Examining stakeholders' participation in the implementation of local content in the context of the East African Crude Oil Pipeline (EACOP) project in Tanzania

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Abbreviations

CCM	Chama Cha Mapinduzi (Ruling party)
CHADEMA	Chama Cha Demokrasiana Maendeleo (Main opposition party)
CSO	Civil Society Organization
EACOP	East African Crude Oil Pipeline
ESIA	Environmental and Social Impact Assessment
EWURA	Energy and Water Utilities Regulatory Authority
HGA	Host Government Agreement
INGO	International Non-Governmental Organization
IOC	International Oil Company
LCP	Local Content Policy
LGA	Local Government Authority
LNG	Liquefied Natural Gas
NEEC	National Economic Empowerment Council
NGO	Non-Governmental Organization
PPRA	Public Procurement Regulatory Authority
PURA	Petroleum Upstream Regulatory Authority
SAP	Structural Adjustment Program
TPDC	Tanzania Petroleum Development Corporation
TPSF	Tanzania Private Sector Foundation
TNBC	Tanzania National Business Council

Abstract

In recent years, Tanzania has seen a wave of investment in its extractive sector since the country discovered important reserves of natural gas. Simultaneously, domestic stakeholders raised their concerns regarding the distribution of benefits from the mining sector in the national economy, which fuelled debates over a possible local content policy (LCP) for the hydrocarbon sector. As such, most of the national policies on natural resources that have been adopted within the last decade incorporate features of the global political trend of resource nationalism discourse. Following the discovery of offshore natural gas resources, the Tanzanian government undertook the process of drafting a LCP that would secure jobs for national citizens in the hydrocarbon. This process led to the adoption of the LCP as a background document of the most recent Petroleum Act adopted in 2015.

This research project focuses on one central question: how do stakeholders of the East African Crude Oil Pipeline project understand their position and shape the implementation of the local content policy? Through a thorough power analysis of each stakeholder's position, this study found that institutional challenges hinder the implementation of the local content policy, which is in part due to a lack of proper consultation with all stakeholders of the sector, the competing interests of the main actors, and the ambiguous ownership of the policy itself. Moreover, this research found that the current design of the local content policy will benefit political, business and local elites rather than local communities and Tanzanian citizens. Lastly, this research shed light on the emerging relationship between IOCs and CSOs in the context of EACOP, which suggests that both sets of actors are developing strategies to compensate for the deficiencies of the Tanzanian government in administering the local content policy.

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Chapter 1.   Introduction

That developing countries with an abundance of natural resources perform less well, in economic terms, than others with substantially less resource wealth is both well-documented and generally accepted (Karl, 1997; Ross, 2011; Robinson et al., 2006; Ross, 2015; Sachs & Warner, 2001). This phenomenon, commonly referred to as the 'paradox of plenty' or the 'resource curse' by scholars, occurs when states fail to transform the export at of minimally processed natural resources into tangible economic growth and improved wellbeing for their citizens (Fjeldstad & Johnson, 2017). Scholars have advanced many theories as to why this phenomenon occurs. These range from empirical economic studies to ideological and political explanations: the instability of international markets for commodities, the challenge in linking resource and non-resource sectors of the national economy, and the quality of a country's institutions are a few of the most prominent notions (Ross, 1999).

Because natural resources are of prime importance for both political and economical reasons, the question of resource wealth management and economic growth is at the center of debates on the path to development (Ross, 2004).Over time, scholars that studied this relationship came to the conclusion that causes such as the "institutional configurations related to ownership and governance of resources" (Luong & Weinthal, 2010 as cited in Mmari & Dupuy, 2019, p.7) generally explain the occurrence of the resource curse. Many scholars now agree that the socio-economic outcomes of natural resources exploitation and a country's ability to avoid the resource curse are mainly determined by the government's capacity to manage resource wealth through strong political institutions (Atkinson & Hamilton, 2003; Haber & Menaldo, 2011; Heilbrunn, 2014; Menaldo, 2016; Mehlum, Moene, & Torvik, 2006).

The concept of 'resource curse' is largely discussed in the literature on economic development of low-income countries. The discovery of large reserves of natural resources generally leads to expectations of rapid economic development from politicians, the national private sector, and citizens of the country. Resources such as minerals, oil and natural gas are perceived to be an effective gateway to increase foreign investments; as the inflow of capital increases, there are shared expectations amongst national stakeholders that the country's economy as a whole will benefit from this resource boom (Fjeldstad & Jonhson, 2017). Although expectations from all parties are generally aligned around the ultimate goal of fostering

development and strengthening the economy, weak institutions open opportunities for illicit activities such as corruption and rent seeking, which ultimately interferes with development goals (Kolstad & Soreide, 2009). As a mean to overcome the difficulties faced in reconciling the benefits of natural resources exploitation with economic and social development goals, many emerging economies recently undertook political reforms that reflect ideas of 'resource nationalism'. 'Resource nationalism' can be summarized as a mode of governance that encourages government to take back a share of control over natural resources ownership and exploitation activities as to maximise socio-economic benefits to the host nation (Bebbington, 2014).

The United Republic of Tanzania is one of the many emerging economies fighting against the resource curse. The country initially undertook large-scale resource extraction activities in the 1990s, which marked the period where the country opened up to foreign investment and allowed the mining sector to grow exogenously. At the time, the main tool to capture the economic benefits of mining activities was tax instruments. Hence, previous local content requirements from the era of government control over resources disappeared, as foreign private investors viewed these as dissuasive (Hansen, 2013). The Mining Act of 1998 provided strong incentives for foreign investors, such as many tax exemptions and stabilization clauses which prevented the government from reviewing fiscal agreements over time (Kinyondo & Huggins, 2019). In the last decade, domestic stakeholders raised their concerns regarding the distribution of benefits from the mining sector in the national economy (Kinyondo & Lange, 2016).

The recent discoveries of important natural gas reserves place the country in position to become a leading exporter of liquefied natural gas (LNG) in East Africa in the near future (Kamat, 2017). Lately, Tanzania has seen a wave of investment in its extractive sector that goes hand in hand with the development reform defined in the country's development plan, Vision 2025, where the exploitation of natural resources and the economic benefits that should ensue are expected to serve as the motor for social and human development (GoT, 1999). As such, within the last decade, the government of Tanzania adopted new policies on natural resources that reflect ideas of resource nationalism and that aim at strengthening the country's institutions and avoid the resource curse. The Tanzanian government undertook the process of drafting a local content policy (LCP) following the discovery of large reserves of offshore natural gas in 2012, which led to the drafting

and adoption of the LCP as a background document of the most recent Petroleum Act (GoT, 2015a).

In 2013, the construction of the Mtwara - Dar es Salaam natural gas pipeline saw the southern regions of Lindi and Mtwara erupt in violent riots, reflecting the discontent of the local communities with the management of the natural gas reserves on their territory (*The Daily Monitor*, January 30 2013). In what could be seen as a delayed response to the protests, and in an attempt to refocus petroleum benefits to enhance local development as part of President Magufuli's undertaking of the resource nationalism discourse, the state authorities drafted and adopted the *Petroleum Act* (GoT, 2015a), the *Tanzania Extractive Industries (Transparency and Accountability) Act* (GoT, 2015b) and the *Oil and Gas Revenue and Management* Act (GoT, 2015c) (Fjelstad & Johnson, 2017). These acts define a set of local content regulations pursuing the initiative of the Tanzania Petroleum Development Corporation (TPDC) to formulate a local content policy for the petroleum sector a year prior (GoT, 2014).

1.1   Research Rationale

More recently, the government of Tanzania, along with the government of Uganda, and international oil companies (IOCs) Tullow Oil, Total E&P and CNOOC, agreed to the construction of a crude oil pipeline (the East African Crude Oil Pipeline) originating from the Albertine basin in Uganda that will cross the northern part of Tanzania to reach the port of Tanga (EACOP, 2015). The co-participation of the country was made official by the signature by presidents of both countries on the inter-government agreement in May 2017. This project will be the first of his kind in the region, involving the cooperation of two governments and three international oil companies (IOC) in a cross-border mega-infrastructure development. Since the project will carry crude oil (even though not extracted in Tanzania), it will be regulated under a number of laws, including the Petroleum Act (GoT, 2015a) and the local content policy of the oil and gas sector.

The construction of the EACOP was set to begin in August 2018 (HakiRasilimali, 2017), but at the time when field research was conducted (March to May 2019), negotiations around the final investment decision (FID) were delaying the commencement of work along the pipeline route. At the time of writing (fall 2019), the final investment decision had yet to be achieved (*PML Daily*, October 26 2019). Moreover, in September 2019, Tullow Oil, one of the three partner IOCs

in the project, announced it was pulling out its investment following the expiry of its Sale and Purchase Agreement with Uganda. This news led Total E&P Uganda, the spear-header of the EACOP project, to suspend all ongoing activities in the development of EACOP (*PML Daily*, September 5 2019).

Figure 1.The East Africa Crude Oil Pipeline Route
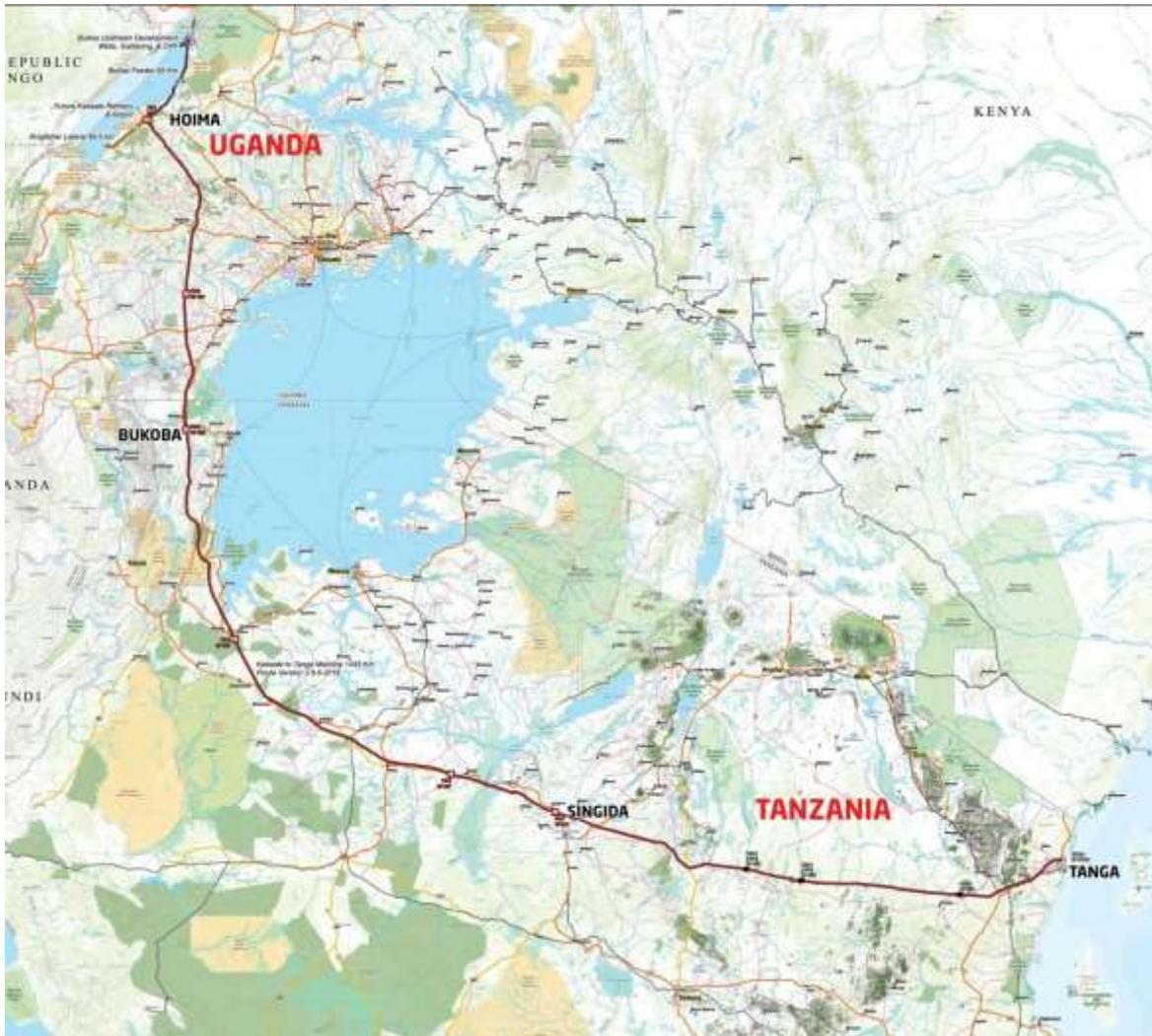
Source: Image retrieved from the EACOP website (http://eacop.com/the-route/route-description-map/) on November 6th 2019.

1.2 Research Questions

The central objective of this research is to further understand the political dynamics at play throughout the development phase of the East African Crude Oil Pipeline (EACOP). Precisely, this research focuses on one central question: how do stakeholders of the EACOP understand their

position and use their power to shape the implementation of the local content policy? This research project will focus on the development of the East African Crude Oil Pipeline, as it will be the first project in the sector to comply with the 2015 Petroleum Act, and to follow local content requirements. This research will build on an analysis of the legislative framework governing the hydrocarbon sector and examine the implementation of local content requirements through the lenses of resource nationalism.

In order to answer this research question, my research can be divided into three axis of analysis, which will be discussed with the use of the *power cube analytical framework* (Gaventa, 2004). This theoretical framework builds on relevant theories of power such as those of Dahl (1957), Bachrach and Baratz (1962), and Lukes (1974). First of all, I will situate stakeholders' interests within the scope of the project negotiations and throughout the implementation phase of local content requirements. Secondly, building on the current literature on resource nationalism and local content, my research will identify how interactions between stakeholders are shaped by their intrinsic capacities and the utilization of different forms of power to influence the processes of implementation of local content over time. Finally, this research will consider how political discourse, specifically resource nationalism, and its articulation through policies and implementation of these policies may contribute to challenge or reinforce oppressive structures of power, and encourage or limit the capacity of citizens to participate and benefit from the development of the hydrocarbon sector.

In sum, this research project will provide an abstract of the governance of the oil and gas sector in Tanzania to better situate and examine issues surrounding the development of EACOP. Within the last five years, major institutional changes, such as the division of the Ministry of Energy and Minerals into two separate entities (Chagonja, 2018), paired with an emerging discourse of resource nationalism in national politics have affected the regulatory landscape of the extractive sector in Tanzania. The assessment of the current state of negotiations in the implementation of local content requirements, part of the 2015 Petroleum Act, is conducted in light of a number of policies drafted and adopted in the years following the end of the construction of the natural gas pipeline, and the beginning of the construction of the crude oil pipeline. The *Petroleum Act* 2015, the *Tanzania Extractive Industries (Transparency and Accountability) Act* 2015 and the *Local Content Policy* (LCP) 2014, part of the *Petroleum Act*, are reviewed in order

to evaluate how this new legislation is affecting the implementation of large-scale projects in the extractive sector, and how they may encourage or discourage the involvement of local communities in the development of such projects. The context chapter of this thesis provides a detailed introduction to the history of natural resource governance in Tanzania, the legislative environment and current political discourse.

This research project was conducted in light of the new policies adopted in recent years and seeks to explain stakeholders' roles and positions in the implementation of the local content policy through the development of the East African Crude Oil Pipeline (EACOP). This research is significant since it contributes to deepen the current understanding of the new laws and regulations framing the hydrocarbon sector in Tanzania. Within the emerging discourse of resource nationalism that inspires new policies, this research will suggest how the new legislation and its local content provisions are likely to affect the participation of local communities in the development of public-private projects, specifically in the natural resources sector, and the resulting level of engagement with local citizens. Specifically, this research describes current practices and stakeholders involvement in the implementation of local content and sheds light on the current state of local participation in the development of EACOP. Additionally, this research will look beyond the current literature on the resource curse to provide field-level understanding of the gaps in policies that can result in obstacles in the implementation and fulfillment of a policy of this span. Finally, my research will contribute to the growing body of literature addressing the emergence of contemporary resource nationalism in Tanzania's hydrocarbon sector.

1.3   Structure of Thesis

This thesis is organized as follows. Chapter two presents the research methodology used to conduct this research. Chapter three describes the conceptual framework used to inform my analysis. Chapter four provides a literature review that covers the emergence and theoretical roots of the 'resource nationalism' discourse, the concept of 'local content' as well as broader political economy implications of resource nationalism. Chapter five introduces information on Tanzania's oil and gas sector, the history of natural resources exploitation as well as the development of the regulatory framework through the political changes. Chapter six presents my fieldwork data on stakeholders' participation in the implementation of the local content policy and the development

of EACOP, as well as their views on the current application of the resource nationalist discourse in Tanzania. Chapter seven provides a discussion on the key findings of the field research by highlighting stakeholders' perspectives and positions in regards to the implementation of the LCP and the development of EACOP. In addition, chapter seven includes several recommendations in order to mitigate some of the pitfalls in the implementation of the LCP. Chapter eight concludes the paper, and identifies some possible areas for future research.

