aid to the region. Nigeria earned USD400 billion from oil between 1970 and 2007, yet the country’s income per capita is 25 per cent below the average for the sub-Saharan African regions. Despite substantial increased revenue from oil in both Angola and Equatorial Guinea, the “infant mortality has risen sharply” since the discovery of oil (Murphy & Shaxson 2007). Increased transparency and accountability of the governments and companies should help alleviate this ‘resource curse’.

However, structural weaknesses on the global, regional and national political and regulatory levels obstruct mechanisms of checks and balances, transparency and accountability. The 1995 Constitution of Uganda contains the doctrine of the separation

of power, but in practice, all three powers of the government lie with the executive. Indeed, “[t]here is evidence that the incumbent government has passed whatever laws (the Land Act, the Phone Tapping Act, the Anti-Terrorism Act, and the establishment of new districts) it wishes without due regard to the rights and objections of opposition political parties, civil society, and individuals” (Olum 2010: 65).

These structural weaknesses are also visible in the Uganda’s 2012 Petroleum Bills. While the Bills do contain important legislation for sound governance of the petroleum sector, there are still significant gaps. According to a joint civil society statement by Global Witness, Oil Watch Network Uganda, PWYP Uganda and Water Governance Institute the Bill will lead to “excessive executive control”, “lack of parliamentary oversight”, “failure to guarantee transparency and best practice” and “inadequate social and environmental controls” (Global Witness *et al.* 2012; see also Global Witness 2012).

Also with regards to international standards and global governance mechanisms, such as the Extractive Industries Transparency Initiative (EITI) there are weaknesses. EITI is a voluntary publish-what-you-pay standard organisation. It was launched in 2002 and has been widely proclaimed, with important supporters such as the World Bank and with signatories like Total and Tullow Oil which are operating in Uganda and Kenya⁹. With both Tullow and Total as signatories to the EITI, there is some reason for optimism. Nevertheless, “[t]he onus of implementation rests on participating host states rather than resource companies, and the resource companies are subject to the domestic regulation of the host states” (Hansen 2009: 26). According to Thomas Hansen (2009: 29), this is the weakness of the EITI: “State governments have the lowest degree of direct interests in implementation and, in many cases, also a vested interest in less transparency surrounding resource revenues.” Moreover, the function of the EITI is limited, because it only checks if anything is missing between the transfer from the companies to the government. Therefore, it does “not check on an accruals basis whether the cash paid was the right amount in the first place” (Murphy & Shaxson 2007). In addition, the EITI treats corruption on a national basis, and thus overlooks the transnational element of corruption in big oil. In an interview with CMI researcher Tina Søreide, specialist on incentive-structures in governance institutions, argues: “Although

⁹ CNOOC is not a signatory to the EITI. Neither are Uganda and Kenya, although they have for a long time expressed their intentions to become signatories.

the EITI is one step in the right direction, it is not robust enough to ensure sufficient transparency and accountability to impede corrupt behaviour in the oil sector” (Sørreide 2014).

4.3 Development for whom?

In this section, an assessment of the LAPSSSET Corridor’s development potential or other consequences for the people living in the area is addressed. In so doing it pays special attention to the poor people. The section is divided into three sub-sections; namely: the supposed development paradigm; PPPs and privatisation; and local inclusiveness in the development development.

4.3.1 Development paradigm

The LAPSSSET Corridor profiling as well as the regional oil production projects make solemn promises and allusions to sustainable developmental recognition. For instance, one of its core objectives commits it to “[d]ynamic promotion of regional *socio-economic development* along the transport corridor” (Kasuku 2013: 9; emphasis in original). Moreover, the LAPSSSET Corridor is marketed and promoted to the public as a vehicle towards socio-economic and inclusive development with great prospects for employment opportunities and broad based wealth creation. Kenyan Minister of Transport, Njiru, claims the LAPSSSET is essential for “[i]mproving livelihoods of over 15 million people in North Eastern, Eastern, Rift Valley and [the] Coast” (2011: 9), and former President Kibaki has said “the project will boost employment and contribute to better prospects for some 167 million people in the surrounding region” (Flattau 2012). Kenya Vision 2030 Director, Jonathan Lodompui adds that the LAPSSSET Corridor with its long-term growth and employment opportunities, “and increased mobility of security forces also ”will resolve the security issues in the Northern parts of Kenya (Savage 2014).

