Negotiating power over oil and gas resources in Senegal: The political economy of oil and gas in a 'new producer' country.

This thesis is submitted for the degree of Doctor of Philosophy.

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Ana Francisca Ramirez.

Since its independence from France in 1960, Senegal has displayed relative political stability and institutional capacity, as well as peaceful democratic transitions. Yet, when important oil and gas discoveries were made offshore between 2014 and 2016, Senegal settled for a small share of the potential oil and gas 'pie'. Why did Senegal, a country with a relatively robust economy, strong political leadership and stable institutions not take a more assertive stance on oil and gas governance?

To answer this question, I look to the universe of 'pre-oil' politics. Drawing from archival evidence of exploration and production negotiations from the colonial period in Senegal, as well as contemporary primary evidence from interviews with international oil and gas industry specialists and government officials, I explore the specific set of historical, institutional and political constraints, international and domestic, within which oil and gas resources are negotiated. Including Senegal's upstream oil regulations, tax incentives, legal and fiscal conditions, exploration and production contracts. In my chapters, I analyse the history of oil and gas exploration under colonial rule, the evolution of Senegal's political settlement since independence, the country's contemporary oil and gas upstream governance framework, the specific offshore oil and gas project developments as they were agreed at final investment decision between government and companies, and the role played by donors and narratives in shaping key notions of risk and capacity among government and companies.

I find that the fiscal and legal frameworks that were inherited by newly-sovereign Senegal at independence were in fact drafted by the colonial-oil company complex. Yet, these laws were never reformed to improve investment terms for Senegal but on the contrary terms deteriorated since the immediate post-colonial period. Senegal is now an emerging exploration and production country with proven resources and development potential. A series of interconnected domestic political factors and international forces have prevented Senegal from doing away with this imbalanced historical legacy and redefining terms in a way that creates more benefits for its economy, and political elites. I show that negotiation processes between government and international oil companies shape contractual and project agreements and reveal foundational power asymmetries that are key to our understanding of oil and gas resource management, politics and economics. Further, I argue that the nature and origins of the state-marabout domestic political settlement helps explain political elites' complacency with suboptimal investment terms. This work contributes to enriching the existing debates on the political economy of oil and gas governance in emerging producer countries in Africa. It provides insights that draw on the multiple dimensions (historical, technical, legal, political) of oil and gas governance in a country that holds significant (35 Tcf natural gas and 2.7 billion barrels of recoverable oil reserves) but not colossal enough resources to transform its entire political economy. If and when the three development phases of GTA and SNE projects are in production, Senegal would produce about a quarter of Angola's present day production.

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List of Abbreviations

AOF:	*Afrique Occidentale Française*
BATNA:	*Best alternative to no agreement*
BRP:	*Bureau de Recherches des Pétroles*
CFP:	*Compagnie Française des Pétroles*
CRPP:	*Contrat de recherche et de partage de production*
CSO:	*Civil society organisation*
E&P:	*Exploration and Production*
EITI:	*Extractive Industries Transparency Initiative*
FEED:	*Front end engineering design*
FID:	*Final investment decision*
FLNG:	*Floating liquefied natural gas*
FPSO:	*Floating production storage and offloading*
FSRU:	*Floating storage regasification unit*
GDP:	*Gross Domestic Product*
GTA:	*Grand Tortue Ahmeyim*
IBRD:	*International Bank for Reconstruction and Development*
ICA:	*International cooperation agreement*
IDA:	*International Development Association*
IFI:	*International financial institutions*
IFP:	*Institut Français du Pétrole*
IMF:	*International Monetary Fund*
IOC:	*International oil companies*
LNG:	*Liquefied natural gas*
MBTU:	*One million British Thermal Units*
MMbbl:	*Million Barrels of oil equivalent*
MoE:	*Ministry of Energy*
MSGBC:	*Mauritania, Senegal, The Gambia, Guinea Bissau and Guinea Conakry Basin*
NGO:	*Non-governmental organisation*
NOC:	*National oil company*

O&G:	*Oil and Gas*
PSA:	*Production sharing agreement*
PSC:	*Production sharing contract*
PWYP :	*Publish What You Pay*
SAP:	*Société Africaine des Pétroles*
SMHMP:	*Société Mauritanienne des Hydrocarbures et de Patrimoine Minier*
SPS:	*Société des Pétroles du Sénégal*
SNE :	*Sangomar*
Tcf :	*Trillion cubic feet*
UNCTAD :	*United Nations Conference on Trade and Development*

Chapter 1: Introduction

"*Patience should be practiced – it is sometimes better to keep oil wealth in the ground than to sell it badly*" (Stiglitz, 2007, p. 23).

Power over oil and gas resources has driven world politics and economics for the past century. Yet, new global constraints and technological innovations have modified investment modalities and horizons for international oil companies. This has impacted the location, timelines and budgets of oil and gas investments in producer countries. A wave of new discoveries in 'frontier regions' of Africa and Latin America has put countries to the test in governing oil and gas exploration, production and, investment project negotiations with international oil companies. In 2014, a series of important oil and gas resources were discovered in Senegal's offshore region. As a result, the government of Senegal has concluded investment agreements for Sangomar oil and GTA gas fields with Woodside, Kosmos Energy and BP. Senegal and other countries of the MSGBC[1] basin have emerged as new rising stars of the exploration industry, following the footsteps of Ghana, Mozambique, Kenya, and Tanzania.

Oil and gas resources have the potential to create substantial revenues that could be used by developing country governments to make critical investments. Decisions taken by governments prior to and during negotiations matter greatly because they define the future production and revenues, as well as the infrastructure and employment, a given project can engender. But in order for revenues to flow into state coffers, governments must first make decisions that enhance government-take, resource-optimisation and local content generation. However, the emergence of new market pressures and technological innovations coupled with the complexity of the oil and gas sector, has meant that oil companies have taken the lead in defining investments, leaving these new host countries on the receiving end.

The examination of Senegal's oil and gas governance can contribute to ongoing debates on new producers in Africa, especially in the current context of frontier resource development in the midst

[1] Mauritania, Senegal, Gambia, Guinea-Bissau and Guinea-Conakry.

of a global transition towards 'greener' energy. It sheds light on the multiple dimensions of oil and gas governance in a country that holds significant (35 Tcf natural gas and 2.7 billion barrels of recoverable oil reserves) but not colossal enough resources to transform its entire political economy. Moreover, as a country whose political economy was not founded on oil and gas resources, Senegal can provide a new perspective from which to understand how oil resources are administered in Africa.

The subject of oil and gas resource governance in Africa has been vastly explored as either an economic or political problem, from a developmental perspective. Albeit different approaches, resource curse and political settlement scholars have sought to explain the developmental outcomes of the exploitation and governance of oil. Resource curse debates have been mainly concerned with the reasons for governments' failure to turn natural resource wealth into economic development and their attendant solutions (Auty, 1994; Sachs & Warner, 2001; Acemoglu et al., 2003; Humphreys et al., 2007; Collier and Venables, 2011). More recent scholarship has used political settlement theory to explain variations in oil governance outcomes with a particular focus on emerging producers in Africa (Hickey et. al., 2015; Hickey, 2017; Mohan et. al., 2018).

Efforts to articulate the global and local dimensions of oil governance have yielded fruitful debates on the oil industry's multiple instruments of power. Discussions on the oil complex (Watts, 2005) have interpreted the practices, rules and institutions of the oil industry as a product of the global economic system. From this viewpoint, global-local articulations of oil governance are more informative of global power relations than the characteristics of domestic political economy. However, contributions that explore the interaction and relation between global and local levels of oil governance have been scarce even though newer contributions have sought to fill this gap (Mohan and Asante, 2015; Tyce, 2020). In this context, the subject of oil negotiations as a process where global and local forms of power wrestle each other have been convincingly explored by ethnographic approaches (Appel, 2012).

The various dimensions of oil negotiations between governments and oil companies are satisfactorily discussed by Radon (2007), highlighting the strategic issues that tend to be overlooked by 'novice' governments and their national oil companies. In turn, more recent

scholarship has built on political settlement theory (Khan, 2010) to explain variable oil negotiation outcomes in Africa (Hickey et. al., 2020). The particular question of negotiation outcomes has been recently explored (Hickey, 2017) and (Hickey et. al. 2015) in the context of emerging producers in Africa. Negotiations have been used as a proxy of political settlements and governance approaches. However, the granular content of what is negotiated by governments and oil companies, as well as the key elements that shape negotiation processes remain to be explored in a way that speaks to both global and local levels of analysis. Indeed, questions around how historical, legal, technical manifestations of global power have and continue to shape oil governance outcomes have not been sufficiently explored.

Although this has tremendously increased the understandings of the domestic political economy of oil governance in Africa, in its historical, developmental and discursive dimensions, there is space to interrogate the ways in which oil governance practices, ideas and discourses in Africa are a product of global and domestic power distribution and relations of power. In the case of Senegal, this thesis starts by asking why a country like Senegal, with relative institutional capacity and stability, has not adopted a more 'ambitious' negotiation stance regarding its recently discovered oil and gas resources. By delving into an analysis of how domestic agency interacts with external forces and structures, this thesis seeks to interrogate the processes that surround oil and gas negotiations between government and companies. In so doing, it hopes to illuminate the notion of a 'good deal' in oil and gas negotiations going beyond contractual revenue sharing ratios, the analytical relevance of fiscal regimes, questions around the different temporalities (past, present, future) and levels (economic, political, ideational) that come into play in shaping contemporary power relations in oil governance.

Empirically, discussions have tended to focus on the impact of oil revenues on economic development and political institutions on the one hand, and on how domestic political institutions manage these new sources of realized or potential income on the other hand (Humphreys et. al., 2007; Cust and Mihalyi, 2017; Frynas et. al. 2017). Other aspects of oil governance remain understudied. These include the historical, legal, technical aspects as they pertain to questions of the negotiation of power distribution between global and local This knowledge gap begs the examination of the following inquiries. How has the history of exploration and production of oil

and gas shaped the contemporary legal and political governance of resources in producer countries? In what ways have international actors including oil companies influenced the scope for negotiations (or 'negotiation bandwidth') by shaping industry practices, laws, contracts and determining project technical and conceptual aspects?

The concept, financial and technical aspects of oil and gas project developments that are negotiated, have not been explored critically, if at all. These understudied dimensions have implications for how the distribution of power between global and local actors, government revenues and the development potential of oil and gas projects are envisaged. They matter because they shed light onto the different forms of power at play as well as how power inequalities structure oil governance in post-colonial contexts. The power to set the rules surrounding oil governance in all its pre-production aspects as well as to set the narrative around it should also be considered as part of academic inquiries. New players and technological advances are reshaping oil and gas exploration and production in emerging producer countries like Senegal.

This constitutes an opportunity to study important questions on the power relations that shape the global and local governance of oil and gas resources. From this perspective, there is space to interrogate the ways in which oil governance practices, ideas and discourses in Africa are a product of global and domestic power distribution and relations of power. In turn, it is essential to ask what type of oil and gas projects result from oil practices, discourses and relations of power between government and oil companies. Finally, the recent discovery of oil and gas resources in Senegal prompts a revisitation of its political economy in a new 'oil' context, under Macky Sall's regimes. Indeed, analyses on Senegal's political economy have not been updated to reflect the transformations that occurred in the post-Wade era (Poteete, 2008; Boone, 1992; Cruise O'Brien, 1975).

A conceptual knowledge gap arises from the understudied dimensions of oil governance mentioned above. If oil governance is shaped by technical elements often underestimated by political and economic decision-makers, then the different dimensions of how power over oil is exercised require further examination. The nature of the linkages between the domestic governance of oil, external forces and negotiation outcomes have not been fully explored in how they relate to

different forms of power and levels of analysis. The role and relevance of external actors in terms of how they exercise power over oil governance in resource rich countries is not fully understood. However, making sense of the global and local forces that shape how oil and gas resources are governed without favouring either agency or structure but examining both, is critical. Also, there is space for interrogating the relations between different actors involved in oil and gas governance in a way that goes beyond economic development outcomes and trajectories but that sheds light on the broader nature of relations between actors and levels.

This thesis is motivated by the observation that the bulk of research in the fields of social sciences and development studies broadly speaking addressed oil governance as a mainly post-oil or post-discovery matter, in a siloed manner. Indeed, so-called technical topics such as contracts, fiscal conditions, concept and resource development solutions have not been engaged with in-depth. In fact, the separation between this technical or 'core' aspect of the oil business and focus on politics and revenues has excluded the question of power exercised by oil companies from most analyses. In this sense, this thesis seeks to investigate whether a different angle of analysis can yield new insights into the power relations that shape how concrete oil resources are governed, before, during, after discovery and development.

As such, the objective of this inquiry is to go beyond the prism of assessing what impact extraction has on economic development and explore the power relations and dynamics between host countries and external actors, mainly oil companies, along the broad oil governance negotiation timeline. With this in mind, the negotiation of oil governance serves as a heuristic tool to uncover and explore understudied aspects of how natural resources are governed, from the upstream sector including exploration promotion, laws and contracts to concrete resource development.

This thesis seeks to make a contribution to the study of the politics of oil governance in Africa in a way that goes beyond the state-centric and one-dimensional approaches that have dominated debates on the matter of oil, power and development in the continent. It takes an interest in the specific historical, legal and technical dimensions as well as relations of power that underpin oil and gas negotiation processes leading up to final investment decision. The question of how relations of power between governments and oil companies on the one hand, and different

manifestations of power interact to produce specific negotiation outcomes around oil and gas projects remains to be fully explored in a manner which brings to bear historical, political, technical and economics facets together. A 'whole of oil' interrogation where there is scope to envisage the relational dynamic between domestic and global actors, but also how these relations are structured by different forms of power is important in order to enhance our understanding of global and local articulations of oil governance and industry.

More specifically, it calls for exploring the characteristics of resource development laws, contracts and projects. Analytically, this opens up alleyways for conceptualising these industry and governance tools as manifestations of power and power-reinforcing devices. It raises important questions about the multi-dimensionality of power asymmetries that differentiate 'newcomer' governments from oil companies. It implies considering how multiple forms of power and aspects of governance enable or constrain government in its contemporary negotiations with international oil companies, both in contemporary and historical terms. In turn, this entails an eclectic research approach and methodology that can account for different conceptualisations of power and multi-scalar analyses. This entails the critical examination of historical sources as well as contemporary ones around the exploration, production and development of oil and gas resources in Senegal. A combination of archival, historical, legal, contractual and investment data is needed to investigate these questions and further explore what the types of investments concluded reveal about power relations and distribution between government and companies.

This thesis brings new and varied evidence on an 'emerging producer' in Francophone Africa, which remains under-researched in the Anglophone academic world. It sheds light onto the different facets of how oil and gas resources are governed at various levels in a new producer country, at a time when new low-cost resource development technologies are being tried out in developing countries. A key contribution is that it uses the entry point of negotiations as an analytical device to address the relational power dynamics that shape investment outcomes over time and across more or less technical issues. Using negotiations as a heuristic tool and metaphor allows to go beyond methodological nationalism and consider the dimensions of oil governance as a reflection of multidimensional forms and levels of power. It sheds light onto the constraints

faced by state agency due to domestic political power dynamics and structural international forces at play.

Global context

Between 1995 and 2013, Sub-Saharan Africa's gross national income grew by 80 percent in countries rich in oil (De la Brière, 2017). The world commodity boom translated into an influx of revenues for resource rich countries across the region, ranging from fossil fuels and mining exports to land purchases. The top ten producers recorded sales revenues of US$254 billion, approximately 56 percent of those countries' total public revenues from 2011 to 2013 (Sayne & Gillies, 2016). However, due to over-supply, the commodity boom turned into a bust. The average price of Brent crude for front-month delivery was slashed by 60 percent between June 2014 and January 2015 (Mitchell et al., 2015).

As a result, major international oil companies reduced their spending on exploration and production (E&P) activities by US$1 trillion between 2015 to 2020 (Wood Mackenzie, 2016). This budget cut saw the rise of small cap exploration companies such as Kosmos Energy, who have discovered and developed resources in a low-cost and fast-track fashion (Kosmos, 2019). Between budget cuts and global agreements to stop climate change, the oil and gas industry is facing considerable pressures to optimise resource development and increase its competitiveness (World Economic Forum, 2016). This has created an impetus to deliver low-cost solutions and investment timelines, placing additional pressures on host countries to increase their competitiveness. This presents a series of opportunities and challenges for developing countries.

New producer countries are emerging from these investment efforts and technological improvements. "In response to a decade-long commodity boom, resource-seeking FDI worth tens of billions of US dollars has flowed into so-called frontier economies" (Stevens et al., 2015, p. 6). This has resulted in a new wave of exploration and production activities in West and East Africa in areas that had previously explored but without major discoveries. New producers from 'frontier markets' include: in Africa, Kenya, Tanzania, Ghana, Mozambique, Madagascar, Uganda, Senegal, Mauritania, Guinea; and in Latin America, Guyana, Suriname, Uruguay. According to IFP, "since 2010, more than half of the volumes discovered have been offshore. In 2018, 55

discoveries were made offshore, representing 70 percent of the volumes of liquids and gas discovered" (IFP Energies Nouvelles, 2019, p. 2).

The fight against climate change is placing pressure on oil companies to deliver the same results with less capital expenditure while they shift to less carbon heavy energy sources. In December 2017, the World Bank announced during the One Planet Summit in Paris that it would cease to provide lines of credit to oil and gas investment projects across the globe (World Bank[a], 2017). This will impact producing countries in that their resources may soon become stranded assets and that new producers may not have enough resources to be able to use revenues to jump start development and growth (Stevens et al., 2015).

The global energy transition towards 'greener' sources of energies has modified the profile of oil and gas investors. Major oil companies are gradually moving away from new investments in oil and gas, whose share will slowly shrink proportional to renewable energies. New exploration players like Kosmos have less resources to invest and a shorter timeline to monetise discoveries in an uncertain global market. With shorter investment horizons and more limited financial capacities, it is certain that new oil and gas investments will look different than they used to with a preference for small, offshore flexible investments.

In turn, demand for gas has been growing twice as fast as oil and consumption is expected to double until 2030 (International Energy Agency, 2017). New gas markets have also emerged due to the projected need to increase liquified natural gas (LNG) trade and create a global gas market that can circumvent the traditional large investment costs incurred by pipelines. This has nourished changes in how gas is traded, as it is slowly untying itself from oil prices and as the practice of long-term gas contracts between producers and consumers is changing to more flexible, short-term arrangements (Hulbert and Goldthau, 2013). As gas becomes a stand-alone global commodity, projections forecast that it will no longer be commercialised at the regional level relying on pipeline transportation between producer and consumer markets. Instead, it is foreseen to become a global market that will need to increase production and develop flexible solutions for its transportation (Claes, 2013).

New and emerging producers

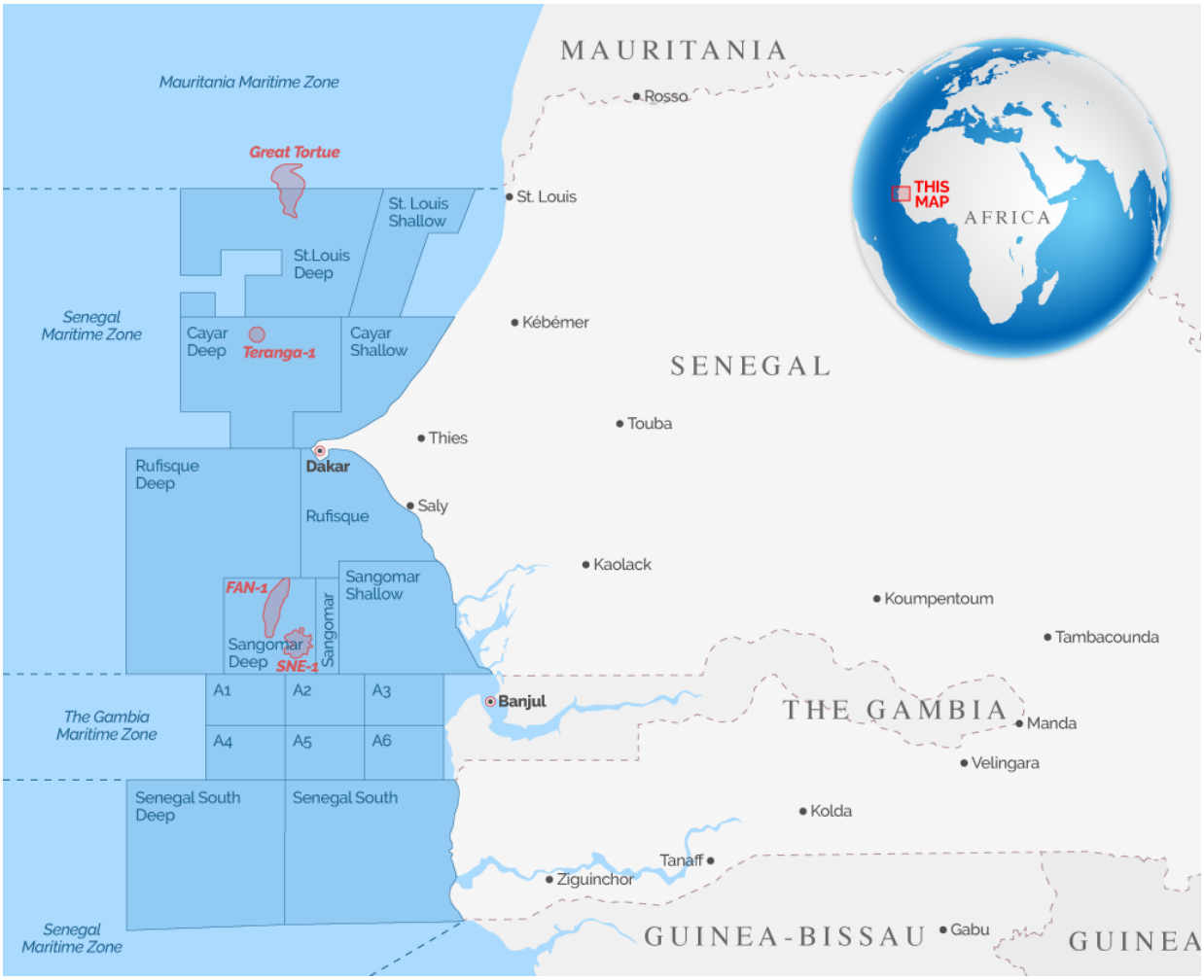
Recent discoveries made off the West African coast by small cap exploration company Kosmos Energy illustrate these new trends. In Ghana, Kosmos Energy and Tullow Oil achieved first oil just three years following the Jubilee field discovery in 2007. Senegal's offshore oil and gas projects also showcase the new face of global oil and gas exploration and production. They will be developed offshore, in successive development phases. The infrastructure built will rely on leased floating vessels that will have to be modified to suit varying production objectives. This contrasts with the traditional approach which consisted in building infrastructure onshore and on a long-term basis, with operators and government owning production installations.

In 2012 Cairn embarked on a frontier exploration drilling programme focused on the Atlantic Margin that resulted in the discovery of oil in Senegal. This constituted the largest global offshore oil discovery of 2014 (Cairn, 2017). In 2014, the Cairn/Capricorn, FAR and Conoco Phillips joint venture discovered oil in two deep offshore wells, Rufisque and Sangomar, which also represented one of the largest offshore discoveries of oil that year (Cairn, 2017). Oil resources are estimated at 513 MMbbl of oil and 2,4 Tcf of natural gas (equivalent to 400 Mb of oil). Production alone is estimated to bring between US$ 9 and 15 billion over the next 25 years of its lifecycle, based on oil prices at US$60 per barrel. It is located 100 kilometers off the coast of Dakar and lays 2 kilometers below the seabed (Woodside, 2020; World Bank, 2019). In 2020, Woodside acquired Cairn's stake in the Sangomar project.

In 2014, Kosmos Energy acquired a majority stake in the licenses for Saint Louis Offshore and Cayar in Senegal held by Frank Timis' Timis Corporation (Gillies, 2019). In 2015, Kosmos Energy discovered large quantities of natural gas initially estimated at around 25-50 Tcf (now estimated at 15 Tcf) in large trans-boundary field that extends between Senegal and Mauritania called Grand Tortue-Ahmeyim. Kosmos appraised from the start that the resources were equally distributed between the two countries. Production of gas resources is forecasted to bring Senegal up to US$ 15 billion over the next 25 years of its lifecycle, based on a LNG priced at US$ 60 (World Bank, 2019; Oxford Analytica, 2018). The IMF forecasts that fiscal revenues from Grand Tortue Ahmeyim (including Petrosen and government's shares) will "bring in an extra 1 ½ percent of GDP on average between 2022-2043" (2019, p. 14). Other forecasts suggest that the oil and gas

sector could represent 5 percent of the country's GDP once production begins (Foreign Direct Investment, 2020).

Map 1: Discoveries in the MSGBC Basin, including Senegal



Source: OCCRP/Edin Pasovic.

Kosmos Energy and BP, as well as Cairn, Woodside and FAR, have been the key companies leading exploration and development activities in Senegal. Kosmos Energy is an exploration company that was founded in 2003 by former BP staff. Its CEO, Andrew Inglis, worked for BP leading the company's activities in the Deepwater Horizon project in the Gulf of Mexico. Kosmos focuses on exploring under-explored frontiers in deep-water regions and currently has operations in Sao Tome and Principe, Mauritania, Senegal, Equatorial Guinea, Ghana, and U.S. Gulf of

Mexico. It prides itself with a low-cost and accelerated approach to developing projects, stating "our approach to development is designed to deliver first production on an accelerated timeline, leverage early learnings to improve future outcomes, and maximize returns" (Kosmos, 2020). BP, a super major oil company has been on the road to recovering from the catastrophic Deepwater Horizon oil spill since 2010. Following major operations cost reductions in 2014-2015, its strategy has been to invest in low-cost resource renewal and opting for projects with low breakeven points. With BP initiating its sustainable energy transition starting in 2017, it has massively invested in natural gas resources it considers to be a low carbon fuel (BP, 2020).

Table 1: Chronology of exploration and production in Senegal

Year	Exploration and Production in Senegal
1952-61	➢ Onshore exploration missions by Société des Pétroles du Senegal on permits given by Société Africaine des Pétroles. ➢ Drillings in Dakar-Rufisque Diam Niade discover oil.
1961	➢ Total obtains licence to explore onshore and offshore in Casamance region.
1962-63	➢ Offshore exploration missions.
1968	➢ Heavy oil "Dome de Flore" discovery onshore but not commercially viable.
1971	➢ Offshore exploration by Total, Esso, and Seismic campaigns by Shell.
1997	➢ First gas discovery in Gadiaga by Fortesa.
2000	➢ Vanco International seismic Dakar deep offshore reveals significant gas structures.
2002	➢ US Geological Survey indicates potential non-discovered resources in the region.
2011	➢ Signing of a Memorandum of Understanding between Petrotim Limited and Petrosen.

2012	➢ Signing of the Production Sharing Contract for Cayar Deep Offshore and Saint Louis Deep Offshore between Petrotim Limited and Petrosen (90 percent Petrotim, 10 percent Petrosen).
2014	➢ Cairn/Capricorn make discoveries of oil in two deep offshore wells Rufisque and Sangomar (estimated 1 billion bbl plus natural gas). ➢ Kosmos acquires licences for Saint Louis Offshore and Cayar Offshore from Timis Corporation through a US$ 400 million farm-in agreement (value represents promise of investment into E&P).
2015	➢ Kosmos announces reservoir with natural gas discovered offshore straddles both Senegal and Mauritanian waters.
2016	➢ December: BP acquires a 62 percent working interest, including operatorship, of Kosmos' exploration blocks in Mauritania, and a 32.49 percent effective working interest in Kosmos' Senegal exploration blocks.
2017	➢ Total announces a CRPP (Exploration &Production Sharing Agreement) for Rufisque Deep Offshore and a cooperation agreement with Petrosen to explore ultra-deep offshore waters (which could potentially result in the awarding of a block for E&P).
2018	➢ International Cooperation Agreement is signed between Senegal and Mauritania for Grand Tortue Ahmeyim. ➢ BP announce that FID is reached for Grand Tortue Ahmeyim.
2019	➢ Development and production infrastructure works begin for Grand Tortue Ahmeyim.
2020	➢ Cairn, Woodside and partners announce that FID is reached for Sangomar. ➢ Woodside finalises the acquisition of Cairn's stakes in Sangomar. ➢ Woodside confirms it is on track to achieve 'first oil' for Sangomar in 2023. ➢ Kosmos Energy seeks to sell its interests in Grand Tortue Ahmeyim. ➢ BP announces delays in forecasted 'first oil' for Grand Tortue Ahmeyim, now estimated for 2023 instead of 2021.

2021	➢ Call for license proposals for twelve offshore blocks by Petrosen (started in September 2020 and was extended to May 2021 given global circumstances).

Sources: Author's composition.

Senegal's economic and political context

With a population of 16.7 million people, Senegal has been one of the fastest growing countries in Africa between 2014 and 2018 with a GDP growth averaging more than 6 percent per year (World Bank, 2020). In 2019, foreign direct investment (FDI) reached a record high of US$ 1 billion, up by 16 percent in a year, representing a small share (4 percent) of Senegal's GDP US$ 25 billion that year. Yet, about 30 percent of its population lives under the poverty line on less than US$ 1.90 a day (World Bank, 2019). In 2019, GDP grew by 5.3 percent to 23.5 billion US$ (WDI, 2020) but collapsed to 1 percent in 2020 due to the effects of the global pandemic (Economist Intelligence Unit, 2020) since its economy is dependent to European markets. Senegal's political stability is one of its key selling points to attract foreign investments. It is notable for having had three peaceful and democratic transitions since independence, between outgoing and incoming presidents Leopold S. Senghor (1960-1980), Abdou Diouf (1981-2000), Karim Wade (2000-2012) and Macky Sall (2012-present). The Senegalese political system is based on a presidential regime and enjoys a fully-fledged multiparty system since 1981. The constitutional reform of 2016 reduced presidential mandates from seven to five years. In 2019, another constitutional reform suppressed the post of Prime Minister (RFI, 2019).

In 2020, the biggest contributors to GDP growth were the primary sectors with agriculture and fisheries at 3.5 percent, industry at 5 percent, services at 2 percent (Economist Intelligence Unit, 2020). The main sources of foreign exchange come from fisheries, groundnuts, phosphates, services, remittances and tourism. In 2018, remittances represented up to 10 percent of GDP in 2019 (UNCTADStat, 2020). While the mining sector only represents about 2 percent of GDP, it generates important contributions to Senegal's foreign exchange and balance of payments. The extractives sector produces phosphate, gold and zircon, as well as relatively modest quantities of oil and natural gas prior to the large offshore discoveries made in 2015. Both mining (phosphate) and agriculture (peanuts) sectors have been influential since the colonial period.

Senegal's post-colonial and contemporary economy has been largely driven by external debt, and to a lesser extent private investment. Public debt constituted 64 percent of GDP in 2019 (African Development Bank, 2020). Since 2008, the share of capital market financing of public debt has increased to about two thirds of public debt (Niang, 2018). A recent assessment of Senegal's debt stated that: "Senegal's economic performance during the first phase of the Plan Senegal Emergent has been strong. Although public debt has increased and the current account deficit has widened, the outlook remains favorable, provided the authorities follow through with their comprehensive reform strategy and measures to consolidate macroeconomic stability" (IMF, 2020). This contrasts with the debt crisis that faced Senegal between 1981 and 2000 which culminated with 13 debt rescheduling agreements, public spending cuts, administrative reforms, the emergence of Structural Adjustment Programs, and economic liberalisation policies that came with it (Beck, 2008; Niang, 2003).

In 2018, net official development assistance represented 4.2 percent of Senegal's GDP (WDI, 2020). Senegal's five largest donors are the International Development Association (IDA), the Islamic Bank for Development, USAID, the European Union and France (PGFE, 2020). World Bank (IDA and IBRD) annual commitments in Senegal have increased from US$100 and 750 million between 2016 and 2020 (World Bank, 2020). In terms of oil supply, rising instability in the Middle East and North Africa made West Africa particularly attractive to the United States and European countries (Raphael & Stokes, 2011). Back in 2010, the United States government had already identified countries other than Nigeria and Angola as potential new producers of oil and gas (Klare & Volman, 2006), resulting in renewed exploration efforts by companies such as Exxon, and newcomer Kosmos Energy in the sub-basins of Mauritania, Senegal, Gambia, Guinea-Bissau and Guinea-Conakry (known as the MSGBC basin) in addition to the established Gulf of Guinea.

Whether a 'new scramble' or not, both Western and rising powers have taken a renewed strategic and commercial interest in Africa over the past two decades. This diversification of donors and investors is said to have increased West African countries' leverage with regards to traditional donors. The oil and gas sector illustrates Senegal's shift towards new sources of foreign direct investment. France's absence in exploration activities preceding the Sangomar and Grand Tortue

Ahmeyim discoveries, and the awarding of exploration and production contracts to companies from the United States and the United Kingdom fits with this trend.

France still plays a key role in mobilising financing for Senegal's development plans and has a robust commercial presence in the country. In turn, Senegal is amongst France's top twenty recipients of bilateral aid for development (Ministère de l'Europe et des Affaires Étrangères, 2020). According to the Financial Times (2018), about 20 percent of the country's FDI originates from France, which remains its biggest historical investor, but new investors such as the Mauritius, United Arab Emirates, South Korea, China, India and Turkey are increasing their presence in the country (UNCTAD, 2020) investing in infrastructure, transport and industrial projects. Yet, in Senegal large French companies such as Eiffage, Total (downstream oil distribution), Alstom, SNCF, Orange, Auchan have been awarded strategic commercial contracts in Senegal and are in a position of domination, which is frequently criticised for its neo-colonial undertones (JeuneAfrique, 2020).

Senegal's oil governance institutions

COS PETROGAZ

In December 2016, Senegalese President Macky Sall created the Strategic Orientation Committee for Petroleum and Gas (COS PETROGAZ) which is institutionally housed in the President's office. The COS PETROGAZ addresses "the need to put into place at the level of the President of the Republic, in coherence with the attributions of the ministry responsible for Energy, a piloting structure, for monitoring and coordinating the development of oil and gas projects (…) in order to better assist the Head of State and the Government define and implement a policy for managing these national energy resources" (Présidence Sénégal, Décret 2016-1542, 2016). It has been responsible for coordinating the drafting of new sector laws, including the 2019 Petroleum Code, the 2019 Local Content Law and the draft revenue management law in 2019. The COS PETROGAZ reflects a breakaway from the old 'bureaucratic-politician' nexus and the emergence of new 'neo-liberal' inspired elite groups (Diop, 2009) around Sall's supervision. It also formalised the role of ad-hoc presidential advisors who, instead of advising Macky Sall from the Presidential Palace on oil governance issues, now have formal roles in formal institutions. It can be interpreted

as a decision to locate strategic and policy functions regarding future oil governance, policy, and revenue management outside traditional institutional spheres previously occupied by the Ministry of Petroleum (formerly the Ministry of Energy). Through this move, the future of oil governance was extracted from an institution which had a more 'resource nationalist' tradition that clashed with the President as well as with the national oil company Petrosen. Ahead of the 2019 elections, Macky Sall showed he had a long-term vision for oil revenues and governance, with the setting up of a sovereign wealth fund, *Fonds pour les Générations Futures*, as well as the national petroleum institute, *Institut National du Pétrole et du Gaz*.

Petrosen

The National Oil Company, Petrosen, was created in 1981 in the wake of the second oil shock as "a public limited company with majority public capital created in 1981 following the second oil crisis. It is owned 99 percent by the State of Senegal and 1 percent by the National Society of Recovery". While it was set up under the technical supervision of the Ministry of Petroleum and Energies, it is *de jure* responsible for the promotion of exploration, negotiating conventions and contracts, but *de facto* for oversight and regulatory matters due to the Ministry's prolonged and limited technical capacity. It was conceived of as an "instrument for the implementation of Senegal's petroleum policy" and remains the institution with the most technical and financial capacities to address strategic, commercial, policy, and regulatory issues facing the oil and gas sector (EITI Senegal, 2017 p. 51). In late 2020, Petrosen was restructured into a holding company, Petrosen Holding SA, composed of two subsidiaries, Petrosen Exploration and Production SA which will continue leading upstream activities, and Petrosen Trading and Services SA which will engage with export and import, as well as downstream issues. In terms of leadership, Petrosen has benefited from great stability with its Managing Director, Mamadou Faye, remaining at its head since 2012. Petrosen holds a stake of 18 percent in the Sangomar oil project, and of 10 percent in the Grand Tortue Ahmeyim gas project.

Ministry of Petroleum

Historically, Senegal's administrative and regulatory oversight of hydrocarbon resources were created and controlled by the French colonial administration through the Dakar Mining Service[2]. The Dakar Mining Service served as the delocalised colonial administration, which answered to the Petroleum Research Bureau (BRP). Following Senegal's independence, the Service retained its archives and formed the basis of the future Ministry of Trade and Industry, the institutional ancestor of the Ministry of Energy and now, Petroleum. Until today, the Ministry of Petroleum has suffered from a lack of adequate financial and human resources needed for it to fulfil its regulatory mandate over exploration and production activities. Reforms in 1981 and 1998 generated overlapping mandates between the national oil company and the Ministry. As is frequently the case in producing countries (Marcel & Mitchell, 2006; Graham & Ovadia, 2019) while the Ministry is responsible for regulatory and policy oversight, Petrosen is the *de facto* leader in commercial, regulatory and policy decisions regarding exploration and production matters. Indeed, "the Ministry of Energy's Hydrocarbons Directorate does not count with the necessary means to effectively monitor sector activities and that its prerogatives are de facto delegated to Petrosen" (EITI Senegal, 2017, p. 50). The Ministry's relevance was crushed in 2017, when Minister Thierno Alassane Sall blocked the signature of an exploration and production license with Total, which resulted in his being sacked by President Sall. Since then, there has been regular, annual turnover of Ministers. In addition, the Ministry's remit has recently been refocused to ensuring universal access to electricity and diversification of the energy mix, moving away from oil and gas policy issues.

EITI Senegal

Senegal became a member of the extractives industries transparency initiative (EITI) in 2013, following Macky Sall's lead and submitted its first revenue conciliation report to the committee in 2015. It acts as a semi-independent initiative whose role is to "impulse reforms, promote transparency, and a good understanding of the mining and oil and gas sector across the country"

[2] It also served as the Mining Services for the rest of 'French West Africa'.

(Interviewee 2, Appendix 1, 2021). EITI's activities in Senegal are mainly funded by the World Bank, through the Extractives Global Programmatic Support (EGPS) Multi-Donor Trust Fund.

The World Bank Group

Over the last decade, the World Bank has provided governments, especially across regions of Africa, with technical assistance loans to support the build-up of institutional capacities to negotiate and manage oil and gas resources. Over the last decade the World Bank, through its Energy and Extractives global practice, has developed projects including in Ghana, Kenya, Mozambique, Chad, Senegal, Mauritania and Tanzania, Sao Tome and Principe, mobilising international experts to guide governments through negotiations, and setting up adequate tools for revenue management. The infamous Chad-Cameroun pipeline project (Keenan, 2005) offered the government of Chad a line of credit that served to support a risky ExxonMobil project, promising to uphold the transparent management of oil revenues, was hailed as a grave failure of the development institution. The World Bank, the International Financial Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) have also supported more tangible oil and gas production projects in the region. In 2015, the largest investment guarantee was approved for Ghana's Sankofa Gas project for US$700 million (World Bank, 2015). The institution faced intense criticism for promoting a project that imposed a heavy fiscal burden to the Ghanaian government and defending oil companies' interests. Indeed, due to a 'take or pay' clause, Ghana is contractually obliged to pay for gas it does not consume (Sward, 2020).

In 2017, the World Bank mobilised US$29 million for a technical assistance project "supporting gas project negotiations and enhancing institutional capacities" (project number P160652). Leading up to the project's board approval, World Bank teams of staff and consultants closely monitored the Sangomar and Grand Tortue Ahmeyim project negotiations with the ambition to enhance negotiation outcomes in favour of the government, since this was the country's first major commercial and technical negotiations with major oil companies. The project was designed to offer the Ministry of Petroleum and Petrosen with second expert opinions to support their closed door negotiations with BP and Kosmos Energy. Renowned exploration and production experts from

supermajor oil companies like Total, petroleum fiscal experts, as well as law firm 'stars'[3] were contracted to provide advice throughout the project concept development stages leading up to FID, and to review key documents such as the unitisation agreement between Senegal and Mauritania. However, despite the government's initial excitement regarding the World Bank's engagement, relations between the project management team and Senegalese counterparts turned sour due a lack of collaboration and transparency. Legal bottlenecks resulting from confidentiality clauses 'imposed' by oil companies BP and Kosmos Energy gradually narrowed down the windows of opportunity for the project to provide timely assistance to support the very speedy negotiations. Specialists involved in oil governance in Senegal suggest the government was suspicious of the World Bank's role as a result of past fiascos in the region, while others highlight the project agenda clashed with the more pragmatic oil company and government's aim to reach FID before 2021.

Roadmap

Senegal is known as a relatively strong, peaceful and stable democracy in Africa. Given its institutional and political strengths, (Mustapha & Whitfield, 2009; Diouf, 2013; Cruise O'Brien, 1996) one would have expected the government to reach a better investment deal with operators. Countries with strong capacities and political leadership have been purported to negotiate more ambitious deals (Hickey et. al., 2015). Yet, political leaders' approach to oil governance has been less ambitious than could have been expected, especially regarding outcomes for the GTA development project. Oil and gas negotiations between government and companies are usually "intense and time-consuming" (Radon, 2005, p. 2). And yet, Kosmos and BP applied a resource development strategy that defied this rule, reaching agreement over investment in a rapid and uncontentious way. In this context, why have investment decisions on oil and gas developments failed to achieve more ambitious outcomes for Senegal? In order to answer this question, I combine mixed methods with both inductive and deductive approaches. I set my work within an expanded political settlement approach which draws from critical theory and constructivism to explore multiple dimensions of power as they are exercised in and beyond the state.

[3] Including top world and US oil and gas lawyers from Sidley Austin, the law firm.

Host countries' ambitions vis-à-vis oil companies has often been reduced to the 'government take' ratio specified by E&P contracts (Diouf & Laporte, 2019; Hickey et. al. 2020). But other critical dimensions of oil governance which matter in determining the distribution of benefits associated with oil and gas developments have been ignored. They include upstream laws and fiscal terms, investment projects, rules of engagement and discourses. In order to accommodate for these different dimensions, I chose to combine an expanded political settlement approach with constructivist takes on the multiple dimension of power. The scope of my inquiry has therefore been to examine the different factors that have shaped the way Senegal's oil and gas resources has been governed, even before discoveries were made.

I seek to transcend debates about the 'resource and pre-source curse' by focusing on the global oil industry's influence on the domestic political economy of oil governance. To investigate the pre-production moment, I associate a historical approach that draws from archival analysis, with a political settlement inspired analysis of Senegal's political economy. Further, I examine the legal, fiscal, technical, and discursive aspects of how oil and gas resources are governed in Senegal. To achieve this, I draw from field work in Senegal as well as observation of transnational actors, interviews with industry experts and Senegalese stakeholders from government and civil society.

Because oil governance is part of a global industry and history, my inquiry seeks to overcome state-centric approaches by connecting domestic and global dimensions of power *over* oil. My examination of the factors and actors that have shaped Senegal's oil governance will tease out two key elements that matter in our consideration of oil governance in emerging producers: relations, and, dimensions of power. First, I describe how it is important to envisage the relations of power that underpin the ways oil resources are governed domestically. Second, I show that the legal, technical and discursive dimensions of these relations bring to light the multiple ways power over oil is exercised, both domestically and globally.

I now define some of the key terms that I employ throughout my thesis. Conceptually, I understand power as a relational and multi-dimensional concept (Ruggie, 2018; Fuchs, 2007). Power is material, political, and ideational. This reflects the multiple ways in which power over oil and gas resources is exercised. Here, I draw from neo-Gramscian and critical theory, as well as

constructivist approaches that structure their understanding of reality as multi-scalar (Cox, 1981; Mohan 2019; Guzzini, 2013). Therefore, I refer to material power, the power to create the 'rules of the game', and discursive power as categories that are porous and not neatly isolated from each other in reality.

I focus on negotiation, treating negotiation as a concept that describes the multiple processes through which power over oil governance is consolidated. Negotiation, therefore, encompasses more than a finite moment between parties. By the 'pre-production' period, I refer to the stages that precedes oil and gas production. This includes 'upstream' activities as exploration, post-discovery negotiations, and the development of production infrastructure. Negotiation implies there is a degree of mutuality between bargaining parties, and that they accept playing by the same rules. My exploration of negotiation as a conceptual device also seeks to shed light on the uneven positions of power company and government parties 'negotiate' from. In turn, by governance *of* or *over* oil, I refer to the various ways the extraction, regulation and production of oil and gas resources is controlled, be it through legal rules, industry practices, or discourses.

In this introduction, I have set the subject and thesis of my research within the wider context of global oil and gas markets, Senegal's economy and politics, and the country's recent oil and gas discoveries. *In chapter 2*, I review the literature that has sought to address questions of oil and gas governance in developing countries. *In chapter 3*, I describe the methodological and theoretical framework within which my research is anchored. *In chapter 4*, I chart the evolution of Senegal's political economy from the colonial period until now, through a political settlement approach. *In chapter 5*, I examine Senegal's governance of exploration and production under the late colonial and post-independence periods, drawing from archival evidence. *In chapter 6*, I analyse Senegal's present-day oil and gas governance, with a particular focus on the laws, fiscal conditions and institutions governing the 'upstream'. *In chapter 7*, I scrutinise the technical aspects of GTA's development design and discuss how new project modalities reduce host country benefits. *In chapter 8*, I explore how key constructs of 'risk' and 'capacity building' are deployed by transnational actors.

Chapter 2: Literature Review

Introduction

The search for natural resources including hydrocarbons, minerals and agricultural commodities, has driven centuries of exploration journeys across the globe and beyond. Exploration and extraction of natural resources in developing countries to be exported and consumed elsewhere have played a considerable role in the making of the global capitalist system as we know it today. Likewise, the concept and practice of economic development have been intrinsically linked to natural resource exploration, extraction and transformation. Two key influential schools of thought have shaped the inquiries and debates on the conditions needed to turn oil wealth into economic growth, and on the types of political elites and institutional arrangements that drive development. Successive waves of 'resource curse' thinking, including the 'pre-source curse' have sought to examine and bring to light the economic, institutional and political variables that have led to negative or disappointing growth in resource rich countries. The political settlement school turned to political elites to explain the efficiency of the State and public institutions in driving development. The first has been concerned with explaining the failure to develop while the second has sought to conceptualise the multiple pathways of growth available to developing countries.

A wealth of contributions that have looked into the historical evolution of political settlements, and their impact on growth and institutions focus on African countries trajectories. A rich country case study literature describes the evolution of national political settlements in pre- and post-colonial periods in Africa. This has been perfected by scholars' work on how political settlements have shaped the governance of specific sectors within countries' development strategy, including social protection, development aid, urban development, health, agriculture, mining and oil. Until recently these analyses treated oil and gas governance as a largely domestic issue despite the 'global' nature of the oil and gas supply chain. However, political settlement approaches are gradually including new dimensions to their analyses by considering the roles international actors as well as ideas and discourses play in shaping the politics and governance of oil and gas resources.

Although this has tremendously increased the understandings of the domestic political economy of oil governance in Africa, in its historical, developmental and discursive dimensions, there is space to interrogate the ways in which oil governance practices, ideas and discourses in Africa are a product of global and domestic power distribution and relations of power. In turn, it is important to ask what type of oil and gas projects result from oil practices, discourses and relations of power between government and oil companies.

Alternative takes from ethnology and anthropology, drawing from post-structuralist and constructivist schools have investigated the discourses, concepts and meanings associated with the oil industry, identifying the existence of ubiquitous and amorphous 'oil cultures' that are both global and localised. Accounts on how the global oil industry and governance standards co-produce ideas and rules that are manifested locally, have explored how the oil industry deploys and uses geological and technical concepts such as first oil (Weszkalnys, 2015), offshore infrastructures and modularity (Appel, 2012; Phillips et. al. 2015), to frame both local and global discussions on oil governance. But also how discourses of the 'resource curse', anticipation of oil, hope and 'resource affect' are mobilised by oil companies, financial institutions and governments to diffuse and limit challenges to oil production and governance (Weszkalnys, 2011, 2015, 2016).

In this literature review I start by engaging the key arguments brought forward by the resource and pre-source curse scholarships. I then turn to discussing political settlement approaches which provide a conceptual starting point to interrogate notions that are at the heart of this thesis, namely the notion of a 'good deal' in oil and gas negotiations, the analytical relevance of fiscal regimes, questions around the different temporalities (past, present, future) and levels (economic, political, ideational) that come into play in shaping contemporary power relations. Next, I build a conceptual framework that draws from political settlements, critical political economy and constructivism in order to interrogate the mechanisms (practices, discourses and ideas) that are used to produce and reproduce inequitable outcomes and distributions of power both transnationally and domestically. Finally, I outline the research methods employed for this thesis.

The resource curse: an economic and institutional problem

The 'resource curse' has dominated scholarly and policy debates on the relation between natural resources and poor economic growth, as well as institutional and political failures. It is the modern and contemporary take on a question that has preoccupied geographers, economic and political scientists since Mills, Malthus, and Ricardo (Boianovsky, 2013); namely, why are some countries poor and why are natural resource rich countries poor? Since its emergence, the 'resource curse' debate has evolved across different historical periods, from the post-oil shock in the 1980s to the 1990s Washington consensus, failed states of the 2000s, and the more contemporary post-commodity boom moment.

As Herb (2017) argues, no authors propose the 'resource curse' thesis is universal or infallible. Instead, they emphasise how a single analytical angle or variable influences the outcomes of resource development. According to Herb (2017), the view according to which the natural resource wealth unequivocally and unconditionally results in an economic and political curse does not exist. A binary categorisation of the 'resource curse' such as the one Liou and Musgrave (2014) advance between 'resource pessimists' and the 'resource conditionalists' is more useful. Herb (2017) identifies the 'resource pessimists' (Auty, 1994; Sachs & Warner, 2001; Gelb, 1986; Ross, 2005; Acemoglu et al., 2003) and 'conditionalists' (Humphreys et al., 2007; Collier & Venables, 2011; de la Brière et al., 2017) as the main camps within the proponents of the 'resource curse'. The essential difference between the two is that conditionalists attribute a greater role to institutions in mediating the relationship between natural resources and economic growth. In contrast, Lederman and Maloney (2007), consider works that treat the economic phenomenon of the 'Dutch Disease' as analytically distinct from those works that focus on the rent-seeking centered 'resource curse'.

An economic problem

The initial 'resource pessimists' scholarship strictly focused on the negative economic impacts of natural resource wealth (Stiglitz, 1984; Gelb, 1988; Krugman, 1987; Auty, 1994; Sachs & Warner, 1997; Karl, 1997). These authors seek to identify a single variable that could explain the economic underdevelopment of countries rich in mineral agricultural commodities and hydrocarbons. In particular, they sought to explain why resource rich developing countries in Latin America failed to develop and industrialise as fast as resource poor countries in Asia (Auty, 1994; Gelb 1988; Sachs & Warner, 1999). For instance, Auty (1994) identifies resource endowments as the single variable that explained the different levels of industrialisation performance between Korea, Taiwan, India, China, Mexico, and Brazil in the mid-1990s. His findings highlight that Korea and Taiwan industrialised at a faster pace than labour rich China and India and resource rich Mexico and Brazil. From this observation, he infers the following conclusions that continue to shape scholarly debates on resource management: "first, the richer the natural resource endowment, the longer lax macro policies are tolerated; second, the less pressure to achieve rapid industrial maturation; third, the longer rent-seeking groups are tolerated and fourth, the greater the likelihood of decelerating and more erratic economic growth" (Auty, 1994, p. 24). Confirming Auty's findings, Sachs and Warner (1999) run statistical regressions that "show the negative association between resource abundance and growth" based on statistical data on Latin America (Sachs & Warner, 1999, p. 46). They underscore that this is possibly due to the 'Dutch Disease' or "human or physical capital accumulation, corruption and institutional quality, or endogenous policy choices" (Sachs & Warner, 1999, p. 47).

Scholars such as Corden and Neary (1982), Krugman (1987), Arrau and Claessens (1992), and Frankel (2010) argue that the curse manifests itself mainly in economic ways with the occurrence of the 'Dutch disease' which denotes a problem of loss of competitiveness of other domestic industries as a result of the currency appreciation that ensues from natural resource exports. Fuentes and Yusof (2011) propose that open and highly liberalised economies with the right policies in place, such as Chile and Malaysia, were able to withstand the Dutch disease. In turn, Bauer and Quiroz (2013) argue that, if not managed properly by government institutions, the Dutch Disease, price volatility, and currency appreciation can contribute to an unrealised potential for

growth and development from oil and gas resources. When countries do not plan for commodity price slumps, price volatility can cause public policy challenges when prices start to decrease. Pruce and Hickey (2017) highlight that countries such as Zambia in the 1970s were forced to dismantle social protection projects designed to be financed by booming copper revenues. Similarly, Collier and Venables (2011) show that the oil price crash in the mid 1980s resulted in the downgrading of Nigeria's credit worthiness.

Going beyond the description of a purely economic phenomenon, the debate gradually evolves towards theorising the factors that lead to economic failures. Rentier state theories start problematising the 'resource curse' as a problem whose roots lie in the behaviour of political elites and the repercussion this has on institutions, and economic planning. Gelb (1986) shows that windfall rents from natural resource exports often failed to be saved or invested for greater 'national' welfare purposes. Much like Auty (1994), he claims that the occurrence of the Dutch Disease in all its manifestations are due to the political elites' pursuit of 'rent-seeking' and 'lax policies' (Gelb, 1986). Rosser (2006) also argues that the prospect of windfall or future revenues can lead political elites to make myopic or exuberant choices. This also explains elites' short-term rent-seeking, rent-allocation, or rent-seizing behaviour (Rosser, 2006). The 'rent-seeking' behaviour of political elites gradually erodes the function and performance of public and democratic institutions.

Theories on the rentier state claim that oil revenues completely transforms the function and functioning of the state during and after the flow of oil rents (Beblawi, 1987; Kirkpatrick, 2018). Beblawi writes that "the whole economy is arranged as a hierarchy of layers of rentiers with the state or the government at the top of the pyramid, acting as the ultimate support of all other rentiers in the economy" (1987, p. 386). This intricate system of rentier states and rent seeking elites eventually gives rise to 'failed states' which "collapse because they are ruled by what we call "extractive" economic institutions, which destroy incentives, discourage innovation, and sap the talent of their citizens by creating a tilted playing field and robbing them of opportunities" (Acemoglu & Robinson, 2012, p. 89). Poor decisions, policies, and outcomes are ultimately attributed to government decision-makers' misperceptions, "optimistic estimations and pursuit of lax economic policies" (Auty, 1994, p. 12).

Karl (1997) as well suggests that resource rents create a dependency towards windfalls which allows the state to operate independently from citizen's taxes or votes. Political elites cease to be accountable to citizens for the decisions they make and become more interested in 'rent-seeking' than providing public services or goods. Ross (2012) in particular attributes institutional inefficiencies, corruption, and lack of transparency to the very nature of petroleum, which he believes "have four distinctive qualities: their scale, source, stability and secrecy" (Ross, 2012, p. 5). This affects the social fabric of states and leads to petro-aggression and conflict both sub-nationally and between states (Auzanneau, 2015; Kaldor et al., 2007; Le Billon, 2014). Ross (2012), Bueno de Mesquita and Smith (2010), and Brautigam et. al. (2008) go even further in arguing that the nature of oil and gas revenues, as well as the opacity of the industry, contaminates politics and institutions, generating corruption and weakening accountability mechanisms. Some even claim that only resource poor countries, such as Senegal, were able to successfully transition from colonial regimes to democracies, because of the absence of natural resources (Jensen & Wantchekon, 2004). However, little attention has been paid to the study of countries with strong democratic institutions, such as Ghana or Senegal (Brooks et al., 2016).

An institutional problem

At the turn of the century, the debate is influenced by the neo-institutionalist economics who argue that the quality of institutions and rules, not just political agents, can also determine the extent to which natural resources can be transformed into a blessing or a curse (Humphreys et al., 2007; Stiglitz, 1984). Institutions are what distinguish the losers and winners of natural resource wealth (Melhum et al., 2006). Economic development and growth is attributed to the efficiency of a particular set of institutions specific to western democracies. As Robinson et al. claim, "countries with good institutions tend to benefit from resource booms since these institutions mitigate the perverse political incentives that such booms create" (2002, p. 3). In turn, the failure to transform natural resource wealth into growth and poverty reduction is due to the absence of the right set of institutions (Collier, 2010).

'Resource optimist' scholars adopt an interventionist stance which gives more significance to institutions as a factor of the resource curse (Sachs & Warner, 2001; Acemoglu et al., 2003; Ross,

2005; Humphreys et al., 2007; Collier & Venables, 2011; de la Brière et al., 2017). Although there is no one-size-fits-all recipe for good resource revenue management, long-term macroeconomic stabilisation policies, fiscal prudence, and revenue diversification yielded positive results for Kazakhstan, Chile and Malaysia. Esanov and Kuralbayeva (2011) for example highlight that oil revenue savings through the national oil fund, as well as tight fiscal policies, contributed to the positive management of oil revenues in Kazakhstan. In the context of Chile's copper production, Fuentes (2011) claims that in addition to fiscal discipline and stabilisation instruments, improving regulations and institutional management of the rules of the game helped Chile avoid the resource curse. In contrast, while Malaysia did not use a stabilisation fund Yusof (2011) claims the Malaysian developmental state allowed the implementation of long-term policies such as conservative revenue management and expenditure in times of high incomes, fiscal prudence, diversification, and industrial policies.

Carbonnier and Brugger (2013) and Stevens (2015) argue that with the right economic policies and political institutions in place, more recent debates have prescribed interventions that can reverse the curse and turn resources into a blessing. At the institutional and political level, these include reinforcing agent's capacities including negotiation capacity (Radon, 2005), creating accountability mechanisms that keep decision-makers and public servants in check, and designing efficient policy and regulatory institutions (Stigltiz, 2007). At the economic policy level, these include national revenue funds to compensate for price fluctuations, setting up sovereign wealth funds (Auty, 2007; Stiglitz, 2011), auditing mechanisms to monitor revenues, improving upstream licence attribution processes, and increasing transparency in contract attribution (Stiglitz, 1984).