Chapter 2.   Methodology

2.1   Methods of collection and analysis of primary data

In order to assess the interaction between the political discourse encompassing national resources governance and the development of the East African Crude Oil Pipeline project, I chose to undertake a qualitative research approach. Thus, this research used qualitative data acquired from both primary and secondary sources. I collected primary data throughout three months of field research conducted in Tanzania from March to May 2019. Due to the difficulties I faced in connecting with key participants in local communities along the pipeline route during the time of my visit, the reasons for which are discussed in further details in the next sub-sections, my research findings rely on interviews conducted with a sample of key informants located in the economic capital of Dar es Salaam. Key informants included, notably, government officials, national and international scholars, local and international private sector representatives, as well as (I)NGO/CSO representatives.

I relied on both formal and semi-structured interviews in order to collect primary data. I conducted formal interviews with government officials and informants involved in policy making, in order to collect information on Tanzania's policies, their objectives and means of implementation and monitoring. The reason for using a formal interview structure was to minimize the sensitivity surrounding the research topic, namely negative social or professional repercussions in the event that they expressed opinions contrary to the views of the organization and were overheard by colleagues. I conducted semi-structured interviews with key informants of the national and international private sector, civil society organizations, national and international government organizations, and other academics who are directly or indirectly involved in the hydrocarbon sector. When possible, initial contact with informants was made prior to my departure from Canada, following ethical approval from the University of Ottawa Office of the Research Ethics and Integrity.

In total, I conducted 20 semi-structured interviews to collect qualitative data on the hydrocarbon sector governance context. I interviewed individuals directly or indirectly involved in the hydrocarbon sector in Tanzania, such as four representatives of civil society organizations or national non-governmental associations, two representatives of international non-governmental associations, four government officials, three academics and six representatives of the national and

international oil and gas industry (see Table 1). Although I initiated contact with some informants prior to arrival, I recruited most participants during my three months of field research using a snowballing sampling methodology. I contacted CSO and NGO representatives and government officials by email, while I recruited most informants from the private sector and academics by phone or email through contacts made during the field work period, or by following leads to potential key informants based on information obtained through prior interviews or by names mentioned in unpublished literature such as press releases from NGOs, for example.

I conducted interviews exclusively in English since informants, based on their professions and status, were all able to express their thoughts and opinions clearly in English. Since I was able to conduct the interviews in English, I did not require the help of a research assistant, which removed potential biases in the conduct of the interview, and in the interpretation and/or translation of the responses from informants based on the research assistant's own interpretation of the research question and interview conduct (Temple & Young, 2004). I documented interviews by making voice recordings and field notes. I required written informed consent prior to conducting the interview and to gain permission to record interviews, which was given for eleven of the twenty interviews. All interviews followed the general structure of the pre-constructed interview guide (see Appendix 1), while some informants chose to refrain from answering certain questions for which they did not have enough knowledge to be able to provide an enlightened answer.

I transcribed the interviews during the days following the interview, in order to make minor adjustments to the questions such as the vocabulary used and the order of the questions to allow for a better flow of conversation for the following interviews. For interviews with informants who did not provide consent to be recorded, I took handwritten notes and copied notes in digital format following the interview. I kept handwritten notes, digital notes, written consent, and audio recordings in separate physical spaces in order to avoid compromising the confidentiality of participants. I stored digital data in my password-protected personal computer, while I kept my field notebook in a locked cabinet in my residence.

Key informants might have been worried about sharing sensitive information and opinions resulting in the disapproval of superiors, colleagues or their entourage for participating in this research project. Therefore, I, as much as possible, tried to prevent being overheard by conducting interviews outside of their workplace, in a private location that ensured confidentiality, and that

the participant previously approved. Furthermore, any identifying information was removed from physical notes and pseudonyms were used instead. I encrypted and saved the code linking the pseudonyms to the identifying information of participations on a password-protected laptop.

In order to analyze the data collected through the 20 interviews conducted, I used a general inductive approach. This approach was appropriate for my research project since it allowed me to capture "the frequent, dominant or significant themes inherent" (Thomas, 2003, p.2) to the data, without being restrained by themes that could have been imposed through a deductive approach which involves the testing of pre-conceived hypotheses. In order to identify the main themes that emerged from the raw data, I conducted a thorough reading of all the interview transcripts and noted the main themes that were addressed. I then proceeded to develop the categories and code the transcripts accordingly. I created five categories: stakeholders' engagement, political sphere, institutional setting, EACOP and local content. Each theme was further divided into sub-themes (e.g. opinion, challenges, benefits, etc). One of the advantages of inductive coding is that a segment of text can be coded under more than one theme, and allow for a more complex and complete understanding of the narrative. I amalgamated all the relevant text segments in an Excel spreadsheet, where I was able to organize the data based on the themes, the sub-themes, and the category of stakeholder. This methodology provided me with an easy and instinctive way of reading the data, which was necessary due to the amount of data collected.

Table 1. List of Participants Interviewed During Field Research

Identifier	Type of Organization	Position	Interview Format
A1	CSO	High-level manager	In person
A2	Government Institution	High-level representative	In person
A3	International Development Partner	Mid-level manager	In person
A4	INGO	Mid-level manager	In person
A5	N/A	Academic	In person
A6	Research Institute	Academic	Skype
A7	INGO	High-level representative	Skype
A8	Government Institution	High-level representative	In person
A9	Government Institution	High-level representative	In person
A10	Government Institution	Mid-level representative	In person

A11	International Private sector	High-level manager	In person
A12	National Private sector	Mid-level representative	In person
A13	International Private sector	Mid-level representative	In person
A14	National Private sector	Mid-level representative	In person
A15	INGO	Mid-level representative	In person
A16	International Private sector	Mid-level representative	In person
A17	CSO	Mid-level manager	Skype
A18	Research Institute	High-level manager	In person
A19	International Private sector	Mid-level manager	In person
A20	Research Institute	Analyst	In person

2.2   Methods of collection and analysis of secondary data

I used qualitative data analysis in order to understand existing literature on resource nationalism and local content, as well as to evaluate the effectiveness of current and past legislation and policies in the extractive sector. I collected secondary data from academic literature, government policy documents, legal documents, national and regional legislation and reports and policy briefs from multilateral institutions. Academic literature was examined to reflect on the utilization of resource nationalism in policy drafting and political discourses, as well as the norms and guidelines for consultation processes and local participation in large-scale development projects in Tanzania. Government policy documents, legal documents, as well as legislative frameworks were used to conduct policy analysis of local participation and consultation in a comparative manner in order to assess the impacts of those new policies on the conduction of the project under study. Finally, reports and policy briefs provided an overview of the general interpretation and assessment of the field repercussion of the policies, in light of the construction of the EACOP and the natural gas project.

2.3   Limitations

This methodology enabled me to engage directly and indirectly with the main stakeholders of the hydrocarbon industry through formal and semi-structured interviews and the analysis of secondary data. While I was able to conduct 20 interviews in total, I encountered a few challenges during my fieldwork, which are the result of certain weaknesses in my methodology. One limitation was due to the complicated institutional setting in Tanzania. For one, many government

agencies such as the Ministry of Energy have recently been relocated to the capital city of Dodoma, while I stayed in the economic capital of Dar es Salaam. For this reason, it was easier to make contact with potential informants located in Dar es Salaam. Despite this difficulty, I reached out to potential informants in Dodoma to try and set up interviews in the capital. Unfortunately, due to the timing of my fieldwork which was during the spring parliamentary session, few informants responded positively to my request for an interview. I was able to meet with a few informants from Dodoma while they were visiting Dar es Salaam. Nonetheless, I would have liked to interview more informants from other governmental institutions, as it would have been helpful to clarify my understanding of each institution's mandate and role in the decision-making process and implementation of the LCP.

Another limitation in my research is that I conducted fewer interviews than I had initially anticipated. This was in part due to my lack of contacts prior to arrival in Dar es Salaam, the uncertainty regarding the progression of the pipeline due to the lack of information available which limited my ability to plan my fieldwork, and the lengthy bureaucratic process to gain access to government officials. It is important to understand that the process of recruiting participants from government institutions is difficult, nearly impossible, without personal connections. The formal channel that I had to use to gain access to these informants (i.e. send a letter to the institution with a copy of my research certificate and a letter of endorsement by a local research institute) resulted in a long wait time before I could conduct my first interview.

To overcome this obstacle, once I started meeting with key informants of the sector, I used the snowball sampling method to get in contact with more potential informants. Despite it being the method best suited for my situation, there are limitations to non-random sampling techniques that are affecting my research findings. Snowball sampling is a widely used research method, though it introduces a certain bias since the individuals recommended through this method will often share similar opinions and experiences as the individuals who recommended them (Black & Champion, 1976; Faugier & Sargeant, 1997). I therefore acknowledge that representation was affected due to my sampling method, but nonetheless I was able to conduct interviews with actors of various background and roles in the extractive sector.

2.4   Ethics

Since my research methods included conducting interviews with human subjects, I had to acquire ethical clearance from the University of Ottawa prior to commencing my field research. As outlined in the timetable presented in the Appendix 2, I submitted my ethics application on October 1st, 2018. Following approval by the Research Ethics Board of the University of Ottawa on December 12th, 2018, I submitted the required documents to the Tanzania Commission for Science and Technology (COSTECH) on January 12th, 2019, in order to receive the necessary research permit that would allow me to conduct my research in the country without any administrative problems. Given the scope of my research, my primary data collection methods qualified for a minimal risk review, based on the criteria presented by the Office of Research Ethics and Integrity. Furthermore, I took the necessary precautions to ensure that the confidentiality of participants was guaranteed by safeguarding interviews in a password-protected software, by using pseudonyms, and by omitting any data that would interfere with anonymity. I believe that there were no significant risks of psychological, physical, emotional, legal, social, and economic harm. However, I was aware that time allocated to interviews could take participants away from employment or other economic opportunities; I was therefore respectful of participants' time.

2.5   Positioning and reflexivity

My field research in Dar es Salaam allowed me to connect with key figures of the extractive and hydrocarbon sectors in Tanzania and to perfect my political understanding of the national oil and gas sector. Moreover, the research period has been important to observe and understand the current political and economic context within which the EACOP project is evolving from the perspective of national citizens. The understanding of the stakeholders' network and of the relations between actors is a central aspect of this research, and it would not have been possible without a stay in Tanzania. While I was able to grow my knowledge base of the Tanzanian context by conducting research in Dar es Salaam and informally discussing with both Tanzanians and foreigners, my very limited knowledge and understanding of the Kiswahili language impacted my ability to understand the nuances of the politics in the hydrocarbon sector. For example, I was not unable to read local newspaper written in Kiswahili or listen to the local radio, hence relying

heavily on English language media. It would have been helpful to learn more basic Kiswahili prior to my arrival in Tanzania as it would also have eased my interactions with Tanzanian informants.

Furthermore, fieldwork was beneficial for my positioning as a researcher in the field. It has given me an opportunity to develop important soft skills such as the ability to introduce myself professionally, to employ clear and concise written and verbal communication, to act with integrity at any moment, and to develop strategies to overcome the initial mistrust of some of the key informants.

As a young woman researcher, I, at times, felt that I was not considered seriously by my informants as I was often asked a series of questions prior to commencing the interview. I recognized this behavior as a way to gage my knowledge of the hydrocarbon sector or of Tanzania itself. Situation of that sort only happened while interviewing male Tanzanian informants. One hypothesis for such distinct treatment is that a young female researcher may not invoke the same level of credibility and respect as a male researcher would in the Tanzanian context, a society described as patriarchal (Lecoutere, d'Exelle & Van Campenhout, 2015). Despite this situation, I do not believe that my position as a female researcher impacted the quality of the responses I received, since I was able to present myself professionally and to show an adequate level of knowledge of my research subject to earn respect from my informants.

Moreover, being of Canadian nationality has recently gained a specific connotation in Tanzania, since the Tanzanian state entered into a highly publicized dispute over tax evasion with Canadian-owned Acacia Mining Company (Pedersen & Jacob, 2019). Though this could have led to a negative perception of myself from Tanzanian informants, I did not feel like it impaired the research in any way as only a few informants discussed the subject loosely as a way to ease in the conversation.

Chapter 3.   Conceptual Framework

This research project will use the *power cube analytical framework* developed by John Gaventa (2004) as the theoretical basis to analyze the data collected in the form of interviews and secondary sources, and to enlighten the analysis conducted to respond to the primary and secondary research questions. More precisely, the power cube will be used to dissect and explain the power relations at play in the implementation of the LCP and the development of EACOP, and to analyze strategies used by actors to either reinforce or change their current position in the decision-making space(s). The power cube represents a useful tool for researchers and practitioners in the field of development studies, as it allows to consider three different aspects of power simultaneously (spaces, levels and forms) and in relation to each other (see Figure 2), which "serves to highlight how they are not separate, but interlocking and mutually reinforcing" (Hathaway, 2016, p.120).

Figure 2. The 'power cube': the levels, spaces and forms of power
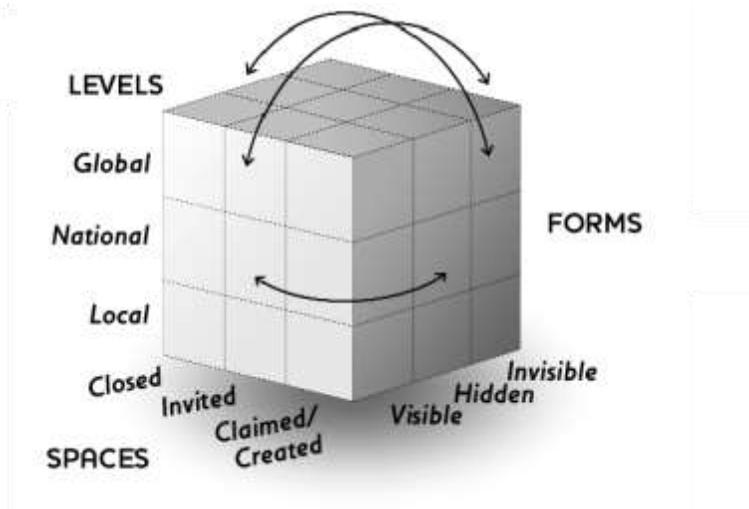
Source: Gaventa, J. (2006). Finding the spaces for change: a power analysis. IDS bulletin, 37(6), p.25

The power cube is primarily used for power relation analysis since the framework's strength resides in the representation of the interrelationship of spaces, places and forms of power (Gaventa, 2006). As researchers and practitioners are looking for innovative and effective means to challenge the status quo, Gaventa explains that for any given situation, an actor's strategy to shift

the balance of power needs to consider how the intersection of these relationships can "contribute to new misalignments and distortions of power, or simultaneously create new boundaries of possibility for strategic action" (2006, p.30).

3.1   Theoretical Foundation

Power has been a central interest of many modern theorists since understanding the political arena is of key importance in identifying the actors who are powerful and who govern, any type of political system. In addition to being extensively discussed in the literature, definitions of power are being contested amongst theorists. Robert Dahl (1961) famously asked the question '*who governs?*' and proposed that power can be explained as "A has power over B to the extent that he can get B to do something that B would not otherwise do" (1957, pp. 202-203). This definition of power is now considered by many as the 'first face' of power and as a reference point to understand "how one individual or group has power over another individual or group" (Hathaway, 2016, p.119). In 1962, Bachrach and Baratz (1962) proposed a complement to Dahl's definition that came to be known as the 'second face' of power:

> [P]ower is also exercised when A devotes his energies to creating or reinforcing social and political values and institutional practices that limit the scope of the political process to public consideration of only those issues which are comparatively innocuous to A. To the extent that A succeeds in doing this, B is prevented, for all practical purposes, from bringing to the fore any issues that might in their resolution be seriously detrimental to A's set of preferences. (Bachrach and Baratz, 1962, p.948, as cited in Hathaway, 2006, p.119)

Steven Lukes (1974) developed a complement to these definitions of power from insights of Gramsci and others, and contributed to the literature on power by advancing that a distinction exists between what he refers to as 'real or objective interests' and 'subjective interests'[1], which came to be referred to as the 'third face of power'. Despite Lukes's contribution, gaps in the theory and criticisms were raised by Hyland (1995) and Hay (1997), which altered the use of Lukes 'third face' of power theory in contemporary research.   Precisely, Hyland warned scholars that differentiating a person's 'real' and 'subjective' interests requires an observer to be able to identify if a person's interests do not come from the person's subjective consciousness, which is

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[1] "The concept of 'interests' points us towards what is important in people's lives. This can be interpreted purely 'subjectively', so that what is in my interests is decided by what is important to me; or else it can be interpreted in a way that incorporates 'objective' judgments concerning what benefits and harms me, where what counts as benefit and harm is not decided by my preferences or judgments." (Lukes, 2005, p.481)

theoretically impossible since "a person's consciousness could have been manipulated on a fundamental level" (1995, p.205).