However, there are clear contradictions between these statements and other expected consequences for the people residing within the reach of the corridor. Lodompui has also stated “pastoralists may be negatively affected by the project as they have been marginalised economically, socially and politically.” The Vision 2030 Director also said the pastoralists “are ill-equipped to respond to [the] set of challenges that [the LAPSSSET] project portends.” Grazing land will be taken away from them, and the project

may thus “lead to increased conflict, disruption of source of income and collapse of beliefs and cultures” (Salesa 2013). As already illustrated in the above and previous chapter the negative predictions noted by Lodompui have already started to show. Unfortunately, for the local population, or the ‘really existing’ LAPSSET Corridor, the development-oriented ambitions have yet to illustrate its positive influences. And the promises of development and sustained socio-economic growth through participation can thus far be understood as “mainly a rhetorical façade or at best a way to beef up the status of ‘bankable’ and private investment projects”, which in the end constitutes the linchpins of the LAPSSET project.

Furthermore, the priorities, resources, mechanisms and instruments have so far failed to demonstrate comprehensiveness and sufficiency with regards to the stated commitments to promotion of regional people-centred socio-economic development and participation through, for instance, employment generation. Moreover, the holistic and participatory framework is disproportionate compared with objectives 1 and 5 where infrastructure investment and mega-projects for industrial development are so far prioritised. Objectives 1, 4, 5 and 6 are all in accordance with the promotion and advancement of the East African Common Market Protocol through improvement of linkages and facilitation and liberalisation of movement of goods, labour, services and capital across the regional borders, but the element of regional socio-economic development in objective 2 remains illusory, save for the award of LAPSSET scholarships by the government (Mbabazi 2014, see also Save Lamu; LAPSSET). However, the recruitment mechanism has been contested by members of parliament from Lamu County who claim “the exercise has been politicised and insisted it should be called off” (Beja 2013).

Finally, it is difficult to see the connection between oil production and development. As has been argued earlier in this study, the oil companies are principally interested in maximising profits, and the development for the people in East Africa is not among their concerns. The initial phases of the oil production will be quite labour intensive. It is estimated that the “[c]umulative number of people required to build and operate Lake Albert projects on site” will peak at around 13,000 workers just before year four of the construction phase (Joint Venture Partners 2014). But the intensity will decrease to between four and five thousand from around year 5 until year eleven when it will depend only on 3,000 workers.

4.3.2 Public-private partnerships and privatisation

The LAPSSET Corridor should be seen in the broader structural adjustment embedded in the development programme, Kenya Vision 2030, and a parallel can be drawn to Uganda's Vision 2040 (see NPA). As mentioned above the LAPSSET project should be seen in relations to the development blueprint Vision 2030 and the adjustment of regulations facilitating market access of private capital. Moreover, Kenya and Uganda are aligning their economies and regulatory frameworks in order to attract as many investors as possible to their new development programmes (Wachira 2014).

The LAPSSET Corridor initiative goes beyond the idea that transport and communications development should be funded by international financial assistance. Instead, such funding should be raised via partnerships between governments and private investors. According to Dave Arkwright and Geoff De Beer, the conception of involving the private sector to "finance, develop and operate infrastructure" represents a growing trend where the public sector is increasingly compelled to incorporate the private sector in infrastructural development (Arkwright & De Beer 1998: 2). Elemental to this tendency are limited government incomes and public disillusionment with the service delivery by public enterprises. Public-private partnerships (PPPs) "can serve to rectify some of these problems, while simultaneously allowing the public sector to retain a certain level of control" (Lee 2003: 151; Arkwright & De Beer 1998: 2-3). Using the International Monetary Fund (IMF) formula of PPPs "the private sector can play an active role in financing, managing and maintaining large infrastructure projects that would traditionally have been seen as purely the public sector's responsibility" (Driver 1999: 18; see also Söderbaum 2004: 184).