Over the last two decades, these policy interventions have been promoted by international financial institutions in the form of technical assistance, economic and policy research and development policy loans. The International Monetary Fund (IMF) has promoted technical assistance and trainings on oil fiscal regimes, oil revenue management, fiscal frameworks and institutions. Through its Fiscal Affairs Department, it has provided technical advice to producer, potential and emerging producer countries on designing oil fiscal regimes, upstream contractual frameworks and project-specific revenue simulations (IMF, 2020; Luca and Mesa Puyo, 2016; IMF, 2011). The World Bank Group (WBG) has also been engaged in providing technical assistance to potential

and emerging producer countries on designing oil fiscal regimes, institutional and legal frameworks, as well as revenue management mechanisms and programs to improve governments' capacities to negotiate with oil companies, through its Oil, Gas and Mining Division, and more recently Energy and Extractives Global Practice. Despite the WBG's decision to stop financing oil and gas production infrastructure projects during the One Planet Summit in 2017 (World Bank[a], 2017), it still holds the view that natural resources and governance have a key role to play. "Natural resources have the potential to drive growth, development and poverty reduction in developing countries (…) However, many of these countries still face a myriad of challenges, such as resource dependency and weak governance" (World Bank, 2020). Yet, these initiatives have been called out for serving the "reputational agendas of several prominent international actors, specifically IOCs and IFIs" rather than serving developing country interests (Gillies, 2010, p. 176). Others argue that the IMF and the WBG even contribute to the resource cruse by encouraging a "resource boom anticipation" which is detrimental (Frynas & Buur, 2020, p. 13).

The view that institutions and governance matter has also given rise to a flurry of international initiatives and organisations dedicated to improving the governance of oil, gas and mineral resources, and ensuring resources can be turned into a blessing for developing countries. The Extractives Industry Transparency Initiative (EITI), founded in 2002 a few months after George Soros and Global Witness launched the Publish What You Pay initiative (PWYP) are a case in point. More recently, Daniel Kaufmann an advocate of 'governance matters' created the Natural Resource Governance Institute in 2013, merging the Revenue Watch Institute with the Natural Resource Charter. The EITI defines itself as "the global standard to promote the open and accountable management of extractive resources" (EITI, 2020). Based on principles of transparency and accountability, it grants participating countries validated membership once they publish key data on resource revenues and ownership. Its approach seeks to establish constructive dialogue between government, civil society and companies in order to improve the extractives sector. In total, 52 countries have signed up to the initiative, with some regularly validating the standard and others working towards its implementation. National Secretariats of EITI play a role in shaping the domestic debates around oil, gas, or mineral governance. While EITI management in its Oslo headquarters is funded by international development agencies and the private sector, national level activities are funded through a multi-donor facility administered by the World Bank

(EITI, 2020). PWYP has developed strong civil society networks globally, advocating for contract disclosure and sector transparency. In comparison with EITI, it is more focused on activism and campaigning. Similar to EITI, it counts with 51 national coalition networks. It prides itself with providing a channel for civil society to voice its concerns (PWYP, 2020).

Further investigating the 'resource curse' line of inquiry Morrison (2012) talks about a 'revenue curse' and emphasises that the nature of revenues, in addition to institutions, matter. Non-tax revenues can only play a positive role in a country's economy if institutions controlling them were in place before these revenues started to flow (Morrison, 2012). The absence of tax-collection systems is often associated with low accountability and poor governance. For example, the Congo DRC, which ranks 48 out of 54 in the 2017 Ibrahim Index of African Governance, is said to have collected only $92 million in mineral taxes and tariffs on total exports of $2 billion in 2008 (Readhead et. al., 2018). Also, in comparison with Norway, which was able to receive 78 cents on the dollar for its oil, Cameroon, with a governance score of 46 out of 100 in the 2017 Ibrahim Index of African Governance, was only able to get 12 cents on the dollar (Bauer & Quiroz, 2013; Mo Ibrahim Foundation, 2017). The weakness of tax collection is likely to reinforce poor governance and lack of accountability in regimes that receive considerable revenues from natural resources like oil and gas (Moore, 2004).

This has partly justified the promotion of production sharing regimes in developing countries. Since its invention by Indonesia in the 1960s production sharing contract (PSC) have become very popular in developing countries. PSCs gained particular traction because of the perception that it allowed to split profits equally between the resource owner and the company. It was promoted a few decades later by international organisations as a good practice that could help dodge issues around tax collection and management posed by concession regimes. In a production sharing system, the company takes a share of total oil and gas production to cover its exploration and development costs. The remaining profit production is then split between the investor and the national oil company, according to a formula defined in the contract. The problem with PSCs has been recently highlighted. Although it seems like a fairer contract, it provides an incentive to companies (international and national) to inflate and overstate exploration and production costs. Since revenue sharing is based on profit oil and not gross revenues or production, companies tend

to increase costs in order to reduce profits for government (Readhead et. al., 2018). In contrast, a concession regime based on taxes and royalties is easier to manage because it requires less administration, audits and monitoring from regulatory institutions.

The resource curse: a critical review of a dominant framework of analysis

Both the success and limitations of resource curse theories lie in its simple and unidimensional framing of the relationship between natural resources and economic and political development. As Auty himself states about the resource curse, "like all unicausal explanations, it understates the role of other variables for clarity of exposition" (Auty, 1994, p. 12). It has been contested on empirical, methodological, and ontological grounds (Herb, 2017; Stevens et al., 2015; Lederman & Maloney, 2007). Methodological choices on country classification as well as definition and measurement of natural resource wealth have shown that there is no negative relationship between natural resource abundance and the occurrence of democracy (Herb, 2003). In "Neither Curse Nor Destiny", Lederman and Maloney (2007) show an overall positive correlation between natural resources and economic growth (Lederman & Maloney, 2007). There are numerous examples of resource-rich countries across the developing and developed world where natural resources contributed to growth, such as Chile, Indonesia, Malaysia, Norway, Australia, Canada, and the US (Stevens et al., 2015). The scholarly literature has failed in the "repeated identification of a similar set of causal mechanisms operating across cases drawn from the Middle East, Central Asia, Latin America and Sub-Saharan Africa, with a relatively small number of conditionalities" (Herb, 2017, p. 13).

The methodological approach proposed by the 'resource curse' to the problem seeks to establish a direct, linear relationship between natural resources revenues and economic growth (Sachs & Warner, 1997) by privileging statistical analysis. By so doing it gives major causal power to revenues without accounting either for the variations between different types of revenues, such as profit tax revenues, royalties, and bonuses, or for the sources of ownership of revenue, such as central or local governments and national oil companies. This matters because the impact on economic growth may vary depending on the source and type of revenue. Bonuses, for instance, are paid directly to government and result in immediate usable revenues. Royalties, in turn, are

negotiated at licence attribution but are linked to production quantities. Profit taxes can potentially involve more financial risk for government when the project is not profitable (Sunley et al., 2002).

This blanket treatment misses critical variations between revenues, which matter when seeking to establish a link with economic growth. By ignoring the nature and source or ownership of natural resource revenues, this approach assumes that the bulk of revenues goes to state coffers, but this is not necessarily the case. When governments define their fiscal policy, they generally choose either tax/royalty based or production sharing systems. This matters greatly in terms of the structure of risk, revenue, revenue flows, and state equity (Le Leuch, 2013). In turn, this can greatly vary across types of natural resources, for example between hydrocarbons and minerals, or even between hydrocarbons (oil, gas, shale) and their location (onshore, offshore, deep, shallow) (Van Meurs, 2019).

As Appel highlights, "oil scholarship focuses on oil as money as if the industry were a mere revenue producing machine" (Appel, 2012, p. 692). The application of the resource curse thesis paints a static view of how political and economic development happens (Di John, 2011). In reality it takes place in a multi-dimensional and dynamic environment where both agency and structural forces interact with each other. Orthodox and heterodox accounts of the resource curse therefore fall short of explaining how agents and institutions interact to produce negative political and economic outcomes, and vice-versa. A consequence of this is that they do not address political and economic processes, relations, or power dynamics. Since it focuses on revenues and growth data points across time, it leaves out processes that may play a role in the revenues received by states and misses potential development outcomes. For example, negotiations and decision-making over the legal, contractual, fiscal, and technical aspects of resource development can also affect revenue outcomes and wider economic benefits for a country (Le Leuch, 2013; Osmunsend, 2011).

The resource curse thesis also treats government as an amalgam of central government and the national oil company. It therefore assumes that government has control over all revenues. But government does not have control over all revenues. In most cases, the national oil company receives revenues and subsequently transfers a percentage to government. A recent study finds that national oil companies transfer on average 20 percent of their revenues to the state (Heller &

Mihalyi, 2019). This highlights that "governments' ability to use oil revenues to finance development depends heavily on how much revenue it is required to transfer to the state, and the quality of its spending" (Heller & Mihalyi, 2019, p. 2). Revenues and revenue type varies according to the legal and fiscal regimes governing exploration and production. With production sharing systems, profit oil (once cost oil has been recovered) is split between government, the national oil company and the international oil company. With concession based systems, governments collect taxes and royalties.

The fact that the resource curse thesis assumes institutions are homogenous conceals the existence of power dynamics across institutions that makes the relationship between revenues and growth much less static than it is empirically. The specialised[4] and policy literature underestimates the dominant role of the national oil company (Marcel, 2006; Ramirez-Cendero & Paz, 2017). It does not acknowledge variations of power between the ministry of energy and the national oil company even though many national oil companies often play commercial, regulatory, and strategic roles (McPherson, 2013).

By focusing on domestic institutions, the 'resource curse' thesis and discourse also minimise exogenous forces, such as foreign intervention, and miss crucial external linkages with global markets and politics that shape resource management. Le Pere (2013) argues that this contributes to concealing the position of African countries in the global economic configuration ownership of technology, finance, and logistics/supply routes, which perpetuates this 'curse' and "ensures the exploitation of 'enclave investments'" (p. 24). The 'resource curse' framing also dodges the question of hydrocarbon consumption and green-house gas emissions linked to economic growth and political development (Stern, 2004). While it is quick to point to developing countries' failures to generate economic and political development based on their natural resource wealth, it avoids discussing the links between natural resource extraction in developing countries and its consumption in developed countries (Stokey, 1998).

[4] Specialised literature refers to the legal, fiscal, business, engineering, and environmental scholarship that specialises in the oil and gas upstream industry.

Hagman and Peclard (2010) critique the predominant resource curse literature's take on Africa's general state failure. They argue that African states are analysed through the prism of 'ideal-type' western states with the same functions, characteristics, and ways of working. By analysing African development and government-business relations from the normative reference point of western states, the literature fails to capture the actors and processes that may take place 'around, above and below' government. Its immediate focus on providing best practice institutional models as a solution makes the 'resource curse' unable to engage with domestic and international political and economic forces shaping governance mechanisms and institutions (Hickey et al., 2015). By focusing on the institutional and governance causes behind these failures, the literature has ignored the negotiating strategies that African states have adopted to secure their own preferences (Whitfield & Fraser, 2010).

The pre-source curse: the economic symptom of an anticipation problem

New takes have fleshed out the behavioural dimensions of the 'resource curse' (Cust & Mihalyi, 2017, Frynas et al., 2017; Mihalyi & Scurfield, 2020; Frynas & Burr, 2020. The 'pre-source curse' moves away from a focus on what happens to politics and economics once production and revenues flow, to look at the change of behaviour it motivates at the outset of discoveries. It draws from ethnographic and anthropological works that explore the power of oil narratives (Appel, 2012; Weszkalnys, 2014) albeit from a different ontological understanding. Cust and Mihalyi (2017) and Frynas et al. (2017) argue that the so called curse is not limited to natural resource production revenues but that it begins as soon as discoveries are made. In line with earlier interpretations of the 'resource curse' they attribute this phenomenon of the 'pre-source curse' to politicians' unrealistic expectations of future revenues, but not revenues themselves (Cust & Mihalyi, 2017). Cust and Mihalyi (2017) argue that the 'pre-source curse' or the 'expectation curse' drove countries such as Ghana, Lebanon, Mongolia, Mozambique, and Sierra Leone towards making inadequate policy decisions such as setting up sovereign wealth funds or making investment plans based on estimated future revenues. Authors find that in countries with weak institutions, "economic growth systemically underperforms the forecasts made by the IMF" (Cust & Mihalyi, 2017). Similar to earlier debates, authors can be divided into 'resource optimists' and 'resource pessimists'.

In a recent policy paper published by the World Bank, optimists Mihalyi and Scurfield (2020) analysed 12 prospective producer countries in Africa where new oil and gas discoveries were made between 2001 and 2018 to see whether projected revenues and growth forecasts matched reality. Countries covered are: Ghana, Guinea-Bissau, Kenya, Liberia, Mauritania, Mozambique, Niger, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania and Uganda. The authors chart countries' progress in attaining the production estimates announced by international oil companies. In a valuable attempt to linking oil and gas governance to industry practices, the authors bring to light the challenges faced by these prospective and new producers from discovery, to production. They find that unrealised expectations generated by the anticipation of resource revenues have detrimental impacts on country economies. These are namely "unrealized public expectations, suboptimal policy and institutional frameworks, and the derailment of public finances" (Mihalyi & Scurfield, 2020, p. 17). They find this is due to discrepancies between the timelines from discovery to production announced by companies, as well as between production and revenue forecasts and reality. However, they appear to be optimistic in that they highlight these issues can be fixed through adequate policy interventions.

In response, pessimists Frynas and Buur (2020) look at three country cases: Madagascar, Mozambique and São Tomé e Príncipe in the hope of establishing the relation between the anticipation of future revenues and resource curse symptoms. Since it explores the impact of anticipation of not yet materialised resources, it taps into the realm of constructivism and post-structuralism by granting considerable power to narratives, discourses, ideas and imaginaries associated to oil. The authors conceptualise 'resource expectations' as crystalised into narratives that are shaped by national and global actors including government, civil society, donors, companies, who mobilise society to enact make these imaginary expectations a reality. They find that anticipation of future resources prompts corruption amongst political elites, an increase in external indebtedness, peaks in public expenditure (following the payment of bonuses by companies) and resurgence of armed conflict. According to the two authors, technical assistance and financial support from the WBG and IMF to prospective producers only makes matters worse by encouraging the anticipation hype and pre-source curse.

Frynas et. al. (2017) bring to light a global financial apparatus that is readily available to support the speculative ventures that result in the pre-source curse. They also generate a welcome discussion of the role played by cognition and expectations in oil governance. This leads us to thinking about the role 'imaginaries' play, including what Guyer calls the 'selling of hope', and how it is instrumentalised for political and economic power consolidation by different sets of actors (Guyer, 2007). Yet, I want to propose that there are two sides to the story of hopes and expectations, the 'supply and demand', that of the decision-maker whose worldview has been transformed by prospectivity and the generator of prospectivity, exploration companies. There remains room to explore the articulations and relations between how governments, companies, civil society and international financial institutions mobilise these discourses.

These are welcome contributions to the 'resource curse' debate, especially because of their interest in pre-production politics and the effect of anticipation and the domestic and international mobilisation of 'oil imaginaries' by a variety of actors. Mihalyi and Scurfield (2020) attempt to connect industry and project level analyses with the pre-source curse is a valuable step towards interrogating the role international companies play in shaping oil governance choices. The breaking down of key decision-making moments for government from discovery, and final investment decision (FID) to production is a good starting point for delving deeper into what is negotiated between governments and companies. More detailed discussions of what falls into the 'negotiation basket' over those periods and what does not can yield additional insight into the distributional aspects, discourses and political dynamics at play. Their focus on governments achieving a 'good deal' is also helpful in taking the debate further in terms of what constitutes a 'good deal' which has not been central to resource curse debates.

However, some gaps should be highlighted. The relevance and explanatory power of future production and revenue projections can be called into question. The empirical analysis of the gap between revenue expectations and reality conducted by Mihalyi and Scurfield (2020) is based on commercial forecast data from oil extracted from public communications, and IMF estimates of revenues based on oil price assumptions, publicly available data from companies, and a limited knowledge of specific project economics and terms. The discrepancies identified by the authors

between timelines, production and revenue forecasts and realities are less attributable to political elite behaviour, and more to the functioning of the oil industry and its project cycle.

The gap between expected and realised capital expenditures is distinctive of the upstream (exploration and production) segment of the oil industry (Merrow, 2012). Dahl et. al. (2017) show that in Norway, projects underwent an average of 50 percent cost overrun for each oil development megaproject since 1999. The authors attribute this to the oil business cycle more than oil price fluctuations but also to project management issues such as inadequate time dedicated to pre-engineering studies, as well as "unrealistic ambitions and too optimistic estimates" (Dahl et. al., 2017, p. 68). Merrow (2012) shows that there is a significant trend of underperformance in global exploration and production oil and gas megaprojects, that does not only affect prospective producers in Africa. Merrow finds that only 22 percent of the 130 megaprojects examined across 9 regions in the world were successful, plus that the other 78 percent met real cost overruns and delays in execution timelines of 30 percent. "More importantly, [Merrow claims] 64 percent of these projects experienced serious and enduring production attainment problems in the first two years after first oil and gas (Merrow, 2012, p. 38). He attributes this underperformance to exploration and production companies to three factors: (1) the weakness of the Front End Loading phase of project preparation before FID (which includes appraisal and Front End Engineering Design); (2) discontinuity in project leadership and short project management cycles within companies; and (3) the 'need for speed' of upstream business segments of the industry (Merrow, 2012, p. 40).

If high expectations are not the monopoly of African governments, but also part of business practices of the oil industry, these practices and how they influence the materiality of projects, oil politics and discourses, as well as the relationship between governments and international companies begs to be further interrogated. Even though both governments and companies may fall prey to unrealistic expectations (and it is probably because they stand to gain from perceptions of high expectations), they do not stand on an equal footing when it comes to their capacities to estimate resource and production probabilities, as well as to forecast revenues. In this sense, the pre-source curse falls short of addressing the distributional effects of the high risk, high expectation

discourses and practices utilised by companies and governments, as well as international organisations.

Moreover, the recommendations proposed by the authors regarding getting the regulatory framework right before reaching FID disregard the fact that governments face limited room for manoeuvre in terms of enacting regulatory and legislative changes that can impact projects under negotiations (pre-FID). Fiscally speaking the widespread existence of fiscal stabilisation clauses in exploration and production contracts protect projects from changes in fiscal terms dictated by government. In addition, the majority of new petroleum legislation is not retroactive and only applies to new licenses and projects. In Senegal for example, new oil and gas legislation such as the new 2019 Petroleum Code did not apply retroactively to existing contracts but only to future (new) licenses. In this sense, Frynas and Buur (2020) are more consequent in their recommendations to governments in that they warn of the dangers and hefty economic and political costs of unfulfilled expectations and the pre-source curse. While they challenge the IMF and WBG's engagement in supporting potential producer governments, they do not offer solutions for country governments. The approach does not differentiate between (optimal) pre-emptive and (sub-optimal) anticipatory policies enacted ahead of potential production and revenues. This leaves host governments in a relative vacuum, where all actions are potentially dangerous. In this view, the curse of oil seems inevitable. According to the pre-source curse, acting too soon may result in costly disappointments, but according to the resource curse, acting too late also results in negative impacts.

Political settlement approaches: towards a conceptual framework

In contrast with new institutional economics which understand institutions mainly as mechanisms that reduce transaction costs, political settlements explain the variable performance of development policies in Africa by looking at domestic power distribution, not just institutions (Di John & Putzel, 2009; Khan, 2010; Abdulai & Hickey, 2016). For political settlements, power and its distribution across political elites and institutions matters greatly, as it is understood to determine the development pathway a political regime will take in governing oil. Similar to historical materialist approaches' discussion of 'critical junctures', political settlements are historical in nature, as they crystallise specific power distributions between societal, economic and

political elites which in turn determine economic trajectories or development pathways (Capoccia & Kelemen, 2007). Kahn defines political settlements as "a description of the distribution of power across organisations that are relevant for analysing a specific institutional or policy problem" (Khan, 2018, p. 640). Political settlements view institutions as sector-specific and historical crystallisations of domestic power distribution (Khan, 2018). Institutions and rules are understood as a product of the bargaining and choices of public agents, political elites, bureaucrats, not just a given disembodied from their context.

In this context, developmental and institutional performance can be understood as a factor of political settlements and power distribution. In line with neo-patrimonialism, political settlements in developing countries are typically 'clientelistic' in nature, compared with developed countries where they are 'capitalistic' (Khan, 2010). However, similar to 'developmental State' arguments (Mann & Berry, 2015; Haggard, 2018) political settlement scholars (Kelsall et. al., 2013) challenge the view that 'clientelistic' political settlements are automatically harmful for development. Under specific conditions, including centralised rent management and the certitude of a long term hold of political power, cemented by mutual interests, pockets of efficiency and learning for productivity (Whitfield et. al., 2015) 'clientelistic' regimes can result in developmental success (Mann & Berry, 2015). What conditions favour the emergence of a capitalist political settlement from the intricacies of 'clientelism' is at the center of the inquiry.

Here, the enforcement of rules and institutions, as well as the non-application of those rules are telling of the underlying power distribution (Khan, 2010). For analytical purposes, power is 'fixed' in how the political settlement crystallises at one point in time, but ontologically speaking changes in power distribution are possible, and there are therefore different ways of 'cutting the pie'. Despite allowing for the possibility for change, political settlements still suffer from institutional determinism, even though it is dependent on the historical and dynamic distribution of political and economic power. Power and its distribution matter to political settlement approaches insofar as it is useful to determine or explain the developmental pathways, and performance of policy choices. The content of sectoral and developmental policies is very much assessed against the guiding logic of economic development. In this sense, its aptitude to deal with non-developmental norms that are not so much concerned with whether outcomes are good for development, but

whether they are equitable, should be interrogated. I wish to take this idea further in this thesis by assessing the 'quality' of policy outcomes, not strictly in terms of their economic impact, but also in relative terms in relation to government's key negotiating partner in the world of oil and gas exploration: international oil companies.

History matters. The colonial and post-colonial period was key in structuring powerful groups inside and outside the formal political spheres Khan (2010) and Whitfield et. al. (2015). In Senegal, the French colonial government relied on the religious brotherhoods (Sufi 'confréries') as middlemen between the relatively centralised colonial administration and local factions. To this day, these confréries and their marabouts have formed the backbone of Senegalese society and economy (Cruise O'Brien et. al. 2002; Osei, 2013). Fatton (1986) highlights the beneficial nature patron/client relations have had in Senegal in terms of political stability, popular participation and redistribution of spoils. He argues that in Senegal patron/client relations have been instrumental to managing resentment from the failures of post-independence development policies, and served power preservation among the ruling classes and elites (Fatton, 1986).

According to Khan (2010) governments' pro-development policy choices emerge when excluded political factions have little leverage over the ruling political elites. This allows ruling coalitions to engage in long-term pro-development agendas since they are not worried about short-term regime survival and power preservation. Khan identifies four emblematic types of political settlements: "the potential development coalition, the vulnerable authoritarian coalition, the weak dominant party and competitive clientelism" (Khan, 2010, p. 60). Dominant elites are likelier to engage in long-term development decision-making when excluded political factions are weak. Feeble opposition can stimulate 'pockets of effectiveness' whereby bureaucrats and elites can focus on acting in the country's long-term interest (Khan, 2010, p. 62). Khan (2010) argues that limited elite fragmentation and opposition fostered long-term economic development vision and leadership in Northeast Asian countries. Levy (2014) envisages two key typologies of political settlements and development trajectories: the 'dominant' and 'personalised competition' types. The dominant type is characteristic of the developmental states such as South Korea in the 1960s-1980s period and Ethiopia under Zenawi's regime. The personalised competition type is a paradoxical mix between pro-growth strategies and "good enough governance" (Levy, 2014, p.

72) where the ruling coalition works on a tighter time horizon due to the existence of relatively powerful excluded factions.

With the surge of exploration and discoveries in 'frontier' countries in Africa, political settlement scholars have delved into the question of oil and gas governance, and negotiations. Their research has covered Tanzania (see Pedersen & Bofin, 2015; Buur et al., 2017), Uganda (Hickey et. al., 2015; Hickey & Izama, 2017), Ghana (Hickey et. al., 2015; Phillips et. al., 2015; Asante, 2016) and Kenya (Tyce, 2020) as well as mining Botswana (Poteete, 2017). While there is a broad consensus over what oil and gas governance means for political settlement analyses, the concept of oil negotiations has not been discussed or defined per se. It has mainly been employed to describe government-company negotiations over production sharing contracts, which are signed following a process of license attribution, and typically before exploration begins (Pedersen, 2014). Kazi (2018), Hickey and Izama (2017) as well as Diouf and Laporte (2017) have respectively analysed production sharing contracts for Uganda and Senegal in efforts to tease out whether or not the countries had made 'good deals'.

In the case of Uganda where oil discoveries were made in 2006, Hickey and Izama (2017) maintain that the country's developmental coalition from the 1980s created 'pockets of effectiveness' which played an instrumental role in negotiating a good deal with international companies. By comparing Ghana and Uganda's oil negotiations, Hickey et al. (2015) argue that the nature of political regimes, coalitions, and opposition can explain oil governance outcomes much more convincingly than institutional design alone, economistic or meta theories. They reveal that semi-authoritarian regimes, like Uganda, have been better at negotiating ambitious deals with oil companies and setting long-term visions for oil than have democratic regimes like Ghana. As highlighted by Hickey et al. (2015, p. 4), "the character of formal institutions per se matters much less than the ways in which deeper forms of politics and power relations shape how institutions, both formal and informal, actually function in practice". In a way, this emphasis on the interactions between politics and institutions reveals the analytical relevance of processes over outcomes. It is a useful window into what political arrangements or political dynamics between elites can promote (or hinder) specific types of investment visions (long- versus short-term), negotiation strategies, and

elite/bureaucrat behaviours ('pockets/islands of effectiveness' versus inefficiency, fragmentation, and contestation).

Hickey et. al. (2020) add that Ghana and Uganda's different approach to resource nationalism is a result of the interplay between the political settlement and its impact on institutions and ideas. Uganda's dominant regime type enabled it to invest in capacity building, as well as in building a long-term vision for oil development and governance. Ghana's competitive clientelist system repeatedly stifled its ability to build capacity in, and a strategic vision for the sector. According to the authors, this explains variations in the countries' fiscal regimes, namely Uganda's 43.5-66 percent government take, compared with Ghana's 38-50 percent take (Hickey et. al. 2020). This in turn, was the result of Uganda's developmental vision including its steady investment in building up the capacities of the Ministry of Energy's Exploration Department. In contrast, Ghana's rising political competition led to the dismantlement of the technical capacities it had developed within the Ghana National Petroleum Corporation, and the adoption of a more neo-liberal oil governance style – which explains Ghana's underperformance in comparison with Uganda in terms of negotiating a good deal with international oil companies. However, Hickey and Izama (2020) argue there is a trade-off between building technical capacities and generating short-term economic gains. In the case of Uganda, pockets of effectiveness may have come at the cost of a rapid first oil.

However, the pathways between what types of oil projects are agreed between governments and companies has not been a major part of these analyses. The precise outcomes and implications of oil and gas project negotiations over project development following discoveries have generally not been a central focus of political settlement approaches. By project negotiation and outcomes, I mean to include what is typically discussed between government and companies following a discovery and under an exploration and production license, including the appraisal plan, project development concept and engineering design, field development plan, as well as potential unitisation agreements, plus commercial and financial agreements. It is important to highlight that Uganda and Senegal's exploration and production fiscal regimes differ considerably, especially in terms of what there is to negotiate between government and oil companies during license attribution.

Based on my own research, it seems that both Uganda's 2013 and 1985 Petroleum Acts effectively split exploration and production activities, meaning that oil companies must apply for an exploration license to conduct exploration, and for a production license if/once a discovery has been made (Uganda Petroleum Exploration, Development and Production Act 2013, Uganda Petroleum Exploration and Production Act 1985). A company who has made a discovery therefore needs to apply for licences twice, which offers government multiple opportunities to negotiate with oil companies. This matters because the Petroleum Acts, despite their comprehensive lengths, do not define the fiscal or contractual terms of exploration and production. These are defined in separate 'model contracts' in this case production sharing contracts that can be modified on a case-by-case fashion. Uganda developed its first production sharing model contract in 1999 to accompany the 1985 Petroleum Act. It defines among other things, the cost recovery and production sharing between the company and government. Based on a progressive sliding scale which increases with the daily production rate, Uganda's government take ranged between a minimum of 50 and a maximum of 85 percent of profit oil (Model Production Sharing Agreement, 1999). Therefore, production licenses that were negotiated under this fiscal regime were constrained by the production sharing scale of 50-85 percent; and under the 2013 regime, by a similar scale of 50-75 percent government take (Model Production Sharing Agreement, 1999; Model Production Sharing Agreement, 2015).

Senegal's upstream fiscal regimes differ because licensing does not separate exploration from production activities and the Petroleum Code contains the range of government's share of profit oil. Not only does this provide Senegal with less windows of opportunity to negotiate or re-negotiate with oil companies, but it also entertains less ambiguity about the applicable fiscal regime and production sharing. Senegal's exploration and production fiscal regimes past and present have grouped both exploration and production activities under a single 'exploration and production' licence (Code Pétrolier N°98-05 1998, Code Pétrolier N°29-03 2019). Not only did this reduce opportunities for negotiation, but in contrast with Uganda, Senegal's Petroleum Codes already contained production sharing formulas, offering a government take that ranged between 35-58 percent of profit oil in the past (Code Pétrolier N°98-05 1998) and at present between 40-60 percent (Code Pétrolier N°29-03 2019). In turn, the precise level of government take of a successful (discovery) project is determined by the daily production rate.

Therefore, in Senegal's case, the government has the opportunity to negotiate with oil companies only during license attribution but even then, the range of what there is to negotiate is limited. Indeed, the fiscal regime already determines the contours of profit sharing between government and companies. Greater attention can be dedicated to interrogating the critical terms that determine capital and operational expenditures, overall costs, and daily production rates which also greatly affect future government revenues and are negotiated following discovery until a 'final investment decision' is reached. It is therefore important to go beyond strict fiscal regime and contractual analysis to glean insight into the distributional repercussions of government-company negotiations. How these repercussions are shaped by political settlements, discourses and ideas, and external forces are one of the key foci of my thesis.

Furthermore, the temporality of fiscal regimes in emerging producers in Africa indicates that many regimes predate discoveries. This suggests that they are more informative of previous governments' and past political settlement configurations. Poteete (2009) argues that political coalitions at time of resource discovery were more decisive in shaping Botswana's mineral governance regime than the institutions that were put in place. While this may be true for Uganda, where multiple windows for negotiation exist, including one that follows discovery around the drafting of the development and production license, this does not entirely apply to Senegal's case, where the fiscal regime applicable at the time of discovery was drafted decades before. I propose that fiscal regimes and production sharing contracts are informative of former, past political settlements that were in place at the time these laws and conditions were defined. These may well be, as Hickey and Izama argue (2017) in the case of Uganda, a product of 'pockets of effectiveness' that survived changes in political settlements. Or, as in the case of Ghana, legal and fiscal regimes that preceded discoveries may have been the symbol of the dismantlement of former technocratic capacities (Hickey et. al., 2015; Asante, 2016).

In order to understand contemporary dynamics around oil negotiations, political settlements and governance in Senegal, I argue that attention should be paid to different temporalities at play: past, present and future. The past, because fiscal regimes and institutions that were created under previous political settlements, but which are still applicable at the time of discovery, significantly shape revenue and project outcomes. This is in line with how Bebbington (2013) and, Mohan and

Assante (2015) understand historical political and institutional legacies as constraining contemporary agents' scope for action. The present, because contemporary political settlements and political leaders in power carry out negotiations with oil companies over project design, local content, production schedule, from discovery to final investment decisions, as is the case in Senegal. The future, because expectations and promises about future gains, as well as the drafting of new laws and the creation of new institutions whose role will come to fruition in the future are at play in contemporary negotiations of oil projects.

Buur et al. (2017) apply a political economy analytical framework to examine natural resource investments (in oil and gas, mining, and agriculture) in Mozambique, Tanzania, and Uganda. The prism of the "reciprocal exchange deal" helps understand the company's approach (rooted in ideas such as Social Corporate Responsibility or 'Social License to Operate') as well as the local population's perspective (rooted in historical experiences, perceived expectations, and opportunities). This pragmatic approach points to a paradox inherent to the oil and gas industry whereby asymmetric relations of power and power contestations do not automatically result in no investment. Interestingly they highlight that the inequality between host governments and investors, as well as between local populations and both investors/host governments rarely results in no-investment or investment breakdown (Buur et al., 2017).

Bofin and Pedersen (2017) and Buur et al. (2017) have attempted to pose the question of oil and gas negotiations as a political economy problem by investigating Tanzania's case. Although they bring minimal evidence from negotiation processes, their historical description of the country's exploration and production framework shows that host governments in new producer countries are faced with a dilemma: attracting investments with low returns for the country or setting ambitious terms and risk scaring away investors. Buur et al. (2017) review the contracts and laws that have shaped oil and gas negotiations in Tanzania since the late-colonial period. By adopting a historical viewpoint they show that the government's bargaining power in relation to international oil companies is tied to the legal-contractual framework in place, regulatory practices, and institutional capacity. But this has often resulted in missed investment opportunities due to a "failure to respond to market signals" and "a distrust towards foreign investors" (Buur et al., 2017, p36).

Bofin and Pedersen (2017) examine the topic in the context of development practice, exploring changes in the bargaining strength of actors involved in negotiations and trade-off points that affect the terms and conditions of exploration and production activities. Indeed, although the specialised literature has focused on analysing contracts and revenue management issues, very limited attention has been paid to the power plays between government and international oil companies to unveil the underlying political economy dimensions of oil and gas. Bofin and Pedersen (2017) favour a staggered approach to analysing negotiations, preferring to examine the different phases (preparatory, actual, and follow-up) along the investment cycle. Additionally, the authors emphasise the importance of looking at negotiations as a 'game' and paying attention to who creates the rules and steps they are following. Bofin and Pedersen (2017) indicate that one of the reasons behind the limited coverage of the topic in the literature is due to the opacity and secrecy around negotiations.

Pockets of effectiveness

Leonard (2010) defined pockets of effectiveness (POEs) as "public organisations that are reasonably effective in carrying out their functions and in serving some conception of the public good, despite operating in an environment in which most agencies are ineffective and subject to serious predation by corruption, patronage, etc." (p. 91). The concept of pockets of effectiveness has arisen from a recognition that relations of power and the interactions between elites, institutions and the economy matter in order to understand development outcomes in developing countries (Hout, 2013). It has opened up analytical space to examine the granular dynamics of the politics of development at the micro level of political elites and economic sectors (Mohan, 2019).

POEs has been employed by the political settlements literature to explore oil governance in emerging African producers (Pedersen et. al., 2020; Hickey and Izama, 2010; Kjær et. al., 2021). Analytically it is relevant for this thesis because it sheds light on meso and micro processes and power relations across political and economic sectors. As such, POEs allow to conceive of state agency and its performance outside the strictly normative terms posited by the resource curse debates and neo-institutionalist school. In this sense, it is understood that POEs emerge and can advocate for themselves in areas where a political constituency already exists. However, as Mohan

(2019) argues, there remains scope for combining POEs with more critical forms of political economy analyses.

Yet, insofar as it is concerned with effective public sector decision-making, POEs as an analytical tool remains anchored in the problem of development and developmental outcomes. Even though it integrates power dynamics in its analysis, it is because it serves to explain a positive or negative developmental outcome and to shed nuance across black and white typologies of the neo-patrimonial state. It is important to discuss the applications of the POEs concept to the oil governance sector in Senegal, as well as to clarify its relevance to this thesis.

Empirically, these islands of public administration and elite performance have been known to exist in Senegal, across historical periods and sectors (Villalon, 1994; Johnson, 2015). The three key institutions involved in governing oil domestically in Senegal are potential POEs. Petrosen, the national oil company; the Ministry of Energy and Petroleum; and the COS PETROGAZ could be examined as potential and competing POEs. In fact, it could be argued that Senegal's national oil company, Petrosen, constitutes a relative POE inasmuch as it concentrates technical capacities in a way that makes the Ministry of Energy and Petroleum seem like an empty shell. However, in this study, state institutions and potential POEs are relevant in terms of their relation to external actors such as international oil companies, donors (contemporarily) and colonial regimes (historically). But the discussion focuses on the relations and instruments of power deployed by external actors to shape oil governance and investment outcomes rather than POE institutions per se in Senegal. As such, the applicability of POEs is relative and much as that of political settlements, it begs an 'expanded' approach which allows for multiple levels of analysis in terms of dimensions of power and international actors beyond the state.

Exploring notions of 'good deals' through production sharing contracts

The question of what type of contract can produce 'good deals' for developing countries has been widely explored across the economic, neo-institutional, legalistic, and historical scholarships. According to Johnston, "the issue of the divisions of profits lies at the heart of contract/license negotiations" (Johnston, 2003, p. 5). Radon (2005) argues that "negotiating the right contract is

vital to a government's efforts to reap the benefits of its natural resources" (p. 61). Poorly negotiated production sharing contracts (PSC) can derail a project and result in its closure, expropriation, or even conflict. In turn, PSCs that do not constitute good economic deals for companies can lead to selling of assets, abandonment, and failure to invest (Radon, 2007; Sebenius, 1983). Recently, a considerable amount of attention has been dedicated to analysing oil upstream fiscal regimes in emerging producer countries in Africa with a focus on production sharing contracts **(**Kazi 2018; Ndi, 2018; Diouf & Laporte, 2017; Hickey & Izama, 2017; Kankam & Ackah, 2014).

Conceptually, distinctions can be made between what constitutes a 'good project', a 'fair deal' and a 'good deal'. A project may perform well, producing resources and generating profits and revenues, but still be considered an unfair or bad deal for government, local communities, or the national interest. Normative debates on what constitutes a 'fair deal' has been shaped by the first oil regimes created during the colonial period. It is widely accepted by historians that until the 1960s' massive shift in oil regimes and governance frameworks, colonial governments had been exploiting countries' natural resources based on unequal legal and fiscal arrangements (Auzanneau, 2015; El-Gamal et. al., 2010). For a long time the focus was therefore on reforming legal and institutional frameworks in ways that could fix this imbalance.

Hydrocarbon resource ownership conditions have created an unequal level playing field between host countries and operators. The history of oil contracts shows that the sector originated from extremely unbalanced ownership and profit conditions which were concentrated in the hands of single-man fortunes. Even after the breakdown of Rockefeller's Standard Oil monopoly in the 1960s, 80 percent of global oil resources were still concentrated within the seven sisters oil companies (Auzanneau, 2015). In developing countries, this imbalance between governments and oil companies was reflected in the first oil exploration and production contracts, which were concession agreements inspired by mining contracts from the nineteenth century (Duval et. al., 2009). They offered highly unequal and asymmetrical terms, since the resources of a host nation were fully owned by the operator.

First used in independent Indonesia in the 1960s, many countries chose to establish the production sharing contract as a symbol of emancipation from colonial domination (Roach & Duncan, 2018). "The desire for public expression of full sovereignty over resources led to development of contractual schemes: fee-for-service contracts where existing industries were fully nationalized, and production-sharing where governments desired still to attract private investment" (IMF, 2012, p. 17). As opposed to colonial time concessions in which resources were owned by oil companies, production sharing contracts recognised the sovereignty of governments over resource ownership (Bindemann, 1999; Radon, 2005). Over 70 countries apply the production sharing contract fiscal regime, of which many in West Africa (Van Meurs, 2019). The majority of emerging producer countries in Africa work with production sharing agreements (PSAs), whose key feature is how companies recover their upfront investments and how costs and profits are shared between companies and governments. In a production sharing system, the company takes a share of total oil and gas production to cover its exploration and development costs (Redhead et. al., 2018). Because the investor bears the costs of exploration and exploitation, it justifies receiving a share of production in return. The remaining profit production is then split between the investor, government and the national oil company. In contrast, a concession system taxes companies on their profits, and may assign government royalties based on a percentage of production volume or value. The advantage of PSCs was that they offered a simple legal and fiscal framework for oil and gas exploration in countries with no proven oil and gas potential.

Although revenue sharing contracts are the preferred contractual option and are widely used in producer countries in Africa, they have not automatically contained profit sharing formulas that overwhelmingly benefit host governments, especially in the case of small or emerging producers. PSCs have mainly benefited established producers and national oil companies with proven and marketable resources. This has been illustrated in terms of higher royalties, lower fiscal incentives, and high revenue share ratios in favour of governments or national oil companies (Le Leuch, 2013; Dawe & Russell, 2013; 2014). The majority of the oil that is produced today is governed by concession, licence-type, or risk sharing contracts (World Fiscal Model for Oil and Gas, Van Meurs, 2019). In 2017, Indonesia abandoned PSCs and instituted a "gross-split" approach whereby it leaves all costs to be borne by the company.

Exploration contracts have long been considered to be a good indicator of the fairness and normative quality of exploration and production agreements (Bauer & Quiroz, 2013). Each contract type offers benefits and disadvantages for government and oil companies (Feng et. al., 2014). Although widespread contractual reform was an important step towards correcting the power imbalances between oil companies and governments, contracts are not the only element (and heuristic entry point) that participate in the determination of the distribution of risks and benefits (resources and revenues) between oil companies and governments. In addition, because fiscal regimes and contracts are not a result of negotiations between oil companies and governments, it is essential to turn to other elements of the exploration and production investment cycle in order to interrogate the power dynamics between oil companies and governments. Indeed, a range of critical design decisions that determine project revenues and performance take place during project negotiations towards FID, long after contracts like PSAs are agreed upon (Merrow, 2012; Dahl et. al., 2017).

Ultimately, the quest to assess whether a country negotiated a 'good deal' is an elusive one. However, it does not mean to say that the notions of a 'good deal' or 'good negotiations' cannot be used as both a heuristic tool to tease out power distribution and a normative reference point against which describe agreements. With reference to my earlier point regarding political settlement's concern with the developmental quality of public policy choices, as opposed to the equitable nature of deals, I briefly outline a few concepts drawn from game and negotiation theorists which I find useful to expand the discussion on 'good deals' beyond contract analysis.

Nash's rationalist approach to bargaining puts forward an 'ideal type' negotiation in cooperative negotiation situations. He states that any cooperative negotiations with a degree of equality between parties are governed by four principles: "(1) The bargainers maximize expected utility; (2) Bargaining is efficient. The players fully allocate all of the available resources, and no player does worse than her disagreement value; (3) The allocation depends only on the player's preferences and disagreement values; (4) The bargaining solution is not affected by eliminating from consideration allocations other than the solution" (in McCarty & Meirowitz 2007, p. 279). This is a useful reference point against which to tease out who holds the power in oil negotiations. It allows the identification of cases where negotiations deviate from 'ideal type' negotiations and

of factors that generate non-ideal type negotiations. In theory, against this ideal reference, parties who do not maximise utility, bargain inefficiently, and where players do worse than their disagreement value would raise red flags and indicated suboptimal negotiations.

Game theory's take on negotiations is a useful complement to political settlement, especially when examining negotiations around oil discoveries. In their seminal work on negotiations, Fisher and Ury (1997) and Sebenius (2017) draw on rational choice and game theory to cast out negotiation tactics and scenarios on a theoretical level. They identify specific negotiation tactics in scenarios of power asymmetry between the two negotiating parties, including bottom line selection, best alternative to a negotiated agreement (BATNA) definition, trip wire, or worst case scenario selection (Fisher & Ury, 1997; Sebenius, 2017). In theory, agreements where mutual gains are available, known as the 'pareto frontier' exist. These negotiation universes therefore potentially at least considerable room for manoeuvre. I find this a useful starting point from which to consider negotiations between international oil companies and governments. With this in mind, the ability to negotiate 'good deals' is not so much dependent on the economic development impact of policy choices or agreements, but about the ability to create a bigger pie for the parties engaged. In this sense, interests are tradable infinitely and power is more than material or political, but also about narratives around what is being negotiated. Therefore, interrogating who holds the narrative power to define negotiation rules, and stakes, is a significant piece of the puzzle.

In theory, the existence of an alternative to no agreement enables parties to refuse suboptimal terms and push for optimal ones. The BATNA concept highlights that a party can derive a great deal of bargaining power from its theoretical ability to walk away from negotiations without a deal. As Fisher and Ury explain, "in most circumstances, the greater danger is that (parties) are too committed to reaching agreement. In fact, the relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement" (1997, p. 51). Due to the recognised asymmetric power dynamic at play during negotiations between host governments and international oil companies (Le Billon, 2014; Radon, 2007) the identification of parties' interests and bargaining chips is essential in order to assess the quality of investment decisions and negotiations outcomes. However, the multiple dimensions around which oil

negotiations revolve and the relations of power these dimensions can reveal has not been extensively explored.

Articulating global and local levels

Neo-Gramscian and Foucauldian understandings of the world order and power are employed by Barry (2006), Mitchell (2009) and Watts (2004; 2005; 2014) to develop conceptual frameworks that can account for the global and local articulations of the oil industry (and its governance). Similar to neo-Gramscian approaches' to hegemony, these authors envisage the oil governance as part of an all-encompassing 'oil complex' (Watts, 2004; 2014) and even 'carbon complex' (Mitchell, 2009) which results in the creation of 'technological zones' and particular 'oil assemblages' (Barry, 2006). Here, the global-local organisation of oil production presents attributes similar to that of hegemony as conceptualised by critical theorist thinkers (see Cox, 1981; Morton, 2003; Bieler & Morton, 2004). Cox describes conditions of hegemony as "based on a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality" (Cox 1981, p. 139).

Watts (2014) examines oil culture as a manifestation of petrocapitalism. According to him "as we envision it, then, oil culture encompasses the fundamental semiotic processes by which oil is imbued with value within petrocapitalism, the promotional discourses that circulate through the material networks of the oil economy, the symbolic forms that rearrange daily experience around oil-bound ways of life, and the many creative expressions of ambivalence about, and resistance to, oil that have greeted the expansion of oil capitalism" (Watts, 2014, p. xxvi). As such, industry practices, rules and standards, and institutions of oil governance can be seen as manifestations of a global economic system. From this point of view, the State and domestic political agency are significantly shaped by an amorphous and all-encompassing 'oil complex' whose specific global-local articulations are informative of global power relations.

Watts proposes a global political economy of the oil industry ('the oil complex') as a "precondition for understanding the social and political dynamics" around which global oil governance practice

has developed (Watts, 2005, p. 375). The idea of the global 'oil complex' and the local 'petro-state' are put forward as central to his framework of analysis. The relation between the two holds the key to understanding the reality of oil governance – which he understands as an arena where "new forms of global regulation and governance are being developed, fought over, and implemented" (Watts, 2005, p. 375). Similar to Mitchell's carbon democracy (2009), Watt's take on the political economy of oil is anchored in a historical materialist conception of the world. As such, Watts sees "the oil complex is a sort of corporate enclave economy (…) but its character and dynamics are quite specific to the oil sector and the historical moment in which oil is a strategic asset" (Watts, 2005, p. 380).

Mitchell (2009) suggests the dislocation and delocalisation of oil production, as opposed to coal production, jeopardised political forces' ability to mobilise. In contrast to coal, " oil (…) leaves its workers on the surface and distributes more of the expertise of production into the offices of managers and engineers" (Mitchell, 2009, p. 420). His position encourages the examination of the forms of agency and power relations that the functioning of the oil industry and its governance entail. Hence the importance of tracing the historical processes of formation of the oil industry and institutions. Bebbington et. al. (2017) identify colonialism and post-colonialism, global markets, neoliberalism, investors as key transnational 'couplings' that bind the global and local dimensions of natural resource governance together. An examination of the existing scholarship on oil in Africa's economics and politics would be incomplete without a mention of the historical legacies of colonialisation. The manifestations of historical legacies in contemporary oil governance are an important part of the puzzle (Bebbington, 2013; Mohan & Assante, 2015).

Despite a renewal in African political and economic history (Austin, 2010; 2007), scholarly research on oil exploration and production has remained marginal despite its regional significance (Appel, 2012). Scholarship has privileged the study of large oil producers from the Middle East and North Africa, Latin America, and Asia, exploring their relationship with international oil companies and foreign governments (Auzanneau, 2015; Musso, 2017; Jaffe, 2012). The study of African political and economic history has focused on other topics such as demographics, health, and agriculture (Austin, 2010; 2007), with the exception of Nigeria (Asekunowo & Olaiya, 2012), where scholars have addressed the entanglement between the country's political, economic, and

oil history (Akhaine, 2010). Recent discoveries in Ghana, Tanzania, and Uganda have stimulated inquiries into oil politics and industry governance (Vokes, 2012; Pedersen, 2015; Gyimah-Boadi & Prempeh, 2012; Chalfin, 2015; Pedersen & Kweka, 2017).

Yet, the legacy left by international oil companies' undertakings during the colonial period remains underexplored. This is likely due to the fact that historical archives on oil exploration and production in Africa during the colonial period have remained the property of international oil companies and have only started to be released for public consultation over the last three to two decades. Colonial archives on oil exploration and production have been explored in the case of Nigeria (Steyn, 2009; Umejesi & Akpan, 2013) but have not yet been explored in the case of new or emerging producers such as Senegal. Even BP Company's archives underline the historical relevance of the archives it owns:

"Given that the Company was the first to develop the oil resources of the Middle East, the Archive is a particularly important source for Middle Eastern history in the 20th century, and the radical changes that the oil industry brought to every aspect of life in the countries of the Middle East. It is also an important source for the history of the United Kingdom, the Americas, and Australasia, and contains some information on most other areas of the world."

(BP Archive[5])

Watts (2005) explores the ethics of capitalism as expressed through the oil industry's attempts to advance its 'social corporate responsibility'. However, the possibility for fair extraction is interrogated in a global context where multinational companies are accountable to governments and communities solely through voluntary practices and codes of conduct (Watts, 2005; Gilberthorpe & Rajak, 2017). Through the Foucauldian prism, these attempts can be understood as "relations of power" between multinationals and governments, or "different instruments, tools, relations, techniques, etc., that allow for domination, subjectification, constraint, coercion, etc" (Foucault et. al., 2012, p. 106). Barry (2006) examines the emergence of trans-territorial

[5] BP Archive Description: https://archiveshub.jisc.ac.uk/search/archives/62b43e09-e64b-348a-9378-3d5be82f03db

‘technological zones’ “as a space within which differences between technical practices, procedures or forms have been reduced, or common standards have been established.” (Barry, 2006, p. 239).

These zones form ‘assemblages’ of dynamic relations of power between agencies and disciplinary institutions (Barry, 2006). Regulatory and institutional standards are viewed as both forces that influence governments and as clues of the power relationship between agents ant ‘disciplinary institutions’. The latter are understood as “a particular organisation of relations, in which the identities of entities (including persons) within the apparatus are given through their relations with other entities” (Barry, 2006, p. 241). Seeing institutions, rules, and standards as ‘disciplinary institutions’ makes the examination of legal texts, frameworks, contracts and procedures as relevant indicators of the relations of power binding governments and companies in exploration and production activities, even though they have tended to be examined as objective or neutral tools in the oil governance scholarship. ‘Disciplinary institutions’ at large, are therefore not simply indicators of domestic but also global power relations, and of power distribution.

This perspective offers scope for looking at the way oil standards, practices and discourses emanating from the social science, historical, legal, geological, and business disciplines imbricate with each other to create specific ‘oil assemblages’. In emerging producer countries like Senegal there is a gap between standards and reality, what is written in the petroleum law and what is implemented on the ground. It is therefore important to interrogate the origins of the oil governance standards, rules and broader ‘disciplinary institutions’ that formally governance the upstream oil and gas sector. Their relationship to colonial legal and institutional frameworks, oil companies’ practices and international institutions’ discourses can therefore yield new insights. In addition, this understanding allows to treat discrepancies, gaps and ‘indiscipline’ as intricate aspects of power relations, not simply as the failure of the State. This is true for procedures and requirements regarding license attribution, and the gap between the legal texts and practice indicate that have resulted in a regulatory vacuum in a country like Senegal.

Alternative approaches have examined the multiple and complex discourses around oil, including that of the resource curse that are employed by the oil industry and oil governance worlds in an attempt to reveal their material, political and ideational origins. The result is a varied

anthropological and ethnographic scholarship that reflects on the ideas and discourses that are central to the oil epistemologies across industry, governance and academic spheres. The strength of this scholarship rests on the ontological understanding of ideas and words as devices of economic power, and as a product of a socially constructed reality. It conceptualises the 'resource curse' and other notions such as 'first oil', 'oil anticipation' as economic devices that are co-generated by the practices and ideas of the oil industry, international institutions, civil society, advocacy groups, etc. Other such power devices include the oil archives (Barry, 2015). This places the 'resource curse' and other theoretical paradigms as a subject of study itself and a manifestation of the global articulations between material, ideational and to a lesser extent, political levels. I include this scholarship in the literature review because it allows the problematisation of power relations as multi-level (material, socio-political, ideational levels) and multi-scalar (global, local scales). In addition, it works as a heuristic tool that reveals the existence of contradictions between oil industry practices and discourses, and discourses around oil and its governance – which I employ to build a conceptual framework to examine the multiple dimensions of the governance of oil exploration and production in Senegal from colonial period to the present times.

Weszkalnys (2011, 2014, 2015) undertakes a critical examination of the 'future making' repertoire that underlies the ontology of oil governance and the oil industry. Using the oil industry's practices and discourses as an analytical starting point, she explores its attributes and inherent contradictory narratives. She explores the contradictory discourses and practices underlying the oil industry and its governance. She argues that the 'resource curse' is more than an economic theory, which also manifests itself as "a narrative device, an instrument, an abstraction, a future imaginary and so on" (Weszkalnys, 2011, p. 348). In a case study on Sao Tome and Principe, a neighbour of oil-rich Nigeria, Weszkalnys recounts how the country became part of an experiment to test 'resource curse' economic theories under the leadership of Jeffrey Sachs, but also international financial institutions such as the WBG, civil society, and international experts despite the absence of oil – even though until today no commercially viable sources of oil have been found according to EITI (EITI, 2020).

According to the author, oil resources have the capacity to hold contradictory ontologies, they hold both the fear of a "yet to come disaster" but also the promise of wealth and development

(Weszkalnys, 2015, p. 8). In this "anticipation regime" normative and moral values are framed by an array of technological, economic, scientific concept which the author seeks to unveil (Weszkalnys, 2014, p. 215). In the same vein, Guyer (2018) studies the cultural imagery that emerges from oil industry 'talk', underlining how economic concepts are socially produced and made sense of. This has implications for how governments view the range of possibilities available to them in engaging with industry practice and discourse. Weszkalnys draws from Barry's concept of 'technological zones of qualification' (Barry, 2006 as cited in Weszkalnys, 2014, p. 217) to bring to light how capacity building activities in Sao Tome and Principe, did not only aim to strengthen national staff's knowledge of geology and prospectivity, but to standardise behaviour around these ideas (Weszkalnys, 2014, p. 219). Her closeup look at the exploration project cycle helps tease out the ambiguous nature of legal, technical, and engineering tools such as the contract, test well and exploration zones. Taking this contribution one step further, it opens up alleyways for conceptualising these industry tools as well as governance tools as manifestations of power, and power-reinforcing devices. It raises important questions also about multi-dimensionality of power asymmetries that differentiate 'newcomer' governments from oil companies. Not only are they short of material and human resource capacities but they do not control the value and risk creating narratives that shape both industry practices and oil governance discourse.

Similarly, Appel (2012) explores the concept of offshore developments and modularity in Equatorial Guinea to interrogate its role in creating a space which escapes the reach of territorial sovereignty, as opposed to the onshore. For example, corruption that takes place on offshore projects is more remote and outside the reach of political actors. She underlines the power of modularity in the offshore space as a material and ideational tool that participates in redesigning government and company boundaries of sovereignty and responsibility. Appel's work is particularly relevant to the examination of Senegal's 'oil assemblage' which is predominantly offshore and hinges on recent cost-cutting upstream innovations including modularity and phasing. This understanding helps interrogate the roles concepts such as risk, production sharing contracts, cost oil or FID play in defining the boundaries of what is legitimate and what is unacceptable during exploration and development cycles. Of course, this has implications for domestic oil governance and the politics of oil. It raises questions on the scope of national political agencies, in response to the depoliticising effect of the practices and discourses governing the upstream. At the

same time the mutuality that binds the material to the ideational, makes it possible to link the coming into being of practices and discourses to global modes of production, echoing scholars like Barry (2006), Mitchell (2009) and Watts (2014).

Mohan and Asante (2020) point out that political settlements have traditionally failed to take into account the role transnational factors and ideas play in shaping domestic oil governance. Political settlement's methodological focus on the state and domestic actors, has limited its ability to account for the two-way relation between domestic and international actors and forces. Mohan and Asante (2020) investigate the extent to which transnational actors have shaped and influenced Ghana's political settlement around oil. The authors argue that "the role of transnational actors – namely the IFIs, Chinese SOEs and western IOCs – is significant in both enabling and constraining (near fatally at times) the scope of the ruling coalitions" (Mohan & Asante, 2020, p. 25). They find that in the Ghanaian context of political competition, transnational capital reinforces short-termism and opportunism. Due to its methodological nationalism, political settlement approaches are not able to "see capitalism as an international system that enrols and constrains states and state actors" (Mohan, 2019, p. 15). Mohan (2019) proposes that a juxtaposition of meso- and meta-theories, especially through the analysis of pockets of effectiveness, can glean insight into this two-way relation between global and local levels.

A solution to overcoming this limitation is to give greater attention to tracing the formation processes of pockets of effectiveness. Similarly, the dismantlement of pockets of effectiveness can be interesting analytically to situate political settlements in relation to global forces. In a similar fashion, Tyce (2020) applies an expanded political settlement approach to look at Kenya's 'oil assemblage'. In a valuable attempt to interrogate the mutual relation between global and local levels, the author examines the political settlement and oil assemblage from a 'multi-scalar' perspective. The author traces how political settlements and the oil assemblage have shaped three aspects of oil governance, namely institutions, pockets of effectiveness and negotiations. Similar to Mohan and Asante (2020), Tyce finds that the 'oil assemblage' reinforces the country's clientelist and short-termism tendencies.