Gaventa (1980) used Lukes' 'three faces of power' theory as a PhD student to conduct research on Appalachian mining communities, where he studied power and quiescence. He then built on Lukes' theory to elaborate his own analytical framework for power, which he named the *power cube* (Gaventa, 2004). Gaventa's contribution comes from his understanding of the multiple aspects of power, which, in this era of globalisation, must be considered in relationship to one another. "Power, I shall argue, must now be understood not only in relationship to the three dimensions outlined by Lukes but also in relationship to the levels of power, from local to global, as well as the spaces of power, from closed to claimed, and their interaction" (Gaventa, 2007, p.206). His power cube must not be understood as each side of the cube being an independent dimension, but rather as a set of relationships that are not fixed nor static. The horizontal axis, representing the spaces of power, refers to the openness and to the boundaries for engagement in the decision-making space. The vertical axis represents the levels, from local to national to global, which simultaneously refers to the level of the actors in the decision-making arena and to the level of the decision-making space. The third dimension of the cube refers to the discussion on the 'faces' of power, here referred to as the forms of power: visible, invisible and hidden (Gaventa, 2007). The following sections will describe in depth the theoretical roots of each of the dimensions of the power cube.

3.2   Levels

Scholars such as Keohane and Nye (2000) and Held and McGrew (2003) argue that the study of power can no longer be restricted to the study of the exercise of power in one particular place. In a globalizing world, they argue, governance cannot be contained in a specific place as traditional boundaries that dissociate local, national and global spaces are no longer accurate as we see the emergence of multi-layered levels such as the subnational and the supranational (Keohane and Nye, 2000). Hence, decisions made by a national government, for example, cannot be analyzed independently from the realities perceived at the local level, or from the lobbying of international organizations. This reality affects the conceptualisation of power as multiple levels

interact together, creating vertical links that must be understood in order to accurately represent power relations between actors (Gaventa, 2006).

Gaventa roots the conceptualization of the levels of power in the fight for public spaces for participation.   The literature on local participation suggests that successful participatory movements often emerge at the grass root level, in spaces in which individuals and communities are able to resist power, either by taking part in formal political discussions or by any means of protest or act of resistance. Gaventa suggests that, for example in the case of public participation, "the possibilities of local space often depend on the extent to which power is legitimated nationally but shared with the locality" (2007, p.13). For the study of power relations and the possibilities of challenging the traditional power structures, the interrelationship of the levels of power means that individuals or groups at a given level may have relationships with individuals and groups outside of their respective level, and these relations can be used or leveraged in order to change or transform the current order (Gaventa, 2007).

3.3 Spaces

Gaventa (2004) explained that state-society relations have been evolving with the rise of various forms of participatory governance, creating new institutional spaces for dialogue between the state and non-political actors. Some authors see the division of power in these new decision-making arenas as a model of 'co-governance' (Ackerman, 2004), while others discuss the trend as 'empowered participatory governance' (Fung & Wright, 2003). Regardless of how they are described, these new spaces for socio-political engagement are emerging at all levels and across the globe (e.g. neighbourhood-based deliberation in Chicago, habitat conservation planning in the United States, participatory budget in Brazil (Fung & Wright, 2003)). Scholars are divided between the opinion that these new spaces will create more opportunity for change, or that the emergence of new decision-making arenas could lead to the diffusion of lines of accountability, resulting in increased difficulties for activists seeking to challenge governance (Gaventa, 2007). Nevertheless, the emergence of new spaces needs to be considered in the analysis of power relations because creating new spaces do not inherently challenge power, but can play a key role in shaping the application of power. The concept of spaces further leads to the idea of 'boundaries' delimiting these spaces, allowing or restricting actors to enter based on their discourses and

interests (Cornwall, 2002). Hayward (1998) also discusses the concept of boundaries, explaining that in any given space, participation remains constrained by the actor(s) who holds the right to define and shape that space.

The notion of boundaries leads us to Gaventa's preferred definition of space, which is based on Cornwall's theorization of three categories of spaces: 'closed', 'invited', and 'claimed or created spaces' (Cornwall, 2002). The first category, 'closed spaces', refers to all spaces where decision are taken behind closed doors, figuratively, by a pre-determined set of actors "without any pretence of broadening the boundaries for inclusion" (Gaventa, 2007, p.225). In this case, actors left outside of the decision-making space may use actions such as lobbying and protest to demand more transparency and accountability from the decision-makers. The second category, 'invited spaces', refer to spaces where actors who are not usually part of the decision-making process are formally invited by an actor to join the decision-making space. These invited spaces are often seen as a way to share formal power amongst state and non-state actors (Cornwall, 2002). Lastly, 'claimed or created spaces' refer to any spaces that are constructed by individuals or a set of actors seeking a voice in the decision-making arena. Soja (1996) has discussed a similar concept defined as 'third spaces', where actors seek to create counter-hegemonic spaces that reject dominant ideologies. These 'claimed or created spaces' usually emerge outside of the boundaries of the 'closed' and 'invited spaces', as they are constructed independently, often through popular mobilisation around specific issues or concerns (Cornwall, 2002).

3.4 Forms

As discussed earlier, Dahl, Bachrach and Baratz, and Lukes' work on the faces of power inspired Gaventa's power cube, where he builds on these ideas to define three faces of power: the 'visible', 'hidden' and 'invisible'. The 'visible form' of power is easily distinguishable from its other forms as it is the 'public' face of power, where conflicts and contests over competing interests are visible in public spaces. Such form of power is usually expressed in public spaces, often 'open' spaces, and the goal of expressing this form of power is generally to 'win' conflicts or assert dominance (Gaventa, 2007). The second form of power, the 'hidden form', refers to the use of power to privilege certain interests or certain actors over others into the decision-making space. Gaventa (2007) explains that hidden forms of power are often expressed through the 'mobilisation of bias' which results in limiting alternatives in the decision-making space. The concept of

'mobilisation of bias' can be understood as "[w]hen the dominant values, the accepted rules of the game, the existing power relations among groups, and the instruments of force, singly or in combination, effectively prevent certain grievances from developing into full-fledged issues which call for decision" (Bachrach and Baratz, 1963). The third face of power is defined as the 'invisible face'. Invisible power is difficult to detect as it requires the observer to analyze and dissect assumptions incorporated in discourses that are inherently accepted amongst both stakeholders and the general population (Hathaway, 2016). Gaventa (2007) explains that invisible power works to 'shap[e] normality', meaning that dominating ideologies, values and norms constitute the normal order that is desired by the leading authorities. Most actors of society will internalize this normality to the extent that it becomes difficult or almost impossible for counter-hegemonic movements to emerge and challenge the normality (Hathaway, 2016). Gaventa (2007) describes this application of invisible power as resulting in the 'internalization of powerlessness' by non-decision-makers.

In sum, Gaventa's power cube analytical framework needs to be understood as a tool that can be used to map sets of power relations through levels, spaces and forms. Each of the three dimensions of power are interrelated, which means that they can serve to either reinforce a position of power over other actors, or in the opposite way as a means to open up new opportunities to challenge the dominating ideologies. In order to adequately capture and challenge the status quo, actors need to navigate the web of relationships between actors across levels and spaces, and understand the subtle hidden or invisible ways in which power is being exercised. The power cube is a powerful tool to map power relations and to suggest entry points for change that consider the visible and invisible structural barriers to change (Hathaway, 2016)[2].

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[2] See Gaventa (2005) for multiple examples of the use of the power cube to reflect on stakeholders participation, spaces for engagement, analyzing strategies within and across spaces, etc.

Chapter 4.   Literature Review

4.1 Resource nationalism theorization

Extractive industries have long been characterized by the important power imbalance existing between host countries and foreign-owned companies, which led to an uneven distribution of revenues between the two actors. Many policies designed to attract foreign investment during the liberalisation period of the 1990s led to foreign companies skilfully finding ways to get around their fiscal obligations to the host country. Eventually, the difficulty of reconciling the benefits of natural resources exploitation with economic and social development led to the emergence of a popular discourse of 'resource nationalism'. This form of discourse can be observed in various forms in resource-rich countries across the globe today. This mode of governance, embedded in market-led capitalism, aims at promoting political power over the exploitation of resources located on the national territory, reinforces national identity and state sovereignty, and supports the state's right to self-determination through its development programmes (Bebbington, 2014).

In simplified terms, 'resource nationalism' is defined by Childs as "the tendency for states to assert economic and political control over natural resources found within its sovereign territory" (2016, p.539). Providing a more insightful definition, Wilson defines the term as "governments exercising control over resource industries through selective and discretionary resource policies, which are designed to achieve some set of political and/or economic benefits that would otherwise not obtain" (2015, p.400). Despite these forthright definitions, 'resource nationalism' is conceptualised in divergent ways by academics. Some see this ideology as contradictory to neoliberalism, since in its most drastic application it takes partial or complete ownership of natural resources exploitation from the private sector and transfers it to the public sector (Stevens, 2008; Ward, 2009). Other academics view the concept as a hybrid form of resource control that aims at nationalizing the value and derived wealth of natural resources to benefit society (Childs, 2016; Hindery, 2013).

Examples of resource nationalism discourses embedded in national policies are numerous nowadays, but a striking dichotomy exists in the literature on 'resource nationalism' between the perceptions of the implementation of varieties of resource nationalism in countries of the Global North and the Global South. In the Global North, practices are generally qualified by scholars as 'soft resource nationalism'. This type of resource nationalism is typically applied through

economic means such as fiscal reforms and does not inherently challenge neoliberalism and the free-market ideology since it does not call for a change in the control or ownership of the resources. It is therefore a discourse which is generally accepted for its positive benefits on the national economy of the host country (Bremmer& Johnston, 2009).

On the contrary, countries in the Global South developing policies integrating ideas of resource nationalism are often qualified in the literature on resource nationalism as promoting 'hard resource nationalism'. It is perceived as a political strategy of state control over natural resources representing a threat to the current world trade rules, as those commodities are of prime importance in the global economy (Childs, 2016). In some instances, scholars describe 'hard resource nationalism' as a barrier to economic growth and development since the action of putting in place policies that reassert state control over the exploitation of national resources is contradictory to free-market ideology, which has been the predominant development path for most developing countries since the 1980s (Pickel, 2003; Ward, 2009).

Resource nationalism has been mostly theorised by scholars in economic terms, with two economic bargaining models being put forward to explain surges in nationalist policies in the extractive sector. The first model was developed by Wilson (1987) and argues that market boom and bust cycles determine the balance of power between the firm and the state in the petroleum industry. This market cycle model explains shifts in bargaining power due to the variation in the global price of oil, with high prices favouring the state, while international oil companies have the upper hand during periods of relatively low prices (Wilson, 2015). The second model is based on the theory of 'obsolescence bargaining', which explains that resource industries' maturity is a key factor in determining the balance of power between the state and the firm (Vernon, 1971; Mikesell, 1971). When the industry is at the infant stage, the state is inclined to offer generous incentives to firms in order to attract investments and grow the national industry. Once these firms are well established in the country, the host country gains leverage as it would be costly for the firms to leave due to their capital-intensive investments, which allows the state to impose more stringent conditions.

More recently, Andreasson (2015) advanced that resource nationalism needs to be understood in a broader historical context in order to capture the essence of the discourse, and situate it within the political landscape of a given country. Similarly, Wilson (2015) argued that

economic models do not provide a complete understanding of the reasoning leading to the emergence of resource nationalist discourses, since they leave aside the political factors that contribute to explain the objectives and articulation of resource nationalism. Wilson suggests that political institutions, according to their specific social, political and economic agendas, showcase a variety of motivations that orient the form that resource nationalism might take. Wilson identifies three types of political regimes. First are rentier states, which find their legitimacy in the collection and distribution of economic rents from the resource industries, which are then used by political elites to validate the political regime. Developmental states are usually more proactive in coordinating the benefits from the extractive industry to support their national development objectives (Castells, 1992). Lastly, liberal markets showcase a different style of resource nationalism where tax instruments and regulations are used rather than direct state interventions.

Bremmer & Johnston (2009) further contributed to the literature on resource nationalism through their categorization of four varieties of resource nationalism. The 'revolutionary' type typically emerges from "political and social upheaval" (p.150) and is often applied on a broader economic level than uniquely to the resources sector. The 'economic' resource nationalism is motivated by the desire to retain a larger share of the benefits from the sector domestically and is usually performed through fiscal reforms and contract renegotiations. The 'legacy' kind finds its reasoning in the country's historical relationship with natural resources extraction and political history. The last type is defined as 'soft' resource nationalism and is similar to the 'economic' type, though less disruptive for the industry with milder regulatory or fiscal reforms.

Host governments typically engage in one or a mix of two types of resource nationalism types and set policies accordingly to their motivations and objectives. Wilson (2015) identified three sets of policies discussed in the literature on resource nationalism that are often used by states. First, Mares (2010) grouped policies with the objective of managing the ownership of natural resources industries, either through nationalisation of these industries or increased participation of nationals through joint venture or various forms of public-private partnerships. A second set of policies targets firm operations. Principally through the establishment of stringent industrial policies, the state directs firms' behaviours in order to increase social and economic benefits for the country (Ward, 2009). Lastly, policies that touch the taxation and fiscal regimes

to increase the state's profits from the resources sector constitute the third set of policies (Walde, 2008).

4.2   Local content conceptualization

The political discourse of 'resource nationalism' finds itself embedded in two recurrent political arguments. The first is the question of capturing economic benefits from natural resources exploitation with the use of fiscal instruments such as taxation, royalties or licences. The second is the political and social prospects of resource exploitation such as the creation of jobs, the development of infrastructure and the growth of local and national industries (Hansen, 2015).In order to respond to these political imperatives, governments around the world have increasingly been reforming their extractive industries policy framework and introducing productive development policies (PDPs) as part of their nationalist legislative reform (Tordo, 2011). Of these policies, 'local content provisions' were introduced as a way to link development through foreign capital and the exploitation of natural resources with the local economy.

The International Petroleum Industry Environmental Conversation Association (IPIECA) defines local content as "the added value brought to a host nation (or region or locality) through workforce development (employment and training of local workforce), and investments in supplier development (developing and procuring supplies and services locally)" (Esteves et al, 2013, p.2). This is facilitated mainly through policies encouraging the creation of jobs for citizens outside the urban center and supporting the growth of local industries by opening up new markets nationally and internationally, in addition to increasing the pace of endogenous innovation, knowledge transfer and technological development (Hansen et al., 2015). Thus, emerging economies of the Global South are extensively developing and integrating their national policies and regulations of the extractive sector to reflect local realities, in an attempt to maximize the economic benefits of these industries.

Dobbs et al. (2013) argue that local content policies are, in light of the global political and economic situation, probably the most common form of resource nationalism, as local content requirements are increasingly being introduced in the legislations of natural resources driven economies around the world. Generally, local content policies are evolving through a positive narrative amongst stakeholders, being described in the literature on local content as an efficient tool to extract more benefits from the extractive industries for local communities. LCPs usually

incorporates provisions to achieve two main objectives, the creation of employment for national citizens and the creation of opportunities for local businesses assuming the role of suppliers in the value chain (Kinyondo & Villanger, 2017).

Esteves, Coyne and Moreno (2013) warn stakeholders on the extractive industry that differences exist in regards to the various definition of local content and local content indicators from one regulatory framework to the other. In some instances, 'local content' or 'local procurement' refers to sourcing from a locally owned business, meaning with active participation of a national citizens. In some other cases, 'local procurement' may only require purchasing supplies from a business located on the national territory, which may be foreign owned. Thus, the socio-economic development outcomes that is expected of local content policies for localities affected by development projects and for a country's economy can differ from one framework to the other. Scholars have raised further questions regarding the difference between 'local content' and 'local participation'; the first referring to the monetary value of all materials, personnel, goods and services sourced locally, while the latter referring to the equity participation of local citizens or state-owned enterprises (Esteves et al. 2013).These differences lead to confusion in regards to the expected outcome of such policies and the actions required to be undertaken by the many stakeholders in the natural resources sector.

Another debate exists in defining the spatial dimensions of local content requirements (Esteves et al., 2013).The spatial dimensions refer to the application of local content as 'local-local' or 'national' content. 'Local-local' content refers to measures specifically undertaken in and around the localities exposed to the extractive activities in contrast to 'national' content which focuses on the national capacity and welcomes opportunities to participate in the sector for any national business or citizen. Moreover, a narrow spatial dimension refers strictly to activities of the value chain of the sector. In the case of emerging economies, due to the highly integrated and specialized global value chain for these economic sectors, the country may only be able to provide assets such as land and public infrastructures to support the growth. Since international companies benefit from economies of scale by procuring materials and supplies directly from the global value chain, the host country with a narrow view of the spatial dimension of local content risks only benefitting from temporary local employment gains in the service industry (e.g. cleaning and catering). To overcome this challenge, the host government may take a wider spatial perspective

in the implementation of a local content policy which encompasses the country's economic capacity across space. In these cases, the country is encouraged to put in place a development plan for its industries that are forward or backward linked to the extractive sector and to orient local content requirements in order to boost the development of these industries and to capture a maximum of economic benefits from the booming extractive sector (Tordo et al., 2013).