All components of the LAPSSET Corridor are in the *Feasibility Study for the LAPSSET Corridor and Lamu Port Master Plan & Detailed Design* recommended to be financed, managed and operated by means of PPP schemes (JPC & BAC/GKA JV 2011), which "imply commercialization and/or privatization of conventional state functions and public goods" (Söderbaum 2004: 184). Several service delivery sectors have been privatised, in particular the energy and infrastructure sectors. For instance, in 2000 the *Uganda Electricity Board* was divided with a majority of the entities being privatised to the consortium *Umeme* in 2004 (Hall 2007), and in 2002 the operation and maintenance services of the *Ugandan National Water and Sewerage Corporation* were privatised (Jerome 2004; Bacwayo 2010). In Kenya, in 2012, twenty-three state-owned assets were

lined up for sale, including the Kenya Pipeline and East African Portland Cement (Africa Research Bulletin 2012). The investment decisions in the LAPSSET project is ruled by a forthright 'market paradigm', where the state as a mediating body are withdrawn at most levels.

The result is an "incompatibility of the private sector's quest for profit and the state's aim to redistribute wealth. For the private sector, the attraction lies in the fact that the state assumes all the entrepreneurial risks (Coloma 2013: 13). The emerging partnership between state and capital is not for the public benefit, but reflects a contract between the political elite and transnational capital, promoted by IFIs and the donor community, to rapidly proceed into liberalisation and privatisation (Söderbaum 2004: 184-85; see also Hanlon 1991). Subsequently, the reward is affirmed in the assumption that development automatically will be triggered by economic growth, and 'good governance' which "[a]ccording to the dominant line of neoliberal thinking [...] is defined as less government" (Söderbaum 2004: 185). Indeed, the donor community and affiliated IFIs insisted that new aid packages to Kenya should be suspended until the Moi government instituted political reforms and initiated good governance (Barkan 2004)¹⁰. In Uganda, President Yoweri Museveni, on taking power in 1986, embraced a socialist-nationalist economic programme (Museveni 1992). However, within a year "he and his fellow NRM [National Resistance Movement] leaders had agreed with the IMF and the World Bank on an economic reform programme that incorporated various neo-liberal adjustment measures" (Mwenda & Tangri 2005: 452). Similarly, In Kenya, which was one of the first countries in Africa to introduce the World Bank's structural adjustment policies (Rowbotham 2000: 56), "the IMF plays a significant role in the policy formulation under the structural adjustment program" where the IMFs "suggestions are usually taken into account without much alteration" (Korir & Kioko 2009: 24). In the case of the LAPSSET Corridor, this is further advanced to a level where "the state is reduced to an investment promotion agency that provides technical support in the privatization process" (Söderbaum 2004: 185). By embracing this neo-liberal ideology, "the state has become the disciplining spokesman of transnational capital, a

¹⁰ Nevertheless, some commentators have argued that the imposition of good governance conditionalities "was the only way to get Daniel Arap Moi to reach some accommodation with domestic constituencies and allow popular elections" (Ihonvbere 1996: 3).

'transmission belt' for economic globalisation" (Söderbaum & Taylor 2001: 676), instead of acting "as a 'buffer', protecting the domestic economy from harmful exogenous influences" (Söderbaum & Taylor 2001: 676; see Cox 1996).

It is rather obvious that the state, in this context, is acting according to other interests than those of its citizenry. The legitimacy of the state has always been dubious, and with the exception of the initial period of post-independence, the state has performed in conformity with international capital. In this regard, the tension over the LAPSSET Corridor between the state and the citizenry is an illustration of the historical marginalisation of the citizenry by the state. As Söderbaum (2004: 185) correctly points out, "neoliberal ideology in practice lacks a concern for the victims of structural change", which is manifested in the absence of inclusion into decision-making and insufficient consultation about the LAPSSET Corridor strategy of the people living in the corridor (RVI 2013: 2, 4; Save Lamu 2012; see also Khisa & Oesterdiekhoff 2012), which also illustrates the overall oil and gas activities in Kenya and Uganda (IHRB 2012). This, in addition to the irregular land allocations and enduring non-inclusive and undemocratic decision-making processes in Kenya and Uganda amount to what may be understood as a democratic deficiency.