Chapter 3: Conceptual Framework and Methodology

A multidimensional conceptual framework

In this thesis, I combine a macro critical theory framework, with more meso approaches drawing from political settlements and a constructivist ontology. I employ critical theory as a meta framework within which I situate my empirical analysis of Senegal's oil and gas political settlements, negotiation outcomes and oil assemblage in the context of its recent offshore discoveries and developments. I draw from Cox's (1981) seminal work on critical theory to build my framework of analysis. Based on Gramsci's understanding of the mutually constitutive relationship between the economic structure and socio-ideational superstructures, Cox proposes that historical structures or complexes emerge from particular configuration of forces. "Three categories of forces interact in a structure: material capabilities, ideas, institutions (…) and the relationship [between these forces] can be assumed to be reciprocal" (Cox, 1981, p. 135). Under this framework, material capabilities include natural, technological and organisational resources; ideas include "intersubjective meanings (…) that are historically conditioned" as well as "collective images (…) as to the nature and legitimacy of the prevailing power relations" (p. 136). Institutions are defined as "particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities" (p. 137).

Historical structures are simplifications of a complex time-bound reality, and change is accounted for through the dialectic dynamic whereby material capabilities, institutions and ideas are mutually constitutive. More precise theories can be applied complementarily within this wider framework. Namely, oil assemblages theories can be interpreted as an empirical application of this methodology of historical structures to the global oil complex (Watts, 2013; Mitchell, 2011). They relate to and are consistent with Cox's discussion of hegemony which "appears as an expression of broadly based consent, manifested in the acceptance of ideas and supported by material resources and institutions, which is initially established by social forces occupying a leading role within a state, but is then projected outwards on a world scale" (Bieler & Morton, 2004, p. 87).

I situate my interrogation of the processes that surround oil and gas negotiations between government and companies within the broad three-layered categories (material, political/institutional and ideational) which I interpret broadly and use to examine particular forms of power and power relations that in turn shape oil and gas negotiation outcomes. I interpret the *material level* to encapsulate, within my proposed framework of analysis, oil and gas resources, the oil industry, financial and technological resources and power broadly, but I also extend it to cover the tangible designs of resource extraction such as offshore floating liquefied natural gas (FLNG) and floating production storage and offloading (FPSO) solutions.

I interpret the *institutional level* as relational and therefore inclusive of both agents and structures that are forged by historical "amalgams of ideas and material power" (Cox, 1981, p. 137) and the formal and informal laws and rules of the game that govern, in this case, the governance of oil but also the written and unwritten rules of the game that shape negotiation processes. This allows for a consideration of 'de jure and de facto' or parallel, bifurcated institutions and policies, which are customary in post-colonial societies (see Mamdani, 1996) and particularly in Senegal (Boone, 1992, 2003) as well as the political settlement interpretation of institutions emerging from particular forms of political power distribution (Khan, 2018). In addition, institutions encompass both the public and the private sector (Bieler & Morton, 2004) which allows for an interrogation of oil industry and governance rules and practices.

Finally, I interpret the *ideational level* to include the 'softer' realms of ideas, discourses/narratives and knowledge that emerge from oil industry and governance practices, mediated by agents domestically and internationally, from government, civil society, international organisations and the private sector. I believe there is analytical common ground between Cox's conceptualisation of hegemony which is based "on a prevalent collective image of world order (1981, p. 139), Foucault's 'discursive formations' (2002) and Khan's 'critical junctures' (2011, 2018) since they all create these analytical simplifications which allow the examination of relations (of power) between the economy, politics and institutions and ideas, in one way or another.

The role ideas (Tyce, 2020), narratives (Weszkalnys, 2011; Appel, 2012) and knowledge (Barry, 2015) play in the oil industry practices and governance discourses is recognised. Weszkalnys

(2011) explores the power of ideas, for example through economic devices such as the 'resource curse' that can be deployed to mobilise political and financial resources. Appel (2012) shows that through the deployment of narratives oil companies are able to disassociate themselves from industry practices and processes they are inextricably linked to. Barry (2015) and Burton (2005) posit that archives and archival knowledge are deployed by oil companies as legitimising tools. Tyce (2020) situates Kenya's political settlement within global oil assemblages where ideas, institutions and actors appear to reinforce the interests of domestic political elites.

Defining the multiple dimensions of power

Throughout the thesis, the analysis is guided by Ruggie's (2018) conceptualisation of power as threefold: instrumental, structural and discursive. However, the thesis mainly explores the structural and discursive dimensions of power. It shows how the three forms of power are closely intertwined to one another, completing and reinforcing each other across the whole 'oil governance' arena. This is evidenced by the relation between the colonial government's influence on Senegal's legal and fiscal framework for oil and gas exploration and production, the rules and contracts governing recent discoveries, as well as the dominating discourse on high-risk high-rewards.

The recognition of mutual and relational causality between material, institutional and ideational levels of agency and structure begs a multifaceted definition of power. A Weberian definition of power whereby power represents A's capacity to influence B's behaviour or preferences has been expanded to incorporate multiple dimensions of power. I draw from Fuch (2007) and Ruggie (2018) typologies of power, which they apply to the examination of multinational companies' global power. This perspective is relevant for this thesis since it can complement the political settlement literature which is focused on a national frame of analysis, and does not fully shed light onto the ways multinational oil companies exercise their power. I follow Ruggie's typology of power as being threefold: instrumental, structural and discursive.

Instrumental power is "the employment of specific resources to achieve one's aims" (Ruggie, 2017 p. 322). According to Fuchs, instrumentalist approaches are actor-centric and are interested in what

output emerges from relations of power (Fuchs & Lederer, 2007). Here, relations of power are illustrated by policy outcomes (for state-centric approaches, or 'methodologically nationalist' approaches) and by lobbying outcomes (for the business governance literature). *Structural power* is akin to agenda-setting and rule-setting power. Structuralist approaches are more interested in what sets of factors (or inputs) shape relations of power (Fuchs & Lederer, 2007). The creation of rules, practices and institutions that shape the scope of what is negotiated, and define the terms of negotiations have a 'structuring' power. Ruggie (2018) mentions international arbitration law and world trade organisation rules to illustrate this power, through which the State is held accountable to companies, more than vice-versa. *Discursive power,* is ubiquitous and invisible in that it is created by social actors, but also constraints and enables them. Here, "power does not simply pursue interests but creates them" (Fuchs & Lederer, 2007, p. 326). In concrete terms, it represents the ability to frame the debate, problem and solution, which ties it to questions of legitimacy (Fuchs & Lederer, 2007; Ruggie, 2018).

According to Ruggie, this also entails a negative dimension of power through which actors accept to play a losing game. This is particularly relevant to frame oil and gas negotiations between international oil companies and emerging producers like Senegal with limited experience in the industry. I concur with Ruggie's vision that these multidimensional forms of power do not always compete with the State but are interwoven with it. This is what makes the interrogation of the specific weave of relations and power that is emerging from oil governance and the oil industry in Senegal particularly interesting.

Research implications

The mutual constitutive relations between categories of analysis (resources, institutions, ideas) has epistemological implications for research inquiries, which has been usefully problematised by constructivism. Constructivist approaches problematise the relationship between social agents and observers in a way that acknowledges intersubjectivity but does not disqualify research inquiry. Guzzini defines constructivism as an understanding that both social reality (politics, institutions, power relations, economics) and its interpretation are socially constructed. In this context, this research inquiry on oil politics, governance and negotiations cannot fully extract itself from the

socially constructed meanings and relations that play out in oil politics, governance and negotiations. This acknowledgement entails a "double hermeneutical position at the level of the observation and second an intersubjective theory of action" (Guzzini, 2013, p. 191). In this sense, it becomes pertinent to analyse the tangible, action-oriented field of oil negotiations and outcomes, in tandem with the sets of socially constructed ideas, rules and practices that govern how oil negotiations work and that define what oil negotiations are.

This, in conjunction with a critical theory approach, opens up space for the critical evaluation of oil governance and negotiation outcomes in a way that political settlements is not substantially concerned with. Mohan (2019) argues that political settlement analyses are "disconnected from more critical political economy analyses" (p. 3). While 'relational' political economy approaches are able to "situate state institutions and politics within an analysis of contemporary capitalism" (p. 7), they fail to provide the empirical granularity meso-theories such as pockets of effectiveness offer. In turn, political settlements in general do not account for how domestic agents and structures (elites/bureaucrats and institutions) are both enabled and constrained by global capitalistic forces. He draws from Wight's (1999) reflexive and embedded conceptualisation of state agency, and Hagmann and Péclard's (2010) dynamic vision of the state, to bring the light the constitutive relationship that binds agencies and structures at the domestic and global levels.

Building on critical theory's interest in thinking of alternative ideal-types utopias, well developed by Cox (1981), Mohan (2019) asks in whose favour do these processes and institutions that offer an empirical window of analysis into political settlements, agency/structure mechanisms work? I think a critical consideration of the distributional dimensions of political economy outcomes is relevant for my research. Instead of turning back teleologically again to political settlements to answer this question, meta theories are useful for placing domestic power distribution and development policy choices back into broader, distributional and global perspectives. For the purpose of this thesis, which seeks to interrogate the multiple power processes that underlie oil and gas project negotiation outcomes in Senegal, the equivalent of this question would be to ask: oil and gas negotiation outcomes for whom? Similar to Tyce's (2020) work on Kenya, charting which interests are served by political settlements domestically and the global oil assemblage can reveal the winners and losers of oil governance in Senegal. Shedding light on the relations between

transnational ideas and institutions, and domestic interests, can in turn reveal the mechanisms that enable, reinforce and potentially break power distribution dynamics. I think it is important to situate my research within a broader framework where this question can be interrogated and explored. Inevitably, the distributional aspects of negotiation outcomes prompt more normative questions around the optimal/fair or suboptimal/inequitable nature of negotiation outcomes.

In turn, I have addressed this by conducting a series of interviews and conversations (over the course of my research from 2017 to 2020) with senior industry practitioners, negotiators and experts that are recognised in their fields, including exploration and production leadership for oil majors, geological and exploration promotion experts, and conceptual and project development managers and experts. Therefore, I use their technical expertise and professional opinions, in order to inform the critical assessments I make of the Sangomar and Grand Tortue projects I explore. Furthermore, I have triangulated and completed this set of data with a series of interviews and conversations (that took place between 2017 and 2021) with Senegalese oil governance stakeholders, from bureaucrats and staff from public administration, including the Ministry of Energy and Petrosen, to the COS PETROGAZ, to individuals working as government advisors, local think tank leaders and civil society professionals, political communications experts, and international actors working in Senegal – from BP, to UK diplomatic services and World Bank and International Monetary Fund experts and advisors.

Negotiation processes

Because of its interest in development, political settlement makes sense of the relations between material, institutional and ideational levels domestically in terms of causality. Economic and political power distribution shapes settlements which in turn shape institutions' ability to deliver (or not) development policies and outcomes. From a global perspective, oil assemblages are more interested in painting a wholistic view of the particular systems the interactions between actors and levels give rise to. My objective is to interrogate the ways in which the relationship (of power) between the government of Senegal and oil companies is shaped by domestic actors and global forces. In other words, I seek to "explore how power unfolds in contemporary processes" (Fuchs & Lederer, 2007, p. 4) of oil governance and negotiations. I juxtapose a political settlement

analysis of Senegal's oil governance sector with a description of the more global oil assemblage within which it fits.

I find Hagmann and Peclard's understanding of the state as a dynamic entity that encompasses multi-level processes whereby "local, national and transnational actors forge and remake the state through processes of negotiation, contestation and bricolage" (Hagmann & Peclard, p. 544) particularly useful. Indeed, the fact that the state is not fixed makes it possible to envisage state agents and structures as existing beyond its formal geographical and temporal dimensions. Methodologically speaking, this places the focus onto processes and relations at the heart of the analysis. I agree with Mohan in that this dynamic conceptualisation of the state accounts more gracefully for change and compensates for the path-dependent tendencies that underlie political settlements, especially those linking x type of political coalition to x type of institutions (Mohan, 2019).

In order to unpack the relationships of power where government and companies 'meet', I use the concept and subject of oil and gas negotiations to provide a loosely chronological and process-oriented to structure my inquiry. I use negotiations in multiple ways, first as a heuristic tool and framing concept to explore processes where government and international companies' relations of power unfold. It is also meant to signify the processes, mentioned by Hagmann and Peclard (2010) whereby power over oil is negotiated, at the domestic, political, and global, economic levels. This allows to extend the scope of my empirical analysis to not just cover the characteristics of approved oil and gas projects, but also the mechanisms that shape oil governance and negotiations. In many ways, these mechanisms christallise 'the rules of the game' that facilitate and constrain oil negotiations and governance. They include oil industry and governance ideas, discourses and practices over risk, profit sharing, and capacity building, but also the laws, contracts and institutions which constrain government's 'room for manoeuvre' in negotiating oil resources. Finally, negotiations also refers to the commercial interactions and formal negotiations that take place between government and oil companies and that result in investment decisions (from license attribution to FID).

Research design and methodology

Research objectives and questions

Against this theoretical and conceptual backdrop, my objective is to interrogate the relations and dimensions of power between the domestic governance oil and the global oil industry. I am interested in exploring the relations and dimensions of power at play between Senegalese government and international actors over oil and gas governance. This thesis seeks to make a contribution to the study of the politics of oil governance in Africa that goes beyond the linear, one-dimensional, state-centric approaches that have structured resource curse (Auty, 1994; Sachs & Warner, 2001; Acemoglu et al., 2003; Humphreys et al., 2007; Collier and Venables, 2011) and traditional political settlement debates (Khan, 2010; Abdulai & Hickey, 2016). It draws from critical and assemblage theory (Cox, 1981; Mohan, 2019; Watts, 2005), to which it juxtaposes an expanded form of political settlement analysis (Tyce, 2020), to build a 'whole of oil' picture where there is space to envisage the relational dynamic between domestic and global actors, but also to account for multi-dimensional forms power at play in these relations (Fuch, 2007; Ruggie, 2018).

Throughout, the thesis considers how multiple forms of power and aspects of governance enable or constrain government in its contemporary negotiations with international oil companies. An attempt is made to bring history to bear by adding one more layer of depth to these juxtaposed political settlement and oil assemblage analyses whereby it seeks to illuminate the echoes of the past in contemporary relations and forms of power around oil governance. Finally, the thesis critically examines the approved projects of Sangomar and Grand Tortue Ahmeyim in order to interrogate what negotiation outcomes over the technical specificities of these developments/investments ultimately and tangibly reveal about power relations and distribution between government and companies. In sum, and bearing in mind the legacies of history and multiple ways power over oil is exercised, the thesis asks itself, what external and domestic factors shape Senegal's relatively unambitious negotiation stance with regards to recent oil and gas project developments?

More specifically, this thesis seeks to answer the following questions:

1. *Chapter Four: How has Senegal's colonial, post-colonial and contemporary political economy shaped the government's approach to oil governance?*
2. *Chapter Five: How have colonial institutions and discourses shaped Senegal's contemporary oil and gas governance?*
3. *Chapter Six: How has the interplay between institutional design, legal regimes and political elites promoted exploration but constrained negotiations?*
4. *Chapter Seven: What does the examination of the Grand Tortue Ahmeyim project reveal about power relations and negotiations?*
5. *Chapter Eight: How are discourses and ideas of risk, capacity and expectations mobilised by transnational and national actors?*

Research design

In order to answer the research questions outline above, I follow a case study design and adopt a multi-scalar approach (Tyce, 2020) which allows to survey the various factors and dimensions of power that shape oil and gas governance in Senegal. These dimensions are selected to echo Fuch's (2007) and Ruggie's (2018) structural, instrumental and discursive typologies of power. I unpack these dimensions of power by examining three empirical aspects of oil and gas governance in contemporary Senegal: (i) the upstream legal and fiscal framework in place at the time when Sangomar and Grand Tortue Ahmeyim discoveries were made as well as the new laws developed after the discoveries; (ii) the discourses around oil governance and negotiations that have emerged since these discoveries; and (iii) the special characteristics of the oil and gas development projects (or investments) agreed upon between government and oil companies. Prior to this, I set the scene within its historical and political context by exploring the colonial origins of structural, instrumental and discursive dimensions of upstream exploration governance in Senegal, as well as surveying Senegal's contemporary political settlement and oil assemblage.

A case study research design is well suited to provide a holistic account of the factors and dimensions of power that shape Senegal's contemporary oil governance (Matthews & Ross, 2010).

It adequately enables the exploration of temporal dimensions which are important to situate the research within its historical and political contexts. In addition, it offers the possibility of using a fluid research design together with the flexibility to combine research methods, as well as reasoning approaches in order to deductively test political settlement theory, and expand it inductively based on findings drawn from empirical data analysis. The rationale for focusing solely on Senegal is that it allows taking an in-depth historical and multi-dimensional perspective, which a comparative analysis between Senegal and Mauritania would have compromised.

Research methods

I adopt qualitative methods where I combine archival and qualitative research methods to answer the research questions. The choice for an eclectic methodology and scope of analysis presents the advantage of offering a new perspective that brings together domestic and global levels of analysis, multiple dimensions of power as defined earlier, and multiple temporalities. This is consistent with the bricolage process used in qualitative and action research where "the bricoleur is prepared to use, and is comfortable in using, the full range of social research methodologies in an empirical eclecticism. For the bricoleur, there is no 'one way'; rather, his or her world is multidisciplinary and multi-methodological" (Coghlan & Brydon-Miller, 2014, p. 83).

The rationale for using qualitative methods rests on my understanding that the reality I research is socially constructed, and that it can only be interpreted subjectively (Matthews & Ross, 2010) and that ontological and epistemological understanding opens up possibilities in terms of what methods I can draw from. Therefore and as discussed earlier there is an understanding that research cannot fully extract itself from its object of study. As proposed by Guzzini (2013) this entails a 'double hermeneutical' position in terms of theory and action. Even though I do not embrace an ethnographic approach, this acknowledgement entails that I am actively participating in the observation and construction of knowledge around oil and gas governance in Senegal. For ontological and epistemological congruence, this implies that findings are not generalisable but a qualified contribution to knowledge. While it does not need to challenge the validity of the argument I present, it does place this research and production of knowledge back into its social and political context, as one subjective and positional interpretation (Dean et. al., 2018).

Positionality

Positionality is both enabling and constraining. According to Rogers et. al. (2013) positionality is the "recognition and declaration of one's own position in a piece of academic work". Education, heritage, occupation, gender and geographic location affect my positionality in relation to this research, in a dynamic manner. As a (self-defined) young, multicultural female, who has been educated in the French and British systems, has been employed by international financial institutions, and lived in multiple geographies, my positionality is relatively complex but characteristic of a globalised, and in many aspects, privileged position of knowledge and power. Herr and Anderson (2005) describe positionality in research as a continuum between inside/outside positions in relation to the object of research. On this basis, my (past) occupation as an international consultant (short-term consultant) employed by the World Bank Group to work on technical assistance projects globally including in Senegal and Mauritania, but also Tunisia and Ukraine, pertaining to oil and gas governance and negotiation capacity-building is relevant.

As such, my positionality as a researcher has drawn from empirical evidence from both work and research trips to Senegal and Mauritania, where I was able to observe, meet and interact with a variety of technical and political stakeholders engaged in oil and gas governance. These include political and bureaucratic 'elites' as well as project managers and directors from oil companies working in Senegal, civil society representatives, government advisors, and international financial institution managers, project managers, consultants and advisors. This has been a source of inspiration and access, which was valuable since I have had to self-fund my PhD thesis and field work. Therefore it is possible to say that my professional background has ignited my interest in investigating further the relationship between domestic politics and trans-national actors from the private sector, as well as development actors. Yet, my positionality has evolved from being an insider to a global development practice community, and to the global aspects of oil governance in Senegal, to that of a relative outsider once this employment contract ended. In terms of data collection which I develop further down, I have been both an insider collaborating with insiders, and an outsider collaborating with insiders (Coghlan & Brydon-Miller, 2014, p. 629).

My positionality has enabled and inspired the selection of this research subject. It has also provided access to particular forms of qualitative data drawn from different 'real world' practitioners, from international oil companies, the Senegalese government, international financial institutions and civil society. It has also shaped my subjective understanding of oil and gas governance in developing countries, from a 'problematised' perspective which seeks to restore an imbalance resulting from the perception that developing countries in general and Senegal in this particular case build oil and gas governance from a position of limited power, in comparison with developed countries and the multinational companies. Therefore this research, its data and interpretations need to be viewed in this setting. I believe different aspects of my positionality shape different chapters of this thesis differently. For example, while the archival research on the colonial legacies of oil governance in Senegal may be shaped by my French heritage, discourse analysis of negotiation capacities may be more shaped by my positionality as a (now former) consultant for the World Bank Group. Due to the particular relation between the World Bank Group as an institution, and certain oil governance institutions in Senegal, this positionality created challenges in terms of data collection and ability to access political elites, particularly in the more recent period of my research.

Archival research

In order to account for the role history in shaping today's governance, I explore the colonial origins of upstream structural, instrumental and discursive dimensions of power based on colonial archives of exploration activities in Senegal. I build a partial picture of the colonial oil assemblage, from the perspective of the French oil companies-French colonial nexus which conducted exploration missions in the onshore and offshore regions of Senegal, and set-up the legal and fiscal framework for exploration and production activities of what would become the Independent Senegalese state. I draw from (now private) vast archival sources which compile French oil companies and French colonial government documents on exploration activities in West Africa and Senegal in particular, which includes company administrative and legal documents (letters, maps, memos, draft laws and contracts) to gather a partial insight into how the first exploration activities and governance efforts in Senegal unfolded.

Archives are relevant for this research because they raise questions and give clues on knowledge creation, generation and ownership, as well as power relations and discourses (Schwartz & Cook, 2002; 2006). I highlight these archives' accounts of events, decisions, and points of view, as well as silences and gaps, and tell a story of how the economics and politics of oil were governed, administered, archived by and for the French colonial government- oil company. Even though they tell a partial story with a precise objective in mind (Barry, 2015) and are therefore not 'objective' historical sources, they provide insights on different forms of power exercised by oil companies and the colonial government before and after Senegal's independence. Burton (2005) proposes archives are a particular form of power and that they were deployed as "technologies of imperial power, conquest, and hegemony" (p. 7). By unveiling these archives, a process of unpacking the structural and discursive forms of power pervasive in colonial practices and discourses of oil exploration and governance can begin. This provides a historical perspective that I can in turn refer back to in my contemporary analyses of Senegal's dimensions and relations of power.

I selected the specific archival discourse produced by French international oil companies during the colonial period preceding independence, and also shortly following it, now held by Total a global oil major. French oil companies undertook exploration efforts in close collaboration with the Paris based colonial administration as well as with the local Senegalese colonial authorities. These archives are therefore relevant to complete the analysis of the political economy and institutional legacies of the French colonial rule discussed in the previous chapter. The colonial and company archives studied in this chapter are particularly interesting because of what the one-sided writing of history they propose reveals on dimensions of power in global oil governance, in 'north-south' and 'government-company' relations. The subject of study here is congruent with the critical theory framework and epistemology, as well as with the social constructivist ontology I propose, drawing from Cox (1981), Fuch (2007) and Ruggie (2018). I hope to shed light onto the historical underpinnings of ideas, discourses and practices that have structured exploration and production's governance. In so doing, I also seek to provide a backward-looking examination of the oil assemblage, ideas, discourses and practices that global and domestic actors are entangled in, in the contemporary period (Tyce, 2020; Mohan, 2019). This provides a historical reference point and an insight into the setting up of an upstream framework from the 'outside in', in other

words from the international sphere to the domestic one – which we see under a new guise in the contemporary period.

I searched the French Overseas Archives[6] for records on exploration and production in Senegal during the late colonial period. This repository holds administrative archives for colonial Ministries as well as archives from former colonies which were transferred to France following their independence. I found that the majority of administrative archives remained in Senegal, except for archives on exploration and production. Due to their strategic value to the French government they were transferred back to France and stayed in the hands of oil companies. I continued to search for these archives by contacting Total S.A. French headquarters and enquired about the existence of archives exploration and production from the colonial period. I was put in touch with Total's 'information and archives division' to set up an appointment to visit and search the archives, which had recently been opened to the public.

I was invited to the headquarters to search the archival repository and select the folders I was interested in consulting. Total outsources the management of its archives to Locarchives so I had to wait two weeks for the archives I ordered to be sent from Saint-Ouen where they are stored, to Total's headquarters where they can be consulted by researchers like me. I returned two weeks later to search through about 20 archival folders on exploration and production activities in Senegal and West Africa since the 1950s. The archives room I sat in contained the company's yearly reports dating back to 1945, full of negotiations and geopolitical chronicles. They verified some myths of the oil and gas world, like that of Calouste Gulbekian, also known as "Mr five percent".[7] For a week, I opened cardboard boxes like 'Russian dolls', untied the strings of sealed folders wondering when they had last been opened. The dusty archives were in good condition and their authors still had things to say. They offered a window into the internal, sometimes confidential goings-on of a former State owned oil company. A strong chemical scent from the typewriter ink used in the 1950s emanated from the paper. The notes written on the margins of letters in pencil invited me to

[6] Archives d'Outre Mer http://www.aixenprovence.fr/Centre-des-archives-d-Outre-Mer

[7] Calouste Gulbekian was an entrepreneur who brokered many oil deals for British, France and US oil companies in the Middle East. One report confirms he asked for 5 percent during negotiations of an oil deal with Iraq with the United States.

draw parallels with my own work. I manipulated the fragile, wilted yellowed paper with care and took pictures of the most interesting records.

Drawing from discourse analysis (Greckhamer & Cilesiz, 2014) used in the wider context of macro approaches that focus on the structural nature of discourses as inextricably linked (and containers of) relations of power (Foucault, 2002; 2012), I chose to unpack the oil industry's 'discursive formations' contained in archives on exploration and production activities and governance in Senegal during the colonial and post-colonial period, that preceded the creation of Petrosen the national oil company. The salience of the oil and colonial archive as a multifaceted manifestation of relations of power has been highlighted (Barry, 2015; Steyn, 2009; Umejesi & Akpan, 2013). In the continuation of my analysis of the evolution of Senegal's political economy from colonial to contemporary times, the study of exploration archives which covers details on the exploration activities, but also discussions and texts on setting up a long-term upstream legal and fiscal framework, glean insight into the discursive formations or dominant narratives of the oil industry. By picking apart the ideational and inter-relational performative functions of discourse (Wood & Kroger, 2000) I seek to show how dominant themes, ideas and relations of power structure oil governance and reinforce power inequalities through their cristallisation in the form of rules, laws, archives and narratives.

Building on the methodological approach to discourse analysis proposed by Greckhamer and Cilesiz (2014) and Gee (2011), I used the following steps and process to collect and analyse this archival data. First, I started with researching and setting the contextual scene for Senegal's exploration and production colonial and post-colonial archives within its broad historical, institutional and political context. Second, I collected all the appropriate and catalogued documents that pertained to exploration and production in West Africa and Senegal from the earliest to latest time periods covered by the consultable archival repository. Third, I started studying, reading and chronicling my analysis and interpretation of salient data based on the wide corpus of text, images, and maps present in the archives, representative of French companies and the colonial government's exploration and production discourse in Senegal. Fourth, I explored and analysed the corpus following Gee (2011) discourse analysis framework and tools consisting of identifying key discursive building blocks and performative functions in the text. These key blocks are (i)

significance and meaning; (ii) activities and goals; (iii) identities and roles; (iv) relationships; (v) politics; and (vi) connections (Gee, 2011, p. 89). Fifth, I explored the intertextual relationships between archival documents of significance and the institutional context of exploration, and governance. Finally, I explored themes and connections that were noticeably absent from the text.

Political settlement analysis

Political settlement analysis is useful to situate Senegal's current oil governance and institutional features in their historical and political context. Distribution of political power and the ability to mobilise support across government, society and geographies affects and shapes institutional features, and their effectiveness (Khan, 2018). Political settlement is defined Khan (2018) as "a description of the distribution of power across organizations that are relevant for analyzing a specific institutional or policy problem" (p. 640). An analysis of political settlements over time in Senegal can yield insights on the types of institutions that have emerged to govern oil in Senegal, as well as those that are emerging and 'under construction'. Here, I am concerned with formal de facto and de jure public and government institutions. In terms of causality I therefore understand institutions as a product of political power distribution domestically, as well as playing a mediating role between domestic and global levels, oil governance and industry. Understanding the political dynamics that give rise to institutions is important to answer the research questions because they formally produce the legal frameworks, approve the investment projects and participate in the discourses I subsequently set out to unpack. I trace the evolution of political settlements in Senegal since around independence and attempt to map out the country's specific oil assemblage as it stands today. From this, hypotheses about political and institutional regime types, preferences and interests can be inferred. These hypotheses can thereafter be tested at the different levels of analysis proposed by looking at the legal frameworks, discourses and projects that have emerged.

Qualitative research

I conduct qualitative research to explore the multiple dimensions and relations of power at play in the governance of oil in Senegal, based on three 'sub'-case studies. I combine various qualitative data collection methods, including semi-structured interviews, observation, secondary data and

document analysis, and discourse analysis – which allows for data triangulation throughout the thesis. First, I examine the upstream legal and fiscal framework to interrogate the role played by structural dimensions of power. I draw from secondary data on Senegal's upstream legal and fiscal frameworks, mainly successive Petroleum Codes but also Production Sharing Contracts, and government decrees; and triangulate findings with data from archival research, observation, and semi-structured interviews from oil and gas industry insiders, and international oil and gas fiscal experts and lawyers. Second, I conduct discourse analysis of the various narratives around oil governance and negotiations that have emerged since these discoveries employed and deployed by government, international organisations and oil companies. I draw from secondary data from speeches, documents, newspaper articles, press releases, industry conferences and semi-structured interviews with local and international stakeholders engaged in aspects of oil governance in Senegal. Third, I analyse the special characteristics of the oil and gas development projects of Sangomar and Grand Tortue Ahmeyim as they were announced following FID. I do this based on primary data from semi-structured interviews with industry insiders from major oil companies (from BP's management team in Senegal, Kosmos, Total exploration and production specialists, geologists and project management specialists), secondary data including oil company investor announcements, specialised press articles and confidential documents on oil and gas project revenue estimates and project agreements.

The industry insiders I interviewed were engaged in the Sangomar and GTA investment projects I discuss, either directly because they worked for BP or Kosmos, or indirectly, as advisors the Senegalese government on these projects. The Senegalese political stakeholders I interviewed and had conversations with from the Ministry of Energy, Petrosen and the COS PETROGAZ were more guarded and enigmatic than the private sector. They expressed their discomfort with speaking to me about ongoing negotiations. It was challenging despite long term relationship building attempts made by me to get them to 'open up' about issues relating to Sangomar and GTA.

As mentioned in the Chapter 1, the term negotiations is employed both as the process by which government negotiates the boundaries, reach and scope of oil governance, exploration and production – which is far reaching, as well as the temporally-bound commercial process that brings government and international companies around the 'negotiating table' to agree on a specific oil

and gas development project profile and investment from discovery to FID. In this sense, negotiations is a heuristic tool and metaphor which allows to go beyond methodological nationalism and consider the dimensions of oil governance as a reflection of multidimensional forms and levels of power. Analysis of the general profile of Sangomar and Grand Tortue Ahmeyim projects as approved by government (symbolised by FID) is used to verify the hypotheses about domestic power distribution, as well as those about the multiple dimensions and relations of power that bring together government with transnational actors. The general outcomes of commercial negotiations can be known through an examination of project development plans and implementation. By general, I mean the engineering solutions and choices, production schedule, capital and operation expenditure structure, and other provisions.

Data collection

I draw on three qualitative data collection techniques, based on desk-based research and analysis of secondary data, semi-structured interviews of stakeholders engaged in the industry, legal and policy aspects of oil and gas governance in Senegal, and observation of meetings, conferences and workshops on upstream governance in Senegal.

Secondary data includes historical accounts of Senegal's political arena since independence, news articles from industry and regional political affairs magazines (Oil and Gas Journal, Energies Media, Jeune Afrique, Africa Confidential, Africa Intelligence, Financial Afrik) articles from Senegalese (Le Quotidien, Le Soleil, Agence de Presse Senegalaise) and foreign newspapers and agencies (Financial Times, Le Monde, BBC) all obtained online, television sources, communications including investor presentations from the national oil company Petrosen, and the Senegalese government bodies including the Presidency, the Minister of Petroleum, and other public agencies, press releases from international oil companies (BP, Kosmos Energy, Cairn, Woodside Energy, Total S.A.) and sub-contractors that were awarded contracts to develop the two discoveries/resources (Golar, Eiffage, Technip, Modec, McDermott) , investor documents and updates from the same international oil companies, financial documents from the United States Securities Exchange Commission (SEC), documents on technical assistance projects to support negotiations in emerging producer countries from the World Bank Group, confidential technical

reviews of the Sangomar and Grand Tortue Ahmeyim projects and fiscal/revenue projections conducted by the World Bank Group and IMF, policy reports from international and local civil society.

Observation data includes notes from attending technical and legal review meetings between a small World Bank Group team I was part of from 2016 to 2017 in Dakar, Senegal with the Minister of Petroleum (then Minister of Energy), Director General of Petrosen, Deputy Secretary of the Strategic Orientation Committee for Petroleum and Gas (COS PETROGAZ) and their staff, meetings with the project management teams for Sangomar and Grand Tortue Ahmeyim in Cairn's and BP's offices in Dakar, Senegal, BP international center for business and technology in Sunbury outside London, Total S.A. headquarters outside Paris. This also includes notes form international upstream conferences which I attended and participated in, namely the MSGBC Basin Summit in Dakar, 2017 and the Africa Summit organised in Paris, 2018 by the Oil and Gas Council; Senegalese civil society online workshops on oil and gas governance organised by Legs Africa in September 2020.

I conducted unstructured interviews with thirty one informants, some of whom I interviewed face-to-face, others online, once or multiple times to follow-up on project developments and findings, between 2016 and 2020. They can be divided in five broad categories, senior oil and gas industry experts with inside knowledge of the Sangomar and Grand Tortue Ahmeyim projects (including two individuals of world renown in their respective fields), staff from international oil companies directly involved in these projects, Senegalese political elites and public servants engaged in oil governance policy making domestically, Senegalese independent researchers, political analysts, members of international civil society organisations based in Dakar, and staff and consultants working for the World Bank Group and the IMF, who advised the government of Senegal on legal and fiscal issues surrounding these oil and gas projects. The detailed list of interviews is attached in Appendix 1. I drew from engaged scholarship principles (Coghlan & Brydon-Miller, 2014) and interviewed legal, fiscal, engineering and governance experts of world renown (recognised by their peers in their respective industries) active and retired, to guide my interpretation of technical aspects of Senegal's legal and fiscal frameworks, project developments and governance decisions though a series of in-depth interviews. These individuals include Farouk Al Kasim, Pierre Rene

Bauquis who provided valuable opinions on different aspects of oil governance examined, based on their extensive knowledge of the oil and gas industry. This was necessary in order to get to grips with highly technical and specialised aspects of oil governance which I otherwise would not have been able to identify. The validity of their opinions was reinforced through data triangulation, where many initial instincts in the early stages of this research proved correct as project implementation and communication unfolded.

Conclusion

Extremely beneficial writings have addressed how political settlements, ideas and transnational actors shape oil governance in emerging producer countries in Africa (Hickey et. al., 2015; Mohan, 2019; Tyce, 2020). By looking at negotiations and deal-making, these contributions have shed light on the political mechanisms that enable or constrain pro-developmental policy and investment choices around developing oil and gas resources. Equally, works have explored the oil industry's particular assemblage (Watts, 2005; Guyer, 2018) especially in offshore setting (Weszkalnys, 2011; Appel, 2012) unfolded in terms of imaginaries, governance practices, involvement of transnational actors and investments projects. There is room to further build on these lines of work and explore historical, structural and discursive dimensions of power by delving into Senegal's case and interrogate these dimensions enable or constrain the 'room for manoeuvre' available to host governments as they embark on their oil and gas production journeys.

Chapter 4: Senegal's political settlement in historical perspective

Introduction

An extensive literature has documented the evolution of Senegal's political institutions, democracy and state-society relations through the neo-patrimonial prism (Beck, 2008; Ka & Van de Walle 1994; Villalon, 1994; Fatton, 1986). Neo-patrimonial scholars and Senegalese historians have examined Senegal's evolution from colonial patrimonialism (1880-1960), to a single party authoritarian rule (1963-1981), to a 'quasi-democracy' under a new multi-party regime (1981-2000) through to a contemporary 'clientelist democracy' (2000-2020) under Wade and Sall's presidencies (Diouf 1994; Mbaye, 1990; Beck 2008). The relative stability and inclusive political pluralism that characterises Senegal's political economy[8] is due to a bargain between the urban based political elites, the rural and urban religious leaders '*marabouts*' and rural populations (Dahou & Foucher, 2009). This pact between urban elites and marabouts[9] ensures redistribution, agricultural services and welfare to the traditional excluded and landless rural peasantry, in exchange for votes. It is at the heart of Senegalese 'exceptionalism' (Diouf, 2013; Stepan, 2013; Cruise O'Brien, 1996).

While the causal chain between political settlements, patron-client dynamics and developmental issues remain to be tested (Poteete, 2018) there is a consensus that Senegal's democracy deteriorated under Wade and Sall's presidencies, due to increasingly centralised and authoritarian forms of power (Osei, 2013; Stepan, 2013; Poteete, 2018). However, Senegal's contemporary political economy has not yet been examined from a political settlements perspective. In turn, the links between the country's contemporary political settlement and its emerging oil political economy have yet to be mapped out.

In this chapter, I address the question of how the Senegalese political settlement has developed from colonial times to the present day, in order to provide a satisfactory explanation to

[8] Throughout this chapter I employ the terms political economy and political settlement interchangeably at times. I then differentiate between the 'deep-running' political settlement and elite bargain, and more variable distribution of political power across parties.
[9] 'Islamo-Wolof' pact.

contemporary choices around oil governance. By charting the evolution of Senegal's political economy, power distribution and elite bargains across colonial rule and four presidential regimes that followed independence, I seek to identify the domestic and international forces that have given rise to the country's emerging, contemporary political settlement and political economy of oil. I start by exploring the colonial origins of the foundational state-marabout relation that have underpinned the development of the Senegalese nation, state and economy until this day. I then proceed chronologically to examine the evolution of the domestic political settlement across the Senghor, Diouf, Wade and Sall presidencies. Lastly, I study the settlement's articulations with international actors including France and international financial institutions.

Socially, Senegal is a relatively homogenous society based on five key ethnic groups: Jola, Mandinka, Pular, Serer and Wolof. The great majority of the population is Muslim and follow Sufi Islam which is formed by three leading religious brotherhoods, the Murids, the Tidjan and the Layene (Beck, 2008). The *marabouts* have been key in shaping the patrimonial and clientelist system that has emerged in Senegal, influencing the redistribution patterns of public funds as well as voting behaviours – throughout the colonial and post-colonial periods (Villalon, 2015; Gellar, 2005; Boone, 1992; Beck, 2008; Diouf, 1992; Cruise O'Brien 1975). This has fostered social stability. But it has also hindered the emergence of ideologically pro-development forces, an independent indigenous capitalist class, and non-patrimonial state institutions (Oya, 2006; Villalon, 2015; Boone, 1992).

The key findings of this chapter are as follows. External influences over Senegal's political economy participated in the structuring of its domestic political settlement founded upon the state-marabout 'entanglement'. Therefore, external influences have been a critical and stable outside force shaping the internal balance of power and economic dynamics. This has been evidenced from the direct influence the French colonial rule exerted onto the traditional power structures, to the productive sectors and modern administration, through to the preservation of French commercial interests in the post-colonial era, as well as the reliance on external debt from France and later international financial institutions. This has brought stability and peaceful political transitions, but has been detrimental to economic growth and the emergence of a domestic capitalist class (Boone, 1992). The role played by external forces and foreign capital in shaping and sustaining the political

economy of the country, raises important questions about Senegal's autonomy in crafting its own 'sovereign' approach to governing oil and gas resources.

Senegal under colonial rule: the foundations of a stable patrimonial political settlement

The French colonisation of Senegal began in the seventeenth century with the establishment of trading posts, but accelerated following the French revolution, with the consolidation of French sovereignty over Senegalese territory, the defeat over radical Muslim reformers and the collapse of the Djolof and Kayor empires (Gellar, 2005). This resulted in a flattening out of Senegal's aristocratic societies, "giving the same low political status to kings, nobles, commoners, casted groups, and slaves" (Gellar, 2005, p. 38). In order to exert their power across the country, the colonial administration relied on local chiefs and later marabouts to act as political and economic mediators, and intermediaries between the centralised colonial government, and the peasantry. Alliances with the Tidjan and Murid brotherhoods were instrumental to suppress a more radical 'African Islam' which threatened the colonial project (Beck, 2008). These alliances between the center and the periphery constituted the foundations of the colonial political economy. Oya (2007) puts forward the existence of landed classes: the lamaan and marabouts, as structuring power holders in rural areas. Each one of these elites benefited from the colonial state, and the differences between each category was quite fluid, comparable to a colonial 'revolving door' (Chafer, 2015).

The colonial regime was based on three key forces and spaces: the brotherhood '*terroirs*' (territories), the *'Quatre Communes'* and the peanut production basin (Diouf, 1992). This configuration was instrumental in shaping the country's postcolonial political economy (Boone, 1992) and political settlement dynamics. The colonial economy was based on peanut monocropping which provided an important source of income for Tidjan and Murid brotherhoods, and tax revenues for the colonial administration (Beck, 2008). In turn, import and export trade networks were controlled by French and Levantine 'merchant capital' closely tied to the State (Boone, 1992). The colonial regime constructed a clientelist system based on extractive economic relations geared towards export and import flows that benefited merchant capital, the colonial state and its intermediaries. This stifled the emergence of a local business class, but reinforced the political power of the brotherhoods who played a 'double game' at once reinforcing colonial rule,

through their ability to mobilise support for, and extract rents from the productive peanut basin, while at the same time emerging as a new source of domestic political and religious authority (Diouf, 1992).

The French imposed a centralised "autocratic bureaucratic style" (Gellar, 2005, p. 39) where strategic political and economic decisions were made by the French elite in Dakar, and implemented by local aristocratic and religious elites in rural areas across Senegal (Beck, 2008). 'Decentralised' administrative structures in rural areas were limited to none, with chiefs and marabouts given latitude to govern as they saw fit under the constraints of colonial rule which included tax collection. Colonial government representatives were concentrated in the commercial and administrative hubs of Dakar, Saint-Louis, Rufisque and Gorée (the *'Quatre Communes'*). The 'modern' colonial project was formalised in 1895 with the creation of the general government of *Afrique Occidentale Française* (AOF) which administered Senegal, Mauritania, Mali, Burkina-Faso, Guinea, Niger, Cote d'Ivoire and Benin, from its capital, Dakar. In 1916, people living in the "*Quatre Communes*", were granted French citizenship and the first representatives from AOF are elected as members of parliament in France. In 1946, the entire population was granted citizenship and eventually equal voting rights. This allowed the already existing political scene to flourish, with the socialist party and student groups together with trade unions emerging as the main forces shaping mobilisation and political programs. In 1956, the autonomous Senegalese State was created, culminating in the 1958 referendum to 'stay or leave' the French colonial community, which postponed independence by only two years (INA, 1958). Senegal gained its independence in April 1960.

In 1960, Leopold Senghor, Senegal's first President, transposed the colonial model of economic extraction and administrative control over the territory to the country's independent political system. As the leader of the socialist party, he founded his political strategy on the colonial model, by forging alliances with the Sufi brotherhoods, especially the Murids who dominated the peanut basin. This resulted in a complex network of patron-client relations that "effectively incorporated every region of the colony via local brokers who could deliver blocs of votes to varying degrees in exchange for access to political resources" (Beck, 2008, p. 53). It led to the emergence of

Senegal's contemporary *'politique politicienne'*[10] which continues to be the force that shapes how politics is organised in Senegal. This has consistently challenged the 'deep' relevance of political parties, political agendas and ideology as structuring forces (Diouf, 2013; Koter, 2013) and sustained the viability of external influences.

Senegal's state-marabout 'settlement', 'elite bargain' (Di John & Putzel, 2009), or 'limited access order' (North et. al., 2007) has immensely shaped power distribution between the central state and rural areas, and helps explain the complex clientelist networks that have kept the center financially accountable to local interests, but also to international interests. The colonial state-marabout underpinning of the political settlement in Senegal, has consistently been linked to (and shaped) by the international influence. In turn, it helps explains why political elites have shown a lack of resource nationalism and a tolerance for foreign market forces to dominate productive and extractive sectors historically. Therefore, domestic political power distribution is not sufficient to explain political and economic governance outcomes.

Independence: the development of an authoritarian, patrimonial bureaucracy under Senghor (1960-1980)

Senghor was elected President in September 1960 and remained in office for twenty years. As a product of French colonial rule himself, his vision of the Senegalese State did not stray far from the French governance model and his nation building did not break away from the colonial patronage networks that bound government to the brotherhoods and rural populations. In the steps of the colonial strategy, he forged alliances with key Sufi brotherhoods further formalising the colonial model into the development of the 'modern' and sovereign Senegalese state. The ideological centrepiece of the time though consisted in 'rural socialism' (Mbodj, 1993, as cited in Oya, 2006) which formalised rural and colonial patron-client dynamics further into the country's political economy dynamics. Agriculture development programs played a key role in cementing government's hold on rural areas, in exchange for support from the Murids (Cruise O'Brien, 1975).

[10] The term translates as 'political politics' and means politics for power preservation rather than for the 'public good'.

The longevity of Senghor's tenure was facilitated by the French military presence in Dakar, around the Presidential Palace, along with the major economic support France provided the Senegalese government (Alalade, 1981). France has nurtured a 'special relationship' with Senegal's political elite to secure strategic and commercial benefits since independence in 1960. Senghor's vision for independence was one that was closely intertwined with France, which allowed the former colonial power to continue shaping strategic aspects of the relationship, notably in technical, military and cultural cooperation based on neo-colonialism and '*besoin de rayonnement*'[11] (Chafer, 2003; 2002). In the governmental sphere, the French provided technical assistance advisors who "protected foreign interests by thwarting Senegalese access to economic opportunities" (Boone, 1992, p.168). A long-standing cooperation apparatus put in place by the French gave rise to clientelist networks which linked African elites to French businesses, military elites and political parties (Chafer, 2003). Even though this relationship has waned since Wade's presidency and Senghor's death in 2001, France continues to play a financial and commercial broker role vis-à-vis Senegal[12].

Control over the state apparatus was the cornerstone of political power preservation. It guaranteed Senghor the ability to redistribute spoils to an ever expanding clientelist network including religious, political, bureaucratic and business representatives. Senghor's socialist party derived its legitimacy from its ability to preserve patron-client networks, which required the alternating use of authoritarianism and political compromise towards opposition forces. Between 1962 and 1963, Prime Minister Dia's attempts to impose political and agricultural reforms that would jeopardise the "ruling party's clientelist base" (Beck, 2008, p. 49) were met with the same type of authoritarian repression observed in Abdoulaye Wade and Macky Sall's presidencies. Dia's 'reformist' agenda resulted in the cancellation of the Prime Minister's post and opposition parties were made illegal for the next twenty years.

Trade union demonstrations and student riots in the late 1960s were met with a push to develop the public administration, which appeared as a solution to expand patron-client networks 'across' society further widening the legitimacy of the single-party system. Nationalisations and the

[11] Translates more or less as the need to project influence.
[12] See Chapter 1 for a summary of France's political and economic role in Senegal today.

mushrooming of parastatal firms created "opportunities for educated and powerful Africans and their relatives to control sources of accumulation through public ownership" (Sender & Smith, 1986, p. 87). Both authoritarianism and patrimonialism were effectively 'institutionalised' into the State apparatus through the dynamics of *'politique politicienne'* and the burgeoning of a "patrimonial bureaucracy" that primarily served the single party-state (Beck, 2008, p. 55). A large bureaucratic elite modelled on the French *École Nationale d'Administration* would come to dominate public administration, state owned enterprises and decentralised administrations (Gellar, 2005).

In 1976, the constitution was revised to allow for three predetermined parties to exist, along ideological lines: socialism, liberalism and Marxism. While the introduction of multipartyism illustrates Senegal's timeless (albeit ambiguous) attachment to political pluralism (Alalade, 1981), it resulted in the co-optation of political newcomers into the state's patrimonial network, effectively cancelling out potential opposition forces (Fatton, 1987). Indeed, the socialist "ruling party introduced a political safety valve to undermine more potentially volatile clandestine opposition while establishing the foundation for a "loyal" opposition, that is, one that agreed to abide by the rules set up by the party-state to protect its political tenure." (Beck, 2008, p. 57). This meant that serious opposition was held at bay, while moderate forces that would not jeopardise the underlying state-marabout settlement were integrated into the new opposition parties. However, the underpinning layer of the political game, which was highly dependent on religious leaders' cooperation, continued with marabouts issuing voting orders or 'ndigals' in Wolof, to their followers in support of the ruling party (Villalon, 2015).

State-business relations in Senegal have given rise to strong informal markets, where the Murid religious brotherhood has especially flourished, both domestically and internationally. Key engines of growth during the first two decades of independence were the peanut export sector and foreign capital loans in the hands of the state (Thioub et. al. 1998). State-business relations were characterised by weak indigenous capital and strict government regulation, except in trade and real estate where there were opportunities for capital accumulation. Similar to the political arena, business groups were co-opted to support government, in exchange for access to commercial opportunities. By the early 1970s, foreign capital's monopolies over import goods and the state's

extractive tendencies, Senegal's peanut and nascent textile industry were forced into the informal sector (and into smuggling) – two sectors dominated by the Murid brotherhood, which allowed contraband exports to neighbouring countries (Boone, 1992). Today, the Murids form a solid transnational network of informal trade and entrepreneurs, an important source of remittances. Indeed, remittances sent by expatriated Murids make up a considerable part of Senegal's GDP around 8 percent in 2010 or US$ 1.3 billion annually (Orozco et. al., 2010). They are known for having a stronger influence over their disciples than other brotherhoods, making them instrumental for voter mobilisation (Koter, 2013). The 1970s and the 1980s saw the emergence of new Senegalese entrepreneurs, ready to compete with foreign capital, which would kick-off the gradual transition away from neocolonialism (Thioub et. al. 1998).

Although there are many ingredients to sustain a potential development coalition, some authors have argued that the state's control over the economy and reliance on religious brotherhoods hindered the development of a dynamic indigenous business class that could have fueled economic growth (Beck, 2008; Villalon, 2015). Senghor's regime benefited from a relatively weak opposition, which gave him a long time horizon to develop the state apparatus, expand the bureaucracy, public administration, the political arena, potential clientelistic networks. Control over the economy meant there was little room available for domestic capital to compete with state-controlled sectors of the economy, especially since religious and local chief networks benefited from the state-controlled spoils.

The demise of the socialist party: a weak dominant party under Diouf (1981-2000)

In 1981, Abdou Diouf, who had served as prime minister under Senghor in the 1970s and had been groomed to become his successor, was nominated President following Senhor's resignation. Following massive economic development programs of the 1960s and 1970s, together with the development of a vast Senegalese public administration, the Senegalese state faced a triple crisis shaped by debt, economic stagnation and high inflation, and pressures to further democratise the restricted three-party political system. The 1980s marked the beginning of a new era in the Senegalese political economy, due to the transformation of the marabout-state relation with the death of old marabouts and the rise of a new generation of religious leaders (Villalon, 2015), as

well as state-business relations, increasingly characterised by heightened competition between foreign companies, elite-run businesses and informal entrepreneur interests (Thioub et. al. 1998).

Shortly after coming into power, Diouf further liberalised Senegal's 'quasi-democracy' by lifting restrictions on political parties. A new phenomenon called *'transhumance'*[13] emerged that defeated the objective of pluralism. Politicians moved "back and forth between different political parties" (Gellar, 2005, p. 158) depending on the benefits they could secure for themselves and their constituencies and religious intermediaries. Even though Diouf's hold on power relied strongly on religious brotherhoods, and their 'ndigals' this quintessential aspect of Senegalese politics started to show signs of transformation when people defied their marabouts voting orders during presidential elections in 1983 (Beck, 2008). The parliamentary elections of 1998 marked the socialist party's final bout of dominance, together with the demise of ndigels from the Khalifs high ranking religious leaders and *'grands électeurs'* (Beck, 2008). "By the 2000 elections, however, it was clear that the marabouts no longer played the same role in Senegalese politics, most evident when Modou Kara Mbacke, the self-proclaimed "marabout des jeunes" (marabout of the young) was booed while trying to speak in support of President Diouf's candidacy at Dakar's Demba Diop stadium in December 1999." (Beck, 2008, p. 67).

Diouf operated an 'ideological inversion'. He initiated the largest privatisation campaign undertaken by a 'socialist' government in order to reverse the mounting public debt and spending trends. His 'regime' was characterised by the beginning of structural adjustment programs and the "erosion of the 'providence' state" (*l'état providence*) (Oya, 2006, p. 211). The 1980s saw the gradual creeping in of stricter conditionality policies imposed by international debtors, the IMF and the World Bank, as strong forces that would slowly redefine the country's economic development agenda. Due to massive and unsustainable amounts of debt, together with an international environment that favoured fiscal conservatism, the 1990s were distinctly shaped by the decline of the centralised state and "important initiatives to reduce the tutelage of the central government and administration" (Gellar, 2005, p. 56).

[13] Political band-wagoning.

Large privatisation programmes were implemented, which resulted in the liquidation of most public enterprises (Ndiaye, 2008). In 1989, forty-nine state owned enterprises were identified, privatised or liquidated, resulting in increased revenues for the state (Africa Intelligence, 1992). Reforms entailed the shrinking of the central administration in Dakar and the expansion of decentralised governance structures across the country, prompting the creation of new local government elites and party representatives. This had dramatic consequences on the central government's ability to redistribute spoils in exchange for political support, as had been the practice since independence. Following the devaluation of the CFA currency in 1994, the World Bank launched its Poverty Reduction Strategy Paper (PRSP) framework, which defined the country's overarching development strategy for two decades (Oya, 2006). Despite government's commitment to economic liberalisation and privatisation, the emergence of a pro-growth agenda failed to yield significant results (Thioub et. al. 1998; Oya 2006).

A liberal, clientelist and authoritarian settlement under Wade (2000-2012)

The presidential elections of 2000 signified a historical change in political alliance formation. The demise of the socialist party resulted in the rise of fragmented but distinct right and left wing blocks (Gueye, 2006). This new era is characterised by a continued shift in political discourse towards the 'neoliberal' agenda initiated by Diouf, combined with an opening of the economy to a wide variety of foreign investment sources (from Libya, to Russia and North Korea), an underlying boost of subsidies and public investments as well as a rise in semi-authoritarian tendencies (Ottaway, 2013).

Abdoulaye Wade, the democratic party (PDS) candidate, managed to rally socialist, Marxist, liberal and democrat parties behind his vote, mobilising support in favour of political *'alternance'* and end the four-decade long domination of the socialist party over government. Strikingly then, Wade's liberal party was brought to power by a left-wing majority (Gueye, 2006) showcasing the pragmatism and openness to neoliberal ideas of Senegalese political elites. As was the case in the past, political co-optation helped cement the PDS' dominance over the ruling-coalition. Similar to his predecessor Diouf, Wade pursued an economic agenda based on further liberalisation of the economy and privatisation of remaining state-owned enterprises. The shrinking of state coffers

weakened the privileged relations that had maintained high ranking marabouts as key players in the political game, opening the way for new religious authorities competing for patronage (Mbow, 2008). Instead of promoting political competition, political fragmentation continued to feed old clientelist 'transhumance' tendencies with state institutions emerging further weakened (Demarest, 2016).

Wade continued in the footsteps of his predecessors further strengthening presidential powers (Gellar, 2005), as well as the personalisation of political power "through the distribution of monthly supplements to government officials and stipends to party leaders in his coalition government" (Beck, 2008, p. 229) and evidenced by the "political prominence and influence enjoyed by the president's wife, son and daughter" (Mbow, 2008, p. 158). Wade's son, Karim was appointed to a 'super-Ministry'. The Minister of State, and Minister of International Cooperation, Land Use, Air Transport and Infrastructure was said to manage a quarter of the country's national budget (Jeune Afrique, 2009; Kohnert and Marfaing, 2019). He played a key role in facilitating the attribution of oil and gas licenses for Sangomar and Grand Tortue to the infamous businessman Frank Timis. Accused of corruption and sentenced to prison term by Macky Sall's administration he is now exiled in the Emirates.

Macky Sall's Senegal Emergent (2012-present)

Macky Sall served as Prime Minister and President of the National Assembly, before creating his own party in 2008. A geological engineer by training, he studied at Dakar University and at the French Petroleum Institute of Paris (IFP). In fact, he was appointed director general of Petrosen, the national oil company also under Wade's presidency – prior to the 2014 and 2015 offshore oil and gas discoveries. In the 2012 elections, Sall was able to rally all opposition candidates behind his BBY political coalition party, defeating exiting president Wade with 65 percent of the votes (Jeune Afrique, 2012). Sall's BBY political coalition has held a steady majority since the 2017 legislative elections (Assemblée Nationale, 2020), leaving political opposition split between a minuscule opposition group *'liberté et démocratie'* and a group of independents.

In 2013, Macky Sall launched the Emerging Senegal Plan, *Plan Sénégal Émergent*[14] (PSE in French), which aims to make Senegal a middle income country by 2035 "*un Sénégal émergent en 2035* avec *une société solidaire dans un état de droit*" (République du Sénégal, 2014, pviii). The PSE proposes a new development model that promises to break away with past strategies in order to put Senegal on the trajectory to economic development and emergence. It gives the State and the President a strong impetus and strategic mandate to promote and lead investments, policies and reforms required to modernise the country. The development strategy now in its second phase (PSE II 2019-2023) is based on three pillars: boosting economic growth equally across regions, reducing poverty and strengthening governance and the rule of law. Its budget is outlined in the priority action plans and its overall implementation is overseen by a strategic orientation committee (COS) under the President's authority (République du Sénégal, 2014) although it is mainly financed through external debt (Niang, 2018). The fundraising for the PSE's second phase was kicked off in Paris in 2018, through Senegal's Consultative Group, *groupe consultatif pour le Sénégal*, which brought together multilateral and bilateral partners at the World Bank's Paris offices, as well as private sector investors at the Salomon de Rothschild Hotel. It is said that it raised US$ 14 billion of commitments to fund PSE II from public and private donors (Fualdes, 2018).