Some scholars argue that local content requirements can lead to some serious adverse consequences, as it is not always the best suited solution for countries with weak political institutions where issues of rent seeking and patronage are considerable. In these cases, 'resource nationalism', and its application through local content requirements can increase benefits to local elites rather than result in a more equitable distribution of the benefits on the national scale (Wiig & Kolstad, 2010; Oguine, 2011, Ovadia, 2014). Esteves et al. (2013) discuss governance risks related to unsuitable targets for local content requirements, one of which is 'fronting'. The concept of 'fronting' is defined as the establishment of a business with a fictitious local ownership and that is located on the national territory, but which is managed and financed by foreigners. In such cases, the benefits from local content are not retained by locals, but rather collected by the owners of the company. Ovadia further elaborates on what he refers to as the 'dual nature' of local content requirements and how it can affect "the distribution of wealth and power" (2012, p.396). As he explains, although local content necessarily leads to growth in employment and new capital entering the national economy, it can also lead to unequal growth and favour elites. Ovadia warns that this new wealth is likely to be held by business and political elites and used as a mean to extend political power and strengthen relations between elite leaders.

As discussed in this section, the implementation of local content requirements with the aim of capturing more benefits from the resource extraction sector has the potential to substantially benefit local communities. On the other hand, it may also pose serious questions in regards to the recipients of the benefits that can be anticipated from this form of policy. The few examples enumerated above regarding the adverse consequences of weak political institutions or of rent-seeking behaviours, and the important role that the various stakeholders can play in the successful or deficient implementation of the policy suggest that a critical analysis of local content implementation is necessary.

4.3 Political economy of resource nationalism

The understanding of current political discourses surrounding resource nationalism requires examination of its various forms throughout history. A review of the history of resource nationalism illustrates that it is not a new political discourse, but rather that the motivation of host countries to impose this ideology have evolved over time (Arbatli, 2018). Scholars have comprehensively identified ideological motives for the implementation of resource nationalist policies over the course of history, with the first era of resource nationalism emerging in the early 1960s. Specifically in the case of developing nations, following decolonization in the 1950s, newly independent states were built under political regimes centered around ideas of sovereignty and nation-building (Yergin, 2011). Political discourses and policies were developed to reflect this idea of 'right to permanent sovereignty over natural resources', which was strengthen by the will to clearly break from the colonial era. These ideologies led to the introduction of nationalist policies in resource governance, which mainly centered around the increased involvement of the state in resource extractive industries.

In the 1970s, this nationalist sentiment was reinforced following the end of the Cold War when the balance of power shifted in favour of the 'second' and 'third' world countries as political relations with resource-rich countries were highly valued (Arbatli, 2018).A second wave of resource nationalism emerged in developing countries which was influenced by ideologies of the Soviet Union, such as state control over certain key sectors like resources and energy (Grayson, 1981). Resource abundant states were encouraged to nationalize their resources industries as control over resources became a major political issue, in some instances leading to tense relationships between host governments and international companies.

Beginning in the 1970s, neoliberal strategies were advocated and pursued by political regimes in the northern hemisphere. Developing countries were encouraged by the World Bank and the International Monetary Fund (IMF) to undertake neoliberal reforms as well, which were consolidated with the Structural Adjustment Programs (SAPs) of the 1980s (Leal, 2007). The neoliberal discourse pushed for democratization, encouraged political reforms to privatize national companies, deregulation of the private sector, and transformed closed economies into market-led economies open to global markets (McCarthy, 2005). These strategies favoured a decrease in government spending on social welfare programs, aggravating poverty in a number of countries.

These reforms also increased the dependency of those same countries on donor funding for programs directed towards the most vulnerable citizens (Mayo & Craig, 1995). This realignment of politics became problematic in societies where the welfare state had previously been present through socialist regimes that followed independence from colonial rule and preceded neoliberal reforms (Leal, 2007).

Simultaneously, governments of developing countries, through the SAPs, were encouraged to reform and decentralize their political systems. Decentralization of the political structure was viewed as a mean to show good and strong governance. In parallel, the introduction of attractive FDI policies were beneficial for developing resource-based sectors (Arbatli, 2018).In the late 1980s and 1990s, following the denationalization of state-owned enterprises and the turn to global markets, important flows of foreign capital entered developing countries' economies, with foreign-owned companies investing in diverse sectors such as the extractive industries (Kobrin, 2005). Initially, a positive sentiment welcomed the flow of investments, as developing countries anticipated to greatly benefit from the extraction of natural resources. Consequently, previous resource nationalism ideologies such as the idea of 'permanent sovereignty over natural resources' were less important in determining state-IOCs relations during that era.

The neoliberal era coincides with the implementation of democratic reforms in developing countries that were previously governed under various political regimes. Gramsci's theory of hegemony, as interpreted by Bates (1975), offers an explanation to the ease of reforming political systems through a neoliberal narrative. The neoliberal discourse had the ability to merge two opposites, the hegemonic discourse over development through a market-led economy and the growth of the private sector, and the counter-hegemonic discourse of the marginalized groups seeking involvement in the political space. Hence, the neoliberal discourse of development gained public acceptance as it was framed around concepts of emancipation and liberation from state control and the creation of a political space for all citizens, mainly through local participation in development programs (Green, 2010). Bates' interpretation of Gramsci's theory of hegemony also discusses the place of CSOs in the political space. This is particularly interesting in this discussion on natural resources governance since CSOs involvement in politics was, at the time, encouraged by governments. In some instances, it can be argued that CSOs were used as political instruments

to transmit the hegemonic development discourse and secure free consent of the masses for the accomplishment of state's politics (Bates, 1975).

A second concept introduced by Gramsci is that of '*transformismo*', which is described as a mechanism of hegemonic control (Bloomfield, 2012). In a top-down capitalist neoliberal system, the challenges and concerns (e.g. environmental, social) of communities can be mainstreamed and internalized into politics and discourses, making them part of the general development discourse. This approach results in gaining the consent of the masses with a strong leadership approach that mirror bottom-up approaches since it appropriates counter-hegemonic arguments and uses them to gain acceptance and control. To this hegemonic control of the state is paired a number of legal instruments that enforce citizens' compliance in decentralized democracy (Green, 2010). Under these assumptions, it can be argued that political participation is often forced on communities and marginalized groups by political regimes (i.e. the statist land tenure regimes of a number of Sub-African States results in difficulties for individuals with minimal political power to own private property). Thus, citizens often view cooperation with governmental institutions as the only viable solution for any marginal gains through development programs (Green, 2010).

Cornwall (2002) further discusses the implications of the neoliberal discourse in the involvement of communities in political discussion through the invited space created for political participation. The design of political spaces at the local level limits the possibility for individuals in the margins to organically grow their citizenship through political spaces they would create outside the pre-defined political spaces. Nonetheless, the creation of political spaces through local organization, essentially in development projects, can open the possibility for individuals to express themselves through protests and actions of resistance, thus introducing the notion of created or claimed spaces (Cornwall, 2002).

This brief introduction to the current literature surrounding the key concepts of this research project reviewed the theoretical foundations of the 'resource nationalism' discourse and the ideological principles that lead countries to adopt a version of this discourse for reasons specific to the country's historical and current relationship with natural resources exploitation. The varieties of resource nationalism enumerated are useful to understand the factors that lead to the emergence of a resource nationalist discourse and that influence the instruments which are put in place by the host government to articulate their objectives. Furthermore, this section demonstrated

the explicit link existing between resource nationalist discourses and their articulation within policy frameworks through the concept of 'local content'. Local content policies provide an interesting avenue for emerging countries fighting against the resource curse that need to provide a conducive business environment to attract international investors, while also aiming at multiplying the benefits of natural resources exploitation for the growth of the economy as a whole. This discussion accentuates the need to rigorously observe the mechanisms in place for the implementation of a local content policy as part of a resource nationalism narrative, and to understand the roles of each actor in order to distinguish between the real and perceived intentions of the policy and the benefits that can be anticipated.

Chapter 5.   Context

This chapter dives into the specific political and legislative context of Tanzania and aims at setting the table for the analysis of this research project. First, the narrative of previous Tanzanian forms of resource nationalism is described by going over the history of oil and gas exploration and exploitation in Tanzania. This introduction to Tanzania's history helps situate and explain the emergence of the current wave of resource nationalism. This section will also look at the Mtwara - Dar es Salaam pipeline project, as it is one of the most recent project completed in the hydrocarbon sector, although it was completed under the previous regulatory framework. This short case study sheds light on the difficulties faced by local communities to benefit from the exploitation of natural gas. Finally, this chapter will present a summary of the latest legislative reform and emphasize the main points of contention amongst stakeholders of the hydrocarbon sector.

5.1   Oil and gas governance in Tanzania

Tanzania began the exploration for oil and gas reserves in 1952, when it was mainly focused on prospecting to discover oil reserves. The state-owned Tanzania Petroleum Development Corporation (TPDC) was founded in 1969 and granted the mandate to allocate exploration licences and to manage Production Sharing Agreements (PSAs) with foreign investors (Pedersen & Bofin, 2015). In 1969, after signing a PSA with TPDC, the Italian petroleum company Agip discovered the Songo Songo offshore natural gas reserve. However, the reserve was deemed not viable at the time due to its location of in Kilwa district in Lindi region. The reserve was considered too far from Dar es Salaam, the only attractive domestic market (Davison, Hurst and Mabro, 1988). Furthermore, the finding came during the world oil crisis, resulting in oil prices skyrocketing. Hence, most companies were looking to profit from the oil market and were less interested in natural gas reserves since natural gas was not yet a resource exported to overseas markets.

Along with these discoveries, Tanzania undertook a period of nationalization in the 1970s. At the time, the economic strategy of the country, under the leadership of Julius Nyerere, followed the ideology known as *Ujamaa* which is sometimes referred to as African socialism. This ideology conveyed a discourse of participation where citizens were obliged to contribute to the development of the nation in a communal effort, especially in the agriculture sector, in order to build self-

sufficiency for their community (Marsland, 2006). This era was also characterized by the seizure of private assets by the government and state-driven industrial reforms (Eriksen, 2018). This political stance, paired with low oil prices in the 1980s, led to a significant drop in investment from international oil companies (Pedersen & Bofin, 2015).

In 1982, a situation similar to that of Songo Songo repeated itself with the discovery of the Mnazi Bay gas reserve. For similar reasons as mentioned above, the IOC decided not to exploit the reserve and conceded the rights to the Tanzanian government (Jourdan, 1989). Nonetheless, the Tanzanian government pursued its efforts to find oil and gas reserves on its territory throughout the decade. The main motivation was economic; since the country was highly reliant on the import of oil, which represented close to 40% of the government foreign spending, the discovery of oil reserves could lead to significant reduction in oil import spending (Pedersen & Bofin, 2015). In addition to reducing its spending for oil imports and allowing to invest some of these funds for socio-economic development, the discovery of gas reserves raised anticipations of improving the supply of electricity, since natural gas is expected to provide a more reliable energy source than hydro-electricity, on which the country relies heavily. On top of that, domestic petroleum represents a significant asset to bring to term the country's ambitious industrialisation plan (Pedersen & Bofin, 2015).

From this nationalisation period, Tanzania entered a period of liberalisation in the late 1980s, which was supported by the World Bank's Structural Adjustment Programs (SAPs). These programs insisted on the deregulation of the private sector and adoption of a free-market economy, and the privatization of national companies (McCarthy, 2005). The government was forced to review its policies and privatized many of its industries. The World Bank urged the Tanzanian government to welcome both foreign and domestic investors without distinction in both the mining and hydrocarbon sector (Lange & Kinyondo, 2016).

In the 1990s, a wider liberalisation reform took place in Tanzania which included a number of fiscal incentives for foreign investors as well as arbitration procedures, and created an overall more conducive business environment (Pedersen & Bofin, 2015). At the same time, the government of Tanzania launched a legal reform in the electricity sector, which opened up the possibility for foreign investors to take part in the development of the sector. One of the main projects was the Songo Songo field, which was then still considered not commercially viable by

the World Bank (1991) unless the Tanzanian government could secure donor financing. To begin the exploitation of the reserve, a number of donors, foreign investors, state-owned companies and the Tanzanian government itself entered in a series of contracts and the project was finally completed in 2004 (Katunzi & Siebert, 2015). The Songo Songo project helped stimulate the development of Dar es Salaam by supplying electricity to some of the main industries in the country (Pedersen & Bofin, 2015).

In 2006, following the inauguration of the Songo Songo project, Mnazi Bay, in the Mtwara region, came online to further respond to the growing demand for electricity. In 2012, following the discovery of new natural gas reserves on the coast of southern Tanzania, the government of Tanzania approved a 512-km natural gas pipeline project that would go from Mtwara to Dar es Salaam, passing by Songo Songo (Oil and Gas Journal, 2011).

5.2 Mtwara - Dar es Salaam Natural Gas Pipeline

In 2010, important reserves of offshore natural gas were discovered on the coast of the southern regions of Mtwara and Lindi (Fjeldstad & Johnson, 2017). The political discourse and promises of industrialization that surrounded the gas discoveries nourished hopes of an unexpected economic development that had been lagging for decades for those local communities (Ndimbwa, 2017; Maijala, 2014). Contrary to the resource-rich North, the southern region of Tanzania can be characterized by a history of poor economic growth, mainly due to the population's livelihood activities consisting primarily of subsistence agriculture. Moreover, the limited and unreliable access to electricity in the region represents a major barrier to growth and industrialisation, which contributed to maintaining the local population in a marginal state in comparison to other developing industrial urban areas of the country (Must, 2018).

Citizens of the Lindi and Mtwara regions were promised by the Tanzanian government that the exploitation of natural gas would have substantial positive impacts on their livelihood. The fair compensation they would receive for their lands would help them resettle on equivalent or better parcels of land, and corporate social responsibility (CSR) activities to be conducted by the private contractor (China Petroleum Technology and Development Corporation) would contribute to the basic infrastructures of the communities (Kamat, 2017). The project also carried the promises of creating short-term employment opportunities for the local workers as well as

fostering the trickle down economic effect of sourcing locally. Additionally, the project would increase infrastructure development in the region, such as the construction of a major road to facilitate the movement of goods and people between the southern regions and the capital, hence creating trade opportunities for local farmers and entrepreneurs (Oxfam Tanzania, 2017).

Despite the original development plan that triggered a general feeling of optimism amongst regional political leaders the local communities (Kamat, 2017), without notice, the government of Tanzania announced that the raw natural gas would be piped directly to Dar es Salaam rather than being processed in the region (Ndimbwa, 2017). Short after, the government of Tanzania secured financing for the exploitation of the natural gas reserves, and in 2012 began the construction of a 512-km long pipeline to transport the unprocessed natural gas (Oil and Gas Journal, 2011). The population of Mtwara and Lindi responded with organized protests and riots once they were made aware that contracts with private investors and contractors had been signed (Ndimbwa, 2017). In January 2013, the government responded with the utilization of the state force resulting in civil repression, the death of eight people, and over 44 people arrested for protesting and voicing their discontent with the government's decision (The Daily Monitor, 2013).

Case studies examining the events explain that the uprising of the local population can largely be attributed to the lack of proper consultation with the communities prior to the announcement of the investment decision (Oxfam Tanzania, 2017; Kamat, 2017). The citizens affected repeatedly raised their dissatisfaction with the consultation process put in place by the government on account of the structure of the consultations themselves, taking place through the means of village meetings (Oxfam Tanzania, 2017). For segments of the population perpetually underrepresented in the local political space, the process left them uninformed of the conduct of those meetings and consequently, of the project's developments. In reference to Cornwall's conception of spaces (2002), this method of local participation was conducted through political spaces that had been created and that are owned by the local government, and the project coordinators failed to create new and neutral spaces, thus reproducing pre-existing oppressive governing structures. Kamat reaffirmed this sentiment of exclusion by summarizing the key findings of his research on the natural gas project as an "experience of domination, exclusion, indignation, humiliation, injustice, resistance, powerlessness, and indifference" (2017, p.1).

The lack of transparency in the conduct of this project and the feelings of betrayal and false promises that were felt by many citizens of Mtwara and Lindi constitute a secondary factor that contributed to the political unrest (Must, 2018; Ndimbwa, 2017). The political promises of economic growth and local industrial development fuelled hopes of prosperity and emancipation for the citizens of the southern regions, but their aspirations were unrealized due to the sudden decision of the government to build the pipeline (Must, 2018). For the residents of the region, this resonated with longstanding feelings of regional marginalization, neglect, and a lack of recognition for the region's contribution to the country's economy, resulting in the sentiment that the government never truly had the intention to invest in the region's economic development (Ndimbwa, 2017). Citizens further expressed feelings of bitterness over the rapidity with which the project was implemented, resulting in the seizure of their lands for the construction of the pipeline without tangible economic benefits to be foreseen in the near future (Ndimbwa, 2017). Additionally, many citizens perceived the compensation received for their land as meager, but most of them were convinced that the economic benefits that would result from the project, such as employment opportunities, would balance out the small sum received (Kamat, 2017).

Drawing on the findings discussed above, it can be concluded that the central government of Tanzania failed to assimilate the counter-hegemonic forces of the population throughout the development phase of the project. The resulting civil unrest made clear that the population did not embrace the narrative surrounding the project, as they realized social and environmental damages were more significant than the economic benefits promised (Kamat, 2017). The civil unrest in the midst of this project is especially significant for this region where historical structural inequalities were maintained throughout the changes in political regimes over the last few decades, yet never led to conflicts until then (Must, 2018). Therefore, this project, its conduct, and the population's response provide an interesting reference point to observe the evolution of the Tanzanian state's policies regarding local communities' participation in the hydrocarbon sector within the emerging resource nationalist discourse.