It is beyond doubt that "[t]he purely money generating rationale of the [LAPSSET] Project is being pushed by "the political and economic elite of Kenya" (Abdulrahman, Saad & Associates Advocates 2012: para. 26; see also Flattau 2012), with the resulting negative consequences for the historically political and socio-economic marginalised and excluded people of the corridor. The privatisation or PPP-funding of conventional goods and services, such as ports, roads, railways and even cities is indicative of "a retreat of the conventional welfare ambitions of the state and the commodification of basic material needs. User fees are a worldwide trend but they clearly increase the burden for the poor and disadvantaged" (Söderbaum 2004: 186) especially in peripheral regions of East Africa which are the home of many of the most impoverished in the sub-region (Save Lamu 2012).

4.3.3 Local participation in development

As highlighted in the previous chapter, communication between the central and local government, the local communities, private sector and the citizenry has been limited. In addition, the central authorities are showing ruthlessness in their response to

frustrated locals as they have been demonstrating for transparency and inclusion in the oil and infrastructure developments. Jeremy Flattau (2012) reports: “Police have threatened local activists with arrest if they demonstrate against the government-backed project and restricted journalists’ access to information.” Paradoxically, while “senior officials of key state ministries in Lamu say they do not know what is going on”, the Minister of Transport, Amos Kimunya “responded to calls for more transparency by stating that the Lamu people will be informed of developments on a *need-to-know* basis” (Nunow 2012: 6; italics in original). Worryingly, Kimunya was exonerated in 2008 from his former position as Finance Minister when he was linked to “non-publicly tendered sale of a government-owned property” (KPMG 2012: 19), which makes a good example of Kenya’s culture of impunity of the political elite as well as Kenya’s tendency of opaqueness in the LAPSSET Process. As another example of the secrecy around the projects, “the Japanese Port Consultants contracted for the port feasibility study has declined to provide information on their contract sum and the tendering process to the parliamentary committee on Transport, Public Works and Housing, thus depriving Kenyans the information on the fiscal implications of the project” (Save Lamu 2012). The policy of devolution under the Kenyan Constitution of 2010 “also creates new avenues through which deepened cases of marginalisation and disparities can emerge on the basis of the new county structures” (Khisa & Oesterdiekhoff 2012: 2).

In Uganda, the *Industrial Baseline Survey* commissioned by the Joint Venture partners (Tullow, Total and CNOOC) has revealed that the Lake Albert Basin Development Project, will create between 100,000 and 150,000 new jobs in the first years of the operationalisation, including 13,000 jobs generated directly by companies developing and supporting oil and gas projects on site. Yet, the survey advises that 80 per cent of the jobs will be short term and will in time need to be transferred to other sectors in Uganda or abroad (Joint Venture Partners 2014). Jin Wei Gan, Vice President of the Chinese National Offshore Oil Company (CNOOC) Uganda said to the Ugandan newspaper *Daily Monitor* that “the survey was in line with [the] obligation to involve Ugandans in the sector.” Promoting “national content is not only a legal requirement but also an opportunity to ensure the success of the sector,” Gan continued (Imaka & Tumusiime 2014). However, referring to the inadequate skills level of Ugandans to fill the employment gap, the report states, “[a] major challenge relating to human resources will be the number and level of certification of technicians to comply with oil and gas

standards (Joint Venture Partners 2014: 2). So far the skills level of Ugandans to take on the available jobs is inadequate so that Ugandans are mostly occupying unskilled employment opportunities, while the technical jobs are occupied by foreigners. According to Elly Karuhanga, president of Tullow Oil Uganda and chairperson of the Uganda Chamber of Mines and Petroleum, “[t]his has been the practice because the government has an agreement with foreign firms to bring in specific foreigners with specific expertise” (cited in Imaka 2012).