The PSE has given Senegal strategic direction, providing a basis upon which to mobilise and diversify the country's financial and institutional donor base, as well as to attract new foreign direct investment sources. It is one of the first development strategies since Dia and Senghor's Premier Plan (1961-1965) which failed to materialise Dia's bottom-up rural development and agricultural diversification policies (see Diouf, 2006). Thereafter, Senegal's contemporary national strategies were punctuated by Senghor's vision and its collapse, arguably symbolised by the Structural Adjustment Programs (SAP) that started in the 1980s under Diouf's presidency, and the subsequent Poverty Reduction Strategies I and II which started in 2000 under Wade's presidency. In this sense, the PSE is a departure from close to twenty years of 'firefighting' the legacy of post-colonial Senegal under the watchful eyes of international financial institutions, and a vital effort to impulse a 'new' development strategy that can lay the foundations for an emerging economy,

[14] Plan for Emerging Senegal.

less dependent on donors. By the end of PSE I, Sall's government had "put in place universal health coverage, a cash-transfer program that provides 300,000 households with 152 euros each on a yearly basis; more social services for rural dwellers; and an equal-opportunities card that assists people with disabilities" (Riedl & Sylla, 2019, p. 97).

By the 2019 presidential elections, Sall's notorious political opponents, Khalifa Sall (PS) and Karim Wade (PDS) were either in prison or in exile due to corruption charges. In turn, Idrissa Seck rallied behind Sall's BBY coalition, foreshadowing the president's backing for the next elections. Ousmane Sonko is the only credible opponent left. He should be mentioned because of his differing political positioning on oil governance. He had been sacked from his post as Inspector General of Taxes following a vociferous campaign against Sall's approach to oil governance and the publishing of a book he titled '*Pétrole Gaz au Sénégal: Chronique d'une Spoliation*' (Oil and Gas in Senegal: Chronicle of a Plundering). Having positioned himself against the president, Sonko represents an 'anti-system' perspective whose Pastef party, *'le parti des patriotes'* has appealed to the youth, the diaspora and the Casamance region in the south of the country. Sonko is the only candidate to propose a more 'sovereigntist' both nationalist and protectionist approach to economic governance, particularly oil governance together with major institutional reforms of the presidential system and reinforcing checks and balances (Sonko, 2019).

However, this hold on power has gradually shifted into authoritarian tendencies. They have flattened political competition, and stifled contestation around oil governance issues that emerged under Sall's leadership. With major opponents side-lined, debate over vital questions around oil governance, revenue management and suspicions of collusion around the attribution of licenses were swept under the rug (Riedl & Sylla, 2019). Before oil and gas resources were discovered in the Sangomar and Grand Tortue Ahmeyim blocks between 2014 and 2015, Macky Sall's brother, Aliou had been appointed Country Manager of Petro-Tim the company that held licenses for these exploration blocks (Bouessel, 2015). But Sall's authoritarian and centralised approach to oil governance was particularly brought to light when he dismissed Minister of Energy, Thierno Alassane in 2017 for refusing to sanction a license attribution to Total for ultra-deep offshore exploration (Reuters, 2017). This anecdote is significant in that it interrogates the scope for agency

on oil governance in the context of both an authoritative and personalised political system, set within a broader neo-liberal economic framework.[15]

What makes Senegal stand out is that, domestically, Sall circumscribed oil governance to his personal sphere of influence therefore relatively shielding it from wider patronage claims, at least in the phase preceding production. However, power concentration and the absence of political competition have not fostered a shift to more resource nationalistic approaches to oil governance. On the contrary, apart from autocratic choices in general political governance, such as the all-out elimination of the post of prime minister (France 24, 2019) or the new Electoral Code (Loi 2018-22), many of the announcements that followed the discoveries followed by the book neo-institutional 'best practices'. This includes, for example, the creation of a sovereign wealth fund '*Fonds des Generations Futures*' to manage part of the future oil revenues, and of a new training Petroleum Institute *'Institut National du Pétrole et du Gaz'*. Also, the creation of a new 'Strategic Orientation Committee' (COS PETROGAZ) to guide the formulation of oil governance policy, that would come under the president's direct supervision.

Although his regime has been characterised by high degrees of authoritarianism and limited political competition, with his opponents being either in prison, exile or in his party, this has not translated into resource nationalism, contract renegotiation or a more demanding negotiation stance towards international oil companies, as has been the case in other new producer countries. In the case of Uganda, Hickey and colleagues (2017) claim that a combination of 'pockets of effectiveness' and development coalition type of political settlement in place at the time oil was discovered explains why it was able to protect its national interest through a demanding negotiation stance and by achieving a high government take (Hickey et. al., 2017). Yet, despite similar conditions of political strength, interests and pockets of effectiveness, Senegal did not behave comparably. Uganda's bold negotiation stance has come at a price of delays, and since its discoveries in 2007 it is still waiting for first oil to come into production. This raises the questions around the scope for (and cost of) agency, and bargaining power emerging producers truly have in relation to large transnational companies with a century of knowledge, technology and capital

[15] It is revisited in Chapter 6.

accumulation. In this context, is it fair to envisage that Senegal settled for less revenues and economic impacts, in order not to jeopardise investments and relatively prompt revenue flows?

During Sall's second presidential mandate starting in 2019, the new Petroleum Code, and Local Content laws that were passed did not mark substantive changes from the previous legal and fiscal framework, or impose compulsory or more stringent requirements to foreign investors. A counter argument could have drawn from the obsolescing bargain (Vernon, 1971) theory according to which producer countries tend to renegotiate contracts or nationalise natural resource production once companies have completed the development and production infrastructure, but this was more applicable to large producers with enough technical and financial capabilities to take over oil companies' work, which Senegal does not have. Furthermore, the obsolescing bargain argument is better suited to onshore developments where government can physically claim production infrastructure. Yet, in Senegal's case, the offshore location of resources and rental scheme for the liquefaction and storage infrastructure, makes it extremely difficult for 'government' and the national oil company to take over production.

Conclusion

I have argued that external influences over Senegal's political economy have participated in the structuring of its domestic political settlement founded upon the state-marabout bargain. This has been evidenced by the direct influence French colonial rule exerted onto traditional power structures, the preservation of French commercial interests in the post-colonial era, the reliance on external debt, donors and foreign direct investment to fuel growth. Within this structuring political economy paradigm, access to state resources and a carefulness to preserve the state-marabout settlement, has been a driving incentive for political leaders. As predicted by Di John and Putzel (2009) and exemplified by Boone (1992), although this has brought stability and peaceful political transitions it has been detrimental to economic growth and the emergence of a domestic capitalist class.

It has given rise to Senegal's a unique mixture of authoritarian, clientelist, dominant party, potential development coalition traits as proposed by Khan (2010). This blend of a dominant leader, a clientelist underpinning, and an ideological predisposition for economic neo-liberalism

differentiates Senegal from Ghana's competitive clientelist and Uganda's weak dominant party settlements which were in place when hydrocarbons were discovered. It raises interesting questions on the role of transnational forces throughout history in shaping both domestic political settlements and approaches to oil and gas governance. As predicted by Hickey (2015), Poteete (2009) and Whitfield et. al. (2015) 'pre-oil politics', Senegal's deep-running state-marabout bargain has been determinant of the country's approach to oil governance. However, it suggests that the articulation between political settlements and elite bargains on the one hand, and oil and gas governance on the other hand, are not limited to the domestic sphere but are in fact highly permeable to external influences. This is particularly in line with new takes on political settlement approaches produced by Tyce (2020) and Mohan (2019) which explore how transnational actors, ideas and interests shape domestic oil and gas governance.

Senegal's political settlement contains an inherent contradiction which Di John and Putzel (2009) recognise as a limiting factor to broad-based development. Indeed, they argue that "the elite bargains that may lead to the establishment of what might be considered a resilient political settlement may also act as a barrier to progressive developmental change" (p. 17). The implication for the examination of oil governance in a developmental context is that host countries are constrained both by internal and external factors that shape their wiggle room at the negotiation table. The little short-term political incentives to mobilise a resource nationalist discourse, and push back from companies, explain host countries relatively unambitious negotiation stance.

The integration of key communities into clientelistic relationships with the State by political coalitions, has resulted in a weakening of political consensus, debate and of the country's inclusive development potential put forward by Osei (2012) as well as Kohnert and Marfaing (2019). The key pillars of Sall's economic policy are illustrative of this. The PSE's prioritisation of the agricultural sector indicates that political hold on power continues to be tributary to religious and rural patronage networks. In turn, wider large infrastructure projects, have benefited local commercial elites, concentrated in urban hubs like Dakar which have benefited from large foreign infrastructural investments, including the construction of the new city Diamniadio, the new highways to Diamniadio and Ila Touba, the new Blaise-Diagne airport and the new light railway

transport lines linking Dakar to the airport, or the windmill park in the city of Thies (Le Point, 2018).

Chapter 5: Colonial Power in Exploration and Production

Introduction

When Senegal gained its independence in 1960, it inherited a Petroleum Code that institutionalised and normalised imbalanced relations that were beneficial to French corporate and metropolitan interests. In my exploration of Total's colonial oil and gas exploration archives, I find that historical regimes for oil and gas exploration and production in Senegal were unequitable because they prioritised French and British oil companies' corporate interests over the interest of newly independent Senegal. The 50:50 profit sharing ratio etched into the 1960 Petroleum Code was subpar with more advantageous 25:75 deals struck with new and large producers elsewhere.

The links between colonial powers, archive management, and historical narratives pertaining to political and economic affairs are extensively discussed by the Africanist, history, and archival research literature (Harris, 2002; Schwartz & Cook, 2006; Brothman, 2001; Mbaye, 1990). With regards to Africa, archives on oil exploration in colonial times have been explored particularly in the case of Nigeria (Steyn, 2009; Umejesi and Akpan, 2013). These works highlight how oil companies' activities have shaped Nigeria's contemporary oil governance, namely its salience as a national priority, the enclave and conflictual nature of the sector. As stressed by Umejesi and Akpan (2013), state-company relations, practices and discourse in the colonial period structured Nigeria's contemporary fiscal and legal framework on the basis of notably unequal relations of power. In turn, Barry (2015) and Burton (2005) have examined how present-day oil companies deploy archives and archival knowledge as tools of legitimisation, in order to legitimise controversial activities, improve perceptions of transparency and corporate responsibility. Senegal's oil exploration and governance under French colonial rule has not been fully explored even though the country's recent discoveries have prompted an interest in Senegal's oil historiography.

The porous frontier between oil companies and colonial governments confers to the oil archive in colonial times a double performative function which both narrates and asserts the 'foundational' role both oil companies and colonial governments played in setting up future oil producers'

exploration and production legal and fiscal frameworks. Motivated by the fact that the 'rules of engagement' in newly emerging producers such as Senegal have displayed a certain amount of continuity across the colonial and contemporary periods, I explore the normative construction of exploration and production governance as it 'first' unfolded during the French colonial rule. I draw on Fuchs' (2007) and Ruggie's (2018) conceptualisation of multinationals' instrumental, structural and discursive power to examine how oil companies set the rules of oil governance in Senegal through the definition of licensing, fiscal and legal regimes and sovereign taxation issues that would remain stable for decades and have a long-lasting impact on the country's approach to oil governance.

Although there is consensus in the oil historiography literature over oil companies' influential role, works have focused on large and mature producers such as Iran, Iraq, Venezuela and Mexico (Mommer, 2000). Finally, I aim to provide a backward-looking examination of the ideas, discourses and practices around oil governance that global and domestic actors are entangled in, in the contemporary period (Tyce, 2020; Mohan, 2019). This provides a historical reference point and an insight into the setting up of an upstream framework from the 'outside in', in other words from the international sphere to the domestic one – which becomes apparent under new guises in the contemporary period, and which I examine in subsequent chapters which are more present-day oriented.

In this chapter, the instrumental, structural and discursive dimensions of power as defined by Ruggie (2018) interact in a way that sets the scene for oil companies' sustained influence over Senegal's oil governance. The archival sources studied here shed light on the origins of external actor's influence over Senegal's oil and gas laws, contracts, projects and discourses – which will be further investigated in the subsequent analytical chapters (chapters six, seven and eight). The colonial context, where the colonial government and oil companies were closely intertwined, provides a good example of how the instrumental, structural and discursive dimensions of power interacted. As the chapter explains, the colonial regime deployed instrumental power legitimately, carving out independent Senegal's exploration and production sharing laws, revenue distribution ratios, setting out a legal jurisprudence that would structure the country's oil governance for decades to come.

Key findings of this chapter are threefold. First, I find that international oil companies played a significant foundational role in shaping Senegal's oil governance. I find that oil companies' power over determining Senegal's future sovereign laws and 'rules of engagement' with the private sector can be considered as 'hegemonic', facing no boundaries imposed by the Senegalese state and spanning multiple power dimensions. Indeed, the power to distribute licenses amongst companies, draft national laws and contracts, which would set legal, fiscal and political precedents upon which future laws would build, signifies an unrivalled power over the economic and political organisation of the sector. As part of the wider analysis of relations of power between host governments and international oil companies in the contemporary period, this matters because it highlights the extent to which emerging new producers such as Senegal have little 'wiggle room' and bargaining power against oil majors whose 'ancestors' drew up the rules of engagement, defined norms and claims to legitimacy, as well as expectations. Second, the foundational role oil companies played in setting-up the country's oil governance structures and norms foreshadows Senegal's contemporary, 'neo-liberal', company-led approach to oil governance. Third, this raises important questions regarding the role of the state as an administrator of international companies' and foreign actors' interests, especially in the light of the colonial and post-colonial political economy. This is closely entwined with the nature of the colonial and post-colonial political economy which saw political elites benefit from protecting foreign (French, mainly) corporate and metropolitan interests.

Overview of archival corpus

The evidence I draw on from these archives includes: a) typographic business administration official records and hand-written technical notes from the 1950s-1970s from CFP and BRP, as well as the African Petroleum Company (SAP) and the Senegalese Petroleum Company (SPS) which led exploration activities in the region; b) records of petroleum sector policy and laws from the 1960s; c) board meeting minutes from SPS and SAP for years 1956 and 1957; d) minutes from SPS Technical Committee meetings from 1959 and 1960; e) confidential technical notes from SPS and BRP on the fiscal regime reform project for Senegal from 1959; f) the 1960 Petroleum Code; g) official correspondence between oil companies and local colonial administration in Senegal

such as the Dakar Mines Service and the Territory Chief (Chef de Territoire); h) exploration and production licenses, maps, and convention contracts; notes on personnel administration from SAP; i) intelligence briefings and analysis on African politics in the period following Independence (1963-1970s), as well as press cuttings on Senegal including analyses of political institutions, constitutional reform, development institutions, and international relations.

The archives that informed this chapter are listed below, along with the dates they were released for authorised public access by Total S.A.:

- Development Aid (Aide au développement) archive number 89ZY558-62. Year released: 1989.
- Contracts DPAG DIR COPETAO Total archive number 90ZY792-9. Year released: 1990.
- Africa and global powers (Afrique et les puissances) archive number 91ZZ425-262. Year released 1990.
- BRP Petroleum Research Bureau, Monthly Activity Reports (Bureau de Recherches de Pétrole, 18 Mai 1953, missions pré reconnaissance pétrolière en AOF, rapports mensuels d'activité) archive number 07AH0008-34. Year released: 2007.
- SAP Board of Directors 1957 (Société Africaine des Pétroles – Conseil d'administration 1957) archive number 07AH0144-2. Year released: 2007.
- SPS Board of Directors 1956 (Société des Pétroles du Sénégal 24 Aout 1956 procès-verbal conseil d'administration) archive number 07AH0157-1. Year released: 2007.
- SPS Technical Committee Meeting 1959 and 1960 (Société des Pétroles du Sénégal 17 Aout 1960 compte rendu réunion comité technique 28 juin 1960 et du 23 juin 1959) archive number 07AH0157-8. Year released: 2007.
- SAP Notes 1958 (Société Africaine des Pétroles Notes 1958) archive number 10AH0843-3. Year released: 2010.

The fact that these archives are located right outside Paris in France, and not in Senegal, is telling of the past power of colonialism, as well as the present power held by international oil companies like Total. SAP and SPS records were held by the State Owned Enterprise CFP and transferred to

CFP's archives following Senegal's independence in 1960. They likely remained in CFP's hands until its privatisation and the creation of Total in 1993. With this, archives that once belonged to the State became privately owned. In turn, BRP's records were likely transferred to another State Owned Enterprise Elf in 1966, later absorbed by Total in 2000. The original archives from the colonial government, the French Occidental Africa (Afrique Occidentale Française, AOF) can still be found in Dakar, Senegal, thanks to meticulous preservation efforts deployed by Senegalese archivists and historians (Williams, 2014). The Dakar archives hold files from "general government services" (Charpy, 1997, p. 182) while strategic, political, and economic records were repatriated to Paris. However, the Senegalese AOF archives in Dakar have been utterly abandoned in terms of physical preservation and usage (Bat, 2016).

Senegalese historian and archivist Mbaye highlights that "this preservation of historical records by international companies is not new and completely in continuity with the recent, and more removed past" (Mbaye, 2004, p. 486) when chartered companies acted as intermediaries of the French state until the colonial administration started to settle in Senegal. According to Mbaye, the colonial administration was interested in "aiding the writing of African history" (Mbaye, 1990, p. 567). The colonial administration collected records of "historical documents" such as diaries, "native documents" such as letters, and "native oral traditions" (Mbaye, 1990). In contrast, Total archives include commercial administration documents consisting mostly of official typed documents, minutes, contracts, and correspondence but also a couple of hand-written notes and comments written in ink and pencil. This contrast between African history archives and oil historiography reinforce the notion that these archives were tools "to reinforce mainstream values and marginalize further weaker voices in records and record-keeping contexts" (Schwartz & Cook, 2002, p. 19) in the context of the colonial oil discourse and oil power politics. Furthermore, the preservation of oil records by companies foreshadows the instrumental role and strategic nature of geological data ownership.

In order to address what practices are enacted through these archives, a double hermeneutical approach is required. Archives are at once actively constructed to tell a specific version of history, and represent a selective record and 'window into' exploration and production activities, processes, seismic studies, decision-making and management as they transpire through memos,

correspondences, reports, maps and the occasional handwritten note. As proposed by Schwartz and Cook (2006) archives are not merely evidence available to the researcher, but that they are historical and social constructs of knowledge that are embedded in power structures. Total's archives on exploration and production activities in Senegal can be treated as tools of knowledge that both reflect power structures of the time, production and reproduction of these power structures. As McEwan and Blunt point out "the question of who has the power to make, record and interpret history is an important one" and already tells a large part of the story (McEwan & Blunt Op. Cit. Schwartz & Cook, 2006, p. 9).

Overview of Senegal's exploration history

Colonial governments together with major public oil companies (the actual ancestors of Total and BP) spearheaded oil and gas exploration in the decade that preceded Senegal's independence. Based on geological concepts and assumptions around the existence of hydrocarbons along the mid-Atlantic ridge, initial exploration missions focused on the onshore potential of the country. The region's exploration activities were defined by the AOF's mining code of 1924. French colonial authorities held consequent power over how hydrocarbon resources were managed and released for exploration to oil companies, in French West Africa (Afrique Occidentale Française, AOF). As such, French oil companies such as SAP enjoyed a 'first dibs' privilege of defining the dimensions of exploration blocks and licencing area attribution. A portion of French colonial territories in West Africa was reserved for the African Petroleum Company's (SAP) exploration and production activities. Indeed, a geological article from 1958 underlines that "SPS started its prospection activities around the area reserved for SAP" (Brunet, 1958, p. 29).

First exploration activities in Senegal started in 1952 under the French colonial occupation through the Société Africaine des Pétroles, owned by the French Bureau de Recherche Pétrolière and later by the Société des Pétroles du Senegal. Archives from SAP indicate that a series of "pre-reconnaissance" exploration missions were undertaken in 1953 across French colonial West Africa by the BRP. In Senegal, these focused mainly on onshore areas near the cities of Toubab, Popenguine, Ziguinchor, Dakar, and Kaolack. The first signs of oil were found in offshore Senegal around the Cape Verdean islands, which were part of the French Western African territories

(Afrique Occidentale Française). In 1956, the Société des Pétroles du Senegal (SPS) obtained an exploration permit from the Société Africaine des Pétroles (SAP) to explore the region of Casamance and The Gambia.

SPS only counted 15 staff compared to SAP, which had 78 staff. The SPS was a subsidiary of British Petroleum, which conducted exploration activities in partnership with the French Bureau of Petroleum Exploration as well as with the British branch of British Petroleum in southern Senegal and in The Gambia (Brunet, 1958). The two companies created by the French government to conduct exploration missions, the Compagnie Française des Pétroles (CFP) and the Bureau de Recherches de Pétrole (BRP) were also partly owned by British Petroleum (Saul, 2006; Brunet, 1958). Brunet indicates that in Occidental Africa, exploration activities had focused on Senegal and Cote d'Ivoire, under the leadership of the Société Africaine des Pétroles (SAP). The "Société Africaine des Pétroles, replaced the Society of Petroleum Studies and Research in Senegal in 1955, 80 percent of whose capital was held by the BRP and the rest by Finarep and Cofirep" (Brunet, 1958, fn1, p. 29). The Société des Pétroles du Sénégal (SPS) started prospection and exploration activities in 1956 in the area defined by the permit it held. In fact, SPS was "a sister company of the group British Petroleum (Société française des pétroles B.P. 50 percent) with the BRP, Finarep and Cofirep's participation" (Brunet, 1958, fn1, p. 29).

The partnership between Senegalese and French organisations in the oil and gas sector continued after independence through exploration and production activities as well as through the provision of education and international expertise. Despite failures to find significant resources inland, the potential for exploring the offshore territory was confirmed by the Dome de Flore discovery in 1998 by Total. However, the poor quality of the oil found discouraged major operators to pursue exploration in the region. In the same year, the government of Senegal updated its Petroleum Code to compensate for the loss of confidence of potential investors and to keep attracting investment (Senegal Petroleum Code, 1998). The Institut Français des Pétroles (IFP, now Institut Français des Pétroles et Energies Renouvelables IFPEN) trained 28 Senegalese citizens including current President Macky Sall, who directed the national oil company Petrosen for a couple of years under the previous administration. In fact, field interviews suggest that the 1998 Petroleum Code which was in place when Sangomar and Grand Tortue Ahmeyim were discovered, was drafted with

support from international expertise from the IFP back in 1998. The same team of experts from the IFP is known to have advised several governments in emerging producer countries in Africa, Latin America, and Asia with their petroleum codes in the 1990s.

Licensing regime

Today, exploration and production governance is fundamentally considered as the remit of the sovereign state or host government. Even in the final decade of colonial rule, oil companies played a central and leading role in governing upstream activities. The 'instrumental', 'structural', and 'discursive' dimensions of power proposed by Fuchs and Lederer (2007) and Ruggie (2018) are evident throughout this repository. A combination of these three typologies of power is at play in the accounts of how SAP and SPS are performing "the role to prescribe" (Ruggie, 2018, p. 326) how to distribute, govern and define oil governance in Senegal and in the region. Their authority spanned from setting out the rules governing the exploration and production activities they would be conducting, as well as defining and overseeing the processes of license attribution, essentially 'splitting the pie' amongst themselves. The friendly toned correspondence between SAP, SPS and the BRP over who is going to get what, and how to ensure distribution is fair denotes the ease with which companies were given carte blanche to build a favorable regulatory and legal environment for exploration and production. The only limit that emerges is that posed by the need to be 'fair' and share the acreage equally between SAP and SPS. In this sense, companies are each other's regulators and "have authority over themselves" (Ruggie, 2018, p. 327).

At the onset of exploration campaigns in the 1950s, the priority is to secure access to a vast geographic area, ahead of other oil companies. SPS's first exploration permits from the 1950s as mapped by Brunet (1958) indicates that it had a much wider exploration area than the SAP. However, the archival repository suggests SAP enjoyed a privilege over SPS, as it was able to reclaim acreage from the latter despite SPS' technical and financial strengths. SAP was owned by the French government's Bureau of Petroleum Exploration (Bureau de Recherches Pétrolières, BRP) at 80 percent and by French oil and gas financial institutions Finarep and Cofirep (Brunet, 1958). In fact, many area permits where recent discoveries were made have kept the same names "Dakar", "Cayar", and "Rufisque" that were given to them during this period (Total Archives, 1960). SAP's Board meeting minutes from 1957 state:

"The President (of the Board, M. Tenaille) *highlights that the geological committee observed that we* (SAP) *had not been 'large' enough* (generous) *regarding the attribution of the Dakar permit and that it would be logical to reserve, from now, for SAP at least one part of the zones of the Senegal Basin not yet attributed, meaning in Casamance, south of the permit attributed to SPS and in the Northern Basin, north of SAP and SPS permits."*

(Extract from SAP Board Meeting Minutes, 1957 p. 13).[16]

The tone that emerges suggests companies sought to optimise their presence in West Africa to intensify exploration campaigns at a time when France when the Marshall plan financed three quarters of the country's oil imports (Beaujeu-Garnier, 1952). A handwritten note, scribbled in pencil on a licence request from SPS dated 16th October 1959, to which a proposed exploration and production convention contract is attached, states:

"1. We had talked about half/half with SAP for surfaces = have SAP + SPS agreed for this request, as well as for SAP's request?
2. Was BRP consulted for convention, fiscal regime and financial commitments?
3. If not, write to indicate regrets and make observations if needed"

(Extract from License request, SPS October 16, 1959).[17]

Even though exploration activities seemed to be conducted under the oversight of the French colonial government and French oil companies, the commercial landscape was more complicated. Not only had French oil companies such as CFP been temporarily partly owned by British Petroleum, but SPS was owned by British Petroleum and the French Bureau of Petroleum Exploration (BRP). This echoes Ruggie's (2018) views on multinationals' ability to create a series of 'legal selves' ad aeternam in order to suit their economic and strategic objectives. Akin to a near-monopoly, there is no competition amongst companies to offer a better deal to government, since license attribution is not overseen by government. In a letter to the Senegalese Territory Governor (Chef de Territoire), SPS's President Joseph Hure shares the following information as part of a permit request on 22nd July 1958:

[16] See *Appendix 2,* Image 1 for photography of original archive.
[17] See *Appendix 2,* Image 2 for photography of original archive.

"Article 10: The capital of SPS is currently divided as follows: 50 percent to a group including the French Petroleum Company BP and BP Exploration Company Limited, the exploration branch of British Petroleum Company (Group A) and 50 percent by a group led by the French Bureau of Petroleum Exploration BRP (Group B)."

(SPS Permit request, July 22, 1958).[18]

SPS also undertook exploration activities in The Gambia together with the British branch of British Petroleum. French and British commercial interests in the region also took the form of technical cooperation between SPS and BP exploration companies for exploration ventures in Senegal. In fact, BP exploration company supported SPS's technical capacity building by training engineers, offering technical supervision staff as well as technicians and drilling material. As described in the details of an exploration and production convention between SPS and the Senegalese territory attached to a letter by SPS President to the BRP on 16th October 1959:

"Annexe 2: It is relevant to underline that SPS benefits from technical assistance of the BP Exploration company. This technical assistance is very large:

- *supervision personnel acting as technical advisor,*
- *geophysical bureau of studies on geophysical reinterpretations,*
- *availability if needed of engineers and technicians, seismic equipment, and drilling material,*
- *traineeships on BP sites from SPS personnel.*

(SPS letter to BRP, October 16, 1959).[19]

British and French strategic commercial interests in the region were being actively advanced through these oil companies, whose direct links were arguably closer than they are today. Finding hydrocarbon resources in the coastal area surrounding Dakar held major strategic appeal for both colonial powers and oil companies:

[18] See *Appendix 2,* Images 3 and 4 for photography of original archive.
[19] See *Appendix 2,* Image 5 for photography of original archive.

"it is evident that a potential discovery in Senegal would have very interesting consequences thanks to the location of the territory. It would increase the importance of Dakar's port (…) The strategic and commercial position of Senegal and the urban development of Dakar explain the ardour with which petroleum explorations are encouraged"

(Brunet, 1958, p. 29).

Exploration activities and oil policies in Senegal responded primarily to the priorities of the 'central' French government, and secondarily to those of the French West African (AOF) government. The existence of other sources of governmental organisation or power influencing oil exploration is not identified by the archives in the colonial period. Ensuring France's energy security and increasing its energy independence were key priorities in the last decades of colonial rule (Saul, 2006). SAP's board of directors had the freedom to conduct exploration campaigns at a loss:

"Other sources of activities have to be planned so that SAP does not find itself in an impasse should the Dakar permit or the one in Cote d'Ivoire not yield sufficiently interesting results to authorise a budget overrun. According to the Americans this figure is in the order of 5 to 10 $ per acre, equivalent to 450.000 to 900.000 francs by km^2. Based on M. Buttin's methods in his study 'Economic returns of petroleum exploration in Sub Saharan Africa' (…), we arrive at the following numbers for maximum investments without results."

(Extract from SAP Board Meeting Minutes, 1957 p. 14).[20]

Crafting 'post-independence' petroleum fiscal regimes

During the decade preceding independence, the official labels of colonial rule in Senegal morphed from 'integrated territories' to 'French Union' to 'autonomous republic'. In 1944 following the Brazzaville Conference, which sought to tackle the future of colonial empires, 'Integrated Territories' of the 'French Union' had replaced the French colonial empire's governance structure

[20] See *Appendix 2,* Image 6 for photography of original archive.

(Cooper, 2004; 1996). Colonial governments quickly mutated from semi-autonomous French West Africa in 1956, followed by the short lived French Community in 1958. Following the 1958 'constitutional referendum', a majority of citizens across the French metropolis and its colonies voted in favour of joining the community of French West Africa (AOF) which constituted a first step towards independence (Simonis, 2008).

The new constitution would allow member states to be autonomous with their own executive and legislative branches of power. Senegal was the first country in AOF with a multiparty system of representative assemblies. In the summer of 1958, Senegal became an autonomous Republic, based on the official definition and member of the AOF community. The 1958 pre-independence Senegalese government was formed of the President of the Council Government (who was French), while the Council Vice President and the ten Ministers were all Senegalese. Senegal gained its independence from the French colonial government in 1960 as part of the Malian Federation in June, which was dissolved in August and gave way to the independent Republic of Senegal (Heitz, 2008).

However, France was under mounting pressure to decolonise and secure sustainable commercial and strategic relations with its soon to be ex-colonies (Fall, 2013; Chafer, 2015). Even though there is no direct mention of either decolonisation or Senegal's independence, the repository shows SAP, SPS and the BRP collaborating to secure long-term fiscal regimes to conduct their exploration activities in West Africa two years before the 1960s wave of independences. SAP and SPS are seen as working together to draft petroleum codes for West African countries including Cote d'Ivoire, Mali, Mauritania and Senegal as a basis for consultation with government. These draft laws are mentioned in the archives under the following terms "long term fiscal regimes" and "stabilisation of fiscal regimes", which was already a key element of exploration and production governance.

As a result of a colonial law from 1953 that enabled the creation of long-term fiscal regimes across French overseas territories, oil companies played a central role in defining the long-term 'rules' governing exploration. Their 'structural' power, understood as their ability to influence outcomes without resorting to the outward use of force (Fuchs & Lederer, 2007), is evidenced by their ability

to impose regulations and conditions that would define their own investments in Senegal, as well as other countries in the 'West African' region. The institution of low fiscal terms for entry, as well as exports, would definitely work at the expense of the emergence of a domestic capitalist class, and fuel a cycle of dependence towards foreign capital. At the request of the BRP, oil companies 'piloted' these upstream hydrocarbon fiscal regimes starting with Cote d'Ivoire, where a 50:50 profit sharing ratio was instituted.

"Lastly, as a result from the request from the BRP, the necessary steps have been taken with the administrative authorities of the Federation (AOF) *and the Cote d'Ivoire Territory, in order to secure the adoption of a fiscal regime specific to hydrocarbons which would include, in case of discovery, the halfway division of exploitation benefits. This new regime, which would constitute a trial that could be subsequently extended to other territories, is part of Article 32 of the December 31st 1953 Law on the institution of long-term fiscal regimes in Overseas Territories".*

(Extract from SAP Board Meeting Minutes, 1957 p. 4).[21]

The crafting of Senegal's long-term fiscal regime for oil exploration and production also underscores the normative dimensions of oil companies' structural and discursive power. Overall, oil companies are seen to affect economic and political outcomes by promoting ideas around profit sharing ratios and setting expectations as to what is fair and legitimate. This had long-lasting consequences on Senegal's contractual, fiscal and legal framework governing upstream oil. Indeed, these foundational licensing, legal, fiscal and taxation regimes would remain intact for over two decades until Senegal introduced its second Petroleum Code of 1986. The absence of significant discoveries also meant that Senegal could not rally with producing countries' 'resource nationalist' aspirations and demands as they grew across large producers in the Middle East, Latin America and South East Asia.

This participated in establishing an antiquated oil governance regime which witnessed a growing lag or gap with other regions of the world. Indeed, while the 50:50 profit sharing we see further

[21] See *Appendix 2,* Image 7 for photography of original archive.

below, may have been perceived as fair by the Senegalese government in the period following independence, it is likely to have disincentivised other oil companies from conducting exploration in the region. Indeed, the number of exploration wells drilled was almost halved from 68 between 1953 and 1960, to 37 between 1961 and 1970 before dropping to 17 between 1971 and 1980. Notably, these exploration campaigns were all conducted by French oil companies (Petrosen, 2019).

Furthermore, the early hegemony of foreign capital and transnational actors (in the form of oil companies or the colonial administration) on oil governance in Senegal foreshadows the smoothness with which companies have been able to negotiate with state institutions in contemporary periods. In turn, these emerging oil governance norms would also create boundaries and set expectations in terms of companies' and states' scope for action. Indeed, the weakness of the Ministry of Energy and Petroleum in relation to the national oil company Petrosen potentially finds its roots in these foundations. If the state is unable to create the rules of the game, then it poses question of its role as a mere administrator or facilitator of foreign actors' interests.

Official correspondence between SPS and BRP shows that between 1958 and 1959, CPF, SPS, SAP, and BRP collaborated in forging Senegal's first Petroleum Code to be. This technical note was handwritten on 22nd June 1959 by an SPS employee addressed to M. Delavesne[22], Director of the BRP (1954-1965):

"*Re: Senegal's fiscal regime for petroleum*

Before his departure to the USA, M. Tenaille (SAP President) *officially requested the Government of Senegal, jointly with CFP and SPS, regarding fiscal propositions on the following basis:*

- *relief from common law regime, through the exoneration of imported goods and services, through a decrease of the royalty rate and exit rights.*

[22] M. Delavesne's biography is available on Total's website: https://wiki.total/fr/temoignage/yves-delavesne-directeur-du-gaz-lerap-et-la-snea-vice-president-de-sneap

- *inscription in the convention of a profit tax to the benefit of Territories, so that it represents 50 percent of profits, knowing that profits can only be divided after its distribution, on an advantageous basis, to shareholders.*

Last Friday, M. Guilhaudis notified us that the Dakar technical services were not opposed to this solution and wanted to be sent the formatted text so that reform takes place faster. I will prepare them next week so that I can hand them to M. Tenaille before his departure to Dakar, next Saturday, I think.

NB: Mauritania's fiscal regime

The same propositions were made by M. Tenaille for Mauritania. But this territory appears to be significantly influenced by the 75:25 agreed between Mattei and Morocco. According to a French civil servant in Mauritania, M. de la Patelliere, it will be difficult not to adopt an analogous system in Mauritania unless it is possible to demonstrate that the 50:50 that we propose is largely equal to Mattei's 75:25. I will make a note on this topic that I will hand to M. Tenaille but the technical arguments that I could find will have less weight than political (and fiscal) considerations tied to the 75:25."

(SPS handwritten technical note, June 22, 1959).[23]

Whereas post second world war oil concession contracts were largely based on a percentage, royalty rate applied to the amount of oil produced, the 1940s and 1950s saw the rise of oil producers' assertion of their sovereign rights over their natural resources. By 1947, Venezuela had already revised its fiscal regime for oil exploration to require a 50:50 distribution of profit oil and by 1951, Iran had nationalised its oil production, forcing Anglo-Persian out. This culminated in a long legal and public opinion battle opposing the Iranian government to the oil company, which resulted in a favourable verdict for Iran by the International Court of Justice and motivated the UN's 1952 resolution 626 guaranteeing people sovereign rights over their countries' natural resources (Dietrich, 2017). According to Mommer (2000), universal consensus over 50:50 profit

[23] See *Appendix 2,* Image 8 for photography of original archive.

sharing was based on a system controlled by "producing and consuming interests (…) which could politically and economically not survive the collapse of colonial regimes" (p. 11). It represented too little for future sovereign nations while it was too big of a cost for oil companies. This was the global context within which SPS and were crafting future sovereign countries' laws and regulations. This tumultuous period in global oil governance facilitated the emergence of new entrants such as Mattei (with ENI), as mentioned above, who sought to offer improved terms (75:25) to host countries in order to displace competition.

The question of profit sharing in AOF began to emerge in the same period that preceded decolonisation and was influenced by a global environment where the 'optics' of exploration regimes and contracts had to seem fair, and respectful of countries' sovereign rights. Ironically, it was under the technical and legal leadership of oil companies, backed by the French government and its Senegalese extension, that these sovereign laws were drafted and validated by newly independent governments. As opposed to Mauritania who stands out from the wider AOF group of countries for demanding a better deal, close to what Mattei proposed in neighbouring Morocco, the question of Senegalese authorities 'pushing back' oil companies' proposals are not recorded. This 'docility' towards foreign capital that is portrayed already foreshadows Senegal's pragmatism and openness to 'neoliberal' market forces.

Taxation and other conditions

Other contractual aspects were far from putting host countries' interests first. For example, an SPS exploration convention contract from 1959 shows that oil companies were promoting a 'reverse local content' whereby they stressed that raw materials and personnel should come from France in priority:

"Article 9 – personnel and materials. Unless an exemption is agreed by the Council President, the permit holder will maintain amongst its personnel, both management and surveillance, in Senegal, a proportion of at least two thirds of citizens of the French Community. It will have to use, as long as quality and delivery timelines are comparable, raw materials

produced on the French territory, services and enterprises and subcontractors of French nationality, or from the French Community."

(Extract from License request, SPS October 16, 1959).[24]

With regards to taxes, the draft text proposes the exclusion of exploration and drilling material from import and service taxes:

"taxes will be stabilised for enterprises who will be granted long-term fiscal regimes (…) deliberations have exempted from fiscal duties a list of industrial products".

It also covers the issue of royalties applicable to potential hydrocarbon production, and discusses the notion of a progressive royalty 'proportional' to production quantities:

"*If we admit that a major part of the crude possibly produced is exported and can handle, without exemptions, the flat export tax of 5.40 percent of FOB value, thus 7 percent approximately of the field's value, we see that the entirety of these two taxes give about 12 percent of the field's value. This is very heavy if the exploitation shows a limited profitability. The SPASF has obtained from the Gabonese territory a variable royalty whose rate progresses as a function of the importance of the deposit, about two thirds of French royalty. The disadvantage with this system is that profitability is not strictly linked to the size of production, but to many other factors which are difficult to analyse. This is why we give preference to obtaining the following system: mining royalty, same as the flat export tax, would be fixed at a maximum of 10 percent of taxable crude profits. We would like to obtain an exemption, at least partially, of service tax for the geophysical works and drilling campaigns awarded to entrepreneurs only for exploration works.*"

(Extracts from SPS letter to BRP, 4 August 1958).[25]

[24] See *Appendix 2,* Image 9 for photography of original archive.
[25] See *Appendix 2,* Image 10 for photography of original archive.

Senegal's 1960 Petroleum Code

The governance of oil and commercial exploration remained unaffected by the devolution of power to an independent and sovereign Senegal, which continued to be concentrated in the hands of international oil companies. Technical minutes from SPS highlight that Senegal's the long-term fiscal regime as drafted by oil companies was validated by government and translated into application decrees by the Ministry of Finance:

"Administration and Financing: In Senegal, the Ministry of Finance prepared a draft decree of application of the Petroleum Code, which lists materials and products that are exonerated from duties and taxes upon their entry in the territory. This draft gives us satisfaction especially since it envisages the possibility of reimbursement of the duties perceived since the promulgation of the Code."

(Extract from SPS Technical Committee Minutes, 1960 p. 2).[26]

In Mauritania as well, oil companies were confident that these texts would be validated by Parliament:

"In Mauritania, negotiations regarding the petroleum fiscal regime have continued and it is probable that the envisaged texts will be approved by the National Assembly during its May session."

(Extract from SPS Technical Committee Minutes, 1960 p. 2).[27]

On October 10th 1960 Mamadou Dia, Council President *(President du conseil),* and M'Bengue Alioune Badara, Minister of Public Works, signed Senegal's first Petroleum Code. The Code is based on a 50-year concession model (based on a five year prospection permit) which offers similar fiscal conditions already present in pre-independence exploration contracts. These fiscal

[26] See *Appendix 2,* Image 11 for photography of original archive.
[27] See *Appendix 2,* Image 11 for photography of original archive.

conditions granted the government a 12.5 percent royalty for oil fields and 5 percent for gas fields, which remained the same through to the 1986 Petroleum Code but were later reduced in the 1998 Petroleum Code (Code Pétrolier, 1998). The 50:50 profit sharing clause promised in these technical notes was adapted to ensure that they would only be applicable when profits were higher than royalty amounts received by government. In turn, when royalty amounts are higher than profits, international oil companies can claim tax breaks.

"Title V. Fiscal Conditions: If the profit is higher than the 12.5 percent royalty amount, the difference between the two sums is subject of a direct profit tax of 50 percent (…) "This can be modified if the annual production of liquid hydrocarbons is under 1 mto, then a regressive system can be established".

(Article 62, 1960 Senegal Petroleum Code, p. 28).

Furthermore, in order to protect hydrocarbons and development equipment from being subject to additional import and export taxes, it stipulates that:

"[oil] *deposits are immovable, and are also immovable the machines, equipment and materials directly used to develop deposits"*

(Article 23, 1960 Senegal Petroleum Code, p. 13).

Despite the rupture in direct administrative and political control that independence offered at least in theory, the colonial government/oil company nexus was deliberately preserved by Senegalese political elites, especially after the coup d'état attempted by Mamadou Dia in 1962. The period following the coup d'état signified a hardening of political control by the government, including an agreement to "never offer high responsibility government positions to members of the opposition" (Bulletin de l'Afrique Noire no 296: 16/10/1963, Relations internationales COPETAO).

Conclusion

I found that transnational actors, including international oil companies have played a significant foundational role in shaping Senegal's oil governance. The influence exercised by oil companies

whose work was encouraged by the exiting colonial government can be considered as hegemonic in terms of how it determined Senegal's future sovereign laws and 'rules of engagement' with the private sector. Key findings from my analysis of Total's exploration and production archives indicate that companies exercised an unrivalled power over the economic and political organisation of the sector. This was effected through the power to distribute licenses amongst companies, draft national laws and contracts, which would set legal, fiscal and political precedents upon which future laws would build. As part of the wider analysis of relations of power between host governments and international oil companies in the contemporary period, this matters because it highlights the extent to which emerging new producers such as Senegal have little 'wiggle room' and bargaining power against oil majors whose 'ancestors' drew up the rules of engagement, defined norms and claims to legitimacy, as well as expectations.

It sheds light on the inter-relations between material, institutional and discursive dimensions of power as they are exercised in the global governance of oil. It traces the historical foundations of the institutional and discursive dimensions of oil governance in contemporary Senegal. The primacy of the oil company as the creator and narrator of 'oil narratives' in Senegal stands out. As archives from the colonial-company nexus, they have been produced and selected to tell a specific story for a specific audience (Barry, 2015). They exclude the 'other side of the story' from sovereign, Senegalese agency and institutions during the colonial period as well as during the period of transition towards independence. On the contrary, the Senegalese state is portrayed as an instrument of control over potential economic opportunities and access to resources for oil companies. In turn, the construction of oil governance through the Senegalese state, and the drafting of a long-term Petroleum Code to govern exploration and production activities is taken hostage by colonial and oil company interests. In fact, it is challenging to differentiate between the independent and sovereign Senegalese state, the colonial administration and oil companies. This blurring of the lines echoes the epistemological fuzziness, cacophony and vertigo of global oil discourses Appel et. al. (2015) describe in their work on oil narratives.

Fuchs and Lederer (2007) and Ruggie's (2018) discussion on multinational companies' multifold power is evident in the relationships and hierarchies, politics and underlying narratives that transpire from these archives. Instrumental power, "the employment of specific resources to

achieve one's aims" (Ruggie, 2018 p. 322) is pervasive throughout the archives, especially illustrated by the lobbying outcome regarding Senegal's post-independence legal and fiscal framework. But I found that oil companies' influence is most salient in their structural and normative power over oil governance. That is the ability to create the rules, practices and discourses that structure host government and oil company relations. Structural and discursive power dimensions are evident in oil companies' agenda setting and rule creation, in the period leading up to independence.

The drawing up of Senegal's first Petroleum Code by oil companies speaks to the power to frame the debate, problem and solution, which I also address in Chapter 8. This confers oil companies a legitimacy over their claim to knowledge and commercial/policy proposals that host governments cannot compete with, which speaks to Fuchs and Lederer (2007) work on the multiple dimensions of transnational actors' power. The particular weave of relations of power around oil that emerged from the colonial and early independence periods reflect the substantial influence the French colonial administration and related business interests had on shaping Senegal's institutional, legal and policy bases for oil governance. In this context, the 50:50 profit sharing clause corresponded to a wider political settlement that favoured and protected French commercial interests in Senegal, and which was intently tied to financial support from France.

Chapter 6: Upstream Legal and Fiscal Framework in Senegal

Introduction

It took two decades for the Senegalese government to reform the 1960 Petroleum Code that had been set out by the exiting colonial power and oil corporations. The reformed Petroleum Codes of 1986 and 1998 did not offer improvements but worsened host government's fiscal and legal conditions in order to attract oil companies' investments. Since then, the Senegalese government missed a number of windows of opportunities to improve the upstream regime and potential quality of investments. Under Wade's government - when the government of Senegal gave licenses for Cayar and Saint Louis offshore blocks to Frank Timis, it missed a first opportunity to negotiate terms with qualified oil companies at a time when oil prices were still high. Thereafter, Sall's presidency, missed the chance to 're-negotiate' the terms for oil and gas exploration and production to its own advantage. The new Petroleum Code and Local Content laws of 2019 did not fundamentally challenge terms that favoured corporate interests, or seek to expand the potential revenue 'pie'.

The founding agreements for the Cayar and Saint Louis offshore, Rufisque and Sangomar blocks lock Senegal into revenue sharing terms between the State and operators for twenty-five years based on the terms of the 1998 Petroleum Code in force at the time of discoveries (2014-2016). Renegotiating such contracts in a context of relatively low oil prices and high gas supply is difficult without facing legal action or jeopardising potential for foreign direct investment (Sauvant & Wells, 2021). This calls into question the validity of the 'obsolescing bargain' theory advanced by Vernon (1971) in the field of oil and gas (especially offshore) investments. Therefore, the idea that governments reverse relations and bargaining power with investors through reform and contract renegotiation is becoming fraught, especially with the rising use of international investment dispute mechanisms.

The negotiation of oil and gas discoveries are constrained by the existing legal, fiscal and institutional framework already in place. Former director of the Hydrocarbons Department at the Ministry of Energy[28] emphasised that it:

"was impossible to understand post-discovery decisions and PSC negotiation outcomes without looking at the decisions that were made in 1998 and earlier regarding the governance and strategy for the oil and gas sector". (Interviewee 4, Appendix 1, 2017).

This was also underlined in a conversation with the BP Country Director in Senegal:

"the work starts more with the legal and policy framework that is already in place rather than with negotiating visions for the future and wishes". (Interviewee 14, Appendix 1, 2017).

This chapter seeks to underline the ways in which Senegal's elites never sought to reverse unequal bargains, even when it was faced with realistic opportunities to do so – drawing from Di John and Putzel (2009). I start by outlining the legal and institutional framework governing the sector in order to tease out the links between institutional design, legal regimes and political elites. I illustrate the interplays between these three categories, as well as their implications on potential distributional outcomes for the Senegalese state, by examining two small case studies. The first case is the subpar license attribution process for Cayar and Saint Louis offshore blocks. The second is the production sharing contracts (PSCs) that emerged from this license attribution, where I attempt to assess the quality of the deal that was struck.

In continuation of the previous chapter on archives, this chapter explores how the contemporary legal and contractual framework governing oil and gas exploration and production in Senegal has been influenced by external forces. It sheds light on the structural and 'rule setting' power exercised by external actors on Senegal's upstream oil and gas legal and fiscal framework, across the colonial, post-independence and contemporary periods. The constraining nature of the political settlement and rules carved out under the colonial and post-independence regimes comes across in

[28] She had been seconded from Petrosen to the Ministry of Energy for four years, and was the only MoE staff with exploration and production management experience.

the unpacking of the production sharing contracts that govern recent discoveries. It shows how instrumental, structural and discursive power are closely intertwined and reinforce one another in the field of oil governance.

I find that Senegal's oil governance choices and institutional design are the result of the 'state-marabout' settlement as well as wider forces pertaining to the global 'oil assemblage' (Watts, 2013; Mitchell, 2011). I argue that there was little 'wiggle room' and few incentives for the government to set up institutions that would put the broader national interest ahead of commercial ones, as well as to take a more ambitious 'resource nationalist' stance. The interconnection between political elites, political settlements, institutional design and development pathways is strongly evidenced by my examination of Senegal's upstream oil and gas legal, fiscal and institutional framework.

However, I would be painting an incomplete picture without highlighting the role played by external forces in shaping political elites' continued preference for a 'neo-liberal' approach to oil governance and unequal distribution of economic benefits with foreign investors. Indeed, Senegal's oil governance institutions and laws highlight the links between the domestic and global spheres in a way that sheds light on three salient themes: the 'requirements' of the global oil industry, the deep running political economy foundations of Senegal, and the more contemporary, and fluctuating aspects of its political settlement. This indicates the strength of bringing together domestic political settlement approaches and wider macro theories such as critical theory (Cox, 1981). Relational political economy analyses, in contrast with classical political settlement approaches, are well suited for an accounting of the links between state institutions and broader analyses of contemporary capitalism (Mohan, 2019).

Senegal's lop-sided institutional design

The 1998 Petroleum Code

The 1998 Petroleum Code made major changes to Senegal's approach to exploration and production. These changes gave advantageous conditions to oil companies in terms of length of license ownership so they could extend it for a maximum period of twice ten years instead of ten

years. Royalties were also lowered from 12,5 percent for both oil and gas to a range of minimum 2 and maximum 10 percent. New measures to stimulate exploration included fiscal exoneration for exploration and development activities, as well as the introduction of the R-factor to determine production taxes. Finally, the 1998 Code also introduced the production sharing contract design (Senegal Petroleum Code, 1998, p. 2). It was designed to provide a regulatory basis that would be flexible enough to attract prospective investors and give government space to manoeuvre to adapt terms accordingly. The new 2019 Petroleum Code clearly spells out the intentions of the previous code:

> *"in 1998 the international petroleum environment was characterized by a significant reduction of exploration budgets by international oil companies who preferred to invest in countries with proven petroleum potential. That is why Senegal, in order to promote the competitiveness of the sedimentary basin adopted the 1998 Petroleum Code. It offered attractive conditions to international oil companies in the view of promoting investments needed for the exploration and production of hydrocarbons. Therefore, the objective of the new petroleum Code is to safeguard and secure the economic and financial interests of the Senegalese people."*
>
> (Senegal Petroleum Code, 2019, p. 1).

However, the focus on increasing competitiveness and attracting investments in exploration was achieved at the expense of regulatory oversight, which opened upstream oil governance to exploitation by political elites as well as by oil companies, for political, personal and commercial gains. This is particularly exemplified by the imbalanced distribution of power between the Ministry of Energy and the national oil company, Petrosen. Indeed, the Senegalese government opted to concentrate its technical capacities within Petrosen. This resulted a widespread governance scenario in large producer countries where the national oil company is responsible for commercial, regulatory and policy functions – and where the Ministry of Energy plays a symbolic and administrative role. This reveals the tensions that exist between domestic political forces and global ones. While the Ministry of Energy is tasked with great responsibilities to protect the national interest, it is not given the means to fulfil its mandate due to multiple considerations including political power preservation, genuine lack of resources and deliberate choice to create a strategically strong national oil company, which I examine further.

Key institutions governing the upstream sector

The Ministry of Energy

On paper, the Ministry is responsible for regulatory and policy oversight of the upstream and downstream sectors. It is specifically tasked with "promoting, orienting, regulating, coordinating and controlling exploration and production activities" (Ministry of Energy Senegal, 2021). According to the 2019 Petroleum Code, "petroleum contracts are negotiated by the Ministry responsible for hydrocarbons" (Senegal Petroleum Code, 2019). In reality however, its regulatory role has been continuously overtaken by Petrosen. The Ministry lacks resources to fulfil its regulatory mandate, which confers it at best a symbolic and redundant function in Senegal's oil governance. The Ministry's Department of Hydrocarbons only counts with approximately five staff members. In comparison, with Petrosen's teams, consisting of a team of legal, commercial, and engineering experts, the Ministry's Department of Hydrocarbons is staffed largely by engineers and geologists with little direct hydrocarbon exploration, development, and management experience. As such, the Ministry lacks the capacity to optimally oversee and even sanction commercial and legal negotiations with international oil companies. Therefore, the Ministry fulfils a symbolic regulatory, policy, and administrative role, which is key to facilitating commercial activities with international oil companies. The limited regulatory role it is now playing is comparable to the facilitating role its ancestor the Department of Mines played during exploration in the colonial period. Its administrative and regulatory powers exist only on paper and are second to Petrosen's who directs negotiations, reviews and approves contracts, and provides inputs into sector legislation.

According to an EITI report on Senegal's oil governance, the Ministry had the power to "forbid petroleum operations in particular geographical areas, grant exploration permits, authorise works for hydrocarbon transportation, decide on the attribution procedure for areas available for petroleum operations, accept or refuse requests for hydrocarbons titles or service contracts, sign conventions related to exploration permits, countersign service contracts and production sharing contracts, and negotiate contracts and conventions" (EITI Senegal, 2016, p. 49). Yet, in 2017, the Minister of Energy, Thierno Alassane was sacked by President Macky Sall for refusing to validate

the attribution of two licenses to Total for ultradeep offshore blocks. Former EITI permanent secretary in Senegal understood that:

"the story around the attribution of the blocks is not clear, but it is highly likely that it was attributed to Total due to the strong ties and history between France and Senegal. The government decided to value this as a criterion weighing more than other aspects of the proposals received, which were more advantageous economically." (Interviewee 6, Appendix 1, 2017).

Petrosen

Petrosen was created in 1981 in the wake of the second oil shock as a public limited company and is owned 99 percent by the State of Senegal (Petrosen, 2021). It counts with about 85 employees and is tasked with the commercial and strategic mandates of "promoting the Senegalese basin; representing the State and managing national interests in the petroleum sector, particularly in the context of production sharing contracts" (Petrosen, 2021). It was conceived of as an "instrument for the implementation of Senegal's petroleum policy" and remains the institution with the most technical and financial capacities to address strategic, commercial, policy, and regulatory issues facing the oil and gas sector (Petrosen, 2021). It is also responsible for drafting and negotiating conventions and contracts in partnership with the Ministry of Energy. As highlighted in an interview *"Petrosen is a big, big actor; the main and constant actor in exploration and production in Senegal"* (Interviewee 2, Appendix 1, 2021). This institutional design trait whereby the national oil company is established as a 'super agency' in charge of commercial, policy and regulatory functions is common amongst large oil producers (Thurber et. al., 2010). The national oil company's stronghold on oil governance can serve the purpose to deter fragmentation and political capture of oil governance by competing interests. It also provides a single point of contact to lead negotiations with oil companies (Marcel, 2006).

By requiring Petrosen to enforce regulations, government accepts the ambiguities and dilemmas inherent to a commercial operator having "to enforce regulations against [itself] or to choose between [itself] and other prospective contractors" (Heller, 2017, p. 6). This particular choice of institutional design shows political elites' predisposition to favour international investors' interests

over domestic ones. The gap between the institutional design described by the Codes and actuality leaves oil governance vulnerable. But while the Norwegian-style separation of commercial and regulatory functions may not be the best model for all oil producers, the merging of commercial, policy and regulatory functions can leave government vulnerable to corruption, and to a wide-range of economic, financial, environmental and social risks. These risks can be easily exploited by international oil companies to get a better deal at the expense of longer-term broad based interests of developing countries.

A French informant advising Petrosen and Macky Sall on oil governance stressed that this lack of institutional clarity purposefully illustrated government's reluctance to legislate and a preference for 'nebulousness'. According to the same informant this is the result of Sall's preference towards maintaining a degree of suppleness in terms of institutional arrangements and keeping regulations to a minimum in order to be more flexible and responsive. However, in the larger global scheme, Petrosen, despite its relative power in comparison with the Ministry of Energy, has limited resources and capacities to fulfil its 'de facto' and 'de jure' roles. As the Country Director for BP Senegal highlighted:

"[in terms of] capability and number of people who understand the industry (not talking about NOC), their head has been instrumental, he had previous experience working in oil companies, so he gets it, he knows how to keep the country's interests at heart, and also the companies interested. But in the end it's down to a handful of people (…) [talking about Petrosen] "it's skinny, very skinny, but good people" (…) when you have many projects at a time like GTA, SNE, Yakaar Teranga, it's a full time around the clock job". (Interviewee 14, Appendix 1, 2020).