5.3   A New Regulatory Framework

In 2015, the most recent wave of investment in the hydrocarbon sector slowed down for a combination of reasons. Mainly, an ongoing and unfinished regulatory reform in the oil and gas

sector led by the previous Tanzanian government paired with the general election cycle stalled the progress of many natural gas project in the southern part of the country, such as the plan to construct an LNG plant in Lindi. Moreover, the fall in global oil prices created a climate of economic uncertainty for foreign investors (Pedersen & Bofin, 2015). The newly elected government of President John Magufuli had to quickly complete the reform of the regulatory framework so that these projects could continue advancing and contributing to the general industrialisation plan, one of the top priorities of the new administration (Vision 2025, 2015).

President Magufuli came to power in November 2015 in an unconventional manner, as his party, Chama Cha Mapinduzi (CCM), obtained 58.46% of the votes, the lowest score ever recorded in a general election for the CCM. Nonetheless, he was able to successfully use the population's dissatisfaction with the previous government's liberal policies and the domination of the political sphere by business and political elites (Pedersen & Jacob, 2019) to re-introduce nationalist and populist ideas (Poncian, 2019). Magufuli's campaign was centered around the fight against corruption, an issue dear to many Tanzanians as numerous scandals erupted prior to the election. As an example of his anti-corruption activities, in his first year in power, following a human resources audit, "over 16,000 'ghost workers' [were] removed from the government's payroll in 2016" (as cited in Eriksen, p.10, 2018; Rweyemamu, 2016).

Magufuli's administration is driven by nationalist ideologies, and the government soon reviewed most of the policies affecting foreign investors (Pedersen & Jacob, 2019). In 2017, his administration introduced three new bills centring on the idea of "national sovereignty over extractive resources and removing companies' ability to go to international arbitration" (as cited in Pedersen & Jacob, 2019, p.19; Woodroffe, Genasci & Scurfield, 2017; Jacob and Pedersen, 2018). Magufuli made it a personal mission to declare 'economic war' on some of the biggest foreign investors in the country, most notably, the highly publicized case against Acacia Mining, which allegedly had not honoured its fiscal obligations (Pedersen & Jacob, 2019).

In addition to targeting foreign investors, President Magufuli proceeded to subtly re-centralize power by directly appointing people close to the President in key roles such as Regional Commissioner, District Commissioner, and District Executive Director. Due to decentralization reforms made by previous administrations, local governments gained more control over budgets, and it was in Magufuli's advantage to extend his power to the local government level by appointing

some of those most loyal to him (Eriksen, 2018). Furthermore, a confidential source mentioned to me that Magufuli is currently in the process of taking away some of that budgetary control from the local level and repatriating it at the national level. Magufuli further entrenched his control over the government and the party by making himself the party chairman (Pedersen & Jacob, 2019). These actions are consistent with the party's state-led approach to development, which encompasses greater centralization of decision-making.

Perhaps one of the most widely discussed phenomena to be observed in Tanzanian under Magufuli's administration is the shrinking space for freedom of expression by civil society organizations, the media and opposition political parties. While restrictive media laws were in place before the current administration, they are now being enforced to a degree that had not been experienced before. Recently, Amnesty International (Amnesty International, 2019) and Human Rights Watch (Roth, 2019) published two reports regarding the current situation in Tanzania that concluded that President Magufuli's administration "has adopted and enforced a raft of repressive laws that stifle independent journalism and severely restrict the activities of nongovernmental organizations and the political opposition" (Amnesty International, 2019). With the recent tension in the ruling party and the strong positioning of the opposition party in the last election, these regressive policies can be interpreted as a reaction of the state to a perceived threat coming from political opposition, civil society organizations, and the media (Pedersen & Jacob, 2019).

President Magufuli holds strong ambitions in regards to his country's development plan (see FYDP II, 2016), especially with respect to industrial development as it aims to become a semi-industrialized country within the next decade. In the time remaining before the next election (October 2020), the Magufuli administration needs to think strategically about investment in the hydrocarbon sector. While natural gas represents a key resource for the future of the country, the plan to build an LNG plant in Lindi is yet to be finalized, hence the government is concentrating resources on the most significant project at the moment, the East Africa Crude Oil Pipeline (Pedersen & Jacob, 2019).

The Magufuli government undertook the task of completing the regulatory reform of the oil and gas sector and integrate ideas of resource nationalism. This contrasts with the previous framework, which was enacted in the 1960s, that was designed primarily for oil discovery. A new regulatory framework had to be designed to account for Tanzania's current reality, which is that

significant reserves of natural gas have been discovered, while oil has yet to be discovered on the territory. The new regulatory framework had to consider this reality and be adequately redesigned for the discovery and exploitation of both oil and natural gas. Furthermore, large investments in the natural gas sector, such as the USD 20 billion LNG plant project in Lindi, led the government to review contractual terms and requirements with foreign investors. The Tanzanian government also needed to provide a stable political environment and demonstrate competency by designing and applying a modern regulatory reform. On the global scale, the growing attention to the impact of extractive industries on local communities is also a factor in the favourable sentiment of most energy sector stakeholders towards the adoption of a *Local Content Policy* (GoT, 2014).

This major reform of the oil and gas regulatory framework was composed of three new bills: the *Petroleum Act* (GoT, 2015a), the *Tanzania Extractive Industries (Transparency and Accountability) Bill* (GoT, 2015b) and the *Oil and Gas Revenue Management Act* (GoT, 2015c). This reform clarified the role of natural gas in expanding access to electricity amongst the Tanzanian population and structured a business environment conducive to attracting foreign investment (Pedersen & Bofin, 2015). In terms of institutional changes, the Petroleum Act clarified the role of TPDC, of which the Tanzanian government holds 51% of the shares. Previously, TPDC was the license-granting authority, while with the establishment of a new institution, the Petroleum Upstream Regulatory Authority (PURA), TPDC officially became the National Oil Company. The NOC takes on the role of regulator for commercial aspects of upstream and downstream operations, and collaborates with IOCs as a commercial business partner (Katunzi & Siebert, 2015) (See Figure 3). These major changes, paired with the introduction of local content requirements, clearly demonstrate the government's inclination towards resource nationalism, as the new set of policies highlight the value of national ownership and aims to protect national interests (Pedersen & Bofin, 2015).

Figure 3. Agencies involved in policy making and regulation of resource extraction in Tanzania
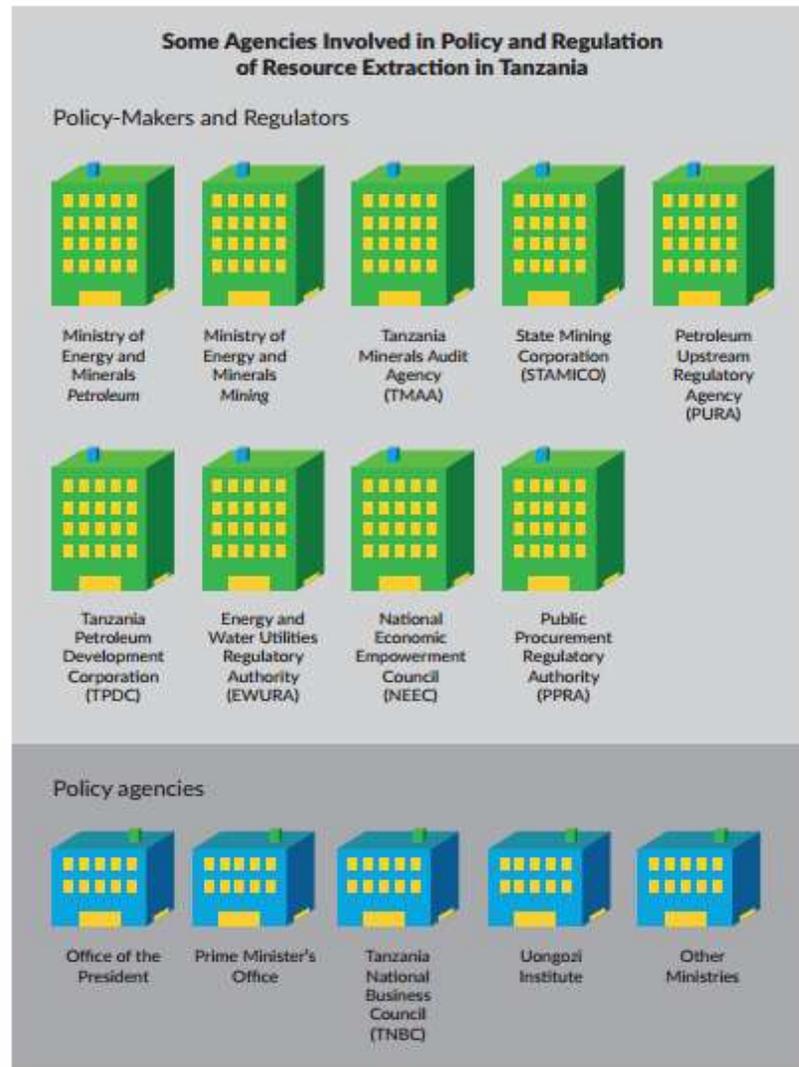
Source: Ovadia, J. S. (2017). Local Content in Tanzania's Gas and Minerals Sectors: Who regulates?. *CMI Brief*. (p.2)

Part VIII of the Petroleum Act introduced local content requirements. The local content policy is regulated by PURA for the upstream sector, but the ownership of the policy for the mid and downstream sectors is ambiguous. The Energy and Water Utilities Regulatory Agency (EWURA), which was founded in 2000 to oversee economic regulation for electricity, petroleum, natural gas and water, is apparently also involved in the implementation of the LCP, though the role of the agency is not clearly defined in any of the acts (Pedersen & Bofin, 2015). Nevertheless, the LCP's requirements clearly indicate the government's tendency towards resource nationalism as this passage of the regulation suggests to "give preference to goods which are produced or available in Tanzania and services which are rendered by Tanzanian citizens or local companies.

Where goods and services required by the contractor or license holder are not available in Tanzania, such goods shall be provided by a company which has entered into a joint venture with a local company" (GoT, Part V111 section 220, 1 and 2, 2015a).

Stakeholders of the sector expressed reservations in light of the new Petroleum Act and its local content requirements, especially due to the less than adequate amount of time that was given to Members of Parliament to review the legislation, as the act was adopted by Parliament under a 'certificate of urgency'. The Petroleum Act, the Oil and Gas Revenue Management Act, and the Tanzanian Extractive Industries (Transparency and Accountability) Act were submitted to parliament in July 2015 and Members of Parliament had less than two weeks to review the bills and provide comments before it was adopted (Kinyondo & Villanger, 2017). As stated by Kinyondo and Villanger (2017), in the opinion of many domestic stakeholders, the absence of a robust consultation process led to the adoption of the new regulations without proper review, adding to the high degree of distrust in the legislation, and doubts about the potential benefits for local communities. Addressing the lack of consultation with stakeholders, some stakeholders stated that the real owner of the LCP is the Ministry of Energy and Minerals, hence questioning the true added-value of the LCP for local communities (Kinyondo & Villanger, 2017).

Kinyondo & Lange (2016) document the criticisms of the LCP, mainly for its 'soft' regulations that can be attributed to the fear of losing investors by making the policy too stringent. Andreasson (2015) explains that, on the one hand, the state has the responsibility to create an attractive business environment to foreign investors, which is especially constraining for Tanzania, a donor dependent country in great need of foreign capital[3]. On the other hand, the state should draft policies that will benefit the nation and its citizens in the long-run and create a positive sentiment that 'mistakes' made previously with the mining sector will not be repeated.

Furthermore, IOCs expressed concerns over the binding constraints of the Petroleum Act, and the *Non-Citizens (Employment Regulation) Act* (GoT, 2015d). The Non-Citizens Act was adopted in 2015 and significantly complicates access to work permits for foreign workers as there are now strict limits on the quota of work permits allocated to foreigners. Moreover, the act

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[3]According to the Development Partners Group Tanzania, the value of donor financing has considerably decreased over the past decade, from 44% of total government expenditure in 2004/2005 to 14% in 2014/2015. Tanzania is receiving an increasing amount of aid in the form of loans rather than grants, as part of the General Budget Support, which is in line with the Tanzanian Assistance Strategy (TAS). (Development Partners Group Tanzania, n.d.)

requires all companies to develop and submit a succession plan for the replacement of all foreign employees by Tanzanian citizens within a prescribed timeline. International companies stated that the government overestimates the qualifications of Tanzanian workers, especially in the petroleum sector where workers require specific sets of qualifications (Kolstad & Kinyondo, 2015).

This section provided an overview of Tanzania's history of oil and gas exploitation and highlighted the many difficulties faced by the government of Tanzania to secure foreign-investment in the sector over time. While global economics and a less than attractive business environment explain the reticence of foreign-investors for the longest time, this chapter also showed that the government of Tanzania struggles to capture tangible benefits from the exploitation of the hydrocarbon sector, despite the willingness of investors to bring projects to term. As it was explained with the case of the Mtwara – Dar es Salaam pipeline, although the country benefitted through increase electricity supply for the region of Dar es Salaam, the communities that were most impacted by the project received little to no benefit from it, and less than anticipated at the announce of the project. This case study raises questions in regards to the country's commitment and capacity to share benefits with local communities and foster socio-economic development in remote regions. In 2015, President John Magufuli was elected by putting forward ideas of nationalism and populism, which were articulated through reforms aimed at extending the central government's power to localities, enforcing restrictive media laws and reforming the regulatory framework of a few key economic sectors. This chapter served to depict the context that led to the reform of the regulatory framework of the hydrocarbon sector allowing for a richer understanding of the following results chapter.

Chapter 6.   Results

This next section will provide an overview of the scope of the research project through the lens of the various stakeholders who participated and provided interviews. The first section is focused around stakeholders' perceptions and anticipations regarding the EACOP project and its current state of development. This is useful to situate every actor's understanding of the project, the anticipated benefits and challenges as well as their participation in the development of the project at the moment of these interviews. The following section is centered around the introduction of the local content policy. Informants were invited to discuss their understanding of the rhetoric behind the policy, the anticipated benefits and challenges, as well as the current state of implementation of the policy for EACOP. The next two sections, political sphere and rhetoric and institutional settings, help dissect the political discourses and recent actions taken by the central government and provide an overview from the point of view of the stakeholders. These sections provide a deeper understanding of the current constraints that each actor faces in the decision-making process and help situate EACOP, as well as the LCP, in the broader political context. The last section explores stakeholders' dynamics and the various decision-making spaces to understand each actor's capacities within the context of EACOP and the broader political context of Tanzania.

6.1   EACOP

Rhetoric

The rhetoric and motivations of the government to be involved in the EACOP project are understood differently by the various stakeholders interviewed for this research. A few informants mentioned that they did not feel that EACOP was a priority for the current administration since the project is rarely being discussed in the media, hence minimal information is shared with the public. Moreover, the current administration is said to be mainly focused on the five year industrialization plan which does not explicitly mention the extractive industries as a key sector to develop the industrial base of the country (FYDP II, 2016). Some informants from various groups argued that the development of the northern corridor during the construction of EACOP would be a stronger motive for the large investment in the project as it speaks more directly to the country's industrialization plan. Regarding the prospect of fostering economic development, government officials shared the government's ambitions that the construction of the pipeline would lead to

major economic growth for some towns located along the northern corridor, with the development of industries in the north of the country as well. There is a general feeling of hope shared amongst government officials that EACOP leads to the establishment of some industries by forward and/or backward linkages to the hydrocarbon sector. The construction of roads could also benefit local businesses as they would gain access to new markets.

Many informants argued that the stakes of this project are mainly geopolitical. The EACOP project has the potential to strengthen the collaboration between Uganda and Tanzania, which could further increase trade between the two countries and benefit the Tanzanian economy. In addition, the Tanzanian government expressed its desire to export natural gas to Uganda, and to other neighbouring countries.

> We cannot talk about the pipeline without talking about the geopolitics. At first it was Kenya, now it's Tanzania. What does that tell us in terms of relationship between Kenya and Tanzania, or between Uganda and Kenya. If you dig deeper about the status of relationship, you can hear speeches from our president. How they are speaking about the pipeline, you feel something is not right here, politically it's not right. [...] We are also thinking of supplying our natural gas to Uganda, so that's another mega project that is being discussed. (Interview A1)

In terms of the project itself, some informants mentioned that the primary objective could be to gain experience in developing mega-projects, especially a unique project such as this cross-border multi-stakeholder crude oil pipeline. With the ambition of supplying natural gas to countries in the East African region, the country could benefit from the experience acquired during the construction of the EACOP. Informants further advanced that the current government has a strong desire to leave major infrastructure as a legacy for the future generations. The EACOP, as the first cross-border project of this nature in East Africa, would be a major infrastructure achievement to be successfully completed during President Magufuli's mandate. Some informants believe that the main motivation resides in the anticipated revenues from the oil pipeline, while others were doubtful that the revenues would be significant compared to the disturbance that the pipeline might create. In sum, informants had various opinions regarding the motivations of the Tanzanian government in EACOP, which can be partially attributed to the lack of information disclosed regarding the project in the media.