Indeed, as Mwakali *et al.* (2011: 6) notes, “[t]he collaboration between the government of Uganda and the major players in the petroleum activities should focus on facilitating participation of firms with an infrastructure in Uganda and employment of Ugandans in petroleum activities without compromising quality, health, safety and environmental standards.” Currently, the national participation in the Ugandan oil sector is low, around 15 per cent. It has not been possible in this study to ascertain the skills requirement for qualification in the various positions in the oil development in Kenya and Uganda and the preparedness of the labour force in the countries. However, the core oil industry has a significant entrance barrier for new markets and the process of adopting and absorbing the skills and technology “is likely to take 15-20 years and requires high focus on education and skills development as well as on institutional capacity building” (Mwakali *et al.* 2011: 6). The informal sector constitutes a major part of the total industrial capacity. However, this capacity “will not be qualified to deliver services to the petroleum sector” without being formalised and expand more (Mwakali *et al.* 2011: 47). Under the Oil for Development programme, Uganda has received assistance from the Norwegian government in developing the country’s oil sector. The programme has consisted in, for instance, assistance in developing the Petroleum (Exploration, Development and Production) Bill of 2013 and promoted state-society dialogue between CSOs and the government. A legal framework establishing the “laws, regulations and license agreements to ensure that national content receives the necessary attention and to enforce national content ambitions” but it is also important to emphasise “that successful national content development cannot be achieved by regulation and legislation alone” (Mwakali *et al.* 2011: vii). The Ugandan labour force is still unqualified for the oil sector, not to mention the people residing in the oil producing areas. Loïc Laurandel, the former general manager of Total E&P Uganda Ltd argues: “The big challenge I have encountered is finding people with the appropriate skills and

knowledge who can work in the oil industry. There are very few Ugandans with the required skills” (cited in Ssekika 2014).

Under these circumstances, there is no confirmation that the state or other regionalising actors will be able to secure participatory and inclusive people-centred development in the corridor or in the related oil production projects, at least within the foreseeable future. If the indigenous population is unqualified for the jobs made available by the oil and infrastructure sectors the labour force will have to be imported from abroad. In that case, the transfer of knowledge about oil production as well as full participation of the indigenous labour force will be slower and maximum benefits of the national content reduced.

4.4 Further marginalisation or integration?

We can only make analysis based on what we know and make assumptions based on experiences. The oil production and the LAPSSET Corridor are only in their initial stages and it is therefore difficult to say if the objectives of equitable, socio-economic, people centred development with opportunities for everyone will materialise or not from the LAPSSET Corridor at this stage. However, as Mwakali *et al.* (2011: 6) notes “[i]t is a known fact that oil companies depend on massive outsourcing from the non-oil sector (predominantly international corporations). This means, therefore, that the latter to a large extent controls the former’s national content component.”

Also with regards to governance mechanisms and local communities’ concerns over environmental implications of the oil explorations and production it seems as if the community outside of the central core is voiceless. According to a Beach Management Unit (BMU) representative from Ssebagoro, whenever community members raise such concerns district officials reply that “oil is a national issue, and lower levels of government cannot influence what happens at the top” (de Kock 2012b: 37). This demonstrates the inefficiency and faulty of the so-called devolution and decentralisation policies in Uganda.

Current perceptions and discourses in the LAPSSET Corridor show concern about the future of their livelihoods, and fear about the disruption of communities as a consequence of the oil and infrastructure projects. Such perceptions and discourses offer important insights about the real processes on the ground. Therefore, the next section addresses discourses of marginalisation and uncertainty in the corridor.

4.4.1 (Discourses of) marginalisation and uncertainty in the LAPSSET Corridor

The oil discoveries in the region in examination in this study concern on-shore oil and natural gas discoveries. As the illustration above shows, they are also located in a historically unstable region; therefore it gives some association with the Niger Delta. The people living in the vicinity of the corridor are basically dependent on subsistence farming, cattle herding and fishing as livelihoods. The LAPSSET Corridor and the oil exploration and production are bound to have transformative effects on the broader eastern African region, and in particular on the regional space surrounding the corridor. This section highlights the way in which major extractive industry activities can impact on the political psychology of the residents affected by such operations.