License attribution process for Cayar and Saint Louis Offshore blocks

In 2004 and 2011, Petrosen signed joint operating agreements and production sharing contracts with Hunt and African Petroleum for Rufisque and Sangomar deep offshore blocks. In 2012, the newly elected President of Senegal Macky Sall ratified two exploration and production licences for Cayar and Saint Louis deep offshore that were granted to Petrotim Limited, a small company

owned by a Frank Timis, a businessman[29] with no demonstrated financial and technical capacities to explore and develop potential offshore hydrocarbon resources. Frank Timis was described as having a "cloudy reputation, to put it extremely mildly" (Bloomberg, 2019). The initial negotiations which started between 2010 and 2011, were kept close to power and managed as a family affair. Indeed, they were facilitated by former President Wade's son, Karim and current President Sall's brother, Alliou. The contracts for Cayar and Saint Louis deep offshore indicate that technical negotiations were led by Petrosen and by the son of the former President Abdoulaye Wade, International Cooperation, Territorial Development, Air Transport, and Infrastructure Minister Karim Wade. In turn, Alliou Sall, the current President's brother, who served as an advisor at the Senegalese Embassy in China at the time and is understood to have helped connect Petrotim Limited with the Senegalese authorities (Jeune Afrique, 2019).

On the basis of the 1998 Petroleum Code that was in force, which gave the Minister of Energy the discretion to approve licenses without there being a required process to follow, Karim Wade and Alliou Sall conducted the licence attribution process through 'closed door' negotiations with Wong Joon Kwang, a business intermediary representing Frank Timis. However, it turned out that in the meantime Petrosen had been negotiating with Tullow Oil, a midcap oil company founded in 1985, for these same blocks. Interviewed as part of a corruption inquiry in Senegal, Petrosen's current CEO Mamadou Faye explains:

"during a meeting with then-CEO I was told about the signing of contracts for Deep Saint-Louis offshore and Deep Cayar Offshore with Petro Tim Limited. I was very surprised, since until March 2012, we had still been negotiating with the company Tullow Oil, and at no time were negotiations with a company name Petro Tim envisaged. It was the first time I had heard about this company. As exploration and production manager, I am an ex-officio member of the commission of negotiation. In this instance, the case was not referred to the commission of negotiation. We have been faced with a fait accompli." (OFNAC/OCRPP, 2019).

[29] A Romanian native of Australian citizenship.

In another interview from the same inquiry, Awa Ndongo, the local representative for Tullow Oil claims that:

"at some point in the negotiations, the then-CEO of Petrosen, requested the payment of an amount of one million five hundred thousand (1,500,000) dollars per block, for the award of the licenses. The company Tullow asked for it to be formalized in writing, which they did by email, which I will transfer to you". However, Ndongo claims that Tullow did not pay this amount because they *"were between the two rounds of the presidential election, and Tullow wanted to wait for the end of the elections to sign an agreement"* (OFNAC/OCRPP, 2019).

A year later, a memorandum of understanding between Petrotim Limited, the company created by Kwang, and Petrosen was signed. In January 2012, the two PSCs for Cayar and Saint Louis deep offshore were signed between the government of Senegal and Petrotim Limited's Kwang (République du Sénégal, 2012). Petrotim Limited was created in July 2012 by Frank Timis and managed by Alliou Sall, Macky Sall's brother. The blocks were later transferred to Timis Corporation, also created by Frank Timis. On 26 September 2012, Petrotim and Petrosen entered into a joint operating agreement that was approved on 25 October 2012. The PSCs were signed by the Minister of Energy and Director General of Petrosen under Abdoulaye Wade's administration, and ratified by the newly elected President Sall.

In 2014, Kosmos Energy, a medium sized exploration company headquartered in Texas, acquired working interests in both Cayar and Saint Louis licences before successfully finding large gas deposits. According to Reuters in October 2014, Kosmos Energy then signed a US$400 million 'farm-in' agreement with Petrosen and Timis Corporation. The licence and percentage of interest stakes held by Petrotim and Timis Corporation would be transferred to Kosmos Energy who would implement the exploration and production commitments stated in the PSC. Following Kosmos' discoveries, BP in turn acquired Kosmos Energy and Petrotim Limited's working interests in the Senegalese and Mauritanian blocks over 2016 and 2017. These licence transfers and farm-out agreements continued to involve Macky Sall's brother, who by then had become the Country Director of Petrotim's Senegalese office. These events resurfaced in the summer of 2019, with a BBC documentary which claimed that; "BP has agreed to pay around ten billion dollars to a

businessman involved in a suspicious energy deal. The energy giant bought Frank Timis's stake in a gas field off the coast of Senegal for $250 million in 2017" (BBC News Africa, 2019).

Although the BBC's claims were dismissed by the African Chamber of Commerce, they bring to light a series of dynamics that have characterised how exploration and production of oil and gas resources were negotiated by Senegalese political elites. According to Gillies (2019) this license attribution process raised numerous red flags, including: "hiring an unqualified company, engaging in a business relationship with a politically exposed person, conflict of interest deviation from industry norms and asset flipping". It is clear that Petrotim and Timis Corporation were created as intermediaries to facilitate Kosmos' acquisition of exploration and production rights over Cayar and Saint Louis offshore blocks, which is a common practice in the industry (Gillies, 2019). It illustrates that pre-oil production negotiations under Wade were vulnerable to political capture partly due to a Petroleum Code which allowed discretionary decisions from the Ministry of Energy, and did not require a competitive bidding process to guide license attributions. The combination of the rampant nepotism of Wade's regime and the pre-election period provided incentives for unethical behaviour, which both Petrosen and the Ministry of Energy took advantage of. Despite the opportunity presented by high oil prices, when it came to negotiating with oil companies, political elites were more in a 'free for all' mindset than one of defending the national interest.

This corroborates the idea that institutional design must be considered in tandem with the political economy context in order to understand oil governance choices. By comparing Uganda and Ghana oil negotiation cases Hickey et al. (2015) show that strong democratic institutions do not automatically result in good governance of oil. Negotiations over the Jubilee field that followed Ghana's oil discoveries in 2007 were hampered by political opposition, resulting in a weaker negotiating stance against Kosmos Energy. In contrast, Uganda's semi-authoritarian regime fared much better at negotiating a higher government take with oil companies. This is illustrated by the World Fiscal Systems for Oil Map (Van Meurs, 2019), where Uganda shows a government take from oil revenues in the category of 80 percent whereas Ghana's is much lower, 60 percent (Petroleum Economist, 2012).

However, Uganda's upstream framework presents a crucial advantage over Ghana and Senegal's which was that it gave two windows of opportunity for government to negotiate: one for exploration activities, and a second one for development and production following discoveries (Uganda Petroleum Exploration, Development and Production Act 2013, Uganda Petroleum Exploration and Production Act 1985). This constitutes a major bargaining chip, which Senegal did not have following the discoveries that were made by Kosmos. These legal and institutional design constraints make it all the more important for Senegal's sector authorities to defend the national interest every chance they have (license attribution, and throughout pre-FID negotiations). However, the unfolding of pre-oil negotiations highlights the absence of legal, institutional and political incentives to pursue a stance that would increase the revenue pie for the national interest were not in place.

In terms of addressing the causes of oil governance choices, Poteete (2009) and Hickey and Izama (2017) look to the imprint a particular domestic power distribution at the time of resource discovery had on governing institutions. The Senegalese case highlights that it is problematic to identify a 'fixed' point in history where political agency was constrained or advanced by institutions that are the product of a specific and time-bound political power distribution. Indeed, within the 'state-marabout' political economy dynamics and the fluctuating nature of contemporary politics, it is challenging to pinpoint an exact moment or institution that hindered or helped oil governance flourish in Senegal. A number of critical moments that shape oil governance can be identified. These include the legal heritages from the post-colonial and Washington Consensus moments in the country's history I have reviewed in earlier chapters, but also license attribution where the contract that determines how profits from potential future discoveries will be shared is signed the license holder, as well as the specific post-discovery negotiation leading to final investment decision, and more general time period following resource discoveries.

In this context, political leadership and agency in Senegal has had a number of opportunities to define and recalibrate its approach to oil governance. Furthermore, as an analysis of the interconnectedness between Senegal's legal framework and global colonial and capitalist forces suggests, it is challenging to fully isolate domestic institutions from the global oil industry's influence. Indeed, the Senegalese government's choices over oil governance that followed discoveries were already constrained by decisions from past regimes and external influence.

Production sharing contracts: Rufisque, Sangomar, Cayar and Saint Louis offshore

In this section, a PSC analysis looks at "the four main means by which governments get a piece of the pie: revenues, royalties, cost recovery and profit oil split, which are the heart-and-soul of most arrangements between IOCs and host governments and constitute around 90 percent of the rent received by host governments around the world" (Johnston et. al. 2008, p. 4). The three PSC regimes consist of cost recovery, profit oil, fiscal regime, government share and contractor share, and state participation terms. Other terms and provisions include annual payments to the government for lease rentals of the blocks, administration fees, training bonuses, capacity building grants and purchase of equipment, price of oil, transport and local demand for hydrocarbons, and natural gas. It is important to note that PSCs differ from country to country, and as highlighted earlier, the terms of these PSCs correspond to what was negotiated before oil and gas discoveries were made (unlike Uganda's case where PSCs are negotiated following successful exploration activities).

Table 2: E&P Sharing Contracts for Sangomar and Grand Tortue

Exploration and Production Sharing Contracts	Rufisque et Sangomar	Cayar	Saint Louis
Date of signature	15 July 2004	19 June 2012	19 June 2012
Surface	7 136 Km²	5 465 Km²	6 955 Km²
Operators at signature	Senegal Hunt Oil Company	Petrotim Limited	Petrotim Limited
Government : Operator PSC ratio 'range'	Min. 15:85 % - Max. 40:60 %.	Min. 35:65 % - Max. 58:42 %.	
Year of discovery **Nature of finds**	2014 Oil reservoir with associated natural gas	2015-2016 Natural gas reservoir	2015-2016 Natural gas reservoir

Proven resources	Extractable oil resources estimated at 630 million btu. Associated and non-associated gas 4Tcf.	Natural gas reservoir that straddles the Senegalese and Mauritanian frontier holds in total 20Tcf.	
Appraisal works	8 wells drilled between 2014 and 2018.	3 appraisal wells Ahmeyim-2, Tortue-1 and Geumbeul-1.	
Operators at FID	Capricorn Senegal (40%), Woodside (35%), Far (15%), Petrosen (10%).	BP Senegal (60%), Kosmos (30%), Petrosen (10%). BP Senegal (60%), Kosmos (30%), Petrosen (10%).	
Development plan	Three phases. First development phase entails 23 production wells and an FPSO.	Three phases. First phase entails FPSO and FLNG, 12 production wells.	
Date of FID	9 January 2020	December 2018	December 2018

Source: Author's composition.

Revenue sharing

In the cost structure of upstream contracts, the shared revenue is the value of sales minus the operating and capital expenditures. Once a company recovers its costs, it can begin to share the profits derived from oil production, which is called profit oil. In Senegal's case, profit oil is shared based on a progressive sliding daily production scale which improves in favour of the state as production scenarios increase for all three PSCs, Rufisque and Sangomar, Cayar and Saint Louis deep offshore. According to Johnston et. al. "these sliding scales are designed to provide the host government a greater share of profits for larger and/or more profitable fields" (Johnston et. al., 2008, p. 8). With regards to Cayar and Saint Louis offshore (République du Sénégal, 2012) the ratio starts in favour of oil companies with a 35:65 ratio for production below 30,000 barrels for Tier One production. For Tier Two, the ratio is 40:60 for a production between 30,000-60,000 barrels. For production between 60,000-80,000 barrels, Tier Three has the state in equilibrium with

the contractor at a 50:50 ratio. Over this limit, Tier Four's ratio tips slightly in favour of the state with 54:46 for 90,000-120,000 barrels, and Tier Five is set at 58:42 for anything higher. This means that if during the first year of production the operator recovers costs at the fixed ceiling of 75 percent, the state would expect revenues ranging from 35-58 percent of the 25 percent of production protected from cost recovery.

Table 3: Revenue sharing ratios for Cayar and Saint Louis Deep Offshore

Production (barrels per day)	State	Operator
Tier One <30,000	35 %	65 %
Tier Two = 30,000-60,000	40 %	60 %
Tier Three = 60,000-80,000	50 %	50 %
Tier Four = 90,000-120,000	54 %	46 %
Tier Five > 120,000	58 %	42 %

Source: République du Sénégal, 2012.

The resource that was found on those two blocks holds about 15-20Tcf of natural gas, which represents about 2.3MT of natural gas production per year over a period of 20-30 years. Based on these production estimates, 9 million barrels of oil equivalent would be produced in a year (based on my own calculations, drawing from interviews with industry experts). This would amount to a Tier One daily production around 25,000 barrels. Based on current Henry Hub prices for natural gas at approximately US$4 per MBTU, these resources represent about US$460 million.[30] Fiscal experts I have interviewed have estimated potential total revenues at US$ 15 billion over the course of production which could last between 20 to 30 years (based on a US$60 barrel of oil equivalent scenario).

Based on this assumption and a US$4 billion capital expenditure investment for resource development, it would take about 12 years for international oil companies to recover their costs

[30] Based on 1 million tons of LNG being equal to 50 million MMBTU, 2.3 million tons of LNG is 115 million MMBTU, at current Henry Hub price per MBTU of US$4, total revenues would be US$460 million a year.

with a 75 percent cost oil rate. During cost recovery period, this would leave US$115 million profit revenues per year to be shared based on the sliding scale revenue sharing ratios. Based on the revenue sharing scale, this would leave US$28 million to the government per year, and US$86 million to oil companies. Petrosen's share of these revenues would be US$11.5 million a year (based on a 10 percent participation although it has the option of increasing its participation to 20 percent).

In contrast, with regards to Rufisque and Sangomar, the ratio starts dramatically lower likely due to the lower oil price context of 2004, with a Tier One ratio of 15:85 below 50,000 barrels. For example, the largest production tier, Tier Five above 200,000 barrels offers 40:60 in favour of the operator (République du Sénégal, 2011). Given that the first phase of Sangomar development plans a production capacity of 100,000 barrels a day, the production sharing ratio could be estimated to hover under that ceiling, between tier one and two, 15:85 and 20:80. Based on an oil barrel priced at US$60, fiscal experts I interviewed shared they estimated total revenues for government at US$9 billion in total, over the course of production (20-30 years).

Table 4: Revenue sharing ratios for Rufisque and Sangomar (for > 500 meters depth)

Production (barrels per day)	State	Operator
Tier One <50,000	15 %	85 %
Tier Two = 50,000-100,000	20 %	80 %
Tier Three = 100,000-150,000	25 %	75 %
Tier Four = 150,000-200,000	30 %	70 %
Tier Five > 200,000	40 %	60 %

Source: République du Sénégal, 2011.

Changes in the rate of production significantly affect the speed of cost recovery as well as the revenue sharing ratio between the state and the operator. Yearly production rates are determined subsequently during the appraisal phase by the operator in their development plan, which is based on key technical and economic variables. Depending on profitability and the overall development

plan, the operator could have an interest in stretching the lifecycle of the field by maintaining a low production rate, thereby also locking government revenue share under 50:50 and guaranteeing itself a share of 60-65 percent of profit oil. In theory, government could also choose to develop resources quickly, setting up for the highest tier production at 58:42 ratio in favour of government, which would limit the lifecycle of the field and offer a bigger and more immediate share of revenues to the government. However, the choice of production rates is made after discoveries are confirmed, and during negotiations leading up to FID. In this second phase of negotiations, the determinants of how revenue is split are strongly influenced by the technological solutions put forward by international oil companies. However, they are also influenced by potential revenues for both international and national oil companies that logically aim to increase their revenues.

Elsewhere, emerging producers were able to negotiate more favourable revenue sharing terms when oil prices were peaking. For example, President Museveni of Uganda negotiated a revenue sharing ratio of 80 percent in its favour with the 20 percent remaining for Tullow Oil. In Ghana, the revenue share negotiated for the Jubilee field still favoured government with 60 percent (Hickey, 2015). In 2012, Uganda negotiated with Tullow Oil production sharing on a sliding scale of much better terms, starting at low production with 46:64 for the operator and ending at the highest production with 68.5:31.5 for the state. In Tanzania, the Songo Songo gas field negotiated a revenue sharing scale ranging from 70 percent to 45 percent for the state. Against this mark, the Senegalese PSC regime stands right below the low point of government share when high production flows are considered. In their analysis of Rufisque and Sangomar PSC, Diouf and Laporte (2017) also conclude that the tax regime is well below the average regional norm for other producers in Africa, standing between 65 and 85 percent. In their view “this contract (SNE) is far from being “optimal” for Senegal. The government take is well below “international standards” and the risks of low taxation over the project life are significant” (p. 231).

Fiscal regime

The literature on fiscal incentives in developing countries highlights that there is a limited understanding of how governments choose to offer specific investment terms with limited information (Tavares-Lehmann et al, 2016). However, elements from the license attribution

process indicate that Petrosen played a crucial role in the negotiations and that the Ministry of Energy remained in the background. Fiscal terms set by the PSCs are extremely attractive to investors as they exempt oil companies from paying taxes during the exploration phases. Profits made by contractors are taxed 10 percent below the rate imposed by the Petroleum Code. The Cayar and Saint Louis contracts contain a stability clause that protects investors from fiscal reforms or regulatory changes affecting the contracts. In addition, the PSCs do not make explicit reference to royalties, which signifies a preference for long-term revenues over short-term fiscal returns (Marcel, 2016). With regards to Rufisque and Sangomar, apart from corporate income tax, which is higher at 33 percent, other key terms such as cost oil recovery and revenue sharing are similar or less advantageous for the state. In comparison, Ghana, Uganda, Tanzania and Mozambique PSCs contain explicit terms on royalties usually ranging between 5 and 12.5 percent of production. Preference for long-term revenues hides the fact that, while oil revenues will only start flowing into state coffers by 2030, Petrosen will be entitled to 7.5 percent of cost oil to recover its investments as soon as the first oil flows. This indicates that while the state is set to receive deferred income, Petrosen takes on considerable risks and can therefore potentially be rewarded earlier than the state. The revenues received by Petrosen are separate from those that will be received by the state.

Cost recovery

According to interviews with an oil and gas exploration and production expert, the capital expenditure costs to develop the natural gas resources found in these blocks could be about US$4 billion (Interviewee 24, Appendix 1, 2017-2018). Without a guarantee that capital expenditures can be recovered, oil companies would have less incentives to invest, and their investors would finance them at higher costs. Cost recovery terms stipulate that the contractor, Petrotim Limited would recover a maximum share of 75 percent of total commercial production value of oil and natural gas every year until costs are recovered. This cost recovery limit also ensures that the state receives a minimum of 25 percent from oil production even when no profits are made. This is quite comparable to the Rufisque and Sangomar terms where cost oil recovery hovers between 70 and 75 percent depending on the resource depth.

Both interviews with upstream contract specialists and a comparison with other emerging producers' PSCs show that the 75 percent cost recovery is average. Similar emerging producers in Africa have set cost recovery limits that range from 60 to 75 percent (Marcel, 2016). Tanzania agreed to a 75 percent limit in its contract with Panafrican Energy for the Songo Songo gas field in 2001. Uganda negotiated a cost recovery cap of 60 percent for oil and 70 percent for gas with Tullow Oil for the Kanywataba area in 2012. Finally, Mozambique negotiated 75 percent with ENI for the Rovuma field in 2007. In contrast with other contractual terms, cost recovery, which sets how companies are allowed to recuperate their exploration and production costs, is very much aligned with international standards. This is not surprising since international oil companies attach significant value to recuperating their capital expenditures over the first years of production (Dawe and Russell, 2013).

Participation of the national oil company

As a national oil company, Petrosen plays a double role of commercial operator and investor as well as state representative, providing opinions that shape licence attribution, appraisal negotiations, and monitoring of production. Its ability to defend the national interest is therefore qualified and relative to this double function. Former exploration director for Total and advisor to the Senegalese government highlighted that:

"national oil companies [are] interesting animals that play a double game, sometimes pretending to be the state while deep inside they are a commercial agent". (Interviewee 24, Appendix 1, 2018).

Petrosen's 10-20 percent range of participation in the Cayar and Saint Louis deep offshore means that under a 40:60 profit oil sharing ratio in favour of the international oil company, the government of Senegal will be entitled to 20 percent of revenues, and Petrosen, between 10-20 percent. Petrosen therefore commits to financing 10-20 percent of the development phase of the discovery. This amounts to up to $80 million based on capital expenditure estimates. However, due to the commercial role it plays, Petrosen has an incentive (similar to international oil companies) to inflate capital expenditure costs in order to lower government revenues, referred to

as ‘gold plating’ (Mintz & Chen, 2012). This is a problematic and risky feature of production sharing contracts which promotes capital and operating cost inefficiencies amongst the operators. A petroleum tax expert advising the government of Senegal whom I interviewed, confirmed that this was one of the weaknesses of PSCs, which can encourage abuses especially in cases where regulatory agencies have limited experience and knowledge of the sector:

“Senegal’s PSC sets the stakes very high in terms of government control, audit, and monitoring capacity. Production sharing contracts have been prescribed to developing countries by international organisations because they ensure a steady and minimum source of income for government [profit oil based on the production sharing ratio]. Yet, production sharing contracts can be more challenging to manage for developing countries with limited administrative and technical auditing capacities than concessions. With PSCs, and the R-factor, oil companies (national and international) have an incentive to exaggerate costs, to reduce profit shared with government. Therefore, their use requires a good control capacity and knowledge / understanding of costs entailed.” (Interviewee 3, Appendix 1, 2019).

Petrosen holding a 10-20 percent working interest in Cayar and Saint Louis deep offshore constitutes an opportunity to get a share of the production profits in kind or in cash, to learn and build capacity. On the other hand, it risks having to invest 10-20 percent of total development costs proposed by the operator, which could represent US$400 million. This can present a serious sovereign contingency risk for the government of Senegal depending on the sources of project financing it can secure. However, it presents an overall fiscal and financial risk to the state (Manley & Heller, 2021) including the risk of having to be bailed out by government in case of unforeseen changes in market, technological or production conditions – especially in the current global context (IMF Country Report No.19/28, 2019). In addition, “most NOCs transferred less than 25 percent of their gross revenues to their governments [but by the time] prices had plummeted, this figure dropped to 17 percent” (Heller & Mihalyi, 2019, p. 12). Finally, the state also faces the risk that costs that should be borne by Petrosen are effectively transferred to the state through cost recovery or tax deductions. According to Johnston et. al. (2008),

"typical government participation is where a national oil company has the right and/or option to take up a working interest in a discovery if it is deemed to be commercial. It is not a popular thing with IOCs but it is a fact-of-life. In about half of these arrangements the NOC does not reimburse past costs but they do allow these costs to be cost recovered and/or tax deducted" (p. 5).

Operator responsibilities

The PSC regime entrusts the contractor with vast responsibilities pertaining to evaluating the geological characteristics as well as the commercial viability of the resources. As part of these obligations, the contractor is expected to share information on recoverable, proven, and potential resources and a production methodology for oil production and recuperation of natural gas resources, to develop a project plan and budget, to create a construction plan, and environmental impact studies (Radon, 2005). Other obligations from the contractor include traditional exploration costs and investments, which amount to about US$48 million over two activity phases for each block. They also include capacity building and training activities for US$700,000 annually in both contracts, investments to promote the national acreage for US$100,000 or purchasing equipment for US$150,000. However, for Cayar and Saint Louis, as I discuss in the next chapter, Kosmos and BP did not conduct a typical appraisal campaign considering the large surface and complexity of the trans-boundary field of Grand Tortue Ahmeyim. In addition, BP reached an atypical FID (final investment decision) which left additional appraisal wells to be carried out as part of project development and therefore as costs that were not 'carried' but directly borne by Petrosen.

Domestic oil and gas demand

The PSCs for Saint Louis and Cayar leave out important decisions for later stages of negotiations, especially on resource delivery point specifications and terms for earmarking production for domestic markets in case natural gas is found. The contract states that if oil is found, priority would be given to selling it to cover domestic market demand. However, if natural gas is found it is not clear whether priority would be given to domestic markets. It does not specify the delivery point of the resources, which for natural gas could mean at the underwater gas field. In this case, although

it provides a chance for government to negotiate, it also constitutes an opportunity for the operator to impose technological solutions that can increase costs for government. In contrast, the PSCs for Rufisque and Sangomar do offer unequivocally better conditions for covering domestic demand in oil and prioritising sales to the government of Senegal. In the case of non-associated gas, it also explicitly gives priority to routing it to the Senegalese domestic market. This constitutes a plus for the Senegalese economy, as both options to receive nationally produced oil and gas should come at a minor cost for the state compared to imports.

According to a petroleum fiscal expert with extensive experience advising African governments on their upstream legal and fiscal framework, the focus on legal and contractual designs that limit corruption opportunities, helped promote the use of production sharing agreements in the developing world, and particularly in Sub Saharan Africa. However, PSCs appear to be antiquated contractual tools that were once relevant from a time when producer countries were renegotiating their relations with oil companies (in the 1950-60s). Their recent application in Senegal poses more challenges than opportunities for the state to promote the national interest, especially in terms of retaining the ability to control and audit costs. As the interviewee very bluntly put it:

"Production sharing contracts have been dogmatically pushed by international organisations, especially in Africa, with the consequence of ripping countries off (…) A common mis-understanding in developing countries is that they are the contract of the future and incorporates the aspirations of developing countries in terms of control and sharing of petroleum. In fact, during the last two decades, four important Asian nations have moved out of PSCs: Russia, Kazakhstan, Indonesia, and India." (Interviewee 23, Appendix 1, 2019).

The 2019 Petroleum Code

Between the 1998 petroleum code under Diouf's presidency and the discoveries under Macky Sall's regime, oil governance fell from government's strategic priorities. Wade's presidencies (2000-2012) focused on downstream issues including increasing energy access, diversifying the energy mix and investing in renewable energies. In turn, Macky Sall's PSE development strategy continued to focus on affordable access to renewable energy, particularly in response to high oil

import prices in 2012 that placed tremendous pressure on the state's budget (République du Sénégal, 2014). According to EITI Senegal's Permanent Secretary, it was the Sangomar and Grand Tortue discoveries that prompted reforms and the need to bring the old petroleum code up to speed with *"the country's new ambitions and sustain its efforts to bring current development projects to light"* (Interviewee 2, Appendix 1, 2021).

The 2019 petroleum code was drafted during the presidential election campaign and voted a few days before the election, on February 1st. Its objective is to prolong the measures from the previous 1998 code in order to stimulate exploration and production in the country. The main changes it proposes are the introduction of a competitive bidding process for license attributions and punitive measures if the operator does not meet minimum work obligations, as well as a fixed minimum government take set at 40 percent. Yet, the option still exists to move to direct negotiations if the bidding process is unfruitful. Apart from these new features, the new code is generally 'faithful' to earlier intentions to attract (and retain) investments. As such, it does not veer far from the 1998 legal and fiscal terms, and does not resolve the institutional ambiguities between Petrosen and the Ministry of Energy.

The new legal and fiscal terms provide stability for ongoing exploration and production investments, while introducing more granularity to the way hydrocarbon resources are managed by the country. For instance, while the production sharing contract modality remains in place, the 2019 code defines some terms for its application. These terms include a cost oil ceiling that is modulated depending on Senegal's different domains (onshore/shallow, offshore and ultradeep offshore). The maximum cost oil companies can claim once production starts flowing increases with the costs and complexity required to develop the resource. For example, onshore resources are cheap to develop and therefore benefit from a 55 percent ceiling. At the other extreme, which is likelier given Senegal's remaining unexplored offshore domain, are ceilings ranging from 60 to 70 percent for ultradeep offshore (Petroleum Code Senegal, 2019).

Table 5: Cost oil 'limits' of the 2019 Petroleum Code

Onshore	55 %
Shallow	60 %
Deep offshore	65 %
Ultradeep offshore	70 %

Source: 2019 Petroleum Code.

In terms of revenues, the minimum government take is set at 40 percent and then varies depending of an R factor that is based on profit and investment costs. Possible government take ranges from 40 to 60 percent, which is comparable to the terms set by the Cayar and Saint Louis PSCs. Just as cost oil, royalties are defined based on the domain, with oil royalties ranging between 7 and 10 percent, while gas is set at 6 percent. Finally, a bonus payment at the signature of a license is also instituted. Institutionally, both Petrosen and the Ministry are tasked with representing the state's interests despite the Ministry of Energy not having sufficient financial and technical capacities to fulfil its regulatory mandate properly, which leaves Petrosen with the classical dilemma faced by national oil companies, defending both its own commercial interests, and that of the state (Petroleum Code Senegal, 2019). In addition, the local content law does not impose any stringent or compulsory measures to incentivise companies to training and hire local workers in resource development activities. The law requires companies to draft a yearly local content work plan, outlining a plan to hire Senegalese workforce and what types of trainings are proposed to fill the gap so that local workers are able to replace non-nationals. Only is it for non-qualified jobs that local workers will be given priority over non-nationals (Local Content Law, Senegal, 2019).

The new legislation stays in line with the 'neoliberal' spirit of the 1998 Petroleum Code as well as Macky Sall's determination to retain investors over the long-term. Indeed, a drastic change of fiscal and legal framework would have certainly jeopardised and possibly postponed the investment decision for Sangomar and Grand Tortue. As highlighted in an interview:

"with the question of natural resources, the problem is that we have an economy that is extraverted. That is to mean that you told people to come invest, we need investments, we granted

them exonerations, and in return, instead of ensuring some commercial transformation happens on the ground, all products are exported. It's true that you will see the impact on the trade balance, but in terms of economic impacts there will be problems."

(Interviewee 2, Appendix 1, 2021).

Conclusion

I have argued that Senegal's oil governance choices and institutional design are the result of the 'state-marabout' settlement as well as wider forces pertaining to the global 'oil assemblage' (Watts, 2013; Mitchell, 2011). The interconnection between political elites, political settlements, institutional design and development pathways is strongly evidenced by my examination of Senegal's upstream oil and gas legal, fiscal and institutional framework. Senegal's oil governance institutions and laws highlight the links between the domestic and global spheres in a way that sheds light on three salient themes: the 'requirements' of the global oil assemblage, the deep running political economy foundations of Senegal, and the more contemporary, and fluctuating aspects of its political settlement. This indicates the strength of bringing together domestic political settlement approaches and wider macro theories such as critical theory and oil assemblage (Cox, 1981; Watts, 2013). Relational political economy analyses, in contrast with classical political settlement approaches, are well suited for an accounting of the links between state institutions and broader analyses of contemporary capitalism (Mohan, 2019).

The analysis of Senegal's upstream oil and gas legal, fiscal and institutional design, illustrates the fact that host governments can be extremely eager to attract investments, often at the expense of widening the revenue pie and gaining broad-based economic benefits. Indeed, frontier markets like Senegal can make for particularly favourable deals for international oil companies (Buur et al., 2017). My analysis has shown that Senegal's willingness to walk away from disadvantageous deals and renegotiate 'rules of the game' and engagement in the upstream is limited. This is illustrative of a wider trend which has been identified by Sauvant and Wells (2021) who stress that "gone are the days when governments could easily renegotiate natural resource contracts if investors reaped bonanzas from rising resource prices, surprisingly rich discoveries, or terms that were too favourable". Host countries are now faced with more limited windows of opportunity to

renegotiate unfavourable investment conditions, especially in the oil and gas sector in the context of the climate transition and question of stranded assets.

The irregular license attribution for Cayar and Saint Louis blocks illustrates some aspects of the 'pre-source curse' dynamics countries are said to experience between discoveries and production (Frynas, 2017). Furthermore, choices made before oil and gas resources had been discovered dramatically defined Macky Sall's government 'wiggle room' to negotiate with oil companies leading up to final investment decision. This supports the idea that "immediate political threats" or opportunities can "encourage governments to favour the disbursal of short-term benefits over longer term planning and investment (Poteete, 2017, p. 3). More importantly, however, it raises questions on political elites' preferences for short-term gains and on the role of 'oil expectations'. In Ghana, and Kenya, unrealistic oil expectations have jeopardised the positive long-term development outcomes oil and gas production can generate (Cust & Mihalyi, 2017; Tyce, 2020). Yet, in Senegal, as well as in Ghana and Kenya these so-called expectations have not translated into 'high expectations' at the negotiating table in the period leading up to FID. As I have argued, they have resulted in disappointing investment outcomes.

I propose that the domestic and international underpinnings of Senegal's 'state-marabout' political economy provided few political incentives for elites to choose a more resource nationalist or ambitious stance. At the 'micro' level of political elites, there has been no incentive to change a framework that was oriented towards benefiting investors over the state 'by design'. Politically there has been little motivation to create an independent regulatory agency or to reinforce the Ministry of Energy's capacity to technically validate and check Petrosen's decisions because experience has proved it can backfire against the regime's hold on oil governance and jeopardise investments. While it may create incentives for political elites to take advantage of the concentration of power within Petrosen, it has the benefit of keeping opportunism circumscribed to individuals who are close to the president's circle (Hickey et al., 2015). For Macky Sall, institutional ambiguity has presented political benefits in terms of limiting competition over oil governance and concentrating his strategic hold on the sector. However, this has had an impact on project outcomes. At the 'macro' level, the structures of oil and gas investments proposed by the oil companies, with offshore, multi-phase, modular and lease-based solutions, also limited

Senegal's bargaining power and played into its political elites' interest in short-term gains. This insight affirms the role of transnational actors in designing projects that offer limited returns, bargaining power and high amounts of uncertainty and risks regarding future revenues for host countries.

Chapter 7: Grand Tortue Final Investment Decision

Introduction

BP and Kosmos announced they had reached final investment decision (FID) for the first phase of the Grand Tortue Ahmeyim (GTA) in December 2018 based on two development concepts agreed with by the Senegalese government. Based on industry trends, the project achieved FID in record speed, three years within having made the discoveries.[31] The pace of this early decision set in motion key assumptions about the ongoing design of the project, including its distribution of costs and rewards between companies and the government. FID is a major moment of 'no turning back' after which governments are no longer able to challenge or re-negotiate the concrete terms of how the resource will be developed and how the resource will be extracted. Nevertheless, an examination of the development concepts agreed for GTA suggests that Senegal settled for a distribution of benefits that advantages oil companies and that threatens its own future revenues and resource recuperation for GTA.

The gap between expected and realised capital expenditures is distinctive of the upstream segment of the oil industry (Merrow, 2012). In Norway for example, projects underwent an average of 50 percent cost overrun for each oil development megaproject since 1999 (Dahl et. al., 2017). This is due to the oil business cycle and project management issues such as inadequate time dedicated to pre-engineering studies, as well as "unrealistic ambitions and too optimistic estimates" (Dahl et. al., 2017, p. 68). Merrow (2012) shows that there is a significant trend of underperformance in global exploration and production oil and gas megaprojects, that also affects prospective producers in Africa. The author finds that only 22 percent of the 130 megaprojects examined across 9 regions in the world were successful. In addition, 78 percent of these megaprojects met real cost overruns and delays in execution timelines of 30 percent.

These issues are common with megaprojects in the oil and gas industry. Yet, they do not appear to factor in negotiation dynamics and outcomes in the case of GTA. According to Merrow, "64 percent of these projects experienced serious and enduring production attainment problems in the

[31] In comparison, it took six years for Woodside to reach FID for Sangomar.

first two years after first oil and gas" (2012, p. 38). He attributes this underperformance to exploration and production companies to three factors: (1) the weakness of the Front-End Loading phase of project preparation before FID (which includes appraisal and Front-End Engineering Design); (2) discontinuity in project leadership and short project management cycles within companies; and (3) the 'need for speed' of upstream business segments of the industry (Merrow, 2012, p. 40). GTA illustrates these industry pitfalls. It also sheds light on the fact that a strong hold on political power by leaders does not automatically result in a more ambitious negotiation stance vis-à-vis oil companies. On the contrary, it can accelerate the process of poor resource recuperation and create a suboptimal 'production path dependency'.

This chapter explores the ramifications of how project choices have resulted in an unequal and suboptimal distribution of benefits for government. As suggested above, the field development concept and plan agreed between operators and governments can greatly affect how much of the oil and gas resources can be recovered (Osmunsend, 2011). Geological assumptions, engineering solutions, and 'resource development concepts' that are established during negotiations matter because they impact governments' economic and political outcomes. When asked about the resource development process, an interviewee highlighted:

"Negotiations per se are not interesting. Negotiation is not approached as a holistic process but via specific entry points such as technical solutions, market factors or local content provisions. It's the way they interact that is at the heart of the matter. For the private sector, this is mediated by risk and reward analysis." (Interviewee 24, Appendix 1, 2018).

In this context, my objective in this chapter is to examine how political and economic power is expressed through seemingly technical decisions and choices. Drawing from Cox's rationale for imagining better worlds and analysing global socio-economic reality critically (1981), Di John and Putzel's (2009) work on elite bargains and the technical literature on offshore project engineering and economics, I seek to decipher what decisions around GTA reveal about the distribution of power between oil companies and host governments. Given its exceptional geological and design features and the fact that foreign capital is the largest driving force behind oil and gas development

in Senegal, what can therefore be said about the government of Senegal's bargaining power in the specific case of GTA?

Decision making around GTA can be considered against industry and policy criteria exemplified in the oil and gas industry and policy literature (Marcel, 2016; Merrow, 2012; West, 2020). Furthermore, I advance my analysis on the basis of interviews with industry experts with experience in exploration and production with major oil companies, in Africa and other regions. First, I critically discuss GTA's foundational pitfalls which I argue set the premise for a skewed project construction which includes technical and technological choices that ultimately affect Senegal's economic benefits. Here I draw my attention to GTA's incomplete appraisal program as well as its somewhat geologically unfounded 50/50 assumption. Second, I critically assess the offshore technology solution and implications on cost and reward distribution, especially in terms of resource optimisation local content generation opportunities for Senegal.

The analysis of the GTA project sheds light on the instrumentality of 'rule setting' and discursive power in justifying the distribution of economic benefits between the government of Senegal and oil companies. This chapter highlights how oil companies control the technical narratives that underpin project developments and the unequal distribution of economic benefits and social, political and environmental risks. The power oil companies possess to define and control the technical terms that are negotiated is illustrative of their 'hegemony' over oil governance in an emerging producer such as Senegal. This is relevant to our discussion on power because it evidences how technology and technicity are tools through which economic and political power is exercised by oil companies.

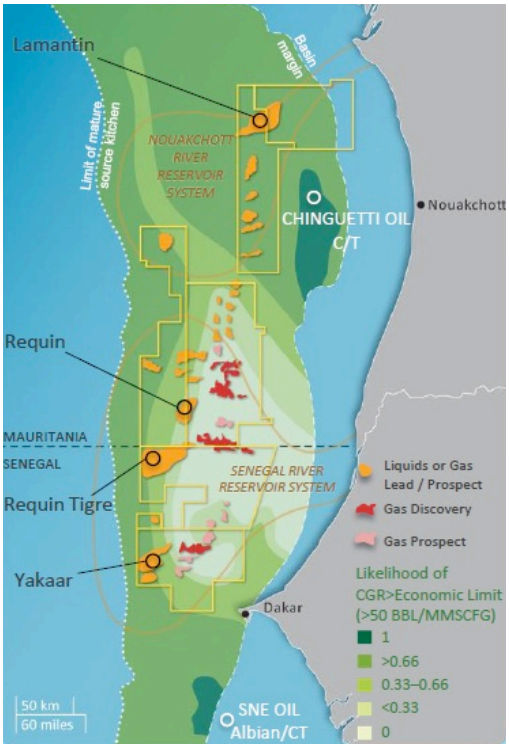
Overview of Grand Tortue Ahmeyim

In 2014, independent oil company Kosmos Energy acquired the licences for Cayar and Saint Louis from Petrotim Limited. Kosmos announced it had hit 'net gas pay' in Mauritania's C-8 block with the Tortue 1 discovery well in 2015, and in Senegal's Saint Louis offshore block with the Ahmeyim-2 discovery in 2016. Shortly after, BP entered into an agreement with Kosmos to develop the transboundary field together. "BP holds participating and effective working interests in the Saint-Louis Profond and Cayar Profond blocks offshore Senegal of 60 percent, with Kosmos

Energy holding 30 percent and Société des Pétroles du Sénégal (Petrosen) holding 10 percent. In Mauritania, BP's working interests in offshore Blocks C-6, C-8, C-12 and C-13 is 62 percent, with Kosmos Energy holding 28 percent and Société Mauritanienne Des Hydrocarbures et de Patrimoine Minier (SMHPM) holding 10 percent." (BP Press Release, December 2018).

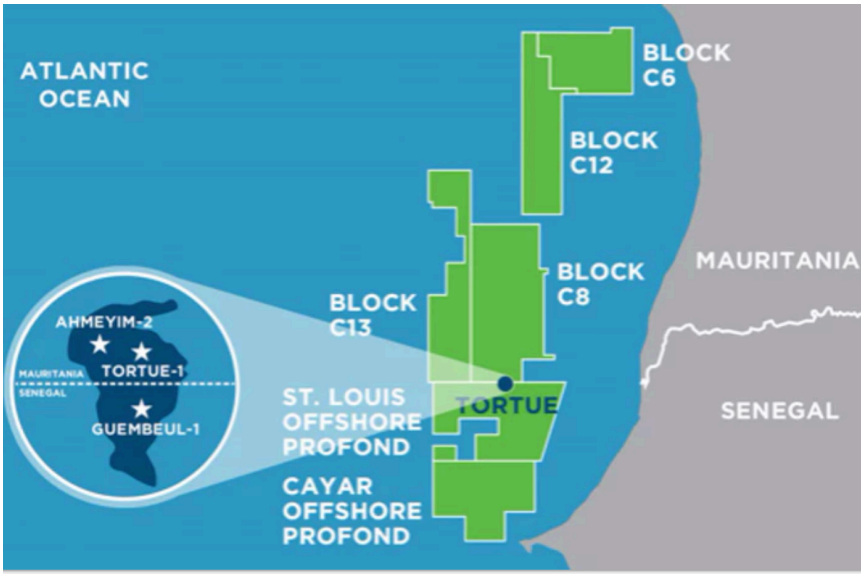
The GTA transboundary field is located 2,850 meters below the sea level and two kilometres below the seabed. Various test drillings (Ahmeyim-1 and -2, Geumbeul-1 and Teranga-1) were conducted and encountered approximately 100 meters of net gas pay (Offshore Today, 2019). While Kosmos claimed GTA held between 50-100 Trillion cubic feet (Tcf) of natural gas, BP estimates that the field contains only 15 Tcf. This resource is located 120 kilometres from the Senegalese and Mauritanian shorelines and spreads over an extremely vast surface of 33,000 km^2 . GTA will be developed in three back to back but separate phases. The first phase was set to produce 2.3 million tonnes per annum (mtpa) of LNG by 2022, while the second and third phases could reach 4 mtpa by 2024. But these plans have been facing delays and adjustments since the pandemic. All phases will be developed through offshore floating solutions, which mean that minimal infrastructural investments for production will take place onshore. Delays that pushed back BP's first gas deadline were announced at the onset of the covid pandemic in 2020. Even though BP blamed these delays on the pandemic, industry insiders I spoke with believe this had been a long time coming due to cost overruns and issues related to sub-contractors.

Map 2: Grand Tortue Ahmeyim Petroleum System



Source: Kosmos Energy

Map 3: Grand Tortue Ahmeyim blocks



Source: Kosmos Energy

According to interviews I conducted with Senegalese government representatives, negotiations between Senegal and Mauritania were orchestrated in a guarded manner by Kosmos and BP. Negotiation teams from Senegal and Mauritania met every three weeks in different locations, including Dakar, Nouakchott, Paris, London – and involved the heads of the national oil companies, ministers of energy and presidential advisers. According to informants, oil companies operated on the basis of a 'less is more' approach. This meant sharing very little detailed information regarding project concepts and progress with the Senegalese and Mauritanian teams, even after FID. This contrasts with more 'typical' relations where operators share large amounts of technical, engineering, fiscal dossiers with host countries keeping them abreast of all key aspects of projects. A number of informants have attributed Senegal's unassertive negotiation stance to this restricted approach encouraged by operators. There is a sense that is also impacted Senegal and Mauritania's relations by limiting their ability to collaborate, share information and agree on common positions vis-à-vis oil companies.

An incomplete appraisal program and the 50/50 unitisation

When BP took operatorship of GTA in 2016-2017 it announced that it would reach FID by the end of 2018 and deliver first gas by 2021. One year after BP's entry into Mauritania and Senegal, both countries had already signed the International Cooperation Agreement (ICA), which governs the cross-border unitisation of Grand Tortue Ahmeyim. On December 21, 2018, the signature of the FID for the first phase of GTA was announced:

"We are delighted to announce a final investment decision for this world-class LNG project. FID for this innovative, cross-border project has been agreed on schedule and the speed with which we achieved project sanction is testament to both the strength of the partnership among Kosmos, BP, SMHPM, Petrosen, and the governments and ministries of Mauritania and Senegal, as well as the cost competitive nature of the project. I personally congratulate President Mohamed Ould Abdel Aziz and President Macky Sall, as well as their respective Ministers, ministries, and national oil companies for collaborating on an agreement that enables their shared gas resources to be developed quickly and efficiently for the benefit of both countries."

(Kosmos Energy, Press Release, 2018).

Based on industry practice, the development phase between discovery and 'first oil' or 'first gas' can stretch between 5 to 25 years. According to Darko, exploration phases can last between 1-5 years; appraisal 4-10 years; development 4-10 years; production 20-50 years (Darko, 2014). It only took Kosmos Energy one year to explore and make a discovery and three years to reach FID. Yet, this record breaking pace was achieved by skipping key stages of resource appraisal, project development, and sanctioning. Following resource discoveries, BP and Kosmos were contractually bound to appraise the resource by drilling test wells that enable delineation and determination of the shape, quality, and magnitude of the resource. But instead of completing a full appraisal program before FID, BP and Kosmos shifted appraisal well drillings to the post-FID stage. BP and Kosmos based conceptual design and FID on only three appraisal wells (Ahmeyim-2, Tortue-1 and Geumbeul-1) for a total surface of 24,000 km^2. Instead of conducting a full appraisal program that would allow a more precise estimation of total available resources and the distribution between the two countries, BP and Kosmos postponed these activities to the post-FID stage. In contrast, the

Sangomar oil field offshore developed by Cairn and Woodside completed 11 appraisal wells before reaching FID.

As an international oil and gas lawyer hired by the Senegalese government to provide advice on the GTA unitisation and international cooperation agreement highlighted, the rush to FID has restricted the scope of potential gains for host governments. According to him,

"more value would have been added from the country's perspective had there been more space for negotiation – this phase has been dominated by the operator's guidance and presence with the objective to reach FID and ICA as soon as possible". (Interviewee 22, Appendix 1, 2017).

An incomplete appraisal has financial, technical and legal implications for Senegal and its national oil company Petrosen. Because the operator traditionally covers capital expenditure costs entailed by appraisal activities (well drillings, etc.) as part of its exploration and production responsibilities, the national oil company does not usually have to worry about paying these costs. Petrosen is only concerned with raising financial capital or debt to cover its share of development costs, which it starts paying once production begins. However, in the case of GTA an incomplete appraisal means Petrosen will have to advance costs for any post-FID appraisals. In 2019, three additional wells were drilled following FID (GTA-1, Yakaar-2 and Orca-1) which will add up to development costs to be reimbursed by Petrosen based on its 10 percent participation. On the legal level, the incomplete and relatively small appraisal relative to GTA's scope also impacts Senegal and Mauritania's relations over the equal split of the field on a 50/50 basis. Indications that the resource would be split differently would result in re-determination evaluations and a new round of technical appraisals, as required by the unification and international cooperation agreement signed by Senegal and Mauritania. On the technical level, an incomplete resource appraisal can affect optimal resource recuperation. Without knowing precisely how the resource is distributed, it is difficult to be certain that one type of extraction solution and location will not de-optimise the ability to recover the resource fully, which should be the aim of the operator.

Together, the record-breaking FID timeline and the incomplete appraisal campaign suggest the 50/50 split was more of a commercial negotiation tactic than a reflection of geology. This has

considerable implications for Senegal's economic interests but also bargaining power vis-à-vis oil companies. In theory, unitisation of transboundary resources offers multiple gains for both host governments and operators (Libecap & Wiggins, 1984). Not only does it reduce capital and operational costs but it also avoids the 'race to produce' whereby each side seeks to extract the most resources in the fastest way possible from the common field (Weaver & Asmus, 2006). However, the value of unitisation for governments hinges on the "implicit assumption that the field consists of a single substance having uniform value" (Libecap & Smith, 2001, p. 23). Therefore, unitisation can only benefit countries equally as long as resources are evenly distributed between the two. The uneven distribution of gas across GTA would make unitisation on a 50/50 basis less attractive to the country holding the majority of gas. Yet, many discussions with geologists and industry experts on GTA suggested it was highly likely that the resource was split much differently, on a 80/20 basis in favour of Mauritania. For this scenario, a confidential note[32] I was given access to indicates that Senegal's estimated revenues would decrease from US$15 to US$ 5 billion.

Libecap and Smith claim that "unitization is pareto-improving relative to initial endowments, it may not be pareto-improving relative to other feasible, non-unitized arrangements that the parties could implement instead" (2001, p. 27). Yet, Senegal made other discoveries that it could develop ahead or instead of GTA, including Marsouin (5Tcf), Teranga (5 Tcf), and Yakaar (15 Tcf). According to negotiation theory, the existence of a best alternative to no agreement (BATNA) enables parties to refuse suboptimal terms and push for optimal ones Sebenius (2017) and Fisher and Ury (1997). The BATNA concept highlights that a party can derive a great deal of bargaining power from its theoretical ability to walk away from negotiations without a deal. But Senegal did not walk away from GTA. As Fisher and Ury explain, "in most circumstances, the greater danger is that (parties) are too committed to reaching agreement. In fact, the relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement" (Fisher & Ury, 1997, p. 50).

[32] The confidential note estimated in detail the types of revenues, and revenue scenarios both Senegal could anticipate for GTA and Sangomar. The note presented different scenarios based on different field development plans, gas prices and participation percentage of the national oil company. It was prepared by a petroleum fiscal expert who provided advice to the Government of Senegal.

Senegal's commitment to reaching a risky agreement on GTA raises questions on bargaining power differences between the host government and oil companies. First, it is likely that had Senegal's offshore blocks been smaller, or had different operators made the discoveries in the Cayar and Saint Louis offshore blocks, the Senegalese government would have been in a better position to demand better terms and investments. Second, it is also likely that GTA was only attractive to develop based on a shared participation between two national oil companies. Without this agreement the costs, risks, and time horizon for developing GTA would entail two separate developments, risks of conflict over resource extraction and evaluations over resource distribution across the border, double development costs, and a longer timeline until production. In addition, the slicing of the GTA project into three separate development phases gives BP much greater flexibility in terms of capital expenditure and investment commitment, than if it would have had to build an entire 'full cycle' project.

This highlights that the expected utility, preferences, and disagreement values (Nash, 2002) across the parties involved were aligned towards reaching an agreement over the development scheme and FID as quickly as possible based on an unequal distribution of benefits, favouring international oil companies. This approach fit with Kosmos Energy's fast-track and low-cost approach to monetising hard-to-reach offshore resources and BP's strategic goal of entering the natural gas market. According to former Vice President of exploration and production development for Total, where he oversaw project concept selection and development in Brazil, Qatar and Norway: *"back then BP wanted to enter the LNG market and built a business case with Kosmos, but with internal strategic changes, they lost 30 percent of their revenues in 2019"* (Interviewee 9, Appendix 1, 2020).

It also sheds light on how interests between oil companies and host government intersected at the time. Between the discoveries and FID, the political settlement in Senegal was in transition. In turn, Sall was consolidating his hold on power within his government, reconfiguring the political coalition that supported him and launching the PSE (Plan for Emerging Senegal). In political settlement terms, Macky Sall's party was in a position of 'weak dominance' (Khan, 2010) facing challenges from within his government and pressure to show results and control over political competition. This is illustrated by Sall's sacking of the Minister of Energy in 2017 followed by

the sacking of political opponent Ousmane Sonko from his post as the inspector general for taxes in the run up to the 2019. In turn, oil companies were keen to reach FID before the holding of presidential elections in both Senegal and Mauritania.

In the run-up to the 2019 election, Macky Sall distributed potential future benefits from oil and gas developments amongst key elite groups. He attended to key urban and capitalist elites by offering them small symbolic wins. Financial and merchant elites were able to mobilise and lobby government for access to opportunities and contracts in the oil and gas project developments. About four hundred Senegalese companies satisfy the criteria required by foreign operators involved in the construction of the site (Faujas, 2020). Land owners along the coastal areas were also seen to benefit from estate development plans to house expatriate workers working on GTA. With regards to the urban youth, the *Fonds des Générations Futures* (Fund for Future Generations) and *Institut National du Pétrole et du Gaz* (National Institute for Oil and Gas) promised revenues from hydrocarbons would be earmarked for future generations and that these new developments would create local employment opportunities.

The signature of the FID in December was timed perfectly to take place before the presidential elections in Senegal and Mauritania, which took place in February and June 2019, respectively. Both governments' ability to lock down political decisions around FID before presidential elections without facing disruptive opposition signals that they counted with strong political support towards their development plans for oil and gas. With the creation of the National Institute for Petroleum and Gas (INPG) and the Sovereign Wealth Fund for Futures Generations, which were announced in 2017, Macky Sall was already building his 'oil and gas' legacy before production had even begun. In turn, retaining control over decision-making surrounding the oil and gas developments throughout his first presidential mandate reinforced political power distribution in support of Macky Sall. As an interview highlighted:

"Sall is strongly positioned for a second mandate / victory in the 2019 elections. There is no opposition as such, and if there is they are in jail or not mobilising. Sall's potential opposition are on his side now. The discoveries were definitely an opportunity, especially if the FID comes before the elections." (Interviewee 13, Appendix 1, 2017).

Rural communities and religious leaders were not visibly mentioned in the symbolic announcements regarding future redistribution of benefits trickling in from oil and gas. Given the offshore location of the oil and gas finds, the influential *marabouts* were said not to raise concerns regarding negotiation outcomes, according to a local informant. Interestingly, this is reminiscent of Appel's (2012) work, where she claims that offshore production sites are constructed as existing outside traditional 'sovereignty' spaces by companies and politicians. This changed following Sall's re-election, with the president promising gas resources would be used to fuel agricultural growth and modernisation. While it is hard to imagine *marabouts* not being involved and consulted over GTA negotiation outcomes, given their significance in the Senegalese settlement, this suggests that Sall already counted on their support. It is not clear that negotiating a bigger slice of the oil and gas pie would have afforded Sall greater support from the marabouts, who were already backing him up since his first mandate. The 'pre-oil' distribution of entitlements that targeted urban and merchant elites, would have been larger had the project entailed an onshore treatment, storage and offloading infrastructure. However, it is clear that the cost of negotiating for that outcome would have encroached on oil companies' 'red line' to avoid duplicating investments in Senegal and Mauritania. An onshore plant in Senegal would have naturally required that a similar one be built in Mauritania.

The single offshore development solution can only be justified based on a 50/50 resource distribution, otherwise it would not make sense for Senegal and Mauritania to jointly develop GTA. However, a number of discussions with industry experts and local informants engaged in the project or with national oil governance issues, called the validity of the 50/50 concept into question, highlighting it was likely more on the 80/20 side in favour of Mauritania. Achieving collaboration between two countries based on an artificial geological foundation is therefore a feat that serves to highlight oil companies incomparable bargaining strength in relation to Senegal and Mauritania. GTA's case sheds light on the differences in power over the technical/geological, financial and technological narratives, and choices that underlie project conception, between oil companies and host governments. It brings to the fore how structural, instrumental and discursive dimensions of power come together to form an indisputable project investment proposal. Companies are able to leverage their material, financial and technological power in order to justify

project investment choices in ways that are irrefutable without challenging the entire project concept.

A somewhat similar story took place in Sao Tome and Principe in the 1990s when, following, offshore discoveries in STP's territorial waters, the country sought to formalise boundary claims over this exclusive economic zone with the UN Law of the Sea convention in New York (Basedeau & Mehler, 2005). This claim was disputed by Nigeria, which eventually resulted through the mediation of the exploration and production license holder ERHC's mediation in an agreement between the two countries to develop the discoveries jointly. Unfortunately for STP, despite the geology being in its favour, it ended up agreeing to a 40/60 split benefiting Nigeria. This was followed by more challenges made by Nigeria, and resulted in one of the worst deals in African history because STP lost out even further, literally giving away its oil to Nigeria (Frynas, 2003; Basedeau & Mehler, 2005).

In turn, Senegal's ability as an emerging producer, to evaluate the short and long term costs and benefits entailed by oil and gas deals, spanning legal, commercial, technical, financial and environmental issues remains limited in comparison with oil majors. The capacity and skill gap was even highlighted by BP Country Director for Senegal:

"it's skinny, very skinny, but good people (…) when you have many projects at a time like GTA, SNE, Yakaar Teranga, it's a full time around the clock job. The question of consultants I'm not going to say whether that's good or bad but for example we had many issues with the PSCs where confidential information was requested from these consultants but could not be given to them since they also work for our competitors, like Shell and Total. Obviously the government is proud and doesn't want to admit they're bringing help and advice from the outside". (Interviewee 14, Appendix 1, 2020).