Benefits

The main benefit anticipated from the construction of EACOP is in terms of employment of both skilled and unskilled workers, though informants disagreed on the impact and degree of employment that EACOP would create. CSOs would like to see more importance attributed to long lasting impacts rather than short term low-skilled jobs, as they fear that the short term employment will leave citizens in a worse situation once the project is completed. Government officials are hopeful that the skills earned through training on the pipeline and working with international companies will benefit local workforce in the long term, especially if they are able to transfer these skills to the industrial sector, which they hope will be flourishing by then.

> Employment of both skilled and unskilled labourer. We are also thinking of employment in terms of vendors. Women participation in terms of supplying food. We are also talking about the economic part of it, maybe we get some fizz from allowing oil to be passing on our lands. *(Interview A1)*

CSOs mentioned that the construction of facilities along the route of the pipeline could benefit communities in the long run, as these facilities could potentially be refurbished and used as health clinics or classrooms once the project is completed, for example.

In terms of revenues, opinions varied around the impact of the revenues anticipated from the project. Experts in the field expressed their worries regarding the revenues that the government of Tanzania can expect in comparison to the private investors. Government officials are hopeful that the revenues generated by the project will be substantial and could be used in the coming years to generate more socio-economic development for the country.

> [...] the government will be getting the revenues, collecting the taxes, and probably the taxes direct and indirect will provide social services like building schools, health care to the villagers, providing medicine. At the individual level, after the completion of the project, I don't see much of the benefits. It will be only at national level.*(Interview A17)*

> Opening the northern corridor between Tanzania and Uganda, that is by mere fact having this infrastructure in place means that you are opening a corridor, for trades between Tanzania and Uganda will definitely significantly grow, that's what we expect. An opportunity to develop other infrastructure along the same corridor. [...] Other benefits are of course electricity lines, fibre optic lines. We are going to open up certain businesses in these areas, they are currently more remote so you expect when you have that infrastructure that the economic activities might grow and come to life. *(Interview A9)*

In the long term, government officials and other informants knowledgeable in the hydrocarbon sector mentioned their hope that this project generates more interests in exploration of potential oil reserves in Tanzania. Specifically, informants explained that they are hoping to

see IOCs express their interest in exploring the Lake Tanganyika region, from where another pipeline could be constructed and potentially connected to EACOP. One informant was especially pessimistic when asked about the anticipated benefits of the project, stating that politicians talk and make promises, but that the political will is not present to capitalize on the potential of the oil and gas industry in Tanzania.

Challenges

CSOs expressed their worries concerning the land issues that could ensue following the land compensation process, especially regarding fair and timely compensation. Experiences from the Mtwara-Dar es Salaam pipeline indicated that the compensation process was lengthy, which put citizens in a position of limbo while they were waiting to be compensated[4]. CSOs are actively trying to resolve this issue by sharing information with citizens about their rights and the current crop market prices in order for citizens to be able to negotiate a fair compensation for their land with the EACOP Company project team[5].

> The legal issues are many, but the one that is particularly worrisome is the land regime in Tanzania. It's different from Uganda and it's not sort of a commonwealth system. There's not a lot of land rights, essentially all land is rent from the government. So there is not a lot of protection in place for people. *(Interview A7)*

> The main concerns were on the land acquisition and compensation. Most of our land in Tanzania, villagers do not have land titles, but also other lands have not been developed well to have a person compensated compared to someone with a developed land. Based on the land policy, you are compensated by the 5 meters above ground and the development that you have because the land belongs to the government. *(Interview A4)*

CSOs mentioned that local community members expressed concerns regarding the arrival of workers from other parts of the country, mainly from city centers, that would 'steal' job opportunities from them. In addition, the influx of people and financial capital in the northern part

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[4] As one informant explained, other compensation processes are taking place elsewhere in Tanzania, and issues such as timely compensation are being monitored by the CSO in question. "We have a case in Lindi where the government is investing for a refined natural gas plant, but the communities have not been compensated for almost three or four years since the assessment. That impacts their livelihood development, because they are not allowed to grow any permanent crops or to do any renovation on their houses, because that might have an impact on the assessment." (Interview A4)

[5] The EACOP Company is the entity responsible for all operations regarding construction and operation of the pipeline with shareholding from the Uganda National Oil Company, the Tanzanian Petroleum Development Corporation and the three partner oil companies; CNOOC, Total and Tullow. (EACOP, n.d.)

of the country could have the adverse consequence of creating inflation, which could have lasting negative impacts on the local community members.

> Impact of these projects is mostly more poverty for these communities. When the project starts, there's an influx of people and capital, it increases the purchasing power and leads to high inflation. [...] For the people that are not employed by the project, it can have very negative consequences. *(Interview A12)*

All categories of stakeholders apart from government officials had difficulties identifying how the construction of the project and involvement of communities could lead to lasting impact on the communities, except from the additional revenues they would earn from employment during the construction phase and the payments that the communities will receive from the EACOP Company. Communities located along the pipeline will receive a service levy fee and a security agreement payment once the pipeline is in operation. The amount to be allocated to the communities will be determined in the host government agreement (HGA)[6].

Consultation and Implementation

During the time of my fieldwork, most of the informants interviewed had little or no information about the current development of the EACOP project. The information related to the consultation process with local communities and the implementation of the project came mostly from government officials, a representative of the EACOP Company, and one informant from a local CSO who was able to visit communities along the route. Consultations organized by the EACOP Company with local communities were conducted throughout the year 2018 (Total East Africa Midstream BV, 2018), while CSOs were not invited to take part, EACOP representatives were mandated to explain the project to community members through village assemblies, and local offices were put in place to receive grievances from the population as well as to advertise job vacancies to the local communities.

> From the discussion that our partners have had with communities, [the EACOP Company] had community liaison officers. They have been passing through the possible areas where the pipeline will pass and providing awareness to the communities of what will happen in the area. But the main issue is that communities are not aware of their rights for the land acquisition and compensation

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[6] In regards to the revenue sharing scheme that has been negotiated for the Songo Songo project, one informant explained that the "[Kilwa] district administration receives 0.3% of the total annual profits of the companies. [...] In one of the community, in Lindi, where the Songo Songo extraction is, the Kilwa [district] enacted by law that all the revenues collected from different villages, 20% of the 0.3% has to go back to the responsible village. So the Songo Songo village receives a larger share of the 0.3% as they are the most affected community." (Interview A4)

process. What is exactly their rights as communities, or the compensation rates? The whole land acquisition and compensation process is not very clear for the communities. *(Interview A4)*

CSOs expressed their worries about the process not being inclusive, since consultation is taking place through village assembly meetings, which is a space that is inherently political. Village meetings are organized and led by the EACOP Company with the presence of local government authorities, which are representative of the central government. Furthermore, informants explained that the meetings lacked inclusiveness, as some key stakeholders such as local CSOs were not invited to participate.

> But let me tell you, when they are consulting locals, they are talking to LGA, to representatives, they are not talking to villagers, they are not talking to real people. They are talking to people in community based organization, but are they bringing real people on board? *(Interview A1)*

> We were not invited to take part in those consultations, it has been the companies and the government only. *(Interview A4)*

Furthermore, they expressed reservations around the information conveyed to the community members, stating that it was mostly focused on the anticipated benefits of the project but did not inform the villagers about the potential disturbances to their livelihoods. In addition, CSOs fear that the compensation process will get stalled due to the involvement of international actors, while government officials expressed confidence that the compensation process is following the project's timeline.

> There is a lot of grievances from the communities, because of politics and those kind of things. Sometimes we need to negotiate with the government to make sure that compensation are done according to the laws and regulations and international standards. There is also an issue with local government associated with the project, it is different and very difficult to have the same compensation throughout the pipeline. Those kind of concerns we need to see how we can work with the government and in particular with the project developers. They are the ones actually doing the project. The government now is taking over the land to lease to the project. I think the companies, they give money to the government, and the government does the compensation, but that's a problem. Sometimes they give the money, but only 40-50% goes to the communities. You need to address this, because at the end of the day it creates conflicts with the government. *(Interview A15)*

> In EACOP, we are very proud on how we are running the processes now. The grievances minimization processes is such in order, we have not gotten any now. We cannot say much, we can only say once you are done with the compensation. For now, we haven't had anything that is detrimental to the project. *(Interview A9)*

6.2   Local Content

Interpretation

A local content policy for the energy sector has been adopted as part of the 2015 Petroleum Act, and EACOP is set to be the first project in the sector to implement local content requirements. The political rhetoric for local content that is generally understood by the informants interviewed for this research project revolved around the idea of capitalizing on the present opportunity to maximise benefits from national resources.

Civil society expressed their worries concerning the communication of the local content policy with communities that are affected by EACOP. The confusion related to the term 'local' and the term 'national' used by the EACOP Company to discuss local content is also worrisome when explaining opportunities from local content to community members. Specifically, members of civil society are worried that local communities will not benefit from local content, since the structure in place does not empower citizens to be active participants in the hydrocarbon sector. They anticipate that businesses based in Dar es Salaam will benefit more from local content due to their business size and capacities rather than smaller local businesses.

> How much do community members know or understand these regulations and policies? The private sector looking at the CSO sector has a responsibility to make sure that communities understand what it means, the local content. Does it mean that community members should be able to grow quality food to sell to the companies? Or should Tanzanian companies have shares in the companies that provide services to the mining or petroleum areas? *(Interview A4)*

> How can you expect a fisherman who is using even a local equipment, fishing nets, local preserving methods, to capture the force of providing a food supply when they come. The company have a lot of higher standards [...] Local content is good at the national level, but at *local local local* level it's a challenge. *(Interview A17)*

Government officials interviewed emphasized the value of local content in accumulating knowledge, which can be utilized by local firms in the future and lead to economic growth. One informant emphasized the value of money, technology and knowledge transfer in developing and growing local businesses as side benefits from the implementation of a local content policy. Following the same reasoning, the government's focus is around 'national' content rather than 'local-local' content. Due to the history of the country, the government is mindful of not encouraging tribalism or regionalism. For this reason, one official stated that it is important that every citizen feels that they can participate equally in the tendering process. Therefore, 'local-

local' content is seen as a sub-level of implementation of the policy, but the focus is on 'national' content.

IOCs expressed their confusion in regards to the objective of local content. They understand that the policy might be politically motivated to please segments of the population that want to benefit from the oil and gas sector, mainly the local private sector. An informant knowledgeable of Tanzania's natural resources governance supported this claim.

> I can assure you, the local content policy and of course the regulations that came out of that, were strongly driven by the local private sector. Their interest is immediate commercial benefits, assuming that if they partner, if they become part of the value chain, they will be able to supply goods and services to the industry rather than the companies importing those goods and services from outside. *(Interview A18)*

The international private sector is generally keen on implementing local content to their business activities, but expressed reservations towards the high requirements imposed in the regulation when compared to the actual capacity of the country. One informant mentioned that the IOCs involved in EACOP are worried that the implementation of LCP and specifically the requirements regarding the 'local' ownership of partner companies may lead to collusion or end up benefitting the elite rather than the average citizen. Academics warned stakeholders that both narratives need to be harmonized to lay down the groundwork that would allow for fruitful implementation of the policy.

> Having a policy of local content is fine. I have a problem with setting higher local content requirements in terms of percentages, because if you are starting from a low [industrial] base, which is Tanzania, and you set very high requirements in terms of percentages, if you say you have to procure goods A, B, C at 60%, and the capacity to produce those goods and services to the required standards is lower, you are creating a problem for the investors to be able to meet the requirements. *(Interview A18)*

Benefits and challenges

Benefits of local content mentioned by informants include professional development, local economic growth and enabling business environment for local firms. Most informants mentioned employment as both a benefit and a challenge for local content. CSOs are worried that the larger focus on direct employment is detrimental to the communities, since they could potentially benefit more from indirect employment. Most jobs that will be acquired for the construction of EACOP will be low-skilled, temporary jobs. Therefore, civil society is more interested in pushing for more

benefit sharing with the communities, which in turn could lead to sustainable socio-economic growth in the long term.

> When we talk about local content, CSR practices, everything, people talk about just direct employment, they don't talk about indirect employment that could even be more beneficial to the locals around the operation than direct employment. [...] So if we can have more empowerment in terms of local content to empower women to take part, let's say, in agriculture, food supply or making clothes for example. *(Interview A1)*

> We don't want to see the impact of the extractives being translated to jobs because as we all know, the sector is high technology based, so in most cases you don't have community members who have that capacity. These petty jobs don't translate much in their lives or change their lifestyles. Our focus is more on the revenues paid by the government and making sure that they stream down to the communities. *(Interview A4)*

Other informants mentioned the need to invest heavily in capacity building and professional development. As one informant who used to work in the natural gas sector explained, most of the workforce in Tanzania does not hold any kind of certification. There is a need to adapt the labour specifically to the oil and gas industry in terms of changing their behaviours to be more safety-conscious before they can obtain jobs in the field. Since the petroleum sector is highly specialized and most jobs will be temporary in the case of EACOP, they suggest that emphasis be put on the development of transferable skills that would allow citizens to transition to the industrial sector as industries grow and the labour needs change. The government expects that companies which will take part in the construction of EACOP through local content will be able to gain the capital and experience that would allow them to sustain their business activities after the completion of the projects.

> In our agreement we are also talking about local content. Deliberate actions should be taken to ensure that we are empowering local communities. We are discussing with Total for the local content laws and provisions in the HGA. It's something that we are pushing for deliberate actions, not just expecting that something will come out of this project without putting some deliberate actions. *(Interview A9)*

IOCs mentioned that there is a very low rate of participation in business tenders from the local private sector located outside of Dar es Salaam, even though some businesses would be prioritized to obtain contracts due to their geographical proximity to the pipeline. On the other hand, informants mentioned that the local private sector, especially community based companies, might feel that they will not obtain contracts as they are relatively small firms, and therefore choose not to participate in the tenders.

> Maybe they think that even if they apply, nothing is going to come out of it [...] they are just going to select the bigger people [businesses], government people, and it's just a waste of time. They'll just stick to their regular business. I think there is that element of confidence, and it's related to the whole education and awareness thing. [...] It's that idea that nothing is going to happen or come out of it, what's the point. *(Interview A16)*

Implementation

Regarding the implementation of local content, informants have identified many challenges. First, the lack of a concrete assessment of the capacity and skills available in the country is an impediment to putting in place an effective local sourcing system. Private sector stakeholders mentioned that the establishment of baseline data that would specify the sector's needs and the supply capacity is necessary to effectively put in place local content. IOCs expressed their difficulties in reaching local companies and obtaining responses from government institutions as well.

> Our advice was to really establish a baseline data which has kind of a two sets of data, two parts. One is what could be required in the industry, the demand side, what the industry needs. If you have clarity of what the industry would need, and at least have a broad or rough estimate of quantity and time horizon, that would help you get into the second part where you establish baseline of the supply capacity. What can the country supply, not just generally but in those specific areas. The supply capacity should be also farther disaggregated in terms of what can the country supply now, immediately. This is what is required in the industry, we have it here today. What can the country supply in the medium term. Those ones, you need to develop a program to support the local private sector to be able to supply in the medium term. That is the essence of the horizon. *(Interview A18)*

Furthermore, the lack of investment in training programs for the oil and gas sector makes it difficult to find qualified workers. CSOs expressed their interest in collaborating with other stakeholders to develop training programs focused on transferable skills. A representative of the private sector expressed the need for the public sector to take charge in this particular area. An IOC representative responsible for the implementation of local content explained that while the private sector is favourable to the implementation of local content, the policy should not be used as a tool to develop industries from the ground up. In other words, local content can boost economic development of existing industrial sectors, but should not be counted on as a tool to develop new industries.

Communication with local communities about opportunities seems to be lacking, as they do not understand well how they can benefit from local content. A few informants mentioned that EACOP will be a great opportunity to revise and come up with practical provisions for local

content, while being guided by existing laws. With flexibility from all stakeholders, many informants are optimistic that EACOP can lead to increased participation by locals in the sector and stronger economic growth.

> We also know that the existing laws that we have on local content, there could be some gaps because they had never been put into test, it is the first project putting it to test. We could have an opportunity to look at which ones are practical and which ones are a mere day dream. Which ones can be implemented without affecting the project. You don't want to come with a demand that impact the investment, put you want to demand and support and promote investments, at the same time as local gains. *(Interview A9)*

6.3   Political Sphere and Rhetoric

Information Disclosure

Informants were open to discussing information disclosure and communication from the government during interviews, regardless of their professional affiliation. Many of them share a similar sentiment that the information communicated to the public by the central government and by Total E&P, the spear-header of the EACOP project, is often censored and partially disseminated. CSOs rely mostly on public statements by the president or other government officials for tangible pieces of information on project or policy developments.A representative of a local CSO explained that they have little trust in the intention of the EACOP Company to make more documents available to the public.