Before the colonisation of Uganda, the Kingdom of Bunyoro was the largest and strongest kingdom in the country. However, with the arrival of the British, the Buganda kingdom on the northwest of Lake Victoria became the favourites of the colonial power and was strengthened at the expense of Bunyoro. Obote's abolishment of Uganda's four kingdoms¹¹ in the 1960s was repealed only years after Museveni's rise to power in 1986¹² (see Uganda Constitutional Commission 1995: Chapter 16). In the 1995 Constitution the kingdoms are reduced to cultural organisations and not allowed to involve themselves in politics. However, historical conflicts between the government and the kingdoms have seen the establishment of the Kings and Cultural Leaders Forum of Uganda which tries to lobby the government. In the case of the Bunyoro region in Uganda, where the biggest oil discoveries have been made so far, oil discoveries in the sub-region "have added a new level of frustration to already existent perceptions of political marginalisation" (de Kock 2012b: 26). A spokesperson for the Bunyoro people has said that the people has never been consulted about the oil developments in the area and that "[t]hey [the government] do not listen to us" (cited in de Kock 2012b: 26-27). It is therefore not surprising that many of the people in the area fear they will not have any stake in the oil development. Expressing frustration about the perception of the oil development and the future of the Bunyoro people, the spokesperson said: "We will only be left with holes, and pollution left behind after the oil is depleted" (cited in de Kock

¹¹ These are the Kingdoms of Buganda, Ankole, Bunyoro and Toro.

¹² The Ugandan kingdoms subject to the Republic of Uganda were restored by Amendment [No. 8] Act – Statute No. 8, Article 118 (1) of 1993 by the Parliament of Uganda and further recognized and protected under the Constitution of the Republic of Uganda by Chapter IV – Article 37; Chapter XVI – Article 246 (1) and (6) of 1995 and by Amendment [No. 2] Act, Schedule V – Article 178.8 of 2005 and by the Act's Supplement [No. 4] Act 6 of 2011.

2012b: 27). Complaints from a community representative from Ssebagoro landing site west of Hoima that the people of Bunyoro had not heard anything about region being compensated or receiving a share from the oil production, reinforces further the perception that the people are being sidelined in the oil development. As de Kock (2012b: 27) note: “What emerges is a discourse of political marginalisation, frustration at the lack of consultation, and a perception that the [...] people will not benefit from the lucrative oil resources that has been discovered” in the region.

4.5 Conclusion

This Chapter has assessed the origins, dynamics and impacts of micro-regionalism in a very special part of East Africa. The emphasis of the analysis has looked beyond formal institutional structures and policy strategies of the LAPSSSET Corridor to include the underlying socio-economic and socio-cultural fabric in a broad sense. It has shown the importance of infrastructure in development and how it is linked to GDP, wealth creation and market penetration, but also how it may influence and change the geopolitics of East Africa. By investigating the local level, the chapter has illustrated that the LAPSSSET Corridor and the oil production is likely to have a strong impact on existing regions, legacies of conflict and informal regional trade patterns. The chapter has also addressed contradictory motives for regionalisation and highlighted the significant and far reaching influence of the carbon industry, and its ability to influence politicians and political decision-making, to the benefit of the oil companies and at the expense of the state, but more so of the people. It has addressed structural weaknesses in resources revenue management on both national and global levels and concluded that the existing mechanisms are insufficient to ensure transparency and accountability.

The chapter has also assessed the development potential or other consequences for the people living in the area. It has identified objectives, which makes promises and allusions about sustainable development through employment and improved livelihoods, and contradictions to these objectives with regards to the marginalised people residing in the corridor. The funding mechanisms for the various components in the LAPSSSET has been scrutinised and has revealed an incompatibility between the motivations of the private sector and the state. It has thereon concluded that elite interests in the state and the oil companies are driving the profit-maximising rationale of the LAPSSSET.

The potential for participation in the development has so far proved to be minimal, and characterised by lack of transparency and inclusion into decision-making processes, suppression of public opinion and journalism, and exclusion of district and local representation. With regards to the involvement of the local labour force it has been revealed that the oil development and production is not a labour intensive sector, at least not for the medium term, and that the technical skills level of the labour force is inadequate, which means that these jobs will go to foreigners. It has shown that external actors have been important in developing necessary laws and regulations, but that this does not ensure national content ambitions. It can therefore be concluded that the various regionalising actors so far have failed to secure local participation and inclusive people-centred development. Based on a further assessment of discourses of marginalisation and uncertainty in the area this chapter has highlighted the impact on the political psychology of the residents in the regional space, and that the current oil and infrastructural development is adding a new level of frustration to already existent perceptions of marginalisation.