Offshore production and floating solutions

The development and production concept for GTA is based on two solutions: (1) a floating production, storage, and offloading vessel (FPSO) to extract, produce, and store the gas and; (2) a

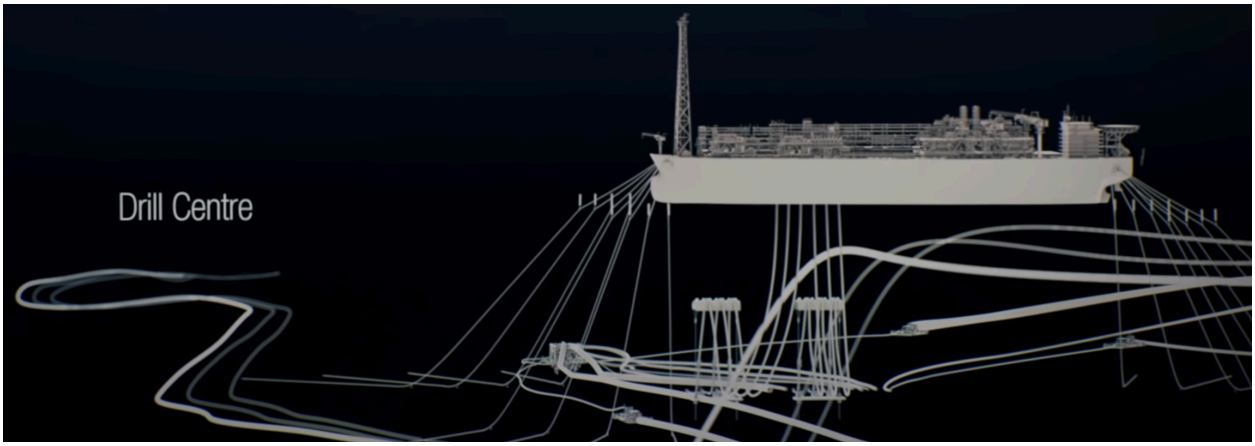
floating liquefied natural gas facility (FLNG) to liquefy and export the gas. GTA's 15 trillion cubic feet of gas resources will be developed and extracted in three phases. GTA will produce a total of 2.3 trillion cubic feet of gas (Tcf) during the first development phase and increase to a total of 4tcf for both phases two and three. BP's objective is to gradually build a natural gas hub in the MSGBC[33] basin taking advantage of the roving FLNG technology which allows for more flexibility and expansion in comparison with an onshore plant. GTA is one of a few emerging offshore and modular trans-territorial technological zones, as part of the new MSGBC oil province, in which BP hopes to position Senegal as a hub, but also as the emerging new offshore producers of Africa and Latin American and the Caribbean. This echoes with Barry's examination of new spaces "within which differences between technical practices, procedures or forms have been reduced, or common standards have been established." (2006, p. 239).

BP (2018) describes GTA's concept as follows:

"The gas will first be transported 80 km via flowlines from the drill center to a floating production, storage and offloading vessel (FPSO), engineered for safe and rapid start-up capable of managing condensate and processing over 500 million cubic feet of gas per day. The gas will then be sent to a state of the art floating liquefied natural gas facility (FLNG) moored to a newly built near-shore breakwater. A liquefaction system will refrigerate the gas, so it can be transported to global LNG markets."

[33] Mauritania, Senegal, The Gambia, Guinea Bissau, and Guinea Conakry.

Illustration 1: GTA's Floating Production Storage and Offloading Vessel



Source: BP, 2018.

A few months after FID was announced, TechnipFMC was awarded a large contract of up to US$ 1 billion to build the FPSO. As illustrated by the above FPSO drawing, "the submarine infrastructure is designed to connect the first four wells to the FPSO unit through production pipes, before export gas is transported to the FLNG unit through a submarine pipeline" (TechnipFMC, 2019). In turn, the LNG shipping company Golar was selected for the Front-End Engineering Design (FEED) of the FLNG vessel for GTA's phase 1, with an option for BP to order a second FLNG vessel (Offshore Energy Today, 2018). Golar will use a decommissioned tanker and reconvert it into an FLNG facility in Singapore at the Keppel Shipyard before transporting it to the Senegalese and Mauritanian coastline for use.

Illustration 2: GTA's Floating Liquefied Natural Gas Facility

Source: BP, 2018.

Offshore facilities are attractive, low-cost, and fast-track solutions for international oil companies. They make it possible to develop offshore resources that typically would be "too costly or difficult to develop" (Shell, 2017). An interview confirmed that the FLNG solution was selected by oil companies in order to keep investments low and returns high:

"GTA development was conceived of in multiple phases possibly to keep investment risk low and pull out options wide. They picked FLNG technology because it allows small phases of development and limited natural gas extraction. Operators went from proposing two FNLG boats, down to one. This lowers the production and liquefaction capacity and therefore also the returns. If production remains below a certain point, it corresponds to higher revenue share for the operator."

(Interviewee 24, Appendix 1, 2018).

An onshore plant to process natural gas can cost ten times more to build than remodelling an LNG ship as a FLNG. Offshore infrastructure translates into shorter construction times, which can shrink from 7 years down to 1 (Uemura & Ishigami, 2018) since they also allow the circumvention of stringent and time consuming onshore construction standards as well as environmental and social impact studies and procedures (Songhurst, 2018). While onshore infrastructure requires permanent

investments that cannot be moved to another location, offshore platforms can be moved to new locations easily. As Golar advertises, "with our FLNG model, a mega-gas field is no longer a prerequisite to monetisation. It is now easier to sell small parcels of gas without flooding the market. It is no longer necessary to find a large number of buyers at once" (Golar, 2019). Offshore infrastructure requires fewer financial investments, entails shorter construction periods, and lower social, environmental, and political risks than traditional onshore structures. It "offers a competitive liquefaction alternative for offshore fields due to the avoidance of an expensive subsea gas pipeline to shore, as well as taking advantage of lower shipyard fabrication costs" (Songhurst, 2018, p. 6). Examples include Shell's Prelude in Australia and South Coral FLNG in Mozambique, and Golar's Hilli Episeyo offshore FLNG platform in Cameroon (Bracewell, 2018).

The choice of FLNG technology to develop GTA was therefore strongly influenced by Kosmos Energy's approach, which had yielded positive results with Ghana's offshore Jubilee oil field. Furthermore, Kosmos' leadership in concept selection at the onset of GTA strongly shaped the expectations that were built around the project. Initially, Kosmos claimed that "subsequent phases of development [would] expand liquefaction capacity to approximately 10 million tons per annum. (…) There is potential for two additional world-class gas hubs in the region – one near the Bir Allah discovery offshore Mauritania and the other near the Yakaar / Teranga discoveries offshore Senegal" (Kosmos Energy, 2018).

Even though this reflects industry trends and innovations following the slashing of exploration and production budgets in 2015, offshore technologies are not 'fool proof' and carry risks for investors and host governments. This concept has major implications for Senegal's revenues, including the effect of capital expenditure on Petrosen's 10 percent interest and financing, access to gas for domestic consumption and local content generation. However, as predicted by Merrow (2012) the project has had to revise its promises downwards, with unforeseen engineering challenges emerging for phases 2 and 3. An interviewee stressed:

"But BP doesn't have any internal engineers with the know-how and neither does Kosmos. In the end, both the operator and Senegal are ill-equipped, they really underestimated the complexity and costs of the FPSO. For instance, KBR, the company that was awarded the pre-

FEED studies for phases 2 and 3 of GTA made a mistake when evaluating the FPSO's topside [capacity]. *They calculated it would require a 950 tonnes of topside, but instead what's turning out to be needed is 22,500 tonnes of topside".* (Interviewee 9, Appendix 1, 2020).

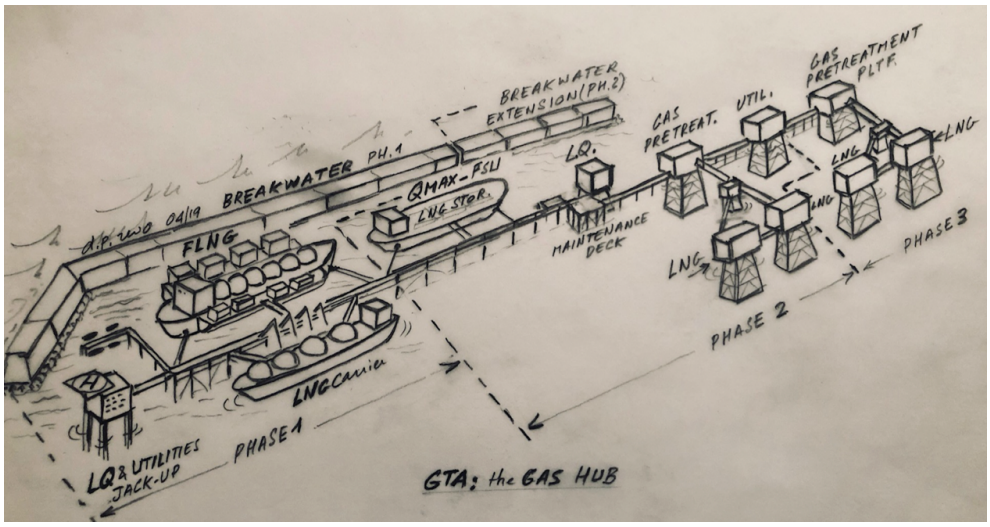
BP and Kosmos Energy emerge as having secured a first mover advantage with Senegal and Mauritania and in the MSGBC basin. This is financially advantageous for the operators who acknowledge its impact, a "significant cash margin due to first mover advantage", in the offshore oil Jubilee project in Ghana (Kosmos Energy, Investor Presentation, 2014). This advantage is evidenced by the commercial, technological, and investment strengths of GTA for the operators. This first mover advantage in the natural gas segment of the market in Senegal and Mauritania, combined with a long-term vision to propel the countries as future regional hubs for regional energy demand, confers great strength to the BP-Kosmos Energy development concept. In terms of returns for the host countries, both Senegal and Mauritania are promised long-term revenues and potential geo-political power depending on the evolution of West African energy demand.

GTA brings to light the desuetude of the classical 'obsolescing bargain' theory whereby governments gain leverage over oil companies once tangible investments are made (Orazgaliyev, 2018; Vernon, 1981). Senegal's offshore, leased, and unitised GTA also reduces governments' bargaining power around the 'obsolescing bargain' since it is harder for them to secure and take back infrastructures built by operators when they hold limited management power over them and lack knowledge to manage them without operators. Not only would Senegal face difficulties in operating the offshore platforms should it decide to nationalise its share of GTA, but it would also face legal and geopolitical risk related to the ICA that was signed with Mauritania. Operators can easily pull out their 'floating' investments should host governments seek major fiscal reforms or revisions of contractual provisions. This cancels out the bargaining power shift from operators to host governments that occurs once major sunk costs into permanent infrastructures have been made (Vernon, 1981; Weems & Salo, 2012). Host governments are left with fewer issues and pressure points to bargain over.

High costs, but low rewards for Senegal?

In comparison with the 'low cost and high return' investments international oil companies are making, I argue that Senegal is shouldering high costs as well as risks, and reaping relatively low rewards from GTA. A number of issues with FPSO/FLNG technologies reveal that operators' bargain investments offer low rewards to host governments. They include: the high auto-consumption of gas needed to extract the gas resources and separate liquids through the FPSO; the capital expenditure costs incurred Petrosen due to its 10-20 percent participation in the GTA project; the limited economic side-benefits and employment opportunities of offshore technology entailed by the delocalisation of the FPSO and FLNG production, and the effect of the lease-based model of the FLNG on host government bargaining power.

Illustration 3: GTA's three phases as envisaged by operators between 2017-2020



Source: Anonymous.[34]

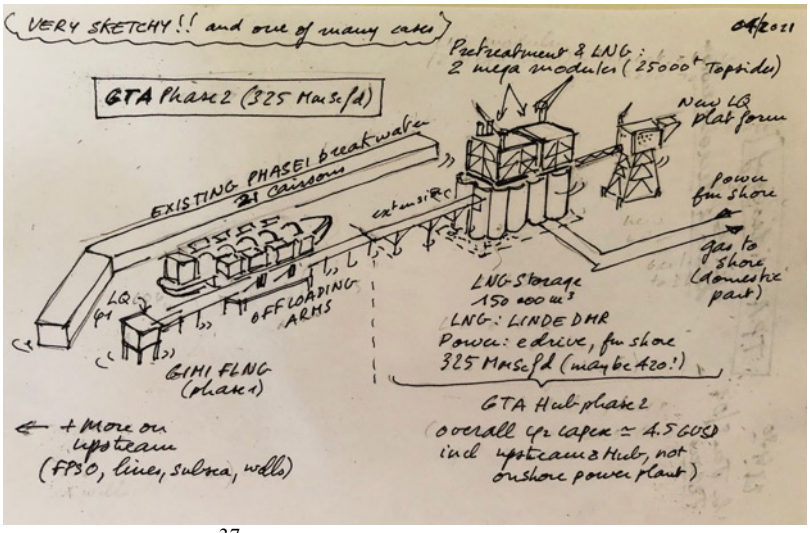
On the technical level, a risk identified by industry experts I interviewed was that this incomplete appraisal increases the risks of resource recovery optimisation due to potentially high levels of

[34] One of the industry experts I interviewed shared this illustration of GTA's three phases as they had been initially planned and 'sold' to government shortly following discoveries. It shows the extensive infrastructural investments that were initially foreseen to reach a production of 10Tcf. It also illustrates the challenges and complexity offshore, modular projects entail.

water present in the gas field. There is a risk that the proposed FPSO design does not have sufficient capacity to treat this water, which would result in the closing of humid wells and the need to drill new production wells. An interview with former project manager of oil and gas technical assistance in Senegal at the World Bank[35], indicated that GTA's FPSO technology implied a 20 percent auto-consumption of gas which results in revenue losses for Senegal. The liquefaction system will use 20 percent of the gas resources to extract and liquefy and refrigerate the gas so it can be stored and transported in FLNG ships to reach global gas markets. Supporting the notion that GTA offers a suboptimal way of optimising resource extraction and production for Senegal, West[36] (2020, p.12) argues that:

"what has not been widely understood is that this development will produce out a fraction of the reserves found at GTA. If the LNG unit comes into operation in 2022 as planned and operates at maximum capacity for 30 years, it will have produced about 3.5 trillion cubic feet. This is less than 15 percent of the estimated 25 trillion cubic feet in the field."

Illustration 4 : GTA's revised second phase



Source: Anonymous.[37]

[35] Interviewee 16, Appendix 1, 2020.

[36] This is the only comprehensive project analysis of Senegal's oil and gas project available that spans technical, fiscal and strategic aspects of GTA and Sangomar.

[37] Same as mentioned above. This illustration of the new phase 2 proposed by BP and Kosmos Energy suggests that phase 2 will generate capital expenditure of US$ 4.5 billion. This is substantially higher than the initial capital

The gap between what was promised at the start of negotiations by Kosmos (with a production of 10 Tcf) and what is taking place in reality (2.5 Tcf) is symptomatic of the short-termism of companies and political elites, as well as broader inequalities in bargaining power. In April 2021, during my last conversations with industry experts on the progress on GTA indicated that due to these problems, the second phase would essentially be a "de-bottlenecking of phase one". Essentially fixing the technical issues created by phase one, namely the weight of the FPSO's topside. Furthermore, it now appears that phase two, will develop the "cream of the field" – the part of the field that is easiest to reach. This can seriously jeopardise its longevity and how much gas will be able to be recuperated afterwards.

Today, Senegal imports about half of its energy consumption, mainly oil, coal and gas – and still 35 percent of its population, mainly in rural areas, lacks access to electricity (IEA Stats, 2021). So it is disappointing that the great majority of the gas that will be produced in GTA is designed to be exported to global markets. Out of the 450 million cubic meters per day (MMscfd) of gas GTA is set to produce, 380 MMscfd will be exported. The remaining 70 will be equally split between the Senegalese and Mauritanian markets. Even though 35 MMscfd is enough to cover Senegal's internal energy consumption, market and infrastructure challenges make it very unlikely that it will be used for electricity generation, or to reduce energy imports. Instead, it has been proposed that this gas can be used to generate gas-fertilizer for agriculture (Ouki, 2020). Regardless, in order to bring GTA's gas to shore, an additional floating storage and regasification unit (FSRU) will be required since the FLNG only liquefies the gas to enable its exportation through tankers. This means that whatever it chooses to do with its gas, Senegal will have to invest in another piece to be able to access its own gas resources.

An onshore plant would have reduced the costs and bottle-necking created by the offshore structures, and cancelled out the need to invest in an extra FSRU to bring Senegal's own gas to its domestic market. The element of time also represents a risk to be borne by the Senegalese state. Its state owned electricity company, Senelec, signed a five year contract with Karpowership, to provide a 235 MW floating electricity plant. However, it will first be powered by imported liquid

expenditure costs foreseen by BP and Kosmos for the entire project development including phases 1, 2 and 3. Here, the author of the illustration suggests that the overall project was designed 'sketchily'.

fuel, then with imported gas from an FSRU before potentially being used with Senegal's indigenous gas (Ouki, 2020). With GTA facing delays due to the covid pandemic and global energy transition turbulences, this raises interrogations over Senegal's ability to protect its energy security and trade balance in its relations with the global energy industry.

Because Petrosen is a state-owned enterprise, the debts it contracts represents a 'sovereign risk' for the government of Senegal, who could have to bail it out. Based on the confidential estimate[38] of GTA's capital and operational expenditures for phase 1, total costs were projected to amount to US$ 14 billion before the covid pandemic hit. But according to the IMF, the first phases of GTA and Sangomar would add up to US$ 1,140 million including US$425 million for GTA. And overall, Petrosen's debt for the three development phases of GTA would amount to US$1,452 million (IMF, 2020). Given that Senegal's access to affordable capital from global private markets is limited, BP is in fact providing financing directly to Petrosen. West estimates that interest for phase 1 would amount to US$ 205 million to pay back to BP (West, 2020).

In turn, the cost of resource recovery is influenced by the cost of financing of project operators and partners, including Petrosen. In addition, this cost also depends on extractable volumes as well as choice of technology for production, treatment and liquefaction. Finally, GTA's LNG will be purchased by BP gas marketing, at a price that it can determine itself, based on whichever market it picks. This leaves room for it potentially selecting the worst, cheapest market for purchases, and re-selling it to the highest market reference. According to West, "it would be possible for the operator to sell LNG deliberately low to one of its own subsidiaries, eroding accounting profit in Senegal and affecting both profit split petroleum and corporate income tax liabilities to the government of Senegal. Despite the emergence of a spot market, gas pricing is still opaque so mispricing would be hard to establish" (p. 17).

The offshore technology solutions proposed also significantly reduce the positive side-effects of local employment, industrial and service development in the host country, which, in addition to revenues accrued by governments, is often described in the development economics policy

[38] This was part of the same confidential note mentioned earlier in the chapter.

literature as a tangible benefit for local populations (Marcel, 2016). Marcel argues that the objective of local content policies is;

> *"to increase the value generated by the exploitation of a resource that remains in the domestic economy; and to develop linkages between the oil sector and the rest of the economy. What matters is not only what happens in the sector but what happens beyond. As such, local content can encompass forward, lateral and backward linkages"*
>
> (Marcel, 2016, p. 4).

Based on this definition, it is fair to claim that GTA's first development phase has little local content impact. While fast-track projects may bring oil and gas production and revenues faster to government they also limit the scope of tangible and intangible investment that more traditional onshore facilities entail such as physical infrastructure, roads, ports, logistics, supply chain, and employment. New labour opportunities linked to the ship construction or reconversion supply chain are absent due to the delocalisation of technology development. In fact, the FLNG technology that is being developed to extract natural gas in Senegal will be built in a Singapore shipyard and then shipped to the GTA area when ready. This not only limits direct investments generally related to oil and gas extraction and transportation but also financial flows into the surrounding construction and development supply chain. Instead capital flows related to construction, development management, and transportation will be located outside Senegal.

Both TechnipFMC's FPSO and Golar's FLNG will be built by a highly-skilled, specialised, and low-cost workforce in Asian shipyards, employing no Senegalese labour. The FLNG will not be owned by any of GTA's key stakeholders (BP, Kosmos Energy, SMHPM, and Petrosen) and will be lent out to operators on a 20-year lease basis (Africa Oil and Power, 2019). GTA's operation and maintenance will also be conducted by specialised foreign personnel, thus keeping involvement of Senegalese workforce in the process to a minimum. Kosmos Energy and BP's reliance on subcontractors such as TechnipFMC and Golar to build and operate GTA's gas production infrastructure also has fiscal loss implications for the two host countries. In Senegal's case, tax exemptions for oil and gas exploration and development from Article 48 of the Petroleum Code were repealed in 2012 in Senegal. Yet, while a 22.9 percent customs duty applies to imported

goods, “equipment intended directly and exclusively for the petroleum operations is exempted from any duties and taxes on importation in the Republic of Senegal by holders or by companies working on their behalf” (Ernst & Young, 2016, p. 553). Direct winners are likely to be international oil and service companies that will benefit from duties and taxes on imports to build the FLNG facility and surrounding offshore infrastructure.

A decision-making tree for local content has been elaborated by Marcel to illustrate how host governments can define their expectations in terms of local content generation depending on the geological features of the discovery; for example, whether the resource is attractive (from an area where prospectivity has been confirmed, or whether it is in a new frontier area); whether the resource is remote or onshore; and finally, whether it is a single or multiple discovery (Marcel, 2016). From this framework of analysis, the opportunities for local content generation through GTA appear to be limited in the short term. A quick assessment of Senegal’s economic preparedness to offer labour and services to resource development activities seem limited in terms of existing infrastructure, skills, and supporting industries.

It is unrealistic to think that Senegal would have been able to seize the employment opportunities offered by GTA’s development whether off- or onshore, so little time after the discovery. Preparing local capabilities to seize high skilled jobs offered by the oil and gas sector can take a long period of time and are not built over night. “The difficulty is greater for emerging producers because – given the newness of the national petroleum sector – the government and local industry will not have had time to prepare education programmes, vocational training and small-medium enterprise development programmes directed at the needs of the petroleum sector” (Marcel, 2016, p. 18). In the short-term, it makes Kosmos Energy and BP’s financial contributions towards local capacity development through the National Institute of Petroleum and Gas (INPG) look more like a symbolic gesture.

According to former member of Parliament and President of parliamentary network on oil governance, Senegal missed a series of opportunities to negotiate better local content outcomes. From his perspective, since Senegal had little wiggle room with regards to the terms set by the PSCs, the heart of the matter was getting ready for local content. In this sense, he saw the pandemic

as an opportunity for Senegal to get ready and strike back at companies who will be looking to *"alleviate the system saying there is too much regulation"*. In addition, he added that managing local content generation was risky, since that could also increase production costs and result in over-billing due to Senegal's lack of experience. Finally, he highlighted that despite setting up a favourable legal and policy environment for local content generation, *"most sub-contracting firms will call on international experts and companies, who have a greater chance of forming alliances than local ones"* (Interviewee 7, Appendix 1, 2020).

The creation of some local employment opportunities in the oil and gas sector over the next two to three decades is more realistic. However, it is uncertain that the newly trained workforce emerging from the INPG will be able to seize the high-skilled employment opportunities provided by GTA's exploitation models. For starters, offshore production and storage platforms require a smaller amount of highly skilled workers in comparison to onshore infrastructure. Not only are offshore employments more specialised, but they require less and more qualified labour. Governments' ability to influence local employment in offshore installations is limited, even through local content policies as illustrated by Nigeria, Brazil's, and more recently Ghana's experiences (Gray, 2013; Nwaokoro, 2011; Ayanoore, 2018). As BP Country Director for Senegal highlighted:

"we gave US$ 10 million to set up the Institute. I had to make many people unhappy by highlighting that training 20 people every year, might sound great but it's very unlikely they'll be able to be hired for projects like GTA which already have a very limited number of people. They didn't like hearing this kind of thing but if I was a politician I wouldn't want to build expectations, I would prefer to keep them low and overdeliver, than overpromise and underdeliver". (Microsoft Teams Interview, 2020).

The government of Senegal accepted to trade potential onshore revenue flows for offshore ones instead (Marcel, 2016) without putting up resistance to limited local content creation. In other African countries with recent oil and gas discoveries, such as Tanzania or Ghana, "the low level of 'added value' in local content, has fuelled strong sentiments of resource nationalism" (Lange & Kinyondo, 2016). It is therefore important to consider the potential political and long-term

economic risks this low rewards bargaining poses to the sustainable development of offshore resources. In addition to signalling missed opportunities and future risks for the GTA project it also reveals government's low ambition and expectation levels. There is still a chance government may shift bargaining positions and require higher rewards once production begins. But this raises questions on host governments' motivations for having low ambitions and expectations.

It is hard to fully comprehend Senegal's decision-making based only on domestic political economy factors. Global market forces, in how they constrain oil companies, have also affected GTA negotiation outcomes. An analysis of Senegal's emerging hydrocarbon industry underlines that the pressure of the energy transition coupled with the global covid pandemic have resulted in modest outcomes for the country. From the point of view of international oil companies, the covid crisis has forced cost reductions, delays and development plan revisions onto Sangomar and GTA which dramatically impacts potential revenues. This crisis has precipitated the peak oil scenario put forward by BP and other companies, making the risk of stranded assets a reality, both in economic scenarios and company narratives. Yet, an interview suggested that BP used the covid crisis as an excuse to justify further delays and cost reductions in order to dissimulate the project's structural issues and low profitability.

Consequences are sizable for Senegal. For starters, GTA's first gas production will not happen earlier than 2023 placing the second and third phases at risk (Ouki, 2020). In addition, Senegal is facing pressures from oil companies to further revise down its fiscal framework for the project. This has been corroborated by interviews I have conducted with industry experts from Boston Consulting Group and elsewhere. Finally, according to West, Senegal's outlook is dire: "covid-19 forces delay and then energy transition will eventually force cancellation. So even if spot prices reached $60 by the mid-2020s, the business case, either for expanding GTA and Sangomar or developing new discoveries, will have deteriorated too far to generate the rates on return investors require" (2020, p. 16).

Conclusion

When it comes to analysing oil and gas negotiation outcomes political scientists have tended to focus on politics, economists on economic development, lawyers on contracts, and engineers on engineering. A gap remains regarding the political and economic ramifications of resource development design and engineering concepts promoted by international oil companies. The 'resource curse' debate has long focused on explaining the reasons for countries' failure to transform oil, gas, and mining resources into economic growth and poverty reduction (Ross, 2012; Humphreys et al., 2007; Sachs & Warner, 2001). The concern over long-term economic impacts has resulted in a disregard towards the specific content, quality, and implications of negotiated oil and gas development projects – as agreed at FID. The political settlement approach adequately addresses the political nature of government decisions on oil and gas development by looking at the impact of political regimes and coalitions on negotiations outcomes (Hickey et al., 2015). Beyond examining revenue sharing ratios as a proxy for successful negotiations on governments' part or at economic growth as a proxy for institutional performance, these contributions both fall short of addressing the impact of what is negotiated in the run up to FID.

GTA illustrates the pitfalls of the global oil and gas industry (Merrow, 2012) and of an industry that promises more than it can deliver. Overall, the 'need for speed' to monetise resources results in suboptimal development choices and studies, cost overruns, and economic risks for host governments. Ironically, while 20 Senegalese people will be trained to work in the oil and gas industry every year, it is unlikely they will get hired to work on projects in Senegal. Even though Senegal will produce oil and gas, these resources will be destined to export markets, and the country has committed to continue importing oil and gas even after production begins. It has also brought to light the weakness of domestic institutions in terms of their capacity and incentives to withstand external pressures. In this particular case, even with a strong authoritarian leader and relatively unobstructed national oil company, Senegal did not push back against the terms offered by BP and Kosmos.

The reasons motivating the government of Senegal to settle for low rewards fall into two categories: domestic and global political economy. At the domestic level, key explanations pertain

to political power preservation, access to quick cash, and an absence of short-term political incentives to take a more ambitious stance, and limited negotiation capacities to manage exceptional global economic circumstances and project-specific complexities. However, the global political economic level appears to have weighed more than any domestic opportunities or constraints. At the international level, oil companies' ability to leverage technology and the global energy market transformation as constraints to GTA's viability has enabled them to meet their objectives, which include maximising returns, ensuring long-term fiscal stability, and keeping the government's share of profits and production to a minimum. BP's 'ownership' and access to technological and engineering solutions, in addition to its provision of finance to Petrosen and gas purchasing, confers it an almost monopolistic position of power which inevitably affected its relations with Senegal.

In contrast, Senegal has fallen short of capturing a bigger share of fiscal revenues from production and local content, or an alternative to the short-term and modular solutions proposed for GTA's development. In this context, the preservation of political interests seems to have more value to politicians than that of increasing potential economic returns. While it is clear that attracting and securing investments offers positive political benefits to the Senegalese government, the question around economic and financial benefits remains disappointing against the commercial promises voiced by oil companies at the time of discovery. This has implications for how we understand host government and international companies' power arsenal. Based on industry practices and dominant policy guidelines on local content, GTA investment outcomes bring to light the imbalanced distribution of power at play in company-government negotiations.

Lastly, the shape of oil and gas investments are taking in Senegal sheds light on the characteristics of the global oil industry, which relies on an unequal distribution of risk, capital and profits between companies and government. The modularity and phasing nature of oil and gas developments calls into question the prospects for socio-economic returns for Senegal, especially in the context of the global energy transition and its impact on oil and gas prices. In this context, host governments such as Senegal stand out as the testing grounds for these oil companies' technological, and project development innovations. Situating these project choices back into the global oil industry's practices underlined by Appel (2012), Barry (2006), Mitchell (2009) and

Watts (2014) helps interrogate the role seemingly technical aspects play in defining the boundaries of what is legitimate and acceptable for emerging host governments. At the same time the mutuality that binds the material to the ideational, makes it possible to link the coming into being of global modes of production to new practices and discourses of legitimisation and expectation management, which I discuss in the next chapter.

Chapter 8: Unpacking the high rewards-high risk discourse

The exploration of risks and rewards discourses reveal that they play a foundational role in justifying the unequal distribution of economic benefits in favour of oil companies while at the same time offering political opportunities for power consolidation at the domestic level. This final analytical chapter suggests that the discursive, 'rule-setting' and material levels are mutually reinforcing under the guiding logic of the oil industry. Geological, technical and financial discourses of legitimacy are mainly deployed by international players to legitimise disappointing outcomes for the local economy.

Constructs of risk and reward are central to the global oil industry and discourse. As of late, oil companies have been seeking out riskier, harder to get resources. According to IFP, "since 2010, more than half of the volumes of oil and gas discovered have been offshore". Discoveries in new frontier markets are the result of a peak in upstream spending which is said to have reached US$ 700 billion in 2013 (Brogan, 2014). But now, oil companies have seen their exploration budgets slashed: going from US$ 100 billion per year during the commodity boom of 2008-2014, to under US$60 billion between 2015-2020. However, claims of what constitutes legitimate risks and rewards are not distributed equally across oil companies and host countries. Moreover, they vary greatly depending on global market prices.

Host countries have had to compete even harder to attract companies' exploration activities. Yet, despite these budget constraints, exploration has continued to flourish in high risk, new frontier regions. In 2018, 55 discoveries were made offshore (IFP Energies Nouvelles, 2019). In fact, exploration budget cuts saw the rise of small cap exploration companies such as Kosmos Energy, who have thrived on their ability to market resources in a low-cost and fast-track fashion, with offshore discoveries in Ghana, Senegal, Mauritania and Suriname (Kosmos, 2019). An interviewee highlighted the benefits companies secure by investing in so called 'high risk' environments with unproven oil and gas reserves: "*it is a strength to be a first mover and be present in new projects that have scope for success*" (Interviewee 24, Appendix 1, 2018).

But the way constructs of risk and reward are deployed by oil companies has different functions and audiences. Companies gladly shoulder financial and geological risks due to the scope of the gains at hand. But there is a hierarchy of risks that companies are interested in absorbing, and others that it refuses to account for (literally, in its financial models and discursively, in its treatment of the negative impacts of oil production internationally and domestically). In fact, companies are not intrinsically worried about risk, but they may inflate risks in specific ways and for certain audiences. On the contrary, they seek highly risky investments out because of the high rewards they imply.

Together with the pressures of the so-called energy transition, depressed demand for oil and over-supply of gas, social constructs of risk and reward have placed oil companies in a strong bargaining position. For Senegal, this has meant that even after making substantial oil and gas finds, the government has faced pressures to maintain its fiscal terms low, and its socio-economic demands regarding Sangomar and GTA low. Attracting high-risk capital has justified short-term, equally high-risk projects that threaten Senegal with financial debt, geopolitical, environmental and socio-political challenges down the line. This has not stopped investments from flourishing. Despite poor market conditions, Kosmos succeeded as a first mover in leveraging the country's potential to attract larger investors capable of shouldering the financial investments required to develop such complex (deep, offshore) resources.

The way constructs of 'risk' and 'reward' are mobilised domestically and transnationally weave together 'discursive formations' of oil that can be considered as ancillary practices of the global oil industry. Analysing their inter-relation with the more material and legal aspects of oil industry practices is important to understand the basis for claims of legitimate distribution of benefits and negotiation outcomes. In this chapter, I focus on the discursive deployment of three themes: risk, capacity and expectations, and what they enable (or disable) in negotiation outcomes.

First, I examine how concepts and discourse around country risk is mobilised to define the relationship between oil companies and host countries, as well as to legitimise a lopsided distribution of benefits between the two. I draw from Emel and Huber's (2008) work on the construction of neo-liberal risk in the mining sector in Tanzania. Second, I explore how the

benevolent rhetoric of 'capacity building' has been mobilised by the World Bank to de-risk private sector investments but has often failed to provide benefits for host countries. I discuss the challenges faced by the IFI when building in-country capacity to manage oil and gas resources for better development outcomes. Here, I draw from interviews with domestic and international oil governance policy stakeholders, and insider observation of the World Bank's role in supporting Senegal's capacity building to negotiate oil and gas discoveries. Finally, I reflect on how a discourse and practice of 'managing expectations' has been mobilised domestically in the case of Senegal's oil and gas developments, despite IFI efforts to build capacity to improve negotiations with oil companies.

Methodologically, I draw from discourse analysis (Greckhamer & Cilesiz, 2014) used in the wider context of macro approaches that focus on the structural nature of discourses as inextricably linked (and containers of) relations of power (Foucault, 2002; 2012), I unpack the oil industry's 'discursive formations' contained in primary and secondary sources: interviews, observations, presidential speeches on oil governance that followed discoveries, official and confidential documentation from donors, and oil companies that I collected throughout my research. Based on Gee's (2011) discourse analysis methodology, I explored this corpus and identified key discursive building blocks, performative functions and intertextual relationships between speeches, documentations, and the investment context of oil negotiations and governance in Senegal. I find that the discourses deployed by international oil companies and financial institutions have often played against producer countries in Africa, by reducing their bargaining power and political wiggle room, on top of reinforcing the skewed distribution of profits between investors and host countries. But I also find that Senegalese political elites have also mobilised these discourses to consolidate their political hold on power and similarly justify the imbalanced distribution of economic benefits across interest groups domestically.

Brief overview of the literature and reflection on the construct of risk

Macro theories such as Beck's risk society (1992; 2000) are useful to frame our understanding of risk as a social construct. In his view, wealth creation is socially constructed (and produced). But it is contingent on the social construction of risk. 'Wealth' and 'risk' are discourses, socially

constructed by-products of the global political economy of capitalism. Together with Foucault's understanding of discourses as making and advancing relations of power (2002; 2012) the socially constructed nature of oil wealth and risks can be viewed in a different light. According to Fuchs & Lederer (2007) and Ruggie (2018), multinational companies hold discursive power – which they use in order to construct claims, of truth and legitimacy.

In this sense, their power lies not only in the material realm but also in their ability to frame the debate, problem and solution (Hickling, 2017). A well-oiled discourse is used as a performative tool by trans-national actors to legitimise inequitable distributions of profits (Appel et. al., 2015) and to manage expectations. In this sense, the oil industry not only produces oil but, also, the need for oil, the reason for its scarcity, and the solutions to manage the problems raised. Emel and Huber (2008) have investigated how the mining sector in Tanzania has constructed discourses around different types of risks (geological, political, social, etc.) to validate the inequitable distribution of profits with host countries.

Complex imaginaries around the 'selling of hope' and 'warning of risks' are instrumentalised by transnational and domestic actors to justify economic and political power on different various levels (Guyer, 2007). Oil discourses are built on oxymorons and dichotomies that reflect the contradictions and imbalances of global economic and political power. 'High geological potential' coexists with 'high exploration risks' and 'high geological risk' projects generate 'high financial rewards'. In turn, Weszkalnys (2011) and Siakwah (2017) have explored how ideas, or economic devices, such as the 'resource curse' have been deployed to mobilise political and financial resources in support of the oil industry. From this perspective, the oil industry constructs (and produces) economic, political and social 'bads' in countries that have not put into place the necessary tools to turn it into 'goods'. With the right solutions, capacity building and good governance, these risks can be managed to ensure oil is turned into a 'good'.

In addition to being built on the concept of 'oil scarcity' (Winter, 2016) and 'extractivism' (Acosta, 2017) this discursive machinery relies on concepts such as 'high risk' and 'weak capacity' to inform exploration. This is particularly true in emerging producers in Africa, the so-called 'last frontier' of exploration. Here, high risk potential gains justify short-term and limited costs

development models across the exploration and production, but also energy generation sectors. Emel and Huber (2008) highlight that "the concept of 'risk' has been mobilised to legitimate such skewed distributional arrangements" (p.1393). By claiming that there is no good extractivism, Acosta (2017) warns against the 'extractivist trap' and claims it is impossible to extract natural resources through business models which do not perpetuate colonial-time extraction dynamics.

Discursive outcomes

The specific language of the oil industry is also based on socially constructed concepts such as 'prospectivity', 'potential', 'probabilities' and 'risks'. It also borrows from financial concepts such as that of 'high risk/high reward' investments. As Phillips et. al. argue, "the construction of the risk-reward profile […] [is] critical to value distribution in early contracts" (2016, p. 30). Risk profiles in 'new' frontier regions such as Senegal face relatively small probabilities of success (5-20 percent) but offer high potential rewards. This underpins the dilemma often faced by new producer countries: setting low fiscal terms, attracting investment but catching little rewards, or set higher terms, and scaring away investors Bofin and Pedersen (2017) and Buur et al. (2017). This dilemma has often resulted in missed investment opportunities due to a "failure to respond to market signals" and "a distrust towards foreign investors" (Buur et al., 2017, p. 36).

International financial institutions (IFIs) have played a role in promoting oil and gas production in developing countries. This has been achieved in three ways: by speaking of building countries' capacities to govern resources well, improve negotiation outcomes with companies and by 'leveraging' private finance to encourage investments in so-called 'high risk' countries. The 'resource curse' and other 'resource affect' narratives have been particularly deployed by IFIs such as the World Bank, as a justification for de-risking risky projects for operators, and promoting good oil governance solutions in host countries (Weszkalnys, 2014; Emel & Huber, 2008). Discursively, this participated in building a link between constructs of risks associated with the 'resource curse' to the potential rewards of economic growth and development.

Weszkalnys (2014; 2009) unpacks the ecosystem of international donors, experts, engineers and workers that were mobilised around the World Bank and IMF in Sao Tome and Principe (STP)

following oil discoveries. STP had failed to negotiate a good deal for itself and had been strong armed by neighbouring Nigeria into sharing part of the resources. An armada of experts, from Jeffrey Sachs to fiscal and legal specialists from the IMF were sent to rescue STP from its own failures and save it from an imminent 'resource curse' (Basedeau & Mehler, 2005). IFIs have played an instrumental role in leveraging private finance to develop the natural resource potential of developing countries, acting as a guarantor of investment, effectively de-risking and indirectly subsidising, private sector investments (Emel & Huber, 2008). In the case of Ghana, the authors have found that "the role of transnational actors – namely the IFIs, Chinese SOEs and western IOCs – is significant in both enabling and constraining (near fatally at times) the scope of the ruling coalitions" (Mohan & Asante, 2020, p. 25).

As Cameron and Stanley highlight in a World Bank publication, "the responsibility that government negotiators bear is considerable. Sadly, faced with an experienced and highly professional team from the foreign investor, they will, in many cases, have challenges from a lack of sufficient capacity on their side to negotiate a contract and in monitoring an operation" (Cameron & Stanley, 2017, p. 74). As much as 'high risk' is viewed as an impediment to project success by IFIs, so is lack of 'capacity'. The concept of 'capacity building' "is filled with methodological and conceptual tensions" (Black, 2003) which have been criticised in the past by academics and practitioners (Sokona, 2021). The use of the concept in the oil and gas governance literature includes government's lack of capacity to perform its regulatory, authority, and decision-making responsibilities (Bräutigam et. al, 2008; Jones, 2011). Capacity is frequently cited as an ingredient that guarantees the success of negotiations over resource development (Karl, 1997; Daniel et. al 2013). In turn, lack of capacity is attributed to weak institutions and poor economic policies (Humphreys et. al., 2007; Collier, 2010; Birdsall et al., 2001) and generally defined as the inability to perform a specific goal due to financial, institutional, and human resource gaps.

As Frynas et. al. (2017) have argued, a flourishing global financial apparatus is ready to support oil companies' speculative ventures, despite the risks entailed. This system is made of ideational and material aspects (ideas and funding) that build on the portrayal of risks, fears, but also hope associated with oil and gas resources. In this arena, global and local 'imaginaries' around oil are instrumentalised for both political and economic power consolidation, as put forth by Guyer

(2007). The solution, capacity building, has been criticised. Cornwall (2007) and Eade (2010) feature it in their dictionary of fuzzy development buzzwords. More critical approaches shed light on the other face of these development and governance concepts as furthering neo-liberal economic agendas (Black, 2003; Philips et. al., 2016). Closer analysis of the discourse surrounding the lack of negotiation capacity reveals a sophisticated arsenal of concepts including 'country risk' and 'managing expectations'. According to Breeze, "these discourses operate on an ideological level to underpin the workings of large corporations within the complex panorama of contemporary capitalism" (2012, p. 3). Because of the challenges associated with increasing capacity, reducing risk or managing expectations, within the industry's investment cycles, political decision-making cycles and donor interventions cycles, they can appear more as legitimisation tools than real impactful solutions to improve host country outcomes.

The quest for high risks and high rewards

Despite low probabilities of making discoveries, exploration and oil companies seek out high risk profiles because of the high rewards they come with. The purpose of exploration is to identify prospects, possible reserves, and the probability of discovery. Projects can be classified according to two main criteria: high potential for commerciality or uncertain yields (Interviewee 21, Appendix 1, 2020). Exploration is founded on building storylines around geological concepts "and turn[ing] them into meaningful tools that will expand our exploration horizons" (Total, 2021). It entails finding new, underexplored, geological structures that can provide new sources of oil and gas, as older ones are used up. Over the last decade, exploration has focused on six key high risk 'plays': large deltas and their offshore extensions, abrupt margins, carbonates under salt, foothills, rifts and non-conventionals (Alabert, 2017). This includes the Atlantic margin in West Africa's offshore where Senegal's gas discoveries were made.

With their exploration budgets slashed, oil companies have had to work with pure play exploration players, such as Kosmos, who have thrived over the last decade. Kosmos Energy is an exploration company that was founded in 2003, by former BP exploration staff (Interviewee 24, Appendix 1, 2018). Its CEO, Andrew Inglis, worked for BP leading the company's activities in the Deepwater Horizon project in the Gulf of Mexico. Kosmos focuses on under-explored frontiers in deep-water

regions and has operations in Sao Tome and Principe, Mauritania, Senegal, Equatorial Guinea, Ghana, and Suriname. It prides itself with a low-cost and accelerated approach to development projects: "our approach to development is designed to deliver first production on an accelerated timeline, leverage early learnings to improve future outcomes, and maximize returns" (Kosmos, 2019). BP, a super major oil company, has been recovering from the catastrophic Deepwater Horizon oil spill since 2010. Following major operations cost reductions in 2014-2015, its strategy has been to invest in low-cost resource renewal and opting for projects with low breakeven points.

In a presentation I attended on its strategy in Senegal following the discovery, Kosmos boasted its "a passion to explore, a drive to produce". It explained that it has excelled at exploration by focusing on high risk region "new frontiers and emerging basins", where the likelihood of failure stands between 95-80 percent according to interviews with exploration specialists. The strategy it followed in Senegal is founded on taking high risks at minimum costs, "to increase efficiency" (Kosmos, 2016). It relies on larger operators (BP in Senegal, Tullow in Ghana, Chevron in Suriname) to take on the financial burden and operations to develop resources for production. As Kosmos explained, Senegal's emergence as a new producing frontier involves geological, technological, geopolitical risks that make raising capital and finance for oil and gas development projects more challenging for a small-cap like itself. This is the basis for the GTA project, which is *fast-track*: for rapid monetisation since gas needs to be purchased before it is produced; *multi-phase*: for lower capitalisation and financial debt requirements; *lease-based and modular*: for lower sunk costs of investments and higher flexibility for pulling out of the project.

During an industry conference on the MSGBC[39] basin I attended in Dakar in 2018, the organisers highlighted how despite coming up with two dry test wells, Kosmos' discovery had revved up interest from majors in the region. Total, Exxon Mobil, BP, Petronas, FAR and Svenska Petroleum were all eyeing the newly confirmed world-class basin. The region has tremendous marketing appeal because of its fiscal attractiveness, which promises high gains despite exploration risks. In turn, the concept that is being sold to countries is along the lines of *'build it and they will come'* (they being the investors). According to the BP Senegal Director "the phasing of the BP projects

[39] Mauritania, Senegal, Guinea Bissau, and Conakry.

allows Senegal to pace its preparation and improve the conditions for business until the basin is successful at attracting investment, which is the private sector's long-term goal: to create a competitive basin in the region" (BP, 2017). At face value, it can almost seem like oil companies are doing Senegal a service by investing.

The reality, however, differs from these promises. BP's interest in Senegal lies in the financial and strategic benefits that Kosmos' low-cost and fast-track projects could bring. At the time it acquired majority interest in GTA, BP was seeking to quickly increase its gas portfolio. Kosmos' new approach to offshore resource monetisation and development was not necessarily an easy sell at first. Discussing GTA's concept design, in a meeting BP's now CEO Bernard Looney shared *"at first I thought they were crazy – but then I realised okay I think it can work"*. Kosmos' conception of GTA as an offshore floating liquefaction, production and storage infrastructure based on three small project phases offered the benefit of quick monetisation of gas, without the long-term costs and commitments typical onshore and 'single phase' projects usually entail. This gives greater flexibility to BP to leave and sell its assets in Senegal without having to front substantial long-term costs in onshore or proprietary infrastructure. Instead, it will rely on renting the floating technologies required for liquefaction and storage. Which will only be designed and built for GTA's first phase. According to the narrative put forward by BP, the positive returns Senegal can look forward to are linked to the concomitant investments in infrastructure, regulation, and human capacity that GTA will attract further down the line – not directly to the project itself (BP, 2017).

Changing energy markets and climate change are modifying oil companies' investment portfolios in ways where they continue seeking risky ventures, while at the same time managing these new risks. According to Hayashi et. al. "flexibility can increase the value of a project and permit decisions changes in the future, although this implies in higher costs. Some options add flexibility to a project, such as flexible facilities, intelligent wells and development by modules" (2010, p.106). In turn, this significantly reduces the host government's traditional bargaining power and its ability of government to re-negotiate terms (Buur et. al, 2017).

As discussed in Chapter 7, the GTA project as well as other offshore projects are built on the very notion of risk minimisation for companies. They would otherwise not be as profitable and adapted

to companies' shrinking investment horizons. Deploying a shroud of risk and then attending to it makes the project more palatable and profitable for companies, who increasingly need each other due to budget limitations and an increasingly uncertain future. Indeed, as highlighted in the Chapter 1 and 7, budget cuts in exploration spending amongst major oil companies have resulted in the rise of small independent 'small or mid-caps' like Kosmos who are able to spend on exploration, but cannot bear the costs of developing the resources they find. Pure exploration players like Kosmos take on the financial risks, oil majors like BP no longer want to shoulder. In turn major operators are happy to take-on lower cost, fast track projects that do not commit them financially to investing over the long run in host countries. In so doing, operators structure investments in such a way that they can exit as quickly as possible. According to industry professionals I interviewed, it is likely that BP will sell its GTA assets once the first phase of GTA is completed and let Kosmos continue developing the resource with a new operator.

Oil companies' deployment of 'risk' terminologies is very deliberate. After seeking it out in high risks locations like Senegal, they also play it up to their advantage. In a meeting about Senegal with Director for Exploration and Production in Africa for Total, explained that the factor that their company feared the most was regulatory uncertainty: *"we oil companies are not scared of anything, we are not scared of going to war-torn countries (…) we'll go anywhere, but what scares us the most is an unclear fiscal regime for our investments"* (La Défense, May 2017). Oil companies deploy constructs of risk differently depending on what it at stake for them. While they rest the risk problem on probabilities of failure during exploration, and on financial, portfolio or market risks during the negotiations to FID, they eclipse the question of unequal rewards and cost distribution with host countries. As a result of their financial resources but also of their control over discourses, companies are at an obvious advantage of shaping the rules of the game of investment negotiations. Despite the potential rewards at hand, the discourse used remains focused on the risks faced by the investors while their rewards are eclipsed.

The World Bank's enabling role: de-risking and building capacity

The World Bank has played an active role in enabling private sector investments in the oil and gas sector, particularly in Africa (Emel & Huber, 2008). It has done that in a number of ways. It has

sought to de-risk risky investments by providing credits to government in order to leverage private funding as well as investment guarantees for otherwise commercially unappealing projects. Also, by offering technical assistance to support negotiations with the private sector, and build institutional capacity to govern the oil and gas sector.

This has been achieved in convoluted ways essentially providing debt to developing country governments, to enable oil and gas investments considered risky by companies. Either through its concessional credit financing, or via its private sector branch (IFC), the World Bank has promoted projects that investors would not have considered otherwise. In Senegal, Mauritania and Mali, investment guarantees for gas to power project tied to Chinguetti field in Mauritania were agreed, despite the fact that operators were reluctant to invest. This was due to very limited confidence in productivity of the field. The World Bank project helped to make the project viable, despite the knowledge it would not have been profitable for oil companies – in order to build an electricity plant in Mauritania that would export power from Mauritania to Senegal and Mali (World Bank, 2014). In the end, operators abandoned resource development, precious funding was invested in the construction of a now unused gas fired power generation in Mauritania and regional power transmission lines and the gas from Chinguetti was never produced.

In 2015, the largest ever investment guarantee was approved by the World Bank board of directors, with US$ 700 million investment guarantees for Ghana's Sankofa gas project (World Bank, 2015). Here too, the initial objective was to make private sector investment less risky for investors, and attract investments that could help increase energy security, electricity access and eventually reduce poverty. However, 'de-risking' investment for private operators, simply moved risk onto the host country. Private operators agreed to develop the Sankofa gas field, in exchange for a guarantee that Ghana would purchase the gas produced, through take or pay contractual terms due to local infrastructure, demand and market challenges. As a result, the country had to pay US$ 250 million in 2019 for unused gas (Bretton Woods Project, 2020).

In the case of Ghana, offshore oil investments have damaged the country's fiscal balance (Bretton Woods Project, 2020). In Sao Tome and Principe, as well as in Chad, trans-national actors have had a lasting impact on the domestic politics and economics of oil (Bretton Woods Project, 2004).

The possibility of delaying investment or negotiations is not discussed as a realistic option for companies and governments. As long as these possibilities remain outside the negotiation table, there is little chance they will be practiced. In addition, as climate change concerns threaten the future of oil and gas extraction, it is even more unlikely an industry will forgo short term investment opportunities for long term altruistic objectives of negotiating on a level playing field. The counterfactual situation is not considered by the literature (Stiglitz & Radon Op. cit. Humphreys et. al, 2007) even though it would shine a different light onto the question of negotiations and natural resource development in developing countries.

The World Bank has recognised its past failures in de-risking private sector investments. Acknowledging that its infamous project in Chad has been "identified as a high-risk, high-reward project" and that "World Bank support could have been designed to reduce the disconnect between the quick pace of project construction activities of the private sector and the slower pace of capacity building by the government (World Bank, 2006, p. viii). Nevertheless, it continues to execute projects that support countries' governance, negotiations and institutional capacities, in emerging oil and gas producers in frontier regions (World Bank, 2019). The IMF, too, through its fiscal affairs department (FAD) and country teams, have engaged with emerging or producing countries around contractual and upstream legislative issues. Bilateral agencies too, have worked on similar projects, including setting up advisory support agency for host governments (Negotiation Support Portal for Host Governments. International civil society such as Natural Resource Governance Institute (NRGI), Extractive Industry Transparency Initiative (EITI) and research institutes such as Chatham House, Columbia University's Center for Sustainable Investments have also developed grants and training programs to build capacities in producer countries around the world.

The World Bank in Senegal

In Senegal, the World Bank sought to support negotiations with the private sector, and build institutional capacity to govern the oil and gas sector. In 2017, the World Bank mobilised an IDA credit line of US$ 29 million for the government of Senegal to support negotiations and enhance institutional capacities. The project's development objective was to "support the government's capacity to drive negotiations toward final investments decisions and lay the foundations for the

gas sector's contributions to the economy through enhanced legal and regulatory frameworks and capacity building" (World Bank[b], 2017, p. 17). In a speech he gave in March 2017, President Macky Sall underlined the need to build the state's capacity to overcome the challenges developing countries face when negotiating with powerful international companies:

"We must train human resources in order to be able to decipher and understand contracts, and in order to usefully advise states. […] Five years ago, I created the Senegalese sovereign wealth fund. People told me that Senegal had neither oil nor gas, how can you create a sovereign wealth fund? I think it was a premonition […] This must push us to build up our competencies, use law firms so that contracts are equitable and so that everyone can win, that is, that the company that invests and bares the risks and the country who holds sovereignty over resources."

(President of Senegal, Macky Sall, Africa CEO Forum Panel, March 2017).

But the challenge of standing on equal footing with major oil companies remains crucial to addressing inequitable investment outcomes. In fact, a law firm counsel who advised Senegal on GTA, stressed that "*more value would have been added from the country's perspective had there been more space for negotiation*" but that "*this* [negotiations] *phase* [was] *dominated by the operators' guidance and presence with the objective to reach a final investment decision and international cooperation agreements as soon as possible*". In contrast, he highlighted that "*strong strategy comes from the operators Kosmos and BP who are negotiating with Petrosen and SMHPM* [the Mauritanian national mining and hydrocarbon company]" (Interviewee 22, Appendix 1, 2018).

The rationale for the project was that "Senegal is a brand new actor in the oil and gas industry and does not yet have the capacity to facilitate the sustainable engagement of the private sector". Furthermore, the immediate impact of the project was aimed at providing the government:

"with the third-party international expertise needed to negotiate oil and gas development in a timely manner and in line with the country's growth strategy. Moreover, it will supplement the PSC as needed to provide investors with a legal and fiscal framework conducive for sustainable investments. Finally, it will also help the GoSN develop in-house capacity as needed to adequately

supervise the execution of the PSCs, and the on-going oil and gas development projects, as well as to optimize employment opportunities for Senegalese nationals." (World Bank[b], 2017, p. 15).

The World Bank expected the government of Senegal to take on a more ambitious stance vis-à-vis oil companies. It indicated that "the government is likely to want to maximize short-term job creation, by pushing for an onshore development concept, and to push for a gas to power development option as well, so as to guarantee hydrocarbon production benefits the economy by improving energy supply and access" (World Bank[b], 2017, p. 16).

Half of the credit line is designed to support the Senegalese government's ability to negotiate with oil companies in the lead up to FID through the recruitment of international experts. The other half seeks to fund institutional diagnostics, training and "strategic staffing" in order to support the COS PETROGAZ, the Ministry of Petroleum and Petrosen in their management of the technical, fiscal, legal, marketing and financial aspects of project management and negotiations. Yet, this technical assistance failed to deliver tangible results in terms of being used to support negotiations in the period leading up to FID for GTA's critical first phase. Even before its approval by the World Bank's board of directors, an exceptional advance of funds was provided to the government of Senegal. The objective was to allow the government to access funds for technical expertise in advance so as to not delay its negotiations with the private sector. But the government did not make use of these funds and let them sit idle.

The funding from the World Bank's technical assistance was aimed to support the Ministry of Petroleum, Petrosen and the COS PETROGAZ in order of priority. Even though the Ministry has a large budget, its Directorate for Hydrocarbons is chronically understaffed (Interviewee 20, Appendix 1, 2018). The Ministry of Petroleum and Energies' budget for 2020 is mainly dedicated to improving electricity access and renewable energy coverage. These programs constitute the bulk of spending, representing 97 percent of the Ministry's budget, as shown in the table below. In turn, only 3 percent is dedicated to 'Hydrocarbon security' representing the Directorate for Hydrocarbons' budget. The latter only counts on approximately four permanent staff members. With budget restrictions linked to the pandemic crisis, the Ministry's budget was slashed by 17.5 percent for 2021, further jeopardising the existence of the Department of Hydrocarbons.

Table 6: Approved Budget for the Ministry of Petroleum and Energies for 2020 (in Franc CFA, XOF):

Ministry of Petroleum and Energies	Authorised budgetary commitment	Share Ministry Budget (%)	Personnel
Rural electrification and renewable energies	357,270,682,134.00	27.20 %	6,483,000.00
Electricity supply system optimisation	917,856,409,636.00	69.80 %	49,937,000.00
Hydrocarbon security	40,315,529,951.00	3.10 %	39,714,000.00
Total	1,315,442,621,721.00	-	-
Total all Ministries	9,759,389,144,822.00	13.50 %	-

Source: LFI, 2020.

However, the COS PETROGAZ has been the main beneficiary of funds available to hire specialists for technical advice, trainings and capacity building. Under the leadership of the President Macky Sall, the COS PETROGAZ was quickly built up since its creation in 2017. In comparison with the Ministry, it counts with a well-staffed team of eighteen, including managerial staff, and four technical groups to provide expertise. But as a result of bad reputation in the region and sector, paired with a suspicion that it was working against the interests of Senegal, World Bank efforts to 'help' in negotiations were met with significant pushback. A World Bank staff in Dakar highlighted:

"the main problem was that the State did not have the means to speak on an equal footing with the big majors, however, it was not happy either to speak under the watchful eye of the World Bank. The government was under the impression that the Bank wanted to impose lawyers, and insinuate other interests than those of the State. But in the end, it wasn't BP negotiating with Saudi Arabia, but Senegal negotiating with BP" (Interviewee 19, Appendix 1, 2020).

According to Africa Director for the Natural Resource Governance Institute (NRGI):

"there is always a suspicion amongst countries that [oil and gas project] *information will be used for other goals, and other experiences show that advice given by donors do not always take into account the national and technical stakes countries face. Technical partners* [IFIs], *have often played a double role which generated suspicion. Countries also fear they would lose sovereignty by including financial partners* [IFIs] *in their business. Finally, in addition to political questions and national interest, there are no lessons to be received by anyone, they don't want to be manipulated by anyone anymore. The question remains however, what prevails: consensus or interests?"* (Interviewee 11, Appendix 1 ,2020).