> What I saw, the round table that we had in November [2018], it didn't seem to me that they were ready to deliver things transparently, it was not clear how they would deliver to the communities, in the right language and all. We're just waiting for them to publish their assessment. *(Interview A7)*

In addition to this issue, NGOs and CSOs have expressed difficulties in gaining access to communities unless it is assured that their work will not interfere with the political objectives of the ruling party. Furthermore, discussions with local communities are generally assisted by local leaders, which is seen as a way for the leading political party to assert its authority at the local level and control the information being shared with the local communities.

> It's not like you can talk about anything to anyone. When you go to the village, you have the papers, then they give you access. The problem was getting the paper, you have to assure the government that you are clean and the information is for your benefit and the benefit of the country. *(Interview A17)*

Informants further mentioned that the party's control can be observed in the decrease in media freedom since the beginning of Magufuli's presidency.

> Just to look at the Magufuli's presidency in this larger suite of actions, clamping down CSOs, media freedom, the rise of resource nationalism, all that stuff is connected. It all has to do with the party asserting their authority. They know that people are not super happy, there is some dissatisfaction, and they know Chadema[7] did quite well in the last election. They are not interested in giving up power. *(Interview A6)*

Most informants agree that the main message coming from the oil and gas sector is focusing on tangible benefits for citizens such as local content, job creation and business opportunities. Many perceive this positive publicity as an attempt to regain the population's trust in the extractive industries following the recent mining scandals.

> Since what happened in the mining sector, people weren't too happy and felt that Tanzanians didn't really benefit from the sector. So even within the communication strategy itself, one of the key messages was always local content, jobs, businesses and opportunities for Tanzanians in the sector for jobs and starting businesses, investment opportunities. *(Interview A3)*

The government opted for communication through television and radio channels, as well as through official government channels to local governments, while the private sector has had a larger presence on the ground based on experiences shared by communities along the Mtwara-Dar es Salaam pipeline and EACOP.

> From the discussion that our partners have had with communities, Total had community liaison officers. They have been passing through the possible areas where the pipeline will pass and providing awareness to the communities of what will happen in the area. *(Interview A4)*

Although the presence of the EACOP Company is seen and felt at the local level, CSOs are worried that the information conveyed is strictly focused on the benefits and does not explain the potential impacts of the project on people's lives, which can lead to major misunderstandings. Problems such as the unforeseen political uprising in Mtwara were identified as emerging from a lack of communication and participation of the local communities, and poor management of citizens' expectations by the informants interviewed for this research.

> Most of the problem emerge from the lack of communication from the government, communities are not involved. The communities do not know what it means to them, their resources, their future,

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[7] Chama Cha Demokrasiana Maendeleo (Chadema), the official opposition party, secured close to 40% of the votes in the last election. The party emerged after years of organizational restructuring to secure a strong presence at the local level and gained support from some Tanzania's business owners and members of the urban middle class. (Paget, 2017)

how they can benefit. [...] It is very important how we communicate the information and how to make sure that the government is giving the right information. Sometimes they are informed that the pipeline is coming, and they are told that they will get a lot of employment. At the end of the day, they see the pipeline is being built but they are just waiting for employment and business opportunities. *(Interview A15)*

Resource Nationalism

The need for the integration of a resource nationalist approach to the new policies in the oil and gas sector seems to be unanimously accepted by the participants in this research project. Many informants mentioned that this wave of resource nationalism is not unique to Tanzania, but could be observed regionally. For example, one informant mentioned that the Ugandan government's request to retain a larger share of crude oil for domestic use to increase the benefits derived from their national resource could be interpreted as an application of resource nationalism as well. Generally, informants interpreted resource nationalism as a mechanism to give more benefits to the citizens, one participant stating that "resource nationalism is about the unfairness of the relationship, trying to rectify that unfairness from the past contracts and abuses *(Interview A8)"*.

Informants advanced two main arguments that explain the rise of resource nationalism in Tanzania. First, some informants mentioned the grievances from the mining sector as being a reason for the government to review the legislation in the extractive sector, further backed by the political argument of allowing Tanzanians to 'take back control of their resources'. This is reflected in the adoption of local content requirements, which enforces partnerships with local businesses and requires more Tanzanians participating in the sector in general.

Let's make sure that there are true Tanzanian shareholders in the companies partnering, and Tanzanian participation in general. People felt they were ripped off. Now, they want to gain back control over the resources and make sure we are getting at least a fair share of the revenues from the resources. *(Interview A3)*

The second argument is embedded in the socialist past of the country. The current administration also shows strong tendencies towards socialism as an ideology, therefore it is not surprising that the state is finding ways to increase its presence in key sectors of the economy.

[...] Kikwete who believed in liberalism, he focused on strengthening the government institutions and making sure that the country is more democratically funded. Coming in the current administration, it believes in socialism as an ideology. With socialism, you have the state as a key

actor in the business. I think this is where the ground is for analysis of where we are coming from. *(Interview A4)*

Informants agreed for the most part that the 'problem' resides in the approach taken by the current government. Many mentioned that the President's will to transform the country was very touching, but they expressed concerns regarding the institutions and the people supporting him in the implementation of this reform.

> I agree in the fact that the country has to benefit more from its own resources. I might not agree on the approach. I would appreciate if the approach was more win-win situation. Basing more on the conversation, sitting down and discussing. *(Interview A4)*

> If it's used to give benefits to people and make sure that Africans or Tanzanians benefit from the extraction and they are the main beneficiaries, then great, but if it's used to fuel a regime, then it's [going to] have the same effect of people feeling exploited and remediation.*(Interview A7)*

> With this sort of rise of resource nationalism, there's a real concern about ensuring that the national government is in control, and the national government is really the party. The party that's in control right now and has been in control of Tanzania is not interested in giving up power. They will maintain power at all cost, and that's really what's going on. *(Interview A6)*

Informants expressed reservations over the ways that the international extractives sector is being treated under the Magufuli administration. Stakeholders of the sector shared concerns that imposing nationalistic policies could be detrimental to relationships with investors. As one participant mentioned, the government's position on contract renegotiation and the in-country arbitration clause has led to disagreement between a few IOCs and the government as some investors are worried that their contracts will not be honoured in full[8]. This downside of the current government's approach towards resource nationalism can already be observed in the natural gas sector, as it has been dormant since the election of President Magufuli in 2015 (Pedersen & Jacob, 2019).

6.4   Institutional Setting

Clarity of Institutional Setting

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[8] In 2017, the government of Tanzania adopted the Natural Wealth and Resources (Revenue and Re-Negotiation of Unconscionable Terms) Act, which allows the government to renegotiate or remove terms from contracts that the parliament deems unconscionable. Both for the extractive and the hydrocarbon sectors, these newly enacted terms are creating uncertainty for foreign companies wishing to secure PSAs or MDAs with the Tanzanian government. (Kinyondo & Huggins, 2019)

Opinions regarding the clarity of the current institutional setting varied between groups of actors. The majority of informants from civil society deemed that institutions are not coordinated adequately, in a transparent and accountable manner. They observed that the different roles of the major leading institutions such as the parliament, the Ministry of Energy and TPDC are not clearly defined in the legal framework, which can leave room for crossover and inefficiencies. In addition, many informants mentioned being confused about the mandate of PURA and EWURA, the two regulatory institutions for upstream and downstream activities, respectively, and the over sighting institution for the energy sector. As one informant explained, EWURA, the organization in charge of regulating downstream activities, holds the mandate of defining and monitoring the implementation of the local content policy. In practice, many institutions such as PURA and TPDC are also taking part in the process of implementing local content. One informant from the private sector judged the process to be uncoordinated and contended that the number of institutions involved in the implementation is creating confusion amongst stakeholders.

Other informants mentioned that a deeper understanding of the oil and gas sector from the government of Tanzania would be beneficial in order to organize the governmental institutions in an efficient manner. Despite the creation of new governmental institutions and the implementation of a series of acts and laws, there is a definitive trend towards centralizing decision making at the top level[9], which leads to more confusion regarding the role of the various institutions for actors outside of the government. As one informant who is an external actor participating in the process of implementing local content for EACOP explained, although IOCs negotiate with high-level government officials and agree on terms, these officials do not hold the power to approve and make amendments to the policy. Hence, final decisions all need to be approved by the president's bureau, which as a result slows down the process of implementing local content and can undermine negotiations in the long run.

On the other hand, government officials mentioned feeling more confident in their role and in the mandate of their respective institutions since the new administration. Although the legal

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[9] "[...] the CCM has lost control of significant numbers of local councils, especially since the local council elections of 2014, and especially in urban areas. This has led to decision-making being centralised in a way that has weakened the autonomy not only of the councils, but also of the line ministries, whose technocrats often find themselves being overruled by what they perceive to be politicised decisions by the few influential figures around the president. (Pedersen & Jacob, 2019)

framework has seen some improvement in recent years, civil society fears that the people in power do not feel compelled to align with it and use discretionary powers that surpass their roles.

> What is happening right now, everybody is putting their own power in their own hands. We are seeing presidential appointees taking control over the whole of the ministry. They are trying to gain power. *(Interview A1)*

Legislation

As mentioned earlier, informants expressed mixed opinions regarding the efficiency of the new laws in the petroleum sector in clarifying the roles of the different institutions. Particularly, the private sector and civil society are less trusting of the new laws and the current institutional setting, while government officials expressed confidence in the role of their respective institution and the current political environment. As it can be observed with the number of new acts enacted since the election of the current administration, writing new laws does not seem to be a problem, rather developing the enabling regulations and implementing them is. Informants expressed their reserves about the willingness of the government to implement the new laws.

> The issue is not the idea behind, the idea is very good. But the practice and implementation. Are we implementing what we have put in the laws? And I'm telling you they have good intentions in the laws, but implementation is a challenge. Why is it a challenge, some of the laws are not implementable because there are no enabling regulations, you cannot enforce it. So by the time probably they come and set regulations, things are at a *very very* far and very bad stage, so okay, we need to have regulations. *(Interview A1)*

Many stakeholders further expressed their worries regarding this specific issue. They fear that the current government is acting spontaneously rather than developing a structured plan to govern the oil and gas sector.

> Even if you have nice legislation, in the sense that it's there and it's quite well formulated, it doesn't mean that they are actually willing to implement it or that they have even implemented it. And that's not unusual for developing countries in resources sectors. I wouldn't put too much faith in the laws, it's nice that they have them but the real test is if they implement them and what kind of executive powers are being exerted over resources that kind of come at odd with the legislation. *(Interview A6)*

The private sector warns the government to slow down, as their current trend might bring backlash since it is creating an unstable political environment and a non-conducive business environment. The primary acts of concern for the IOCs are the National Sovereignty Act and the Tanzania Written Laws (Miscellaneous Amendments, 2017), which, amongst other things, can force renegotiation of contracts at any moment. Furthermore, informants expressed a sentiment

that the sector is becoming overregulated for the amount of activity actually happening in the sector, with three new acts and a few more regulations since 2015. Specifically, there are only a handful of international oil companies active in the country now, while the legislative burden is multiplying. This situation creates a high administrative burden in terms of reporting for the private sector, while government institutions are trying to assert their control over specific aspect of the legislations.

Revenue collection and taxation

Despite the structural decentralization that can be observed in Tanzania today, most informants agree that governance is shifting back towards a more centralized system, especially in terms of decision-making. Informants explained that the leading party is expanding its political control to the local government levels, but that the power resides at the central level. Similarly, the current taxation and revenue distribution systems are very much centralized.

There is a shared sentiment amongst stakeholders that centralized revenue collection is not the most efficient system, or the one that brings the most benefit to the citizens, but the only one that can work now in Tanzania. Mostly due to negative experiences of corruption, many informants expressed resistance in allowing local governments to collect and use revenues autonomously, especially from the oil and gas sector.

> My view on central revenue collection, at this point I think that it is part of the solution because of the past abuse. I don't think that it should be there forever, it's only centralized today because you want to come up with the proper monitoring, following up, sort of managing the revenues. There were a lot of abuse in the local communities, that's how it was done before, and there was still no changes, no development at the local level. The money was not correctly allocated to government priorities. It was not working. *(Interview A9)*

Some informants from civil society groups also mentioned that the problem is in the use of the funds that goes to the communities rather than the actual amount, saying that more could be done if it was used appropriately.

> The planning for that money is lacking. That means there are people from the local government offices who think they know what people want. So they end up buying 4X4, they end up employing new people, community environmental expert, paying new salaries, and maybe little goes into projects. And they expect that because the service levy is coming in, we'll have CSR plans, we'll use this money for community engagement. *(Interview A1)*

In addition, stakeholders of the sector have mixed views about the idea of creating a sovereign wealth fund with part of the revenues from the oil and gas sector. Most informants feel that the revenues could be best used in present times to bolster economic growth, or be redistributed to the communities to support socio-economic development projects. Some informants agree with the concept of a wealth fund in principle, but emphasize that Tanzania is a developing country, and that the needs are different from industrial or post-industrial economies[10].

6.5   Stakeholders Dynamics

Informants from the various stakeholders' groups interviewed as part of this research project commented about their roles and objectives when participating in the hydrocarbon sector. Amongst the objectives mentioned by national civil society organizations, the primary responses were focused around raising issues from the communities to higher levels of decision-making, especially issues pertaining to social and environmental impacts. Specific to EACOP, CSOs aspire to take part in the early decision-making process regarding this project.   Civil society representatives are aware that they sometimes engage later during the project with local communities and local and national levels of government through the development phases of major projects.

> [We] tried to start the discussions on the status of the development of the pipeline, and by then again it was still at the very infant stage. You know, they were still undergoing environmental impact assessment, so it wasn't completed in 2016. But we did not stop there because our aim was more about 'let us try to raise issues' when it's not too late, because that's what sometimes happens. When things are too late that's when we come in. So let us try to discuss the '*abcd'* so we can be part of the process to influence decisions, better decisions. If this pipeline is complete, then it can well serve the purpose, but not hindering the lives of people and, you know, everything throughout the value chain. *(Interview A1)*

Informants from the academic sphere confirmed this observation, with one informant implying that CSOs are not 'taking their place' in the decision-making arena and are doing 'very

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[10] Norway has long been involved in the development of the hydrocarbon sector in Tanzania. Equinor (formerly Statoil), a Norwegian oil company, owns exploration licenses since 2007 when the company signed a PSA with TPDC for Block 2 in Mnazi Bay. Equinor is also a stakeholder of the LNG plant project in Lindi. Furthermore, the Norwegian development agency NORAD established in 2012 a program called 'Oil for Development', which focuses on "capacity building in the form of policy development and oversight" (Pedersen & Jacob, 2019). Norway is said to have influenced the government of Tanzania for the introduction of a sovereign wealth fund as part of the Oil and Gas Revenue Management Act, as Norway functions under a similar oil revenue management system.

little' in terms of advocacy, emphasizing that more could be done even though the current political context can be qualified as oppressive for CSOs.

International non-governmental organizations interviewed emphasized their role as being crucial in supporting CSOs in their efforts to participate in the hydrocarbon sector. As the sector is relatively new in Tanzania compared to other industries, INGOs can provide some basic knowledge of the sector to CSOs that are new to working in this sector, which would help them work more effectively on issues specific to the exploitation and development of oil and gas facilities and infrastructures. As one interviewee from an internationally based NGO puts it:

> You need some representatives [for the communities], we believe that CSOs are the most appropriate channel to work with the government and other partners in this sub-sector. The focus has been to influence policy in particular, also to influence regulation to make sure that benefits from the development of that sub-sector have a direct impact on the communities. *(Interview A15)*

CSOs further mentioned their relations with the private sector, specifically with International Oil Companies (IOCs) in the context of EACOP, and their shared objective to work collaboratively to mitigate the impact of the sector's development on local communities. CSOs view their role as a linkage, or a connection, between local communities, the private sector, and the central government by communicating issues to the government and the private sector, and by bringing awareness and educating the communities about their rights. The private sector is recognized for being more open to working with CSOs in comparison with the central government. Noticeably, they have reached out to some organizations to discuss pathways and potential partnerships to prevent negative impacts of EACOP on local communities. They generally expressed their interest in working with CSOs, as they are recognized for their knowledge of the communities and considered as possible partners to develop good mitigation strategies. Despite the growing connection between CSOs and the private sector, CSOs were clear on the difficulties they face in participating and raising issues to the IOCs attention, as the manager of a national CSO active in the oil and gas sector expressed.