As noted by Marchand *et al.* (1999: 905-6), “it is only when we make deliberate attempts to connect the two broad processes of formal and informal regionalisms that we can get a clear picture of the connections between them. [...] The point is that the outcome of these processes are highly unpredictable and most often there is more to these issues than meets the eye.” By connecting the formal with the informal this chapter has created an “understanding of the patterns of inclusion and exclusion, and by whom, for whom and for what purpose the various micro-regional processes develop in the corridor area” (Söderbaum 2004: 163).

Chapter 5

5 Conclusion

This study has focused upon regionalism theoretically and practically with a perspective on the regional oil and infrastructure project, LAPSSET in East Africa. The intention of the study has therefore been, first, to contribute to the theoretical discourse of critical reflectivist theorisation of regions as an alternative to the dominant mainstream rationalist body of studies on the subject. Secondly, the study has made a comprehensive case study assessment of an ongoing regional project in order to demonstrate the inherent complexities and contradictions within regions and processes of regionalisation. It has subsequently shown from a historicist point of view the continuously social construction, deconstruction and reconstruction of the regional space under scrutiny, identified the variety of regional actors and the main drivers involved in these regional processes.

The mainstream rational theories on regionalism have been dominating the area of research on regions since the end of the Second World War which makes the case for testing alternative approaches to regionalism. The rationalist theories are all to various degrees based on common assumptions of market orientation, state- and Euro-centrism and a reductionist presumption with a status quo-bias. Therefore, as has been argued in this study, they fail to take into account dynamics and forces within the state-society complex and are subsequently neglecting essential regional activity within the regional space. The activities and strategies in the regional space assessed in this study are indeed highly complex and multileveled and as shown very often in contradiction with each other. In addition, they are intimately connected to the historical, political and socially constructed patterns of society on global, regional and local dimensions.

From a historical point of view the study has assessed the evolution of the state society relations. From global political structural adjustment programmes (SAPs) to regional and national contestations the historical overview in this study has shown the connections between centre-periphery from a global, regional and national perspective, and how political elites have manipulated such programmes in order to secure personal and political interests and power, also through military coercion. From this basis it is acknowledged that the political elites involved in the current regional projects are

promoting regionalism as a means to inclusionary and participatory socio-economic and democratic development. However, the study is sceptical about praising regionalism supported by regimes of an authoritarian and neo-patrimonial nature.

The case study of the LAPSSET Corridor as a case of micro-regionalism transcends the formal structures and policy strategies and includes an analysis of the underlying socio-cultural and socio-economic fabric of the regional space. It highlights the importance of infrastructure in development, creation of wealth and market integration but it also demonstrates potential implications for the regional geo-political situation. By including an assessment on oil production and the LAPSSET project in relation to the lower levels of regionalism it has revealed potential implications for existing legacies of contestation and informal cross border trade (ICBT) patterns.

Importantly, the study has uncovered inconsistent agendas for regionalisation illustrated, not least, by the tug of war between the Ugandan government and the oil companies, and how the carbon industry has been able to influence the political decision-making in Uganda in favour of the oil companies. The study has also revealed structural weaknesses on both global and national levels and its insufficiencies to ensure transparency and accountability. Finally the study has identified inconsistencies between the innuendoes of the participatory and developmental objectives and the profit-maximising rationale of the LAPSSET project. In this regard it makes for a gloomy perception at least in the core oil industry. This insight is resonated by the experiences and discourses of marginalisation and uncertainty in the area.