The sense that the World Bank's presence was neither trusted nor welcome, was corroborated in many interviews. The suspicions posed by donor interference under the guise of capacity-building can fire back at IFIs. But in Senegal they have provided opportunities for the ruling coalition to strengthen its control over oil governance, through the creation of new decision-making agencies such as the COS PETROGAZ. Despite the acknowledgement that it lacks capacities (technical, financial, experience), the Senegalese government has concluded investments that favour oil companies' short-term interests and jeopardise its own future production and revenue capacity.

There is an underlying 'hands-tied' phenomenon at play that countries (but also companies) can exploit to their advantage. For instance, countries can push back against donors seeking to influence investments, arguing that their hands are tied due to the pressure exerted by oil companies. This has been the case with the World Bank's technical assistance to oil and gas negotiations in Senegal. While the IFI insisted on access to detailed development plans in order to conduct technical reviews and second opinions, the government of Senegal pushed back arguing that this was impossible due to confidentiality concerns from BP. As suggested by an informant, a simple non-disclosure agreement with the advisors hired by the technical assistance would have solved the problem. In this case, a 'well-meaning' initiative was standing in the way of political and economic interests.

EITI Senegal Permanent Secretary, voiced concerns over the limited impacts oil and gas development projects will truly have on Senegal's economy and human capital:

"[With regards to] the question of natural resources, the problem is that we have an economy that is extroverted. We have told people to come invest because we need investments, we have granted them exonerations and in return, instead of having commercial transformation happen here, all products are exported. It's true that on our trade balance, foreign exchange will help, but in terms of the impact on the economy, there will be problems. We are faced with a limited value chain, with raw products being exported even though we had the opportunity to transform them more on the ground. Here, they [the government] stayed in let's say 'wild liberalism' (libéralisme sauvage) and what people feared about the oil industry, with the FPSO and FLNGs being built in Singapore, the United States… ten countries are manufacturing what could be made locally. There is a lack of competency, and technology transfer that will not be met" (Interviewee 2, Appendix 1, 2021).

This is a recurring concern that stands out from interviews with Senegalese Parliamentarians and civil society representatives. President of the parliamentary network on oil governance, highlighted how Senegalese politicians had picked the wrong battles in terms of challenging government's choices on oil governance, focusing unproductively on the mis-attribution of exploration and production licenses, at the expense of advocating for local content (Interviewee 7, Appendix 1, 2020). In turn, a Senegalese employee of the World Bank's Dakar office, stressed his fears, *"Senegal is revising its own hopes, due to covid that is delaying investments and production dates to 2024-2025. The promise Sall had made of first gas by 2022 will vanish on its own"* (Interviewee 19, Appendix 1, 2020).

Yet, investors do not wait for capacity to be built in order to start negotiations. This leaves host countries in a situation of being perpetually catching up to build capacity, update laws, and build sector strategies. This raises questions about the real impact donor's technical assistance can have both in the short-term on ongoing projects, since this implies negotiations systematically take place on an unequal playing field, and in the long-term since by the time capacity is built, it may no longer meet the institutional needs, industry trends and domestic priorities. An interviewee

explained that *"countries often struggle to develop capacity in time and are always unprepared"* (Interviewee 15, Appendix 1, 2018). In addition, the question of unstable funding, and funding cuts influenced by donors, has also put the success of capacity building initiatives at risk,

"both countries [Senegal and Tanzania] *had developed the downstream hydrocarbon sector in the 70s-80s and built some technical capacity which was then lost after structural adjustment policies. This capacity hasn't worked for the management of the new oil and gas developments due to administrative issues: Tanzanian experts trained in that period reached retirement age when the discoveries were made. The time lag between discoveries and project development doesn't allow for capacity building; it's a moving target."* (Interviewee 25, Appendix 1, 2017).

By promising to fix this inequity in time for investment decisions, the rhetoric of 'capacity building' detracts attention from the foundational imbalance of power that determines the inequitable distribution of economic benefits. The gap between the promises of companies and donors, that mobilise constructs of risk, rewards and capacity, and investment outcomes speak to the limits of neo-institutional practices and discourses of good governance. However, this gap between hopes and reality is filled with an effort to manage expectations, adding further to the discursive arsenal of capitalist oil governance. Senegalese political elites have also mobilised these 'neo-liberal' constructs and concepts to further their own short-term political interests. In fact, controlling domestic narratives of hopes but also that of managing expectations are a battleground for domestic power consolidation. In the same speech quoted earlier, Macky Sall also highlighted the unequal footing and inequitable distribution of economic benefits that characterised natural resource extraction in developing countries:

"We have been used to systems of generalised corruption when abundant resources were present in our countries. Beyond leaders, we have to recognise that countries rich in natural resources have been exploited for a very long time, whether in Africa, Asia, or Latin America. In Africa, governments have never been able to face the might of multinational companies who had robust lawyer firms, and who were very often way ahead of us in terms of legislation and contract negotiation.

Managing expectations around oil and gas developments in Senegal has been key to political elites' power consolidation. As an interview stressed, *"Macky Sall was careful not to make outlandish promises, since for people oil means wealth and the resource curse"* (Interviewee 19, Appendix 1, 2020). In this sense, the World Bank's presence was more of an instrument of Sall's political communications and tactics than the illustration of external influence over the country's oil governance policy. Senegal fenced the oil governance arena off from internal, political competition as well as external interference from donors. Since he benefited from a tight grip on power, Macky Sall mobilised concepts of 'capacity' and 'lack of preparedness' to manage expectations amongst his political constituency, aligning himself with industry interests and practices.

In the same way, the small steps that were taken in the direction of local content creation were a response to domestic political battles within Sall's government, namely following Minister Alassane's rebellion against the president's instructions regarding Total's license. *"The President tried to fix the blunder [of Alassane's rebellion and refusal to grant Total an exploration license], with the new Petroleum Code and Local Content Law of 2019 but in reality, it is the private sector's investments that will not be up to expectations. Indeed, most call for tenders are awarded to foreign companies who have more capacities"* (Interviewee 19, Appendix 1, 2020). In response to the first gas production delays announced in 2020, Macky Sall has been quick to call on his government to manage expectations. This has meant asking the Ministry of Finance to accelerate the preparation of the law governing future oil and gas revenue management, and the Ministry of Petroleum to *"implement a coherent communication strategy on oil and gas management, ensuring a vulgarisation* [simplification] *of the law on local content"* (Agence Presse Sénégalaise, 2021) to compensate and manage the gap between earlier promises and a somewhat disappointing reality.

Playing on expectations by overstating and keeping them low is practised by trans-national and domestic actors to manage the unequal, at times disappointing, distribution of risks and rewards, costs and profits between companies, government, and local communities. Macky Sall has mastered its art, by striking a fine balance between making forward looking, achievable promises and keeping expectations on economic impact directly related to the Sangomar and GTA projects, low. At the same time, Macky Sall's speech on the exploitative role companies played in natural

resource extraction illustrates the ambiguity within which he has couched the debate on oil governance. This echoes Witte's (2016) discussion of the "discursive presence in politics, media and civil society" (p. 3) of hydrocarbons that are yet to be produced. Along the lines of pre-source curse conceptualisations Cust and Mihalyi (2017), she argues that politicians construct the meaning of natural resources around forward-looking imagery based on the simplistic curse/blessing dichotomy proposed by the resource curse. Domestically, the mobilisation of this at times ambiguous narrative, can be powerful to exclude the opposition and marginalised voices from weighing into the oil governance debate (Holterman, 2014). The mobilisation of ambiguous narratives offers a number of opportunities for political power at the domestic level. Yet it displaces responsibility around investment impacts onto governments. This discursive 'slippage' is powerful in shifting the onus onto host governments and citizens.

Conclusion

Scholarly accounts of how the global oil industry and global governance standards co-produce ideas and rules that are manifested locally have shown that oil companies frame global, and local discussions on oil governance (Weszkalnys, 2015; Appel, 2012; Phillips et. al. 2015). In line with Weszkalnys' claim that 'resource affect' discourses are mobilised by oil companies, financial institutions and governments to diffuse and limit challenges to oil production and governance (2011), I find that concepts of 'risk' and 'capacity building' are deployed manage expectations around oil and gas investments. The mobilisation of constructs of risk, capacity and expectations, has played a role in justifying skewed investment outcomes for companies, creating business opportunities for donors, and consolidating political power on oil governance domestically.

An analysis of how these concepts are deployed and mobilised differently across global and domestic levels sheds light the primacy of short-term investments and political power conservation. Even though the analysis shows how national and international actors are entangled across the material and ideational levels, concepts of risk and unequal distribution of benefits appear as the accepted foundation of industry dynamics at the level of private and public sector decision-makers. This continues to suggest that the Senegalese government is willing to accept suboptimal financial and socio-economic development benefits for their economy and citizens in

exchange of short-term investments that can help them consolidate power (Olcott, 1998; Mahdavi, 2015). In turn, it raises important questions on the how questions of national interest are defined, by political elites' interests or broader consensus.

At the same time, I find that at the domestic level, the mobilisation of these constructs also yields powerful results in terms of power consolidation for the governing elites. My finding sheds light on the wiggle room political leaders have to use these discourses and practices to their advantage, which in Senegal's case has meant consolidating power over oil governance outside the Ministry of Petroleum and Energy, within the COS PETROGAZ, which operated under the President's direct oversight. As a political leader, Macky Sall has shown a willingness to mobilise these discourses, in order to rally international financial institutions while keeping them at a distance from strategic negotiations and decisions around oil and gas investments.

Chapter 9: Conclusion, the politics of negotiation as an analytical device

What promise do new oil and gas discoveries bring for stable African democracies? The analysis of long-term governance approaches and short-term investments in Senegal has revealed that evenhanded negotiation between government and oil companies remains a promise. In this sense, one can think of power over oil and gas resources as a game where two parties come together to 'negotiate' and at the end, oil companies always win[40]. The term 'negotiation' denotes the achievement of a mutual agreement through bargaining and dialogue. Yet, it also implies a sense of mutuality, proportion and evenhandedness. In the oil and gas industry, this seemingly neutral and technical term dissimulates the unevenness of power between parties.

Senegal could be getting more from its oil and gas resources. However, its inability to draw up the rules of the game, and unwillingness to challenge the status quo has placed the country in a position of weakness. The country's elites stand to lose their hold on power as well as short-term economic gains, by demanding more from oil companies. Senegal's power arsenal over oil is constrained by its dependency on foreign investors. Its image of being a stable democracy makes it no less reliant on foreign investments. Holding a more ambitious stance against oil companies, from the laws down to the investments it approves, requires both leverage and audacity that Macky Sall's government did not possess.

Scholarly attention to negotiation as a conceptual device matters. Its application to Senegal's oil governance history has unveiled legacies and dimensions of power which permeate how power over oil is exercised, negotiated and maintained. The adoption of an expanded understanding of negotiation has offered conceptual scope to consider the various interconnected facets of the global oil industry, which have typically been addressed in silos and at isolated points in time. My inquiry has sought to employ negotiation not as an event to be analysed, but rather as a means to understanding longer trajectories of oil governance and investment outcomes. It has revealed four

[40] To paraphrase Garry Lineker's humorous description of football, 'football is a simple game. Twenty-two men chase a ball for 90 minutes and at the end, the Germans always win'...

key findings that 'entangle' three levels of the global oil assemblage: host government, domestic political elites and oil companies.

First, that where antiquated colonial mores that shape the country's political economy and oil governance have not been addressed, they inform negotiation outcomes. Second, that transnational actors have been instrumental in maintaining a colonial elite bargain that keeps host countries on the receiving end of negotiations. Third, as elites forgo greater long-term gains from investments, they are rewarded with short-term political power consolidation, especially in democracies. Fourth, offshore and modular project modalities offer new prospects for companies to impose terms of business, and host governments' leverage over investments. In this concluding chapter, I summarise key findings drawing from Chapters 5, 6, 7 and 8. Thereafter, I reflect on the theoretical implications of these findings with reference to the concepts and issues previously identified in Chapters 1 and 2. I discuss what the policy implications are for Senegal and emerging producer countries more generally. Lastly, I consider possible opportunities for further research.

Key findings

1. Negotiations as an analytical device

As argued by Mohan (2019), meso-theories like political settlement analysis and pockets of effectiveness have been a fruitful addition to mainstream neo-institutional debates on development and governance. They have successfully advanced our understanding of power relations and the functioning of state institutions by providing more granular insights into the politics of development in Africa. However, as Mohan maintains, they have until recently (Tyce, 2020) generally failed to engage critically with broader questions relating to the global economic structure and its impact on domestic agency and politics. This points to a missing analytical means to bridging the gap between meso and meta levels of analysis, as well as to account for the relational dynamics at play between domestic and international levels of analysis.

An emphasis on negotiations as a heuristic device consolidates the focus on processes and relations of power across domestic and global levels, which typically lacks in traditional political settlement

analyses (but which are being increasingly explored by 'expanded' political settlement approaches). This means it can account for both agency and structural constraints that define government's room for manoeuvre in shaping oil governance. As such, it builds on a more dynamic and open-ended conceptualisation of the state. This fluid, relational and dynamic conceptualisation of the state in relation to domestic politics and global industry which is important to bridge the gap between meso and macro-theories in the field of oil governance and development. The analytical angle of negotiations offers scope for multi-scalar analyses which is relevant since political and economic power over oil are carved out at the juncture between domestic and international levels. This contrasts with more path-dependent constructs implied by the traditional political settlement literature (Khan, 2010) that link specific power configurations with developmental outcomes. However, it calls for further research to explore the links between domestic power configurations and external forces which appear to be both enabling and constraining factors in domestic politics.

This thesis has shown that envisaging negotiations as an analytical device can bridge the gap between micro and macro levels of analysis. In the field of oil and gas governance and investments, negotiations can be used as a heuristic tool to explore dimensions and relations of power over oil. In order to unpack the relationships of power where government and companies 'meet', I used the subject and concept of oil and gas negotiations to structure to this inquiry. Empirically, negotiations are a useful starting point to unpack the characteristics of oil and gas projects in relation to domestic and global power relations across government and industry.

Firstly, the examination of the combination of exploration and production contracts, project concepts and investment decisions not only sheds light on the distributional nature of oil and gas projects but also on the fluidity of agreements in the industry, which impacts the state's scope for agency. My investigation revealed that the distributional aspects of oil and gas developments cannot fully be gauged by only examining exploration and production contracts. But that further attention should be given to project design and more 'technical' aspects which are negotiated between governments and companies following exploration and production contract signature.

Secondly, negotiations occur according to a specific set of practices that can be unveiled empirically by investigating the rules of the game and discourses that structure them. In this case,

they include oil industry and governance ideas, discourses and practices over risk, profit sharing, and capacity building, but also the laws, contracts and institutions which constrain government's 'room for manoeuvre' in negotiating oil resources. Furthermore, because negotiations are anchored in mutual relations of power their exploration can tease out the instruments of power deployed by domestic and global actors to govern oil and gas resources. The study of negotiations entails the analysis of the different instruments of power employed by government and international actors in order to shape how oil resources are governed. Tracing the historical origins and ideational underpinnings of exploration and production practices holds the potential to reveal how economic and political power over oil is achieved. In this sense, it translates into an analysis of channels of power which refines our understanding of how economic and political 'power over oil' is achieved.

With this in mind, it can be argued that the ability to negotiate 'good deals' is not so much dependent on the economic development impact of policy choices or agreements, but about the ability to create a bigger pie for the parties engaged. In this sense, interests are tradable infinitely and power is more than strictly material or political, but also about narratives around what is being negotiated. Therefore, interrogating who holds the narrative power to define negotiation rules, and stakes, is a significant piece of the puzzle. Looking at oil governance through the prism of negotiations also serves to interrogate how power is distributed between domestic and international levels, as well as the political and economic realms of analysis. Finally, comparing negotiation outcomes to negotiation theory can expand the discussion to raise more normative questions regarding the quality and nature of agreed projects.

2. Colonial institutions structure oil and gas governance

Where antiquated legal mores rooted in colonial governance have not been addressed, they inform negotiation outcomes. This has been underscored by how the incentives produced by the state-marabout bargain have constrained ideologies of resource nationalism and protection of the national interest, and promoted pragmatism, a tolerance of, and reliance on, a neo-liberal approach to economic governance. First, the state-marabout bargain has fostered a preference towards neo-liberal resource governance, offering high benefits to foreign capital and actors in exchange of investment prospects, opportunities for the urban merchant class, and redistributive policies

towards the agricultural sector and rural areas. Second, the institutionalised concentration of political power within the hands of the president (and its acceptance by political and religious elites as a cornerstone of the preservation of the state-marabout bargain) has provided space for the executive branch to lead oil governance practically single-handedly. In turn, this has informed Senegal's short-term approach which has sanctioned short-term investment certainty and inequitable distributions of economic benefits, both pre- and post-discoveries, over more ambitious negotiation choices.

Senegal's approach to oil governance and investment negotiation has been sustained by a domestic elite bargain that favours the urban merchant class but keeps rural populations content through redistributive policies. In turn, six decades of access to financial capital, public debt and private sector investment have maintained this domestic elite in power. The preservation of the state-marabout order has been a disincentive to political and economic change, as well as societal transformations and reforms. As predicted by Di John and Putzel (2009), this relatively inclusive elite pact has come at the expense of pro-development and long-term policy choices. In my view, this is due to interests rather than political ideology. It explains why the approach to political and economic governance that has emerged under Macky Sall's presidencies has been characterised by pragmatism.

The emergence of a 'dominant leader' political settlement finds its roots in the colonial state-marabout settlement. The colonial heritage of a 'French-style' presidential system has cultivated a centralisation of decision-making around the president. It has laid the foundations of a democratic regime that relies on repressing political opposition to maintain political and economic stability. The increased repression and swallowing up of opposition within the ruling coalition has further reinforced presidential functions, weakened the role of regulatory and parliamentary institutions, and overall resulted in there being little space for debate and consensus building over economic governance issues. This has provided an opportunity for oil governance in the pre-production period to remain circumscribed to a small circle around the president and his advisors. As highlighted in an interview, this results in oil governance by interest and not consensus (Interviewee 11, Appendix 1, 2020).

Senegal's neo-liberal approach to resource governance is consistent with the interests and ideas produced by this deep-running political settlement. It has been characterised by pragmatism, which has manifested as a reluctance towards reform, legislation and debate – and a proactive, president-led approach to strategic economic decisions. In turn, these interests and ideas have shaped institutions' participation in and control over oil governance choices, from upstream reforms, to revenue management mechanisms and oil and gas investment projects. Despite the existence on paper of regulatory (the Ministry of Petroleum and Energies) and legislative (Parliament), and technical (Petrosen) institutions, it is the President who has personally led decisions on oil governance including through the creation of a new coordination agency under his wing (COS PETROGAZ). The preponderant role played by the executive in the Senegalese presidential political system enabled Macky Sall to leverage the opportunity of oil discoveries in order to consolidate power. On the contrary, loosing hold of oil governance would have jeopardised his overall political authority, as well as investments under negotiation.

Formal institutions' ability to fulfil their regulatory functions and counter-balance the executive matters. With a strong presidential system and 'dominant leader' settlement in place, oil negotiation can be easily dominated by the president and his circle. This puts investment decisions at a risk of reflecting the interests of political and business elites, instead of the broader national interest. Petrosen's limited level of autonomy in relation to government under Wade and Sall presidencies illuminates Senegal's stable market-oriented approach to oil governance. Despite their weaknesses, the Ministry of Energy and Parliament can generate leverage in government's bargaining with oil companies on the condition that they are allowed to accomplish their institutional mandates. This requires space and capacity to protect the national interest in a way that promotes decision-making horizons that are longer than presidential and political mandates.

3. Oil companies create the rules of the game that govern oil

International oil companies emerge as the authors, narrators and actors dominating the global oil assemblage. They dwarf domestic actors in terms of the arsenal of power they have at their disposal, from material to instrumental and discursive clout. An attention to history has shed light on the instrumental role oil companies have played in defining the economic, legal, technical and

discursive ‘rules of the game’ in the Senegalese context. Total’s archives indicate that companies exercised an unrivalled power over the economic and political organisation of the sector since the late colonial period. This was effected through the power to distribute licenses amongst companies, draft national laws and contracts, which would set legal, fiscal and political precedents upon which future laws would build. This matters because it highlights the extent to which emerging new producers such as Senegal have little ‘wiggle room’ and bargaining power against oil majors whose ‘ancestors’ drew up the rules of engagement, defined norms and claims to legitimacy, as well as expectations relating to the distribution of oil and gas profits.

Transnational actors construct and deploy the discourses that cement and legitimise negotiation, governance and profit sharing practices. The construction of discourses around geological potential and risk, as well as those pertaining to the hopes and fears associated with oil resources, have played an important role in legitimising low government takes in emerging producers. But oil companies are not the only transnational actors deploying these narratives. They have also been instrumentalised by international financial institutions to deploy capacity-building programs aimed at achieving ‘win-win’ oil and gas investments in developing countries, resulting in disappointments and downright failures. In this dimension of power, an emerging producer such as Senegal has crafted a narrative that draws from these concepts of capacity and risk to keep expectations low and justify the limited economic impact of oil and gas investments. Discourses endure because governing elites domestically stand to gain politically from mobilising discourses of risk and capacity simultaneously. This ‘two-level game’ where the rules are defined by companies allows government to claim its ‘hands are tied’ due to investor requirements and settle for lower distributions of rewards.

The state of collaboration, instead of competition between oil companies promotes a ‘race to the bottom’ in the design of oil and gas investments. During the pre-independence period, French and British oil companies cooperated with each other, splitting exploration activities and drafting Senegal’s long-term E&P investment framework. They were keen to collaborate with each other to gain access to Senegal’s potential resources and French metropolitan interests benefited from this cooperation. Today, the BP and Kosmos partnership around GTA imposes major constraints to both countries, neither country is willing to refuse. This collaboration, which is also taking place

in Ghana's offshore, is leading to new types of offshore projects that will dictate how future hydrocarbon resources are extracted in the developing world over the next decades.

4. The government of Senegal embraces skewed investment outcomes

The government of Senegal has embraced skewed rules of the game, discourses and outcomes because it benefits from them. Elites have traded-off long-term economic gains for the country in exchange for political power consolidation. This is consistent with the country's long-running approach to foreign investment and economic policy. It helps explains the government's preference for a pragmatic approach and a reluctance to undertake legal reforms, so as to keep oil governance malleable to their own interests. The institutional ambiguity that between Petrosen and the Ministry of Energy also reflects government's interest in preserving the president's monopoly on oil governance and limiting dissenting voices. The effects have been mixed. In comparison with Ghana, the concentration of power over oil governance in one president's hands has limited intra-elite competition and patronage pressures. At the same time, it has helped justify Macky Sall's stranglehold on oil governance.

Sall's strong domestic position has not translated into an ambitious negotiation stance, higher demands regarding production and local content for Sangomar and GTA projects. In contrast with Uganda, Senegal's strong and authoritarian hold on power has not resulted in resource nationalist approaches to oil governance negotiation or reform. Government's ability to operate within a longer-term horizon in negotiations is circumscribed to the maximum of two presidential mandates, as far as history has shown. Senegal's bargaining power and wiggle room over oil governance has therefore been bounded to short-term consolidation of political power and intra-elite economic gains. The irregular license attribution process for GTA licenses seems to have been an opportunity for personal enrichment for the regime that preceded Macky Sall and power consolidation over oil governance for the latter. The infrastructure investments associated with GTA in the port of Dakar, as well as the residential constructions planned to house the expatriates who will work on the project will in the short-term benefit the urban merchant class of Dakar.

The combined effect of Senegal's neo-liberal leaning political settlement and new investment opportunities resulted in a de-prioritisation of "structural issues and longer term planning decisions in favour of shorter-term gains" (Mohan & Asante, 2015, p. 1). This is evidenced by different aspects of oil governance in Senegal: the Petroleum Code, E&P contracts, investment decisions and pre-oil discourses. Ghana's oil outcomes are similar to those of Senegal even though Ghana's two main political factions have taken different approaches to oil governance, alternating between a 'resource nationalist' and 'market-led' stance (Hickey et. al., 2015). This differs with the case of Uganda's onshore oil negotiations. In contrast with Senegal and Ghana, Uganda's president has governed the country since 1986. His authoritarian hold on power has afforded him longer time horizons to negotiate oil discoveries, and imposed more limited pressure on securing short-term political power consolidation.

5. *Oil companies are testing new offshore investments that reduce host country leverage*

The new commercial requirements of the oil and gas industry have been detrimental to Senegal's bargaining power. Offshore modular and multi-phased projects like Sangomar and GTA, impose high costs and risks to Senegal. Oil companies manage their financial risks by betting on 'fast-track' and 'low-cost'. Yet, this 'need for speed' increases resource recuperation and production risks for host countries. GTA's record-speed modular design meant that Kosmos and BP were able to quickly monetise gas resources, at the expense of longer-term production and revenues for Senegal. This suits oil companies who are now keen to monetise resources fast, keep sunk costs of investments low and be able to cash out quickly. By dividing resource development into multiple phases, especially in offshore contexts, host countries are stripped of their traditional 'obsolescing' bargaining power.

BP holds a nearly monopolistic position of power vis-à-vis Senegal's gas resources. Not only does it control the design of GTA's technological and engineering solutions, but it provides finance to Petrosen and purchases all of GTA's gas. Oil companies' ability to leverage technology and the global energy market transformation as constraints to GTA's viability has enabled them to maximise returns, ensure long-term fiscal stability, and keep the government's share of profits and production to a minimum. In comparison, Senegal's bargaining power arsenal is faint, between its

reluctance to legislate, a predisposition to 'market-led' approaches to oil governance and elites' short-term incentives. This matters because seemingly technical aspects of project development play a crucial role in shaping investment outcomes and impacts. Project design decisions confine host countries in development scenarios that are hard to undo and that demolish hopes of regaining leverage, politically or legally. Lastly, these 'new' offshore and modular trends are defining the boundaries of what is legitimate and acceptable for emerging producers.

Theoretical implications

1. *The resource curse and pre-source curse*

The irregular license attribution for Cayar and Saint Louis blocks illustrates some aspects of the 'pre-source curse' dynamics countries are said to experience between discoveries and production (Frynas, 2017). Furthermore, choices made before oil and gas resources had been discovered dramatically defined Macky Sall's government 'wiggle room' to negotiate with oil companies leading up to final investment decision. This supports the idea that "immediate political threats" or opportunities can "encourage governments to favour the disbursal of short-term benefits over longer term planning and investment (Poteete, 2017, p. 3). More importantly, however, it raises questions on political elites' preferences for short-term gains and on the role of 'oil expectations'. In Ghana, and Kenya, unrealistic oil expectations have jeopardised the positive long-term development outcomes oil and gas production can generate (Cust and Mihalyi, 2017; Tyce, 2020). Yet, in Senegal, as well as in Ghana and Kenya these so-called high expectations have not translated into 'high expectations' at the negotiating table in the period leading up to FID. As I have argued, they have resulted in disappointing investment outcomes.

The resource curse theory has framed the debate on natural resource governance in ways that have advanced questions of revenue impact and economic management. Both economic and political insights into understanding the links between natural resource wealth, institutions, and economic growth have impacted the way natural resources are thought of and practiced (Sachs & Warner, 2001; Acemoglu et al., 2003; Ross, 2005; Humphreys et al., 2007; Collier & Venables, 2011). However, rentier state theories (Acemoglu & Robinson, 2012; Rosser, 2006) have come short of

investigating the underlying causes of elite behaviour and recognising their relationship with international actors and forces. The problematisation of the 'resource and pre-source curse' as being rooted in the behaviour of political elites and the repercussion this has on institutions and planning, has ignored important factors, and power dimensions that shape oil governance. Even though the pre-source curse moved the analytical needle to the pre-production period, it has not satisfactorily addressed what global and local factors shape oil investment outcomes or questions of power.

Revenues and their expectation matter, according to resource and pre-source curse debates. Institutions matter according to new institutionalists, and politics matter according to political settlement approaches. But the relations of power between companies and government, as well as the content of investment decisions matter tremendously. In addition, the ways in which this relationship is shaped by questions and dimensions of power, is relevant to finding out what shapes oil investment and negotiation outcomes. The deterministic approach adopted by the resource and pre-source curse theses leave little scope for longer-term historical analysis and change, which has relevant policy implications. Also, the blanket treatment of resource rich countries has ignored the specificities of new emerging producers in the developing world whose political economic foundations were laid before oil was discovered. Finally, accounts of how the global oil industry and global governance standards co-produce ideas and rules that shape debates on oil governance (Weszkalnys, 2015; Appel, 2012; Phillips et. al. 2015) have shed light on the function and power of 'resource affect' discourses like the resource curse. The analysis of how these concepts have been deployed and mobilised differently across global and domestic levels shows how national and international actors are entangled across the material and ideational levels – in ways that are not sufficiently explored by these approaches.

2. Political Settlements

Hickey et. al. (2020) have argued that Ghana and Uganda's different approaches to resource nationalism were the result of the interplay between the political settlement and its impact on institutions and ideas. Uganda's dominant regime type enabled it to invest in capacity building, as well as in building a long-term vision for oil development and governance. Ghana's competitive

clientelist system repeatedly stifled its ability to build capacity and a strategic vision for the sector. In Senegal, I have found that the state-marabout settlement has influenced the country's neo-liberal and pragmatic approach to oil governance. Here, the interaction between the political settlement and its impact on ideas, institutions and elite incentives has resulted in an unambitious negotiation stance with regards to oil companies.

As predicted by Di John and Putzel (2009) and exemplified by Boone (1992), Senegal's political settlement has been detrimental to economic growth and the emergence of a domestic capitalist class. It contains an inherent contradiction which Di John and Putzel (2009) recognise as a limiting factor to broad-based development. Indeed, they argue that "the elite bargains that may lead to the establishment of what might be considered a resilient political settlement may also act as a barrier to progressive developmental change" (p. 17). The implication for the examination of oil governance in a developmental context is that host countries are constrained both by internal and external factors that shape their wiggle room at the negotiation table. The little short-term political incentives to mobilise a resource nationalist discourse, and push back from companies, explain host countries relatively unambitious negotiation stance. Paradoxically, therefore, the integration of key communities into clientelistic relationships with the State by political coalitions, has resulted in a weakening of political consensus, debate and of the country's inclusive development potential put forward by Osei (2013) as well as Kohnert and Marfaing (2019).

Senegal represents a unique mixture of authoritarian, clientelist, dominant party, potential development coalition traits, as proposed by Khan (2010). This distinctive blend of a dominant leader, a clientelist underpinning, and an ideological predisposition for economic neo-liberalism sets Senegal apart from Ghana's competitive clientelist and Uganda's weak dominant party settlements. Its atypical mix of different political settlement traits has called into question the neat classification of power distribution proposed by Khan (2010). Its 'deep-running' political settlement has shed light on the differences between political power distribution across 'formal' political institutions of government and deeper running elite bargains that structure the country's political economy.

Senegal's case has also shown that investment outcomes are not just shaped by politics and institutions, ideas and incentives but also by relations of power between domestic and global actors. It fits better with new takes on political settlement approaches produced by Tyce (2020) and Mohan (2019) which explore how transnational actors, ideas and interests shape domestic oil and gas governance. Senegal's case challenges the idea of a mismatch between political elites and oil companies' time horizons and incentives, observed by Tyce (2020). The rushed speed and development of GTA and Sangomar showcases the complacent overlap between elites' incentives and timelines, and oil companies' interests. This is relevant to the examination of 'new' offshore and modular developments in developing countries, and contributes to a better understanding of oil investment and governance outcomes across emerging producers in Africa.

The pre-FID negotiation and upstream oil governance space is of crucial importance in determining future gains, risks and economic benefits for host countries. At the same time, the political settlement's ideological and incentive structures have resulted in a trade-off between short-term political benefits and longer-term economic gains. Indeed, the Senegalese government did not have major incentives to increase the resource 'pie' during pre-FID negotiations in order to bolster existing patronage networks, even before presidential elections. This is very much in line with expanded political settlement analysis on emerging producers, which converge in observing the conclusion of 'quick and dirty deals' with limited legacy impacts (Mohan et. al., 2018; Tyce 2020). It highlights the limits of the state's power, particularly in the context of a stable democracy, to negotiate with oil companies.

3. *Multinational companies' multifold power*

Fuchs and Lederer (2007) and Ruggie's (2018) discussion on multinational companies' multifold power is evident in the relationships and hierarchies, politics and underlying narratives that transpire from these archives. Instrumental power, "the employment of specific resources to achieve one's aims" (Ruggie, 2018 p. 322) is pervasive throughout the archives, especially illustrated by the lobbying outcome regarding Senegal's post-independence legal and fiscal framework. But I found that oil companies' influence is most salient in their structural and normative power over oil governance. That is the ability to create the rules, practices and

discourses that structure host government and oil company relations. Structural and discursive power dimensions are evident in oil companies' agenda setting and rule creation, in the period leading up to independence. The drawing up of Senegal's first Petroleum Code by oil companies speaks to the power to frame the debate, problem and solution, which I have also addressed in Chapter 8. This confers oil companies a legitimacy over their claim to knowledge and commercial/policy proposals that host governments cannot compete with, which speaks to Fuchs and Lederer (2007) work on the multiple dimensions of transnational actors' power.

4. Global oil assemblage

Watts proposes a global political economy of the oil industry as a "precondition for understanding the social and political dynamics" around which global oil governance practice has developed (Watts, 2005, p. 375). The idea of the global 'oil complex' and the local 'petro-state' are central to his framework of analysis. The relation between the two holds the key to understanding the reality of oil governance – which he understands as an arena where "new forms of global regulation and governance are being developed, fought over, and implemented" (Watts, 2005, p. 375). Similar to Mitchell's carbon democracy (2009), Watt's take on the political economy of oil is anchored in a historical materialist conception of the world. As such, Watts sees "the oil complex is a sort of corporate enclave economy (…) but its character and dynamics are quite specific to the oil sector and the historical moment in which oil is a strategic asset" (Watts, 2005, p. 380).

I have argued that Senegal's oil governance choices and institutional design are the result of the 'state-marabout' settlement as well as wider forces pertaining to the global 'oil assemblage' (Watts, 2013; Mitchell, 2011). The interconnection between political elites, political settlements, institutional design and development pathways is strongly evidenced by my examination of Senegal's upstream oil and gas legal, fiscal and institutional framework. Senegal's oil governance institutions and laws highlight the links between the domestic and global spheres in a way that sheds light on three salient themes: the 'requirements' of the global oil assemblage, the deep running political economy foundations of Senegal, and the more contemporary, and fluctuating aspects of its political settlement. This indicates the strength of bringing together domestic political settlement approaches and wider macro theories such as critical theory and oil assemblage (Cox, 1981; Watts, 2013). Relational political economy analyses, in contrast with classical political

settlement approaches, are well suited for an accounting of the links between state institutions and broader analyses of contemporary capitalism (Mohan, 2019).

In line with Mohan and Asante (2020) and Tyce (2020) I have found that the 'oil assemblage' reinforces the country's short-termism and clientelist tendencies. In this case, oil companies' increasingly shorter term investment horizon is coinciding with the political survival incentives of typical five year long presidential mandates. As Mitchell (2009) suggested, I have found that the dislocation and delocalisation of oil production in the offshore space, has significantly jeopardised political forces' ability to mobilise against investment outcomes. In this context, my findings have confirmed Bebbington et. al. (2017) understanding that transnational actors in this case oil companies, financial institutions, and much earlier colonial governments, have operated as the key transnational 'couplings' that bind the global and local dimensions of natural resource governance together. This has confirmed the importance of tracing the historical processes of formation of the oil industry, institutions and ideas that make up the global oil assemblage. As I have shown, an examination of the existing scholarship on oil in Africa's economics and politics would be incomplete without a mention of the historical legacies of colonialisation. Therefore the manifestations of historical legacies in contemporary oil governance are an important part of deciphering the puzzle of oil governance in emerging producers (Bebbington, 2013; Mohan & Asante, 2015).

Policy implications

Given Senegal's political settlement and the country's past preference for economically 'neo-liberal' political leaders, it is likely that the legal and fiscal conditions governing the upstream will remain as they are after the 2024 presidential elections. Despite the current delays faced by operators in Sangomar and GTA, they are still promising first oil and gas respectively for 2023. In turn, BP is targeting FID for GTA's second phase by the end of 2023. This would certainly be beneficial for Macky Sall's re-election campaign should he seek a third mandate or for his successor (Gueye, 2020). However, as highlighted in Chapter 7, issues remain around resource recuperation and optimisation beyond this second phase. However, it is unlikely that even a new president with a different approach to oil governance would seek to re-negotiate GTA's second phase FID without facing a legal dispute. Furthermore, a radical shift in the country's oil

governance strategy towards more resource nationalist approaches would be unexpected for Senegal.

Similarly, it is unlikely that Senegal and Mauritania's partnership will change. Indeed, strategic collaboration between the two countries has been fairly limited since the GTA discoveries. Unfortunately, this inability to work together 'against' oil companies has weakened both countries' bargaining positions. This precedent makes a change in their 'joint' strategy with regards to oil companies improbable within GTA's lifetime. In turn, the re-determination of GTA's 50/50 unitisation will only be possible four years following first gas, probably in 2028 based on new geological information. This reduces the chances Senegal or Mauritania ask for a re-determination, especially since, phase one and two will have likely extracted the 'cream' of the resource.

Securing increased economic benefits in the context of heightened market uncertainty around oil and gas prices and the energy transition is a challenge Senegal will have to face in its relations with oil companies. This uncertainty certainly places new producers like Senegal in a weaker bargaining position vis-à-vis oil companies. The latter can legitimately claim they have a rationale to invest less and on a short-term basis to manage the increased market risks they face. Even though Senegal counts other oil and gas discoveries worth negotiating, they are all held by the same operators, Kosmos and BP. Companies have an incentive to push back negotiations to develop Yakaar and Teranga discoveries until GTA's main phases are fully agreed upon. As a result of global market constraints it is hard to imagine that an improvement in Senegal's negotiation capacities will result in a change of direction in bargaining with operators, and oil governance more broadly.

Questions of oil governance will continue to be led by the president and his inner circle. Even though lack of capacities may be a limiting factor to carry out complex, technical 'dossiers' forward for emerging producers, ruling elites' political incentives remain a strong determining factor of investment outcomes. Especially when, as highlighted by the GTA case, political elites' short-term interests overlap with oil companies' short-term investment timelines. In other words, good policy is not necessarily good politics in the case of oil and gas governance. In this sense, it is unlikely that the Senegalese government will be opening up the technical and legal 'black box'

of negotiations leading up to FID to wider political debates with key stakeholders domestically. Instead, oil governance by interest rather than consensus is likely to prevail. This raises important questions on Senegal's ability to take a more ambitious stance regarding domestic gas use, improving access to energy production and distribution in its negotiations with oil companies.

The Senegalese government has made gas a key driver for achieving universal electrification (Ministère du Pétrole, 2018). However, it has not yet succeeded in getting oil companies to invest in onshore liquefaction infrastructures, let alone LNG power plants. This is despite the fact that E&P contracts for GTA specify that the operator has a responsibility to deliver a share of production to Senegal, as discussed in Chapter 6. Instead, Senegal has had to resort, like other emerging producers to renting floating LNG power plants to meet gas powered electricity generation needs. However, for now, Senegal will be importing gas to fuel this power plant (Reed, 2021). In turn, it is equally important that the Senegalese government is careful to avoid errors made by regional peers like Ghana to invest in large power generation infrastructure to channel its gas resources before having established adequate transmission lines and ensured domestic demand is consequent enough to absorb it. In this sense, the question of country risk profiles will continue to haunt emerging producers and economies in Africa. Therefore, a central issue for the Senegalese government will be to orchestrate and coordinate investments astutely across the upstream and downstream to maximise economic benefits and limit costs for the country.

Room for improvement

Before negotiations take place, competitive licence attribution processes based on specific knowledge of a country's existing and potential resources are important. They can help ensure that government selected the best offer based on predefined technical, financial and socio-economic criteria. In order to achieve this, countries must conduct preliminary work on (i) existing and potential resources ('book of prospects'); (ii) the delineation of exploration blocks and the technical, financial and fiscal conditions for their exploration; and (iii) a set of bidding criteria that will facilitate the selection of the best offer. With the new 2019 Petroleum Code, Senegal has instituted a competitive licence attribution process. In addition, Petrosen has initiated a new licensing round for twelve blocks in 2020 based on a competitive tender "with applications

evaluated on the basis of standard criteria" (Petrosen, 2020). This already constitutes a significant improvement to strengthening its bargaining power in negotiations.

During negotiations, greater attention could be given to government's validation of the development concept and field development plan proposed by companies. In Norway for example, oil and gas development plans are approved by Parliament. The development concept and plan shapes how much will be invested to develop a resource, and therefore how much profit is possible, how many employment opportunities will be generated, how many environmental risks will be generated and how much of the resource will be extracted, how much will be wasted or used in the process, and so on. Once production begins, the reporting and accounting of exploration and production expenditures can have a tremendous impact on recoverable costs, profits and ultimately on revenues perceived by government. In the Congo, oil companies had on average overstated $15 per $100 of inspected costs for totals of $1.3 billion costs (Redhead et. al., 2018). As discussed in Chapter 6, overstatement of costs are particularly problematic with production sharing regimes which are based on cost recovery by oil companies. This is a risk that will continue to loom on Senegal's oil governance until it reforms its production sharing contract modality.

Oil and gas governance requires an understanding of issues spanning across legal, fiscal, geological, engineering, environmental and economic disciplines that precede production. It has proven difficult to manage especially in new producer countries, because the importance of pre-production remains overlooked both in practice and theory. An improved understanding of these key aspects of oil and gas governance could potentially improve not only government accountability but also decision-making. Because these decisions matter, we should take a much longer-term and inclusive view on resource development. Greater attention should be paid to the wide range of decisions that take place ahead of discoveries, and ahead of production and revenue generation, but also to the private and public sector actors involved in decision-making.

Role of transnational actors

In terms of the role that international financial institutions can play in building capacity and attracting investments, it is important donors draw lessons from past and recent experiences

working with emerging producers. As discussed in Chapter 8, the World Bank has extensive experience delivering capacity building to emerging producers. Should the World Bank continue to engage in the oil and gas sector, it is also important relationships of trust are established between companies, donors and governments in order for any negotiation support or capacity building to work effectively and have a timely impact. Setting realistic expectations and ensuring transparent information sharing may not be realistic but can potentially make a difference in the way relations of power play out between host countries and oil companies.

However, the development impact of technical and institutional capacity building remains constrained by political and economic interests. Capacity building and technical assistance more generally have failed to live up to their promises and participate in building up expectations in a way that ignores oil industry bottom lines and politics. It is clear that political interests and power preservation will continue to drive elite behaviour and decision-making on oil and gas governance. Yet, changes in discourses on the impact of oil and gas, risks, rewards and expectations across companies, donors and government could help bring the debate to more realistic and candid terms – and leave the 'blessing or curse' world of imagery behind.

International oil companies will continue playing a structuring role in oil and gas exploration and production in emerging producers. It is unlikely that their influence on domestic oil governance approaches will wane especially in a context of lower oil and gas prices, and energy transitions. Instead, their influence will evolve with global markets and industry innovations. In this sense the global oil assemblage is a long way from producing more equitable outcomes domestically and transnationally.

Further research

There are opportunities to deepen our understanding of Senegal's oil and gas governance. In terms of historical analyses, there is space to deepen our knowledge on the role international oil companies played in setting up the legal and fiscal frameworks for their activities in the developing world during the colonial period. For instance, BP's exploration and production archives on Senegal from the colonial period still remain to be examined. This analysis would allow to build a

detailed picture of relations between 'competing' oil companies in the colonial and pre-independence context. This would bring noteworthy insights on the global nature of the oil assemblage, and collaboration between 'competing' oil companies. Also, there is scope to investigate the status of E&P colonial archives in Senegal: how they were transferred, what it entailed for the Dakar mining services and what the impact was on geological data ownership.

I believe Senegal's political settlement and how it shapes oil governance should be further examined from three different angles. First, there is a need to explore the links between the state-marabout elite bargain and Senegal's pragmatic yet neo-liberal oriented approach to economic policy. An examination of the religious facet of the state-marabout bargain could shed light on the ideas it conveys and how they influence approaches to governance more broadly. Second, the effects of the political settlement on intra-elite competition must be better understood. For instance, looking into how (and whether) a strong political leader limits patronage pressures amongst key economic, political and religious elites is very relevant in the Senegalese context. Finally, once oil and gas start to flow the question of revenue re-distribution emerges. Inevitably, production will trigger additional pressures, political advocacy and debates in the political arena. It will be important to study Senegal's redistribution and revenue management choices in this upcoming phase of governing oil. This will also allow painting a 'fuller picture' of oil governance in an emerging producer like Senegal, from 'upstream to downstream'.

Lastly, the choice of project development design and technological solutions used to produce resources matters greatly. Here, too, there is an opportunity for further research to investigate the ramifications of seemingly technical and technological choices on the country's ensuing economic and social benefits. This is especially important in a sector where investments will remain nimble and modular for the foreseeable future. There is also an opportunity to conduct an analysis of the GTA project that considers both Senegal's and Mauritania's political economy, or that compare the political economies of offshore oil and gas resources across emerging producers in Africa.

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Appendices

Appendix 1: List of Interviewees[41]

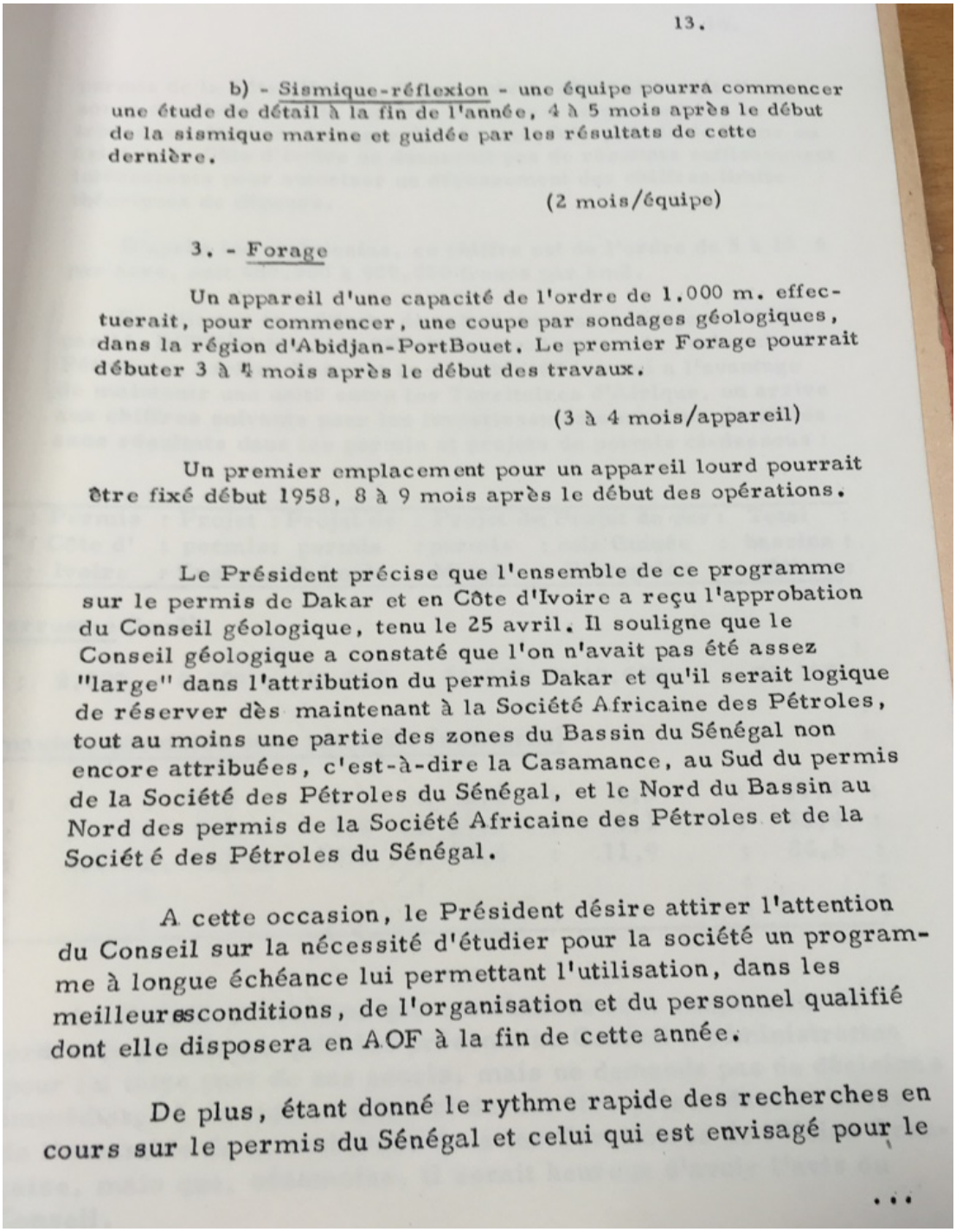
	Designation and Institution
1.	EITI Validation Director.
2.	EITI Senegal Deputy Permanent Secretary.
3.	Upstream petroleum fiscal expert, and advisor to the Senegalese Government and the IMF.
4.	Director, Hydrocarbon Department Ministry of Energy, Senegal.
5.	BP Senegal, Communications.
6.	Former Permanent Secretary EITI Senegal.
7.	President of the parliamentary network on oil governance, Senegal Parliament.
8.	MSCI, Senior Oil and Gas Specialist.
9.	Former VP Exploration and Production Development, Total.
10.	Consultant – Researcher, Governance Senegal.
11.	Africa Director, Natural Resource Governance Institute.
12.	Petroleum geologist.
13.	UK Ambassador to Senegal.
14.	Country Director BP Senegal.
15.	Oil and gas fiscal specialist, advisor to Government of Senegal.
16.	Project Manager, World Bank.
17.	Petrosen, Communications.
18.	Advisor, Government of Senegal.
19.	Communications Specialist, World Bank.
20.	COS PETROGAZ coordinator, Senegal.
21.	Geologist, Exploration Expert for Total.
22.	Day Jones, international oil and gas lawyer.

[41] Names have been anonymised to protect interviewees.

23.	Petroleum tax expert, advised Government of Senegal.
24.	Former Director for E&P North Sea for Total, advised Government of Senegal.
25.	Danish Institute for International Studies.
26.	Kosmos Energy, Social Impact.
27.	Chatham House, Director Emerging Producers Program.

Appendix 2: Total Archives Photography

Image 1: SAP Board Meeting Minutes, 1957



13.

b) - Sismique-réflexion - une équipe pourra commencer une étude de détail à la fin de l'année, 4 à 5 mois après le début de la sismique marine et guidée par les résultats de cette dernière.

(2 mois/équipe)

3. - Forage

Un appareil d'une capacité de l'ordre de 1.000 m. effectuerait, pour commencer, une coupe par sondages géologiques, dans la région d'Abidjan-PortBouet. Le premier Forage pourrait débuter 3 à 4 mois après le début des travaux.

(3 à 4 mois/appareil)

Un premier emplacement pour un appareil lourd pourrait être fixé début 1958, 8 à 9 mois après le début des opérations.

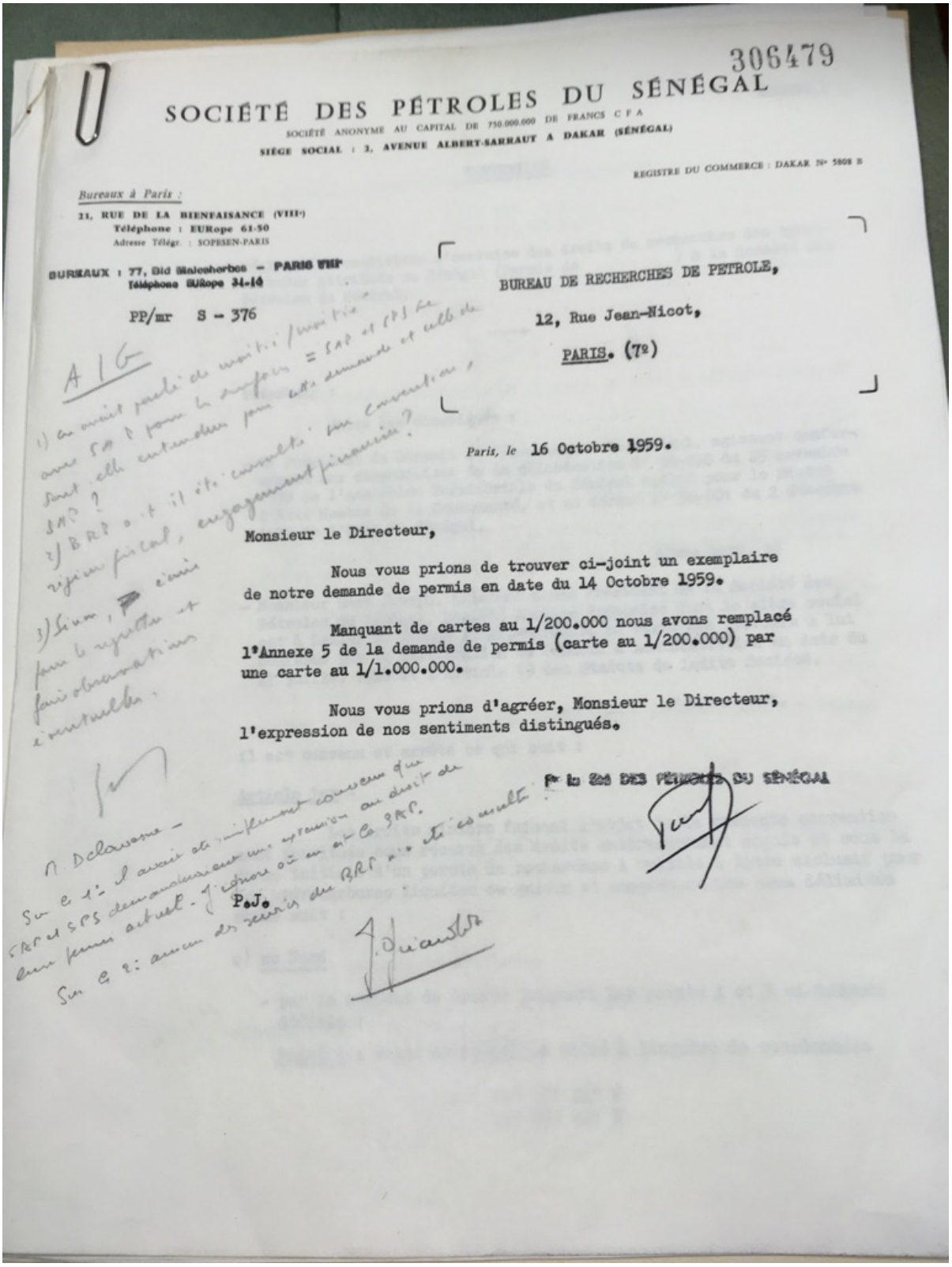
Le Président précise que l'ensemble de ce programme sur le permis de Dakar et en Côte d'Ivoire a reçu l'approbation du Conseil géologique, tenu le 25 avril. Il souligne que le Conseil géologique a constaté que l'on n'avait pas été assez "large" dans l'attribution du permis Dakar et qu'il serait logique de réserver dès maintenant à la Société Africaine des Pétroles, tout au moins une partie des zones du Bassin du Sénégal non encore attribuées, c'est-à-dire la Casamance, au Sud du permis de la Société des Pétroles du Sénégal, et le Nord du Bassin au Nord des permis de la Société Africaine des Pétroles et de la Société des Pétroles du Sénégal.

A cette occasion, le Président désire attirer l'attention du Conseil sur la nécessité d'étudier pour la société un programme à longue échéance lui permettant l'utilisation, dans les meilleures conditions, de l'organisation et du personnel qualifié dont elle disposera en AOF à la fin de cette année.

De plus, étant donné le rythme rapide des recherches en cours sur le permis du Sénégal et celui qui est envisagé pour le

...

Image 2: License request, SPS October 16, 1959



306479

SOCIÉTÉ DES PÉTROLES DU SÉNÉGAL

SOCIÉTÉ ANONYME AU CAPITAL DE 750.000.000 DE FRANCS C F A

SIÈGE SOCIAL : 3, AVENUE ALBERT-SARRAUT A DAKAR (SÉNÉGAL)

REGISTRE DU COMMERCE : DAKAR N° 5808 B

Bureaux à Paris :

21, RUE DE LA BIENFAISANCE (VIII[e])
Téléphone : EURope 61-50
Adresse Télégr. : SOPESEN-PARIS

BUREAUX : 77, Bld Malesherbes – PARIS VIII[e]
Téléphone EURope 34.14

PP/mr S – 376

BUREAU DE RECHERCHES DE PETROLE,

12, Rue Jean-Nicot,

PARIS. (7[e])

Paris, le 16 Octobre 1959.

Monsieur le Directeur,

Nous vous prions de trouver ci-joint un exemplaire de notre demande de permis en date du 14 Octobre 1959.

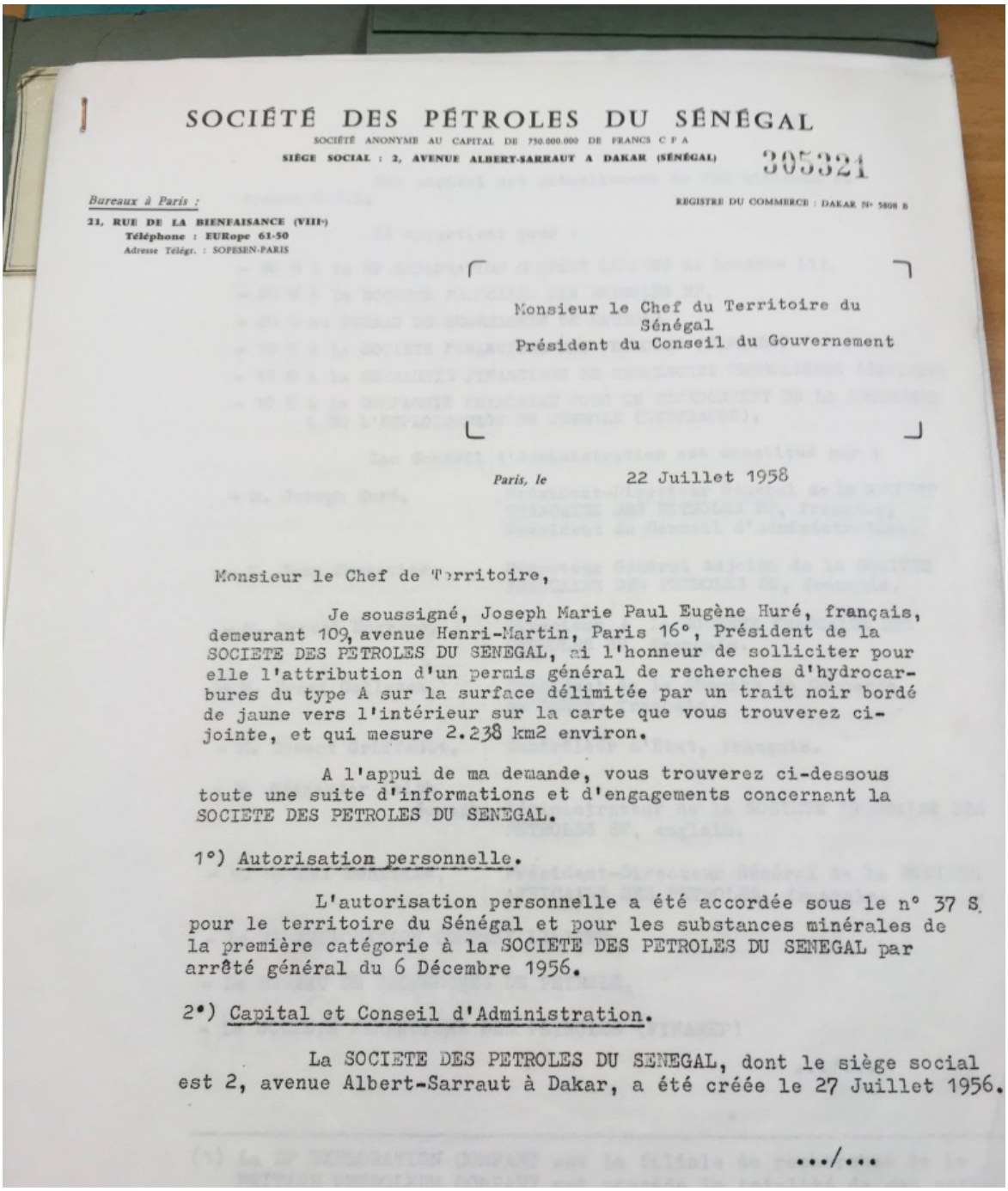
Manquant de cartes au 1/200.000 nous avons remplacé l'Annexe 5 de la demande de permis (carte au 1/200.000) par une carte au 1/1.000.000.

Nous vous prions d'agréer, Monsieur le Directeur, l'expression de nos sentiments distingués.

P. la Soc. DES PÉTROLES DU SÉNÉGAL

P.J.

Image 3: SPS Permit request, July 22, 1958



SOCIÉTÉ DES PÉTROLES DU SÉNÉGAL

SOCIÉTÉ ANONYME AU CAPITAL DE 750.000.000 DE FRANCS C F A

SIÈGE SOCIAL : 2, AVENUE ALBERT-SARRAUT A DAKAR (SÉNÉGAL)

305321

Bureaux à Paris :

21, RUE DE LA BIENFAISANCE (VIII^e^)
Téléphone : EURope 61-50
Adresse Télégr. : SOPESEN-PARIS

REGISTRE DU COMMERCE : DAKAR N° 5808 B

Monsieur le Chef du Territoire du
Sénégal
Président du Conseil du Gouvernement

Paris, le 22 Juillet 1958

Monsieur le Chef de Territoire,

Je soussigné, Joseph Marie Paul Eugène Huré, français, demeurant 109, avenue Henri-Martin, Paris 16°, Président de la SOCIETE DES PETROLES DU SENEGAL, ai l'honneur de solliciter pour elle l'attribution d'un permis général de recherches d'hydrocarbures du type A sur la surface délimitée par un trait noir bordé de jaune vers l'intérieur sur la carte que vous trouverez ci-jointe, et qui mesure 2.238 km2 environ.

A l'appui de ma demande, vous trouverez ci-dessous toute une suite d'informations et d'engagements concernant la SOCIETE DES PETROLES DU SENEGAL.

1°) Autorisation personnelle.

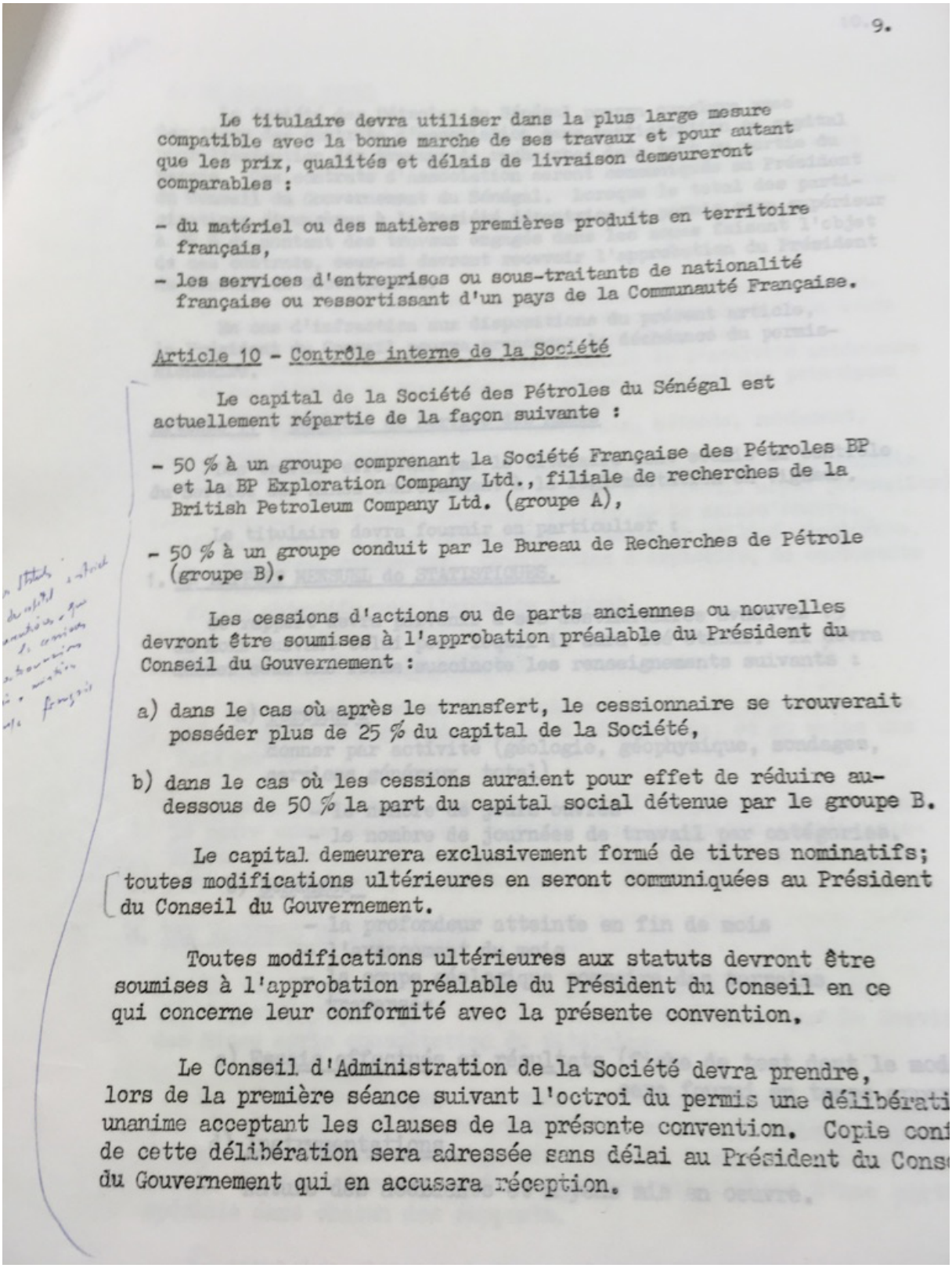
L'autorisation personnelle a été accordée sous le n° 37 S. pour le territoire du Sénégal et pour les substances minérales de la première catégorie à la SOCIETE DES PETROLES DU SENEGAL par arrêté général du 6 Décembre 1956.

2°) Capital et Conseil d'Administration.

La SOCIETE DES PETROLES DU SENEGAL, dont le siège social est 2, avenue Albert-Sarraut à Dakar, a été créée le 27 Juillet 1956.

.../...

Image 4: SPS Permit request, July 22, 1958



Le titulaire devra utiliser dans la plus large mesure compatible avec la bonne marche de ses travaux et pour autant que les prix, qualités et délais de livraison demeureront comparables :

- du matériel ou des matières premières produits en territoire français,
- les services d'entreprises ou sous-traitants de nationalité française ou ressortissant d'un pays de la Communauté Française.

Article 10 - Contrôle interne de la Société

Le capital de la Société des Pétroles du Sénégal est actuellement répartie de la façon suivante :

- 50 % à un groupe comprenant la Société Française des Pétroles BP et la BP Exploration Company Ltd., filiale de recherches de la British Petroleum Company Ltd. (groupe A),
- 50 % à un groupe conduit par le Bureau de Recherches de Pétrole (groupe B).

Les cessions d'actions ou de parts anciennes ou nouvelles devront être soumises à l'approbation préalable du Président du Conseil du Gouvernement :

a) dans le cas où après le transfert, le cessionnaire se trouverait posséder plus de 25 % du capital de la Société,

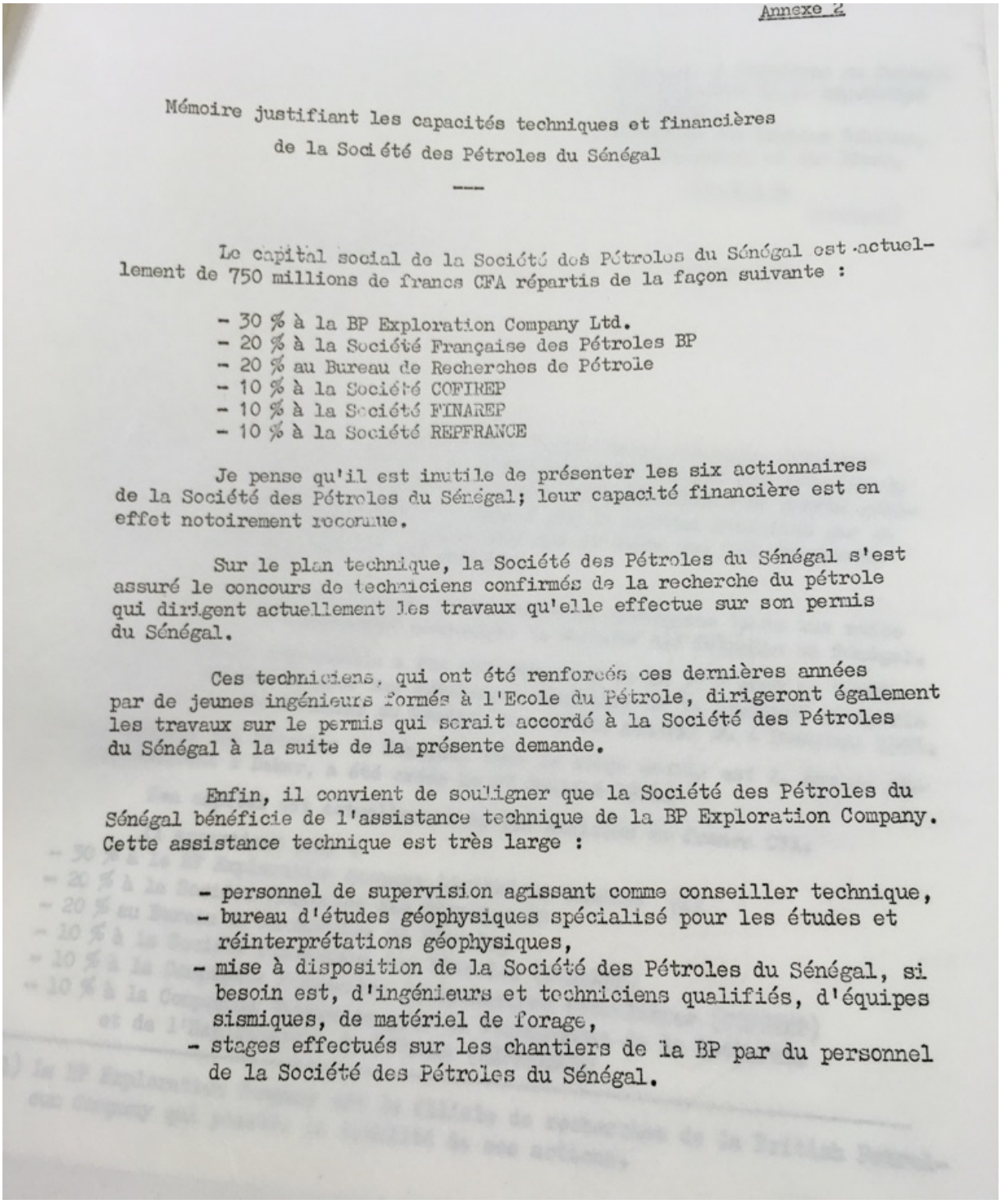
b) dans le cas où les cessions auraient pour effet de réduire au-dessous de 50 % la part du capital social détenue par le groupe B.

Le capital demeurera exclusivement formé de titres nominatifs; toutes modifications ultérieures en seront communiquées au Président du Conseil du Gouvernement.

Toutes modifications ultérieures aux statuts devront être soumises à l'approbation préalable du Président du Conseil en ce qui concerne leur conformité avec la présente convention.

Le Conseil d'Administration de la Société devra prendre, lors de la première séance suivant l'octroi du permis une délibérati unanime acceptant les clauses de la présente convention. Copie con de cette délibération sera adressée sans délai au Président du Cons du Gouvernement qui en accusera réception.

Image 5: SPS letter to BRP, October 16, 1959



Annexe 2

Mémoire justifiant les capacités techniques et financières
de la Société des Pétroles du Sénégal

Le capital social de la Société des Pétroles du Sénégal est actuellement de 750 millions de francs CFA répartis de la façon suivante :

- 30 % à la BP Exploration Company Ltd.
- 20 % à la Société Française des Pétroles BP
- 20 % au Bureau de Recherches de Pétrole
- 10 % à la Société COFIREP
- 10 % à la Société FINAREP
- 10 % à la Société REPFRANCE

Je pense qu'il est inutile de présenter les six actionnaires de la Société des Pétroles du Sénégal; leur capacité financière est en effet notoirement reconnue.

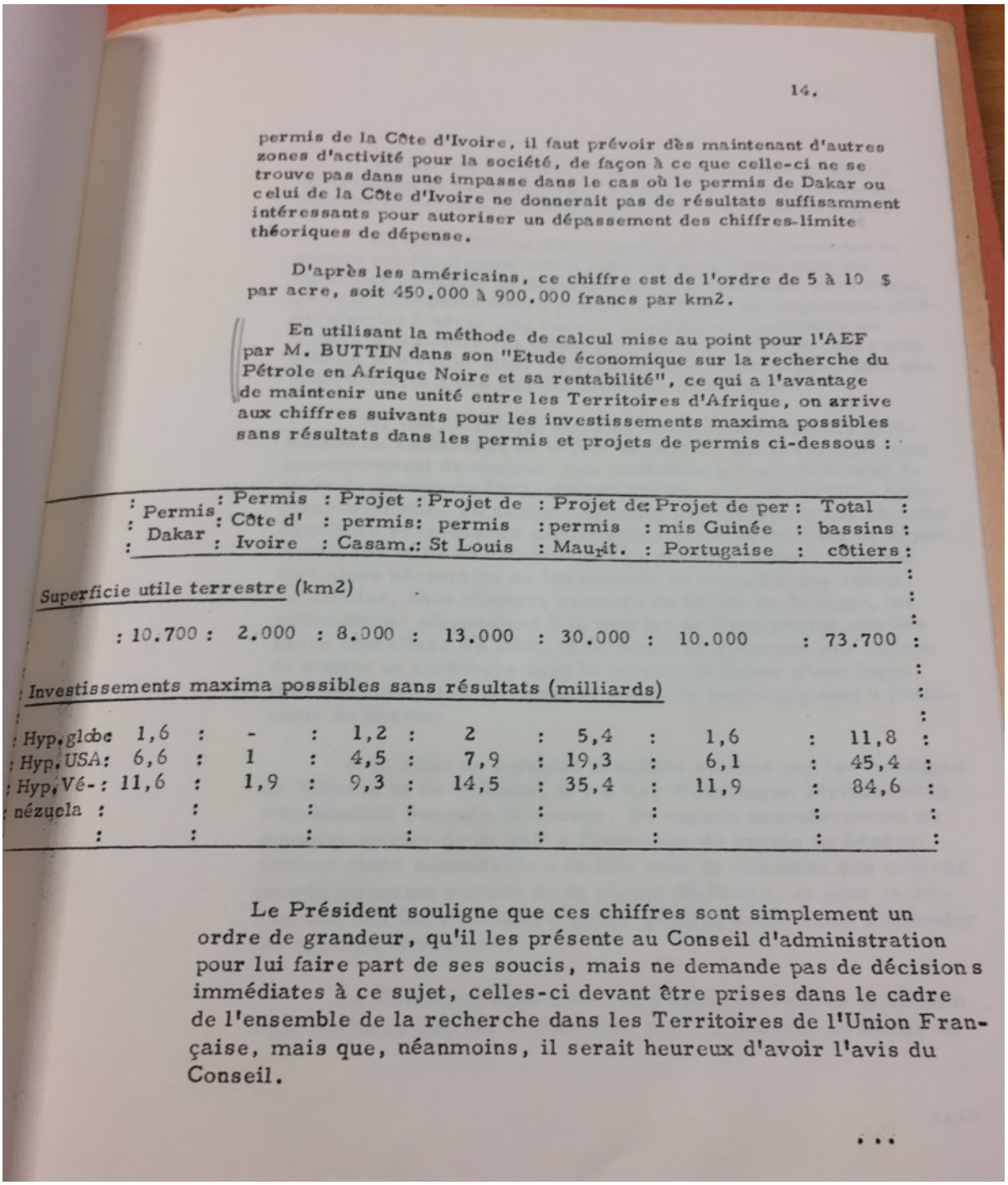
Sur le plan technique, la Société des Pétroles du Sénégal s'est assuré le concours de techniciens confirmés de la recherche du pétrole qui dirigent actuellement les travaux qu'elle effectue sur son permis du Sénégal.

Ces techniciens, qui ont été renforcés ces dernières années par de jeunes ingénieurs formés à l'Ecole du Pétrole, dirigeront également les travaux sur le permis qui serait accordé à la Société des Pétroles du Sénégal à la suite de la présente demande.

Enfin, il convient de souligner que la Société des Pétroles du Sénégal bénéficie de l'assistance technique de la BP Exploration Company. Cette assistance technique est très large :

- personnel de supervision agissant comme conseiller technique,
- bureau d'études géophysiques spécialisé pour les études et réinterprétations géophysiques,
- mise à disposition de la Société des Pétroles du Sénégal, si besoin est, d'ingénieurs et techniciens qualifiés, d'équipes sismiques, de matériel de forage,
- stages effectués sur les chantiers de la BP par du personnel de la Société des Pétroles du Sénégal.

Image 6: SAP Board Meeting Minutes, 1957



permis de la Côte d'Ivoire, il faut prévoir dès maintenant d'autres zones d'activité pour la société, de façon à ce que celle-ci ne se trouve pas dans une impasse dans le cas où le permis de Dakar ou celui de la Côte d'Ivoire ne donnerait pas de résultats suffisamment intéressants pour autoriser un dépassement des chiffres-limite théoriques de dépense.

D'après les américains, ce chiffre est de l'ordre de 5 à 10 $ par acre, soit 450.000 à 900.000 francs par km2.

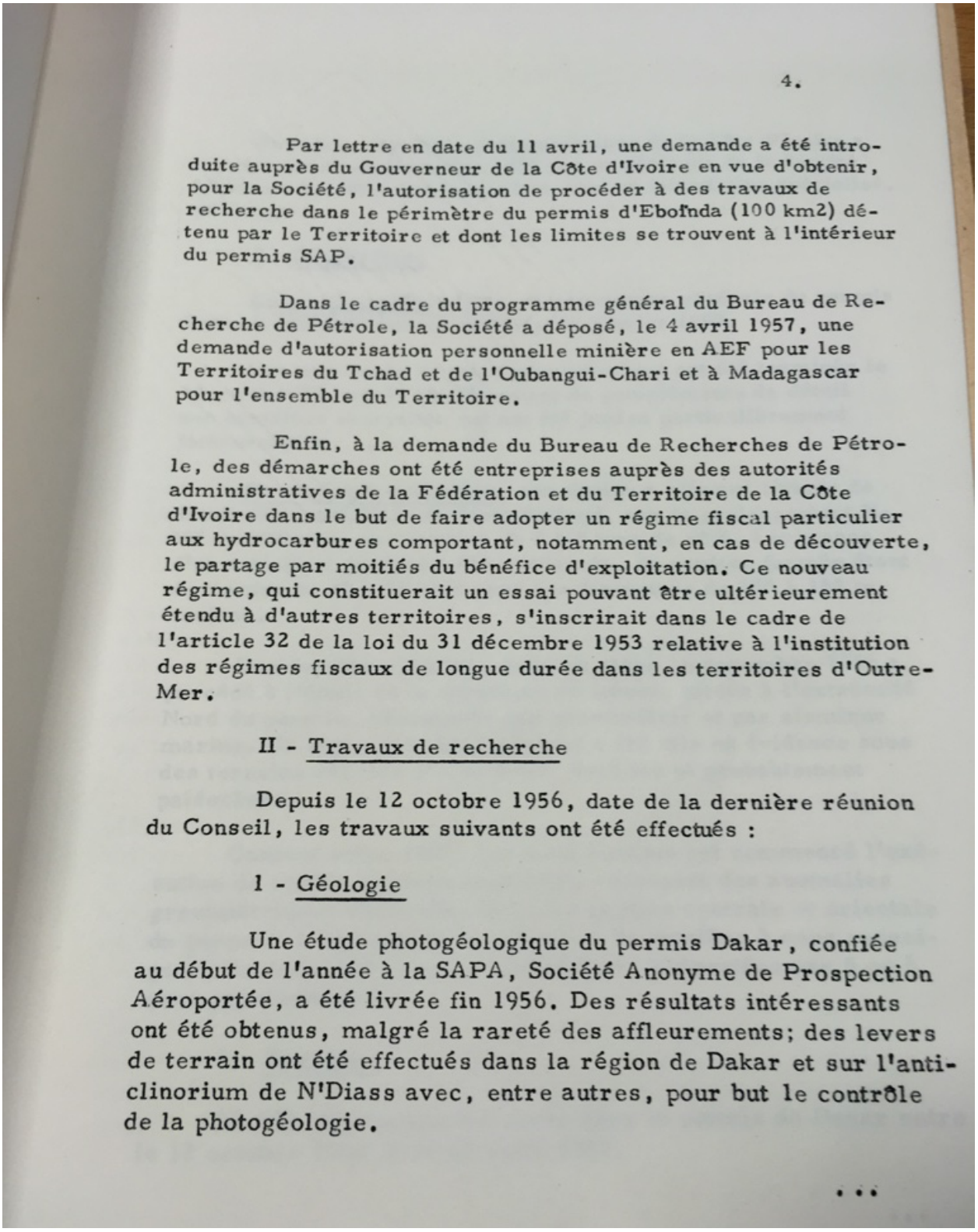
En utilisant la méthode de calcul mise au point pour l'AEF par M. BUTTIN dans son "Etude économique sur la recherche du Pétrole en Afrique Noire et sa rentabilité", ce qui a l'avantage de maintenir une unité entre les Territoires d'Afrique, on arrive aux chiffres suivants pour les investissements maxima possibles sans résultats dans les permis et projets de permis ci-dessous :

	Permis Dakar	Permis Côte d'Ivoire	Projet permis Casam.	Projet de permis St Louis	Projet de permis Maurit.	Projet de permis Guinée Portugaise	Total bassins côtiers
Superficie utile terrestre (km2)	10.700	2.000	8.000	13.000	30.000	10.000	73.700
Investissements maxima possibles sans résultats (milliards)							
Hyp. globe	1,6	-	1,2	2	5,4	1,6	11,8
Hyp. USA	6,6	1	4,5	7,9	19,3	6,1	45,4
Hyp. Vénézuela	11,6	1,9	9,3	14,5	35,4	11,9	84,6

Le Président souligne que ces chiffres sont simplement un ordre de grandeur, qu'il les présente au Conseil d'administration pour lui faire part de ses soucis, mais ne demande pas de décisions immédiates à ce sujet, celles-ci devant être prises dans le cadre de l'ensemble de la recherche dans les Territoires de l'Union Française, mais que, néanmoins, il serait heureux d'avoir l'avis du Conseil.

...

Image 7: SAP Board Meeting Minutes, 1957



Par lettre en date du 11 avril, une demande a été introduite auprès du Gouverneur de la Côte d'Ivoire en vue d'obtenir, pour la Société, l'autorisation de procéder à des travaux de recherche dans le périmètre du permis d'Eboïnda (100 km2) détenu par le Territoire et dont les limites se trouvent à l'intérieur du permis SAP.

Dans le cadre du programme général du Bureau de Recherche de Pétrole, la Société a déposé, le 4 avril 1957, une demande d'autorisation personnelle minière en AEF pour les Territoires du Tchad et de l'Oubangui-Chari et à Madagascar pour l'ensemble du Territoire.

Enfin, à la demande du Bureau de Recherches de Pétrole, des démarches ont été entreprises auprès des autorités administratives de la Fédération et du Territoire de la Côte d'Ivoire dans le but de faire adopter un régime fiscal particulier aux hydrocarbures comportant, notamment, en cas de découverte, le partage par moitiés du bénéfice d'exploitation. Ce nouveau régime, qui constituerait un essai pouvant être ultérieurement étendu à d'autres territoires, s'inscrirait dans le cadre de l'article 32 de la loi du 31 décembre 1953 relative à l'institution des régimes fiscaux de longue durée dans les territoires d'Outre-Mer.

II - Travaux de recherche

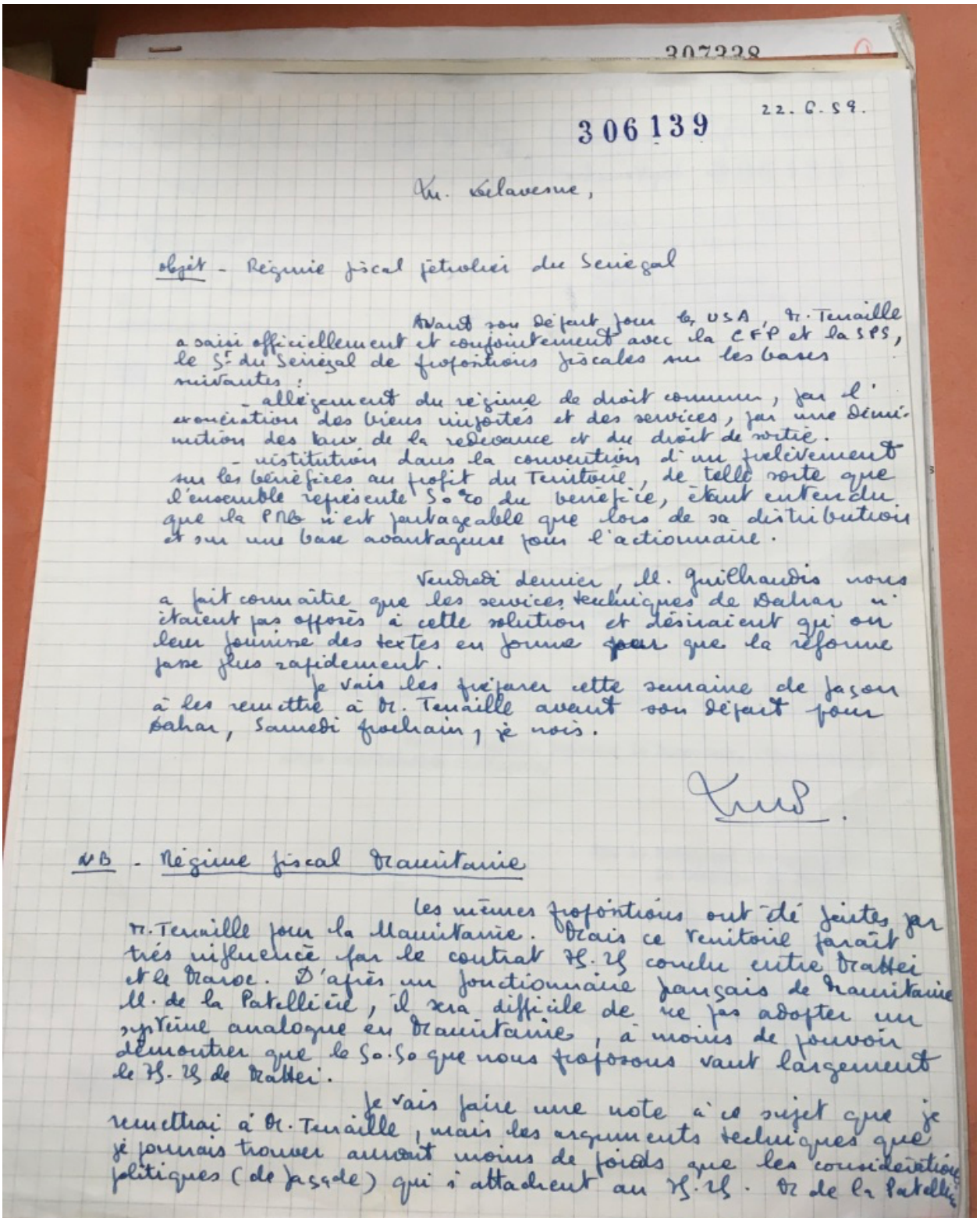
Depuis le 12 octobre 1956, date de la dernière réunion du Conseil, les travaux suivants ont été effectués :

1 - Géologie

Une étude photogéologique du permis Dakar, confiée au début de l'année à la SAPA, Société Anonyme de Prospection Aéroportée, a été livrée fin 1956. Des résultats intéressants ont été obtenus, malgré la rareté des affleurements; des levers de terrain ont été effectués dans la région de Dakar et sur l'anticlinorium de N'Diass avec, entre autres, pour but le contrôle de la photogéologie.

...

Image 8: SPS handwritten technical note, June 22, 1959



307228

306139

22. 6. 59.

Mr. Delavenne,

objet - Régime fiscal pétrolier du Sénégal

Avant son départ pour les USA, M. Tenaille a saisi officiellement et conjointement avec la CFP et la SPS, le Sénégal de propositions fiscales sur les bases suivantes :

- allégement du régime de droit commun, par l'exonération des biens importés et des services, par une diminution des taux de la redevance et du droit de sortie.
- institution dans la convention d'un prélèvement sur les bénéfices au profit du Territoire, de telle sorte que l'ensemble représente 50 % du bénéfice, étant entendu que la PNB n'est partageable que lors de sa distribution et sur une base avantageuse pour l'actionnaire.

Vendredi dernier, M. Guichandis nous a fait connaître que les services techniques de Dakar n'étaient pas opposés à cette solution et désiraient qui on leur fournisse des textes en forme pour que la réforme fasse plus rapidement.

Je vais les préparer cette semaine de façon à les remettre à M. Tenaille avant son départ pour Dakar, Samedi prochain, je crois.

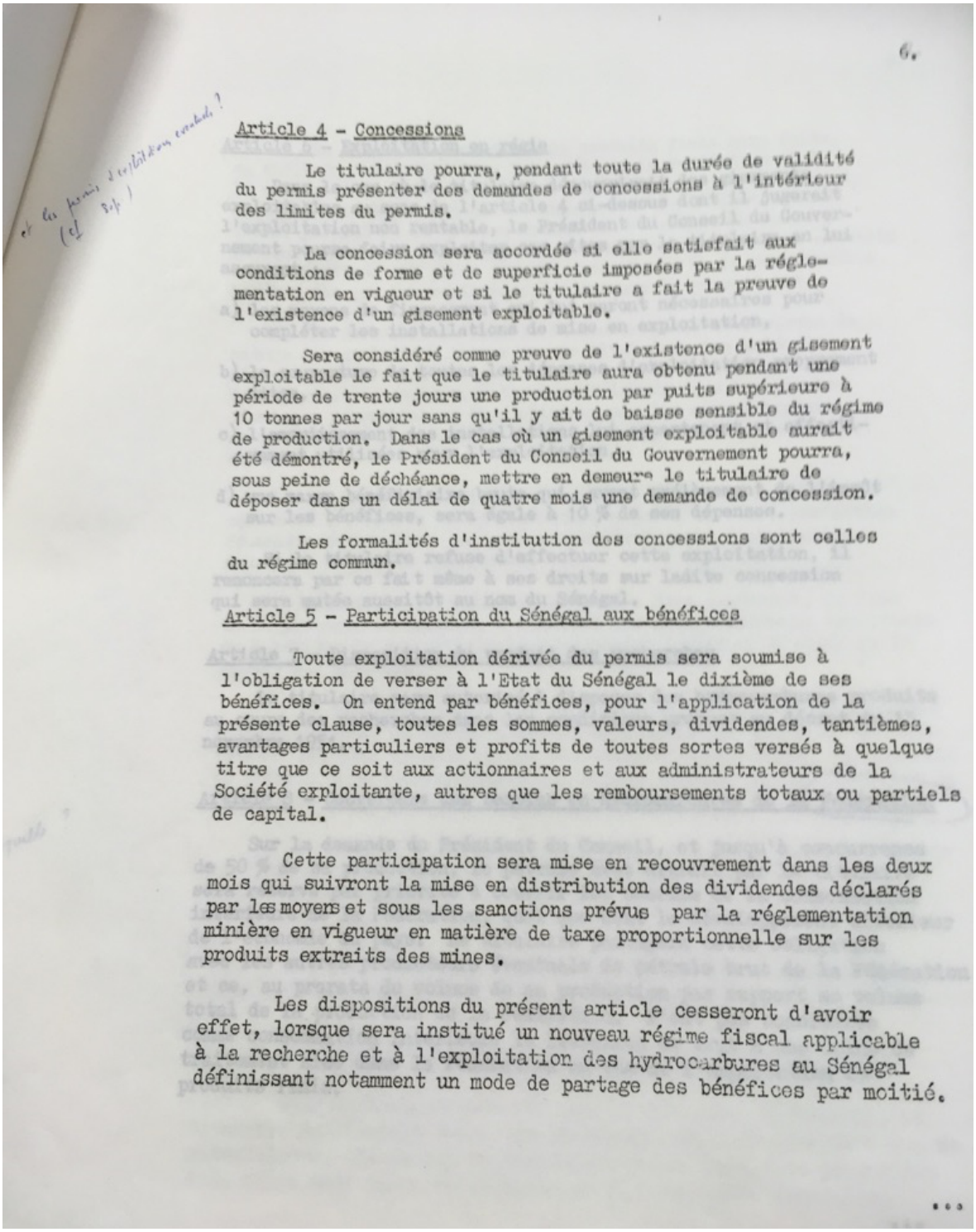
Cordt.

NB - Régime fiscal Mauritanie

Les mêmes propositions ont été faites par M. Tenaille pour la Mauritanie. Mais ce territoire paraît très influencé par le contrat H.H conclu entre Brattei et le Maroc. D'après un fonctionnaire français de Mauritanie M. de la Patellière, il sera difficile de ne pas adopter un système analogue en Mauritanie, à moins de pouvoir démontrer que le 50.50 que nous proposons vaut largement le H.H de Brattei.

Je vais faire une note à ce sujet que je remettrai à M. Tenaille, mais les arguments techniques que je pourrais trouver auront moins de poids que les considérations politiques (de façade) qui s'attachent au H.H. Or de la Patellière

Image 9: License request, SPS October 16th 1959



6.

et les permis d'exploitation éventuels !
(cf Bdp)

Article 4 - Concessions

Le titulaire pourra, pendant toute la durée de validité du permis présenter des demandes de concessions à l'intérieur des limites du permis.

La concession sera accordée si elle satisfait aux conditions de forme et de superficie imposées par la réglementation en vigueur et si le titulaire a fait la preuve de l'existence d'un gisement exploitable.

Sera considéré comme preuve de l'existence d'un gisement exploitable le fait que le titulaire aura obtenu pendant une période de trente jours une production par puits supérieure à 10 tonnes par jour sans qu'il y ait de baisse sensible du régime de production. Dans le cas où un gisement exploitable aurait été démontré, le Président du Conseil du Gouvernement pourra, sous peine de déchéance, mettre en demeure le titulaire de déposer dans un délai de quatre mois une demande de concession.

Les formalités d'institution des concessions sont celles du régime commun.

Article 5 - Participation du Sénégal aux bénéfices

Toute exploitation dérivée du permis sera soumise à l'obligation de verser à l'Etat du Sénégal le dixième de ses bénéfices. On entend par bénéfices, pour l'application de la présente clause, toutes les sommes, valeurs, dividendes, tantièmes, avantages particuliers et profits de toutes sortes versés à quelque titre que ce soit aux actionnaires et aux administrateurs de la Société exploitante, autres que les remboursements totaux ou partiels de capital.

Cette participation sera mise en recouvrement dans les deux mois qui suivront la mise en distribution des dividendes déclarés par les moyens et sous les sanctions prévus par la réglementation minière en vigueur en matière de taxe proportionnelle sur les produits extraits des mines.

Les dispositions du présent article cesseront d'avoir effet, lorsque sera institué un nouveau régime fiscal applicable à la recherche et à l'exploitation des hydrocarbures au Sénégal définissant notamment un mode de partage des bénéfices par moitié.

...

La livraison sous forme de produits finis sera faite, au choix du titulaire, dans les ports de la Fédération ou à la sortie d'une raffinerie située sur le territoire du Sénégal, soit par lui-même, soit par un importateur ou un distributeur choisi par lui ou qu'il aura demandé au Président du Conseil du Gouvernement de lui désigner. Toutefois, les produits extraits seront raffinés sur place jusqu'à concurrence de la consommation locale, dès que les conditions économiques le permettront.

Le Président du Conseil du Gouvernement déterminera la nature des produits à livrer par le titulaire; ces produits seront exclusivement les produits carburants et combustibles de consommation courante. Ils seront livrés dans les proportions qui pourraient en être obtenues par les moyens normaux de raffinage. Les qualités devront correspondre aux besoins du marché.

Les prix seront les prix courants du marché mondial, constatés à l'entrée de la Fédération majorés de toute protection douanière éventuelle; ces prix s'entendent avant l'application des taxes et impôts intérieurs.

Toutefois, le titulaire ne pourra être contraint, du fait de la présente obligation, à réaliser des investissements importants ou à retirer de son pétrole brut un profit inférieur à celui qu'il aurait par ailleurs.

Si tel était le cas, le titulaire serait simplement astreint à livrer au prix du marché mondial, dans le ou les ports de la Fédération, les plus proches de ses chantiers d'exploitation, la quantité de pétrole brut correspondante qui serait reprise par le Président du Conseil ou toute personne désignée par lui.

Le Président du Conseil s'engage, sous la réserve des droits que pourraient détenir les tiers distributeurs existants, à donner toutes facilités pour que le titulaire constitue, s'il le désire, une société importatrice ou distributrice des produits raffinés.

Par Fédération, il faut entendre, les Etats membres de la Communauté groupés au sein d'une Fédération. dont le Sénégal fait partie.

Article 9 - Dispositions relatives au personnel et au matériel

Sauf dérogation accordée par le Président du Conseil, le titulaire maintiendra parmi son personnel, tant de direction que de surveillance, occupé sur le territoire du Sénégal, une proportion d'au moins deux tiers de citoyens de la Communauté Française.

...

Le titulaire devra utiliser dans la plus large mesure compatible avec la bonne marche de ses travaux et pour autant que les prix, qualités et délais de livraison demeureront comparables :

- du matériel ou des matières premières produits en territoire français,
- les services d'entreprises ou sous-traitants de nationalité française ou ressortissant d'un pays de la Communauté Française.

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Les cessions d'actions ou de parts anciennes ou nouvelles devront être soumises à l'approbation préalable du Président du Conseil du Gouvernement :

a) dans le cas où après le transfert, le cessionnaire se trouverait posséder plus de 25 % du capital de la Société,

b) dans le cas où les cessions auraient pour effet de réduire au-dessous de 50 % la part du capital social détenue par le groupe B.

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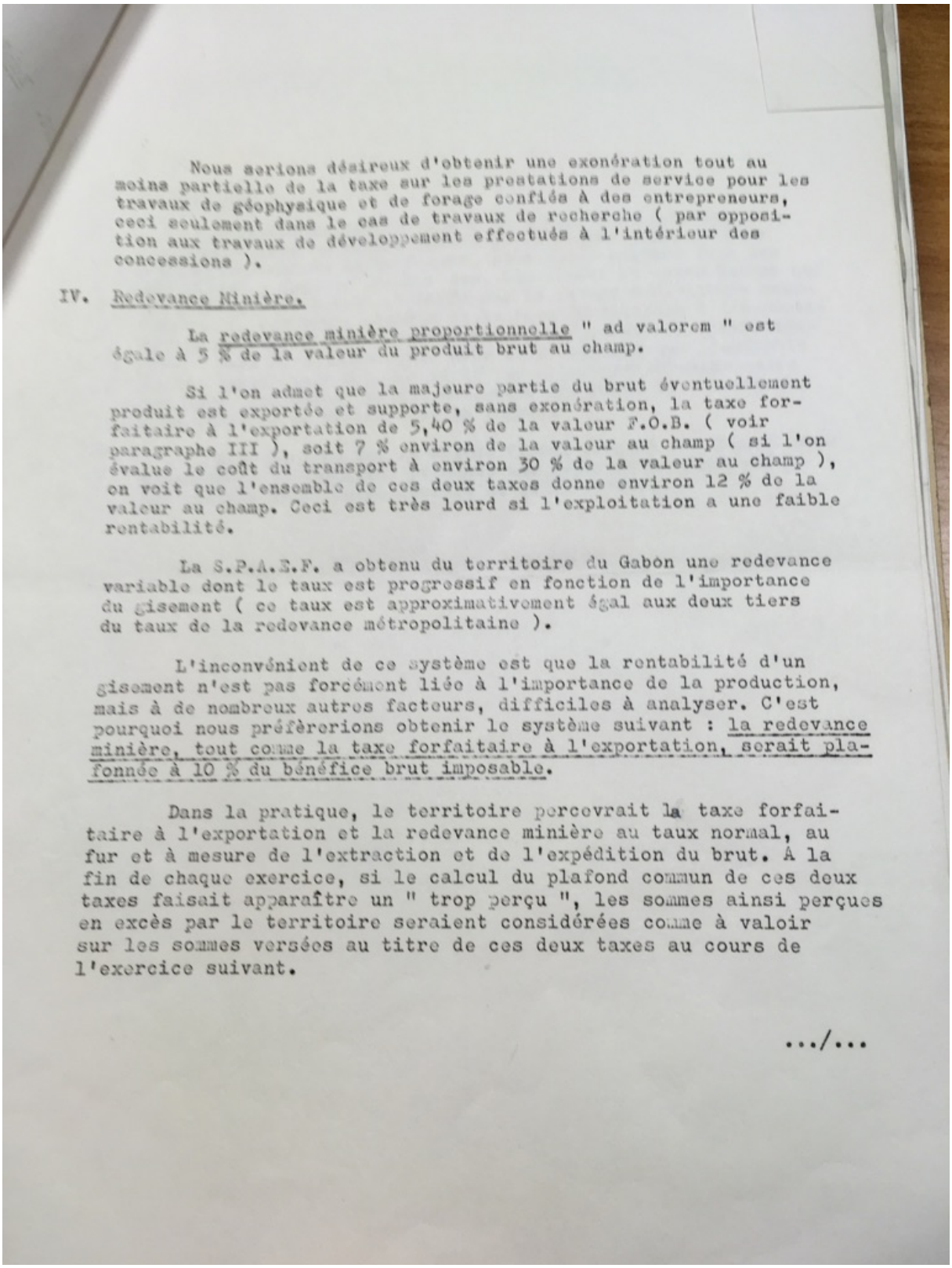
Toutes modifications ultérieures aux statuts devront être soumises à l'approbation préalable du Président du Conseil en ce qui concerne leur conformité avec la présente convention.

Le Conseil d'Administration de la Société devra prendre, lors de la première séance suivant l'octroi du permis une délibérati unanime acceptant les clauses de la présente convention. Copie con de cette délibération sera adressée sans délai au Président du Cons du Gouvernement qui en accusera réception.

Image 10: SPS letter to BRP, 4 August 1958



Nous serions désireux d'obtenir une exonération tout au moins partielle de la taxe sur les prestations de service pour les travaux de géophysique et de forage confiés à des entrepreneurs, ceci seulement dans le cas de travaux de recherche (par opposition aux travaux de développement effectués à l'intérieur des concessions).

IV. Redevance Minière.

La redevance minière proportionnelle " ad valorem " est égale à 5 % de la valeur du produit brut au champ.

Si l'on admet que la majeure partie du brut éventuellement produit est exportée et supporte, sans exonération, la taxe forfaitaire à l'exportation de 5,40 % de la valeur F.O.B. (voir paragraphe III), soit 7 % environ de la valeur au champ (si l'on évalue le coût du transport à environ 30 % de la valeur au champ), on voit que l'ensemble de ces deux taxes donne environ 12 % de la valeur au champ. Ceci est très lourd si l'exploitation a une faible rentabilité.

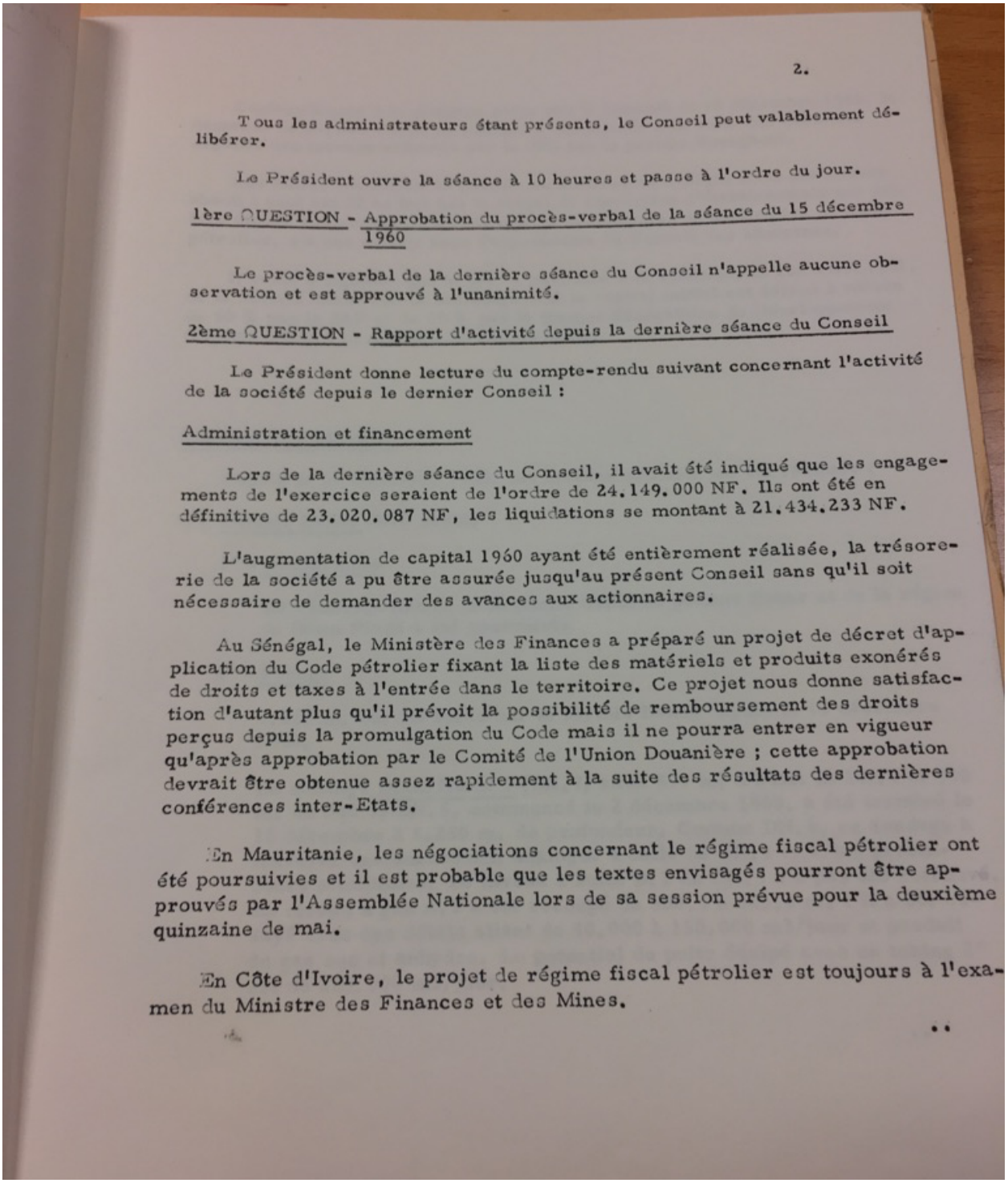
La S.P.A.E.F. a obtenu du territoire du Gabon une redevance variable dont le taux est progressif en fonction de l'importance du gisement (ce taux est approximativement égal aux deux tiers du taux de la redevance métropolitaine).

L'inconvénient de ce système est que la rentabilité d'un gisement n'est pas forcément liée à l'importance de la production, mais à de nombreux autres facteurs, difficiles à analyser. C'est pourquoi nous préférerions obtenir le système suivant : la redevance minière, tout comme la taxe forfaitaire à l'exportation, serait plafonnée à 10 % du bénéfice brut imposable.

Dans la pratique, le territoire percevrait la taxe forfaitaire à l'exportation et la redevance minière au taux normal, au fur et à mesure de l'extraction et de l'expédition du brut. A la fin de chaque exercice, si le calcul du plafond commun de ces deux taxes faisait apparaître un " trop perçu ", les sommes ainsi perçues en excès par le territoire seraient considérées comme à valoir sur les sommes versées au titre de ces deux taxes au cours de l'exercice suivant.

.../...

Image 11: SPS Technical Committee Minutes, 1960



2.

Tous les administrateurs étant présents, le Conseil peut valablement délibérer.

Le Président ouvre la séance à 10 heures et passe à l'ordre du jour.

1ère QUESTION - Approbation du procès-verbal de la séance du 15 décembre 1960

Le procès-verbal de la dernière séance du Conseil n'appelle aucune observation et est approuvé à l'unanimité.

2ème QUESTION - Rapport d'activité depuis la dernière séance du Conseil

Le Président donne lecture du compte-rendu suivant concernant l'activité de la société depuis le dernier Conseil :

Administration et financement

Lors de la dernière séance du Conseil, il avait été indiqué que les engagements de l'exercice seraient de l'ordre de 24.149.000 NF. Ils ont été en définitive de 23.020.087 NF, les liquidations se montant à 21.434.233 NF.

L'augmentation de capital 1960 ayant été entièrement réalisée, la trésorerie de la société a pu être assurée jusqu'au présent Conseil sans qu'il soit nécessaire de demander des avances aux actionnaires.

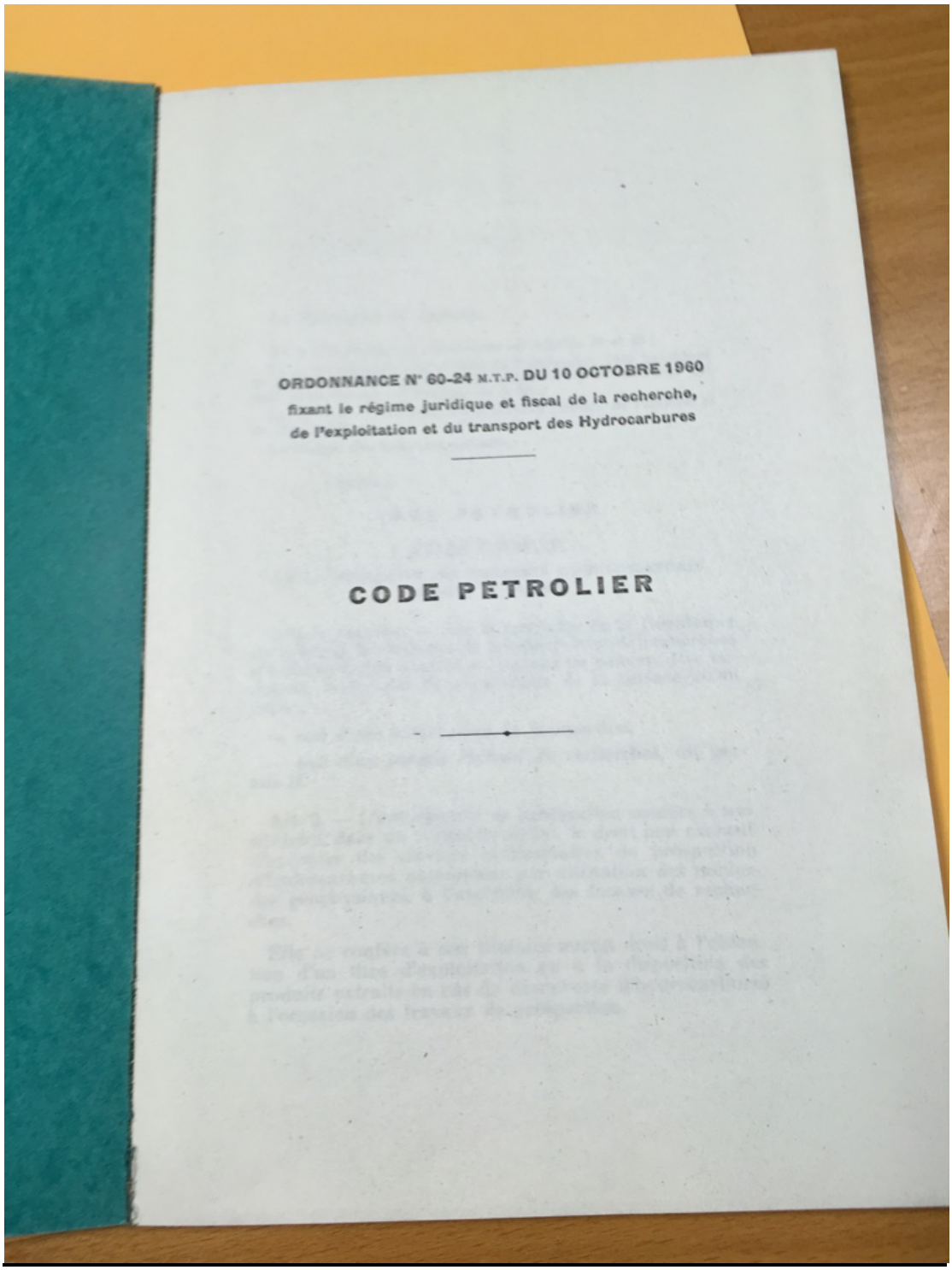
Au Sénégal, le Ministère des Finances a préparé un projet de décret d'application du Code pétrolier fixant la liste des matériels et produits exonérés de droits et taxes à l'entrée dans le territoire. Ce projet nous donne satisfaction d'autant plus qu'il prévoit la possibilité de remboursement des droits perçus depuis la promulgation du Code mais il ne pourra entrer en vigueur qu'après approbation par le Comité de l'Union Douanière ; cette approbation devrait être obtenue assez rapidement à la suite des résultats des dernières conférences inter-Etats.

En Mauritanie, les négociations concernant le régime fiscal pétrolier ont été poursuivies et il est probable que les textes envisagés pourront être approuvés par l'Assemblée Nationale lors de sa session prévue pour la deuxième quinzaine de mai.

En Côte d'Ivoire, le projet de régime fiscal pétrolier est toujours à l'examen du Ministre des Finances et des Mines.

..

Image 12: 1960 Senegal Petroleum Code



Art. 63. — a) Les entreprises visées à l'article 62 sont tenues d'acquitter une redevance égale à douze et demi pour cent de la valeur départ champ des hydrocarbures liquides et à cinq pour cent de la valeur départ champ des hydrocarbures gazeux et des substances connexes extraits sur le territoire de la République du Sénégal.

Toutefois, lorsque la production annuelle d'un gisement d'hydrocarbures liquides sera inférieure à 1 million de tonnes, le taux de douze et demi pour cent pourra être modifié selon un barème dégressif qui sera fixé dans un avenant à la convention d'établissement.

Le taux de la redevance applicable aux hydrocarbures gazeux peut être réduit dans les mêmes conditions pour une production annuelle inférieure à 300 millions de mètres cubes par an.

Sont exclues, pour le calcul de cette redevance, les quantités d'hydrocarbures liquides et gazeux qui sont, soit consommées pour les besoins directs de la production, soit réintroduites dans le gisement, soit perdues ou inutilisées.

La redevance est réglée, dans le cas des hydrocarbures liquides, en nature ou en espèce, au choix du Ministre chargé des Mines, après avis du Ministre des Finances. Si le Ministre chargé des Mines ne fait pas connaître son choix, il est réputé opter pour le versement en espèces.

Lorsque la redevance est acquittée en nature, l'exploitant est tenu, si l'autorité attributaire de la redevance en fait la demande, d'assurer ou de faire assurer, aux frais de celle-ci, le traitement primaire, le transport et le stockage des produits aux points normaux de livraison des installations de transport des produits extraits.

Pour les hydrocarbures gazeux, la redevance est toujours réglée en espèces.

b) Les modalités de calcul de la valeur départ champ pour le cas de règlement en espèce ainsi que les modalités de paiement ou de livraison de la redevance, sont définies par la convention d'établissement.

En cas de retard dans le paiement ou la livraison de la redevance, les sommes ou quantités dues sont majorées