Several findings have been made in this study of which three major conclusions can be drawn. First, the study of regionalism requires a holistic approach and a critical theoretical assessment that can provide for the historical origin of the regions and identify by whom, for whom and for what purpose regionalism is being pursued. It is also important to include a balanced focus on the relationship between structures and agencies and the possibilities for change in this regard. This has been emphasised in the theoretical framework applied in this study in which insights from the World Order Approach, the New Regionalism Approach and the New Regionalisms Approach/weave world have been combined. This combination has been essential to understand the social and historical structures in which various regionalisms are operating and different regional actors are shaping the region through their actions and motives. Secondly, the actors identified in this study are state elites, from both within and outside

the region; enemies of the state, such as the ADF and al-Shabaab; Western development organisations, like Oil for Development; CSOs such as PWYP, WWF, Platform, WDM and Global Witness; oil companies; the local population of the area, reacting against these processes, creating communal land owners' associations; and the informal sector in trade and labour. Finally, this study has identified a mixed actor coalition consisting of political elites and external oil companies as the main drivers for regionalisation through the LAPSSET Corridor with oil production and exportation as the key incentive for enhanced regionalism. However, the findings in the study have revealed that the oil production has been highly influential in driving this regionalisation. The oil industry has had several functions in the current regionalisation in East Africa and has been elemental in the attraction of investors to the LAPSSET project. Most of the other regional actors have not been against the oil regionalisation *per se*, but their regional agendas have been defeated by the significant influence of carbon industry on political decision-making. In fact, as has been thoroughly emphasised the LAPSSET is rather exclusionary in nature, and it is likely that the future of the project will continue to create conflict of interests.

Despite the pessimistic predictions for the oil driven regional project, the current regionalisation in this particular region has revealed and made recognisable the perceived and real tensions and contradictory regionalisms in the area. The ongoing oil driven regionalisation must therefore also be understood as strengthening the agency of misrepresented and historically marginalised regional actors. CSOs like Save Lamu is creating awareness about the negative consequences of the construction of the port facilities for the people dependent on subsistence fishing. WWF attracts global attention to the environmental hazards of oil production, and are reacting against the secrecy and opaqueness of oil developments which put pressure on the government to avoid further scandals.

This study is necessarily incomplete due to the immaturity of the LAPSSET Corridor and the oil production in the region. It has been difficult to find relevant and reliable literature on the current oil development and the LAPSSET. Scholars from the school of NRA or other reflectivist branches have not yet published research on the new developments in the region. Most of the arguments are made on the basis of a historical understanding of the evolution of the political economy of the region and on empirically informed theories and emerging trends. The conclusion is quite pessimistic, but as

Thorbjørn Gaustadsæther (2014) argues “structural changes’ need time to settle’ and referred to the oil county of Rogaland in western Norway as a comparison. If managed in the right and inclusive way the majority will benefit. As Cox (1995: 33) eloquently argues, “Structures are formed by collective human activity over time. Structures, in turn, mould the thoughts and actions of individuals. Historical change is to be thought of as the reciprocal relationship of structures and actors.” It will therefore be exciting to see how the developments will be investigated in the future.

This focus on the region in this study had to be limited to certain areas along the LAPSSSET and included a historical overview of only two of the countries in the region. This was a choice made because of limited space and it is with regret that it could not provide a more broad based analysis for the region and include Ethiopia, South Sudan and Tanzania as well. A recommendation to further study is therefore to include the countries not analysed in this study. An interesting development as briefly addressed in Chapter 4 is the ongoing Tanzanian counterpart to the LAPSSSET, the Mwambani Port and Railway Corridor (MWAPORT). It would have been very useful to make a comparison between these two corridors.

A second limitation to the study is the insufficient attention devoted to civil society involvement in the regionalisation. Although much of the research was made possible because of the engagement of the civil society and through interviews, this important regional actor is underrepresented in the study and an important contribution for further research should try to demonstrate how civil society fits into the oil and infrastructure development and the region as a whole. This is definitively an interesting topic and through the preparation for this study the plurality and ambiguity of the regional civil society was mentioned on several accounts. For instance, Florence Kyalimpa (2014) told me that there has developed a regional civil society cooperation as a result of the oil discoveries in the region.

A third recommendation for further study, which is currently very relevant for the region is the question about the licenses allocations. The license allocations are currently being negotiated and they will also be very relevant for the approach used in this study. This deserves to be put in the spotlight of future study.

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