> Total Crude Oil Company is really trying to consult with CSO, but again the level of consultation now is being questioned. They just don't want civil society to participate in a meeting and ticking the box. You need civil society to come and contribute to the discussion. So how do you go to a meeting when you find everything out during the presentation? There is no time allowed to prepare. *(Interview A1)*

On the political side, certain informants who have been observing stakeholders' relationships and involvement in the development of the Mtwara - Dar es Salaam pipeline expressed their concerns around the perception of CSOs by local communities. They mentioned that, in their opinion, CSOs are not recognized for their political presence and are have a significantly low capacity to advocate and impact decision-making at the national level. On the other hand, CSOs expressed the difficulties they face to access communities. Specifically, they mentioned the lengthy process of obtaining permissions from higher government levels and the increasing restrictions imposed on them by multiple levels of government prior to accessing communities, altering their capacity to work directly with communities. Furthermore, direct access to community members is often restricted to local government assembly meetings, under the presence of local leaders, which CSO fear could have an influence on the degree of freedom of expression perceived by both CSO representatives and community members. Informants identified these strict restrictions as a control measure to limit the capacity of CSOs to influence the communities and create resistance amongst the community members. From the government side, they seem to rely mostly on their political presence in the localities rather than on the voices of the CSO representatives to work on mitigating the impacts of the project on the communities, as one of the government officials interviewed mentioned:

> We want communities to benefit more. Even the members of parliament from the constituents where the pipeline passes through, they are also advocating for that, so the communities can grow, develop, and see the impact. But how realistic is something that needs to be discussed in the agreement[11]. *(Interview A15)*

In regards to the political space for CSOs and local communities, opinions and experiences varied amongst the informants. Some informants mentioned that CSOs were systematically excluded from discussions by the government, while others mentioned that they could be invited under very specific circumstances, such as a multi-stakeholder consultation processes. Although, two informants mentioned that the involvement in a consultation process does not necessarily led to their opinions being considered, or their recommendations implemented, which impacted negatively their trust in the consultation processes put in place by the government. CSOs

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[11] The participant is referring to the host government agreement, which is an agreement between the host government and investors relating to the implementation of the project in the specific territory. Some of the issues that are being discussed prior to finalizing the HGA are arbitration, revenue sharing and taxes. As of October 2019, a host government agreement with the Tanzanian government had yet to be reached. (*The East African*, February 2 2019)

mentioned that they usually try to enter discussions with the government in an official manner once or twice a year. Otherwise, they see their political presence restricted to bilateral work with specific government institutions, mostly to oversee their work in enabling and monitoring regulations. As for the general public's political participation, a few informants mentioned the relatively low degree of political participation of the Tanzanian population. An ex-member of an INGO of Tanzanian origin mentioned that this reality may vary based on the regions and socio-political situation:

> Especially if you speak to people in the city, they would say as long as they are happy and have their job, they do not want to associate themselves. [...] maybe people in the poorer communities are really feeling the impacts of voicing, making lives better for themselves, having a say in how they can see improvements in their lives, then yeah maybe. But no, most people don't care. *(Interview A3)*

On the contrary, a researcher familiar with the Tanzanian context emphasized the control that the leading political party is able to exert at the local level. Strategies are used to discourage individuals that disagree with the leading party in taking part in the local and national political spaces.

> If you are not aligned with the party, not doing what the party wants, they can deny you all kinds of things. It's hard for local people to get denied access to basic social services, I think people figured out it wasn't in their interests. In general, Tanzanians are not interested in conflict, they are very conflict avoidant. It has a lot to do with their history, the politics, the party. *(Interview A6)*

> What I'm seeing is the regime, the current regime really don't want people to speak up, don't want the communities to speak up. I think it's a problem. The previous regime was different. *(Interview A15)*

On the other hand, both the national and international private sector mentioned being able to interact with the public sector regularly on policy issues, and that they hold a strong presence at the parliament every year during the establishment of the budget through the Tanzania Private Sector Foundation (TPSF), being invited to discuss with members of parliament on a regular basis.

> We are a bit involved every time the government reviews acts or policies that have an influence on the petroleum sector. Through the Ministry of Finance they will send us a request to get a validation meeting and opinions from our members. It is part of our responsibility to inform our members and get their opinions before the government makes any changes in legislation or taxes. *(Interview A14)*

A representative of an international research institute questioned the government's commitment to consult with parties in regards to the development and implementation of new

regulations in the oil and gas sector and explained that, in his view, there was a deliberate effort to consult extensively with the parties at the beginning of the process.

> When it came to the law, that's where consultations became a bit narrow because on the government side they felt they had consulted enough. When it was submitted to the parliament, it was submitted under a certificate of urgency, which limits consultation quite significantly. There wasn't much consultation on the bill, discussion on the actual bill, but in the preparation of that I think there was a lot, in all fairness, a lot of consultation. *(Interview A18)*

6.6   Summary

This section presented and highlighted the various views that stakeholders expressed on the EACOP project and the local content requirements, as well as the general political and institutional context of Tanzania.   In summary, many stakeholders expressed difficulties in understanding the government's motivations to undertake a project of the magnitude of the crude oil pipeline.   While a few informants mentioned that the primary motivation could be to successfully complete a project of the magnitude of this pipeline as a 'legacy' that will remain after President Magufuli's presidency, others are convinced that the main motivations are purely economic, as they foresee the economic development of the northern corridor and the creation of synergies with other East African countries.   Stakeholders further disagreed on the benefits to be anticipated from the project.   Namely, the promise of employment for local communities is one of the most debated point, as it is one of the major benefit that is advertised by the government, although some informants are worried that the actual number of jobs available for locals will be significantly lower than promised.   Furthermore, informants expressed their concerns regarding deficiencies in the consultation process with local communities, mentioning that certain stakeholders of the sector were excluded from the discussions and that the information conveyed did not adequately prepare the communities for the disturbances they may encounter throughout the construction phase.

As for the general understanding of the local content policy, stakeholders from civil society mentioned that the communication and awareness of local content to communities affected by the development of EACOP was deficient, as community members did not receive education on the content of the policy.   Some informants fear that the application of the local content policy at the national level, which is the focus of the government and the EACOP Company, may lead to some misunderstanding and grievances from the communities.   Moreover, ownership of the LCP is

ambiguous, as some powerful local businesses with ties to influential government officials are said to have influenced the development and adoption of the local content policy. IOC representatives are also worried that the requirements of the LCP are not realistic for the current level of development in Tanzania, with few skilled workers and low procurement capacity at the moment. Stakeholders of the hydrocarbon sector encourage the government of Tanzania to undertake more initiative to develop the labour force and the industrial base of the country.

Regarding the political sphere, very little information regarding the development of the project is shared with the public, which makes it difficult for CSOs to work effectively with the communities and with other parties involved. In general, local communities are notified about the project through village assembly meetings, which are led by the LGA and representatives of the EACOP Company. In addition to controlling the dissemination of information, the central government recently changed certain procedures that make it more complicated for NGOs and CSOs to gain access to communities, hence interfering in their work and objective of representing communities.

The resource nationalist discourse of the Tanzanian government is generally received positively by the informants interviewed for this project, many stating that the rhetoric of the discourse revolves around sharing and distributing the benefits of the hydrocarbon sector fairly amongst stakeholders. Informants from foreign companies mentioned that relations with the government are becoming more tense, resulting in a slowdown of investment in the sector, which is also a consequence of the current global world prices.

Many informants expressed their dissatisfaction with the new institutional setting, particularly the multiplication of government agencies involved in the hydrocarbon sector. The many institutions, along with their various roles and mandates, are creating confusion amongst stakeholders regarding reporting requirements. Despite the many entities regulating the sector, the overly centralized decision-making process, which is emblematic of President Magufuli's leadership, is resulting in process inefficiencies. Certain informants are worried that the current administration is not governing the sector properly, and that the confusion and overlap between institutions will create insecurity for foreign investors, resulting in a slow development of the sector.

     Finally, in terms of the dynamic between stakeholders, informants extensively discussed the closed decision-making space that prevent CSOs and NGOs from taking part in the decisions. While CSOs and NGOs are having difficulties interacting with the central government, IOCs are attempting to work with CSOs on mitigating impacts to the communities. This association between the two actors may help CSOs overcome the initial barriers they face in working with the communities, while IOCs will benefit from CSOs' expertise of local realities. Informants further explained that the involvement of LGA in the consultation process with local communities may result in discouraging locals to raise their discontent, as the LGA holds extensive power over resources and locals may fear repercussions. Moreover, the relationship between the central government and IOCs part of the EACOP project is crucial for the implementation of the local content policy. IOCs are sharing knowledge gained through previous experiences of local content implementation in other countries, advising the central government and entities responsible for local content on best practices for the implementation.

Chapter 7.　　Key Findings and Recommendations

This next chapter will build on the previous results chapter to highlight the key findings of this research project and link them to the literature on resource nationalism and local content. Using Gaventa's *power cube analytical framework* to unpack the interviews carried out for this study, this chapter will expand on stakeholders' utilization of their respective capacities and different forms of power(s) in the implementation of this reform. First and foremost, the previous section allowed to me draw the conclusion that many institutional challenges currently exist regarding the implementation of the local content policy for the hydrocarbon sector. The reasons for these deficiencies are many, namely the lack of proper consultation with all stakeholders in the sector, the competing interests of the main actors involved in the process, and the questionable and ambiguous ownership of the policy itself. Secondly, this research project provided strong evidence that a new and interesting relationship is emerging between IOCs and CSOs, which suggests that both sets of actors are developing strategies to compensate for the deficiencies of the Tanzanian government in administering the local content policy. Lastly, I argue that based on the data collected for this research project, the local content policy in its current state will mostly benefit business and local elites rather than ordinary citizens of Tanzania, and therefore fail to achieve its primary goal in the near future. Since the context is constantly evolving, this analysis will seek to provide partial answers to the primary research question and sub questions and to provide some recommendations to overcome the difficulties observed.

7.1　Stakeholders' position within the scope of the project negotiations

The main research question that this project addresses is: how do stakeholders of the EACOP project view their position and use their powers to shape the implementation of the local content policy? Despite the relatively high number of interviews conducted and the scope of opinions collected, it remains difficult to draw a complete picture of the power relations between stakeholders as very little information regarding the project's negotiations is shared with the public at any moment. However, the data collected sheds light on many of the dynamics at play between stakeholders and the dynamics that are affecting the implementation of the LCP. Indeed, while the adoption of the resource nationalist discourse and the introduction of a series of new regulations showcase an attempt by the state to shift the balance of power in the hydrocarbon sector in its favour, the previous sections have shown that the context is complicated and that multiple factors

are interfering in the process. Furthermore, the confusion and the difficulties that can be observed in the implementation of the local content requirements for EACOP are emblematic of the hindrances that the government of Tanzania has repeatedly faced while attempting to reform the extractive sector. The first sub question that will be discussed here is: how are stakeholders' positions situated within the scope of the project negotiations and the implementation of the LCP?

The current political regime with its authoritarian tendencies (Eriksen, 2018) restricts the decision-making arena to a very narrow and closed space. In a centralized decision-making system where power resides at the top level such as the one in Tanzania, very few actors are invited to take part in discussions regarding the development or implementation of new legislation, regardless of the sector. This research demonstrated that apart from the legislators, the only other actors who are regularly part of the decision-making process for anything related to the LCP are from both the international and national/local private sector.

For the hydrocarbon sector specifically, the rhetoric for this regulatory reform encompassed discourses of resource nationalism that first emerged through discussions in the mining sector. Resource nationalist discourses are used by governments around the world to justify reforms in the extractive sectors, and mechanisms such as LCP are generally seen by the international private sector as a 'soft' version of resource nationalism that do not threaten to destabilize the current capitalist order. It is therefore not surprising that global actors such as the IOCs are very active in the design and implementation of the new legislation with the government of Tanzania.

Despite the hostility of multinational companies to resource nationalist reforms, the Tanzanian government, while not clearly admitting to it, needs the support of the international private sector to provide advice and technical knowledge for the implementation of its reform. Although the international and national private sector were part of the consultation process put in place by the government prior to drafting the *2015 Petroleum Act*, none of these actors or other actors such as CSOs were given a sufficient amount of time to review the bill before it was adopted by parliament. These actions alter the significance and the value of the consultation process in the opinion of stakeholders, especially under President Magufuli's increasingly centralized form of governance.

IOCs and the Tanzanian government have divergent interests when it comes to local content. While informants of the private sector mentioned that most international companies working in Tanzania endorse the introduction of local content, their motives for supporting local content differ from the motives of the government. On the one hand, IOCs are looking to maintain their right to operate in resource-rich countries such as Tanzania. For this reason, they may support the introduction of local content, especially versions of local content that can be qualified as 'soft', which is the case in Tanzania (Kinyondo & Lange, 2016), as it is sometimes considered part of their CSR activities and contributes to reinforce their 'social licence to operate' in the communities. On the other hand, the government of Tanzania has admittedly introduced local content in the hydrocarbon sector following the introduction of local content in the mining sector, as a means to create a positive sentiment amongst Tanzanians that past mistakes made in the mining sector would not be repeated. Moreover, the Tanzanian government is hopeful that the development of the hydrocarbon sector will lead to significant benefits, such as increased electrification and industrialisation of the remote regions of the country. These developments should have an impact on the requirements imposed in the local content policy to favour economic benefits over social benefits for local communities, at least in the short term.

In addition to the lack of proper consultation with stakeholders and the competing interests of the Tanzanian government and IOCs, the new institutional setting and the sharing of responsibilities and ownership of the LCP amongst government institutions is causing confusion, which further exacerbates the difficulties in implementing the policy. As explained earlier, many regulators such as the Ministry of Energy, PURA, TPDC, EWURA, the National Economic Empowerment Council (NEEC) and the Public Procurement Regulatory Authority (PPRA), as well as agencies such as the Office of the President, the Prime Minister's Office and the Tanzania National Business Council (TNBC) are involved at various levels in the implementation of the policy. IOCs representatives trying to navigate this system expressed how these overlapping authorities have different approaches to local content, making the implementation of the policy all the more arduous without clear and concise guidelines. This finding is corroborated by Ovadia (2017) who explains that the incoherence of the system is to the point of using inconsistent definitions of terms such as 'local businesses' in different pieces of legislation.

The central government plays a key role in linking the international private sector's interests with the national context through its legislation and partnerships, but it also has a role in linking the international actors with the local actors, where impacts of their activities are felt the most. While local content policies are definitely grounded in international discourses, LCP are fairly new worldwide and often problematic in their implementation and results (Dobbs et al., 2013; Esteves et al., 2013). The growing body of literature on local content shows that policies need to be adapted to the country-specific context, hence the need to integrate actors of all levels (global, national and local) in the decision-making space as a way to comprehend the local realities and adapt the policy's terms accordingly. For negotiations specific to the implementation of the LCP, EACOP Company representatives systematically take part in discussions with government officials. The implementation of the LCP is directly affecting local communities, but unfortunately representatives of the local level do not systematically take part in the decision-making process in regards to LCP implementation. This situation can be explained by the Tanzanian government's framing and application of the resource nationalist discourse, which is rooted in a national level conception. For the application of local content for EACOP, the policy is explicitly defined on the project's website in terms of 'national content' rather than 'local content'.

For civil society organizations, this means that they are regularly kept outside of the decision-making space, and not invited to enter this closed space. As CSOs seek opportunities to represent local communities at the national level, they are sometimes invited to share their thoughts and opinions and to express their concerns prior to the drafting of a new legislation. While CSOs are sometimes invited to take part in multi-stakeholders consultation processes, the interview data suggests that many actors question the motivations of the government when doing so. Since international stakeholders are looking to partner with countries that show that they adhere to international standards of consultation, hence putting in place open and informed consultation processes, it will be to the government's advantage to showcase that it is inclusive in its consultation processes. However, as many informants have pointed out, the mere fact of participating in a consultation does not mean that opinions are heard and considered when decisions are taken.

This research further alluded to the confusion experienced by the general population of Tanzania regarding the role of CSOs, and how CSOs are often disregarded by the central

government when comes the time to consult with stakeholders. In the specific context of EACOP, CSOs see their role as an advocate for the local communities, but it appears that the central government, through its presence at the local level, prefers to 'consult' with local communities directly with CSOs forced to remain on the side-line rather than invite CSOs to discussions. From the information collected for this study, it seems that local communities are 'informed' rather than 'consulted' on issues of LCP and EACOP. The difficulties faced by CSOs in accessing the local communities are representative of CSOs' difficulties to enter any negotiating space.

Furthermore, the difficulties that CSOs face in accessing local communities are not the only reasons why CSOs are not present at the negotiation table. As was mentioned by a few informants, local communities do not necessarily want to be associated with CSOs that wish to challenge the government at any level, since the central government has power across all levels of government. Citizens fear possible repercussions if they do challenge the government in any way, and they do not strongly believe that CSOs are able to challenge the government in their name either. This reality, paired with the newness of the hydrocarbon sector in Tanzania, the relative inexperience of CSOs in the sector, and the lack of visibility in the public domain do not contribute to increase the credibility of CSOs relative to other actors such as IOCs.

It is important to question the power relations at play within these consultation processes and ask whether the action of inviting CSOs and/or NGOs to participate in discussions can in fact be a hidden use of power to shape the general public's opinion of the government. As explained above, hidden forms of power can be observed in the design of the decision-making space, where certain actors will be invited to take part, while the creator and owner of the space still holds the decisive power. In this case, inviting CSOs and NGOs to take part in discussions can be seen as a strategy to limit criticism regarding the exclusion of actors from the decision-making space by these actors as well as the global community.

The difficulties enumerated above could be significantly minimized through a revised integrated approach that would streamline the decision-making process in terms of implementation activities and that would limit the overlapping authority of the various agencies. In order to develop this approach, I would recommend that a proper process to encourage open dialogue be put in place that would allow all stakeholders of the sector to participate in an inclusive discussion that would aim to revise the terms of the LCP to reflect national and local realities as well as the

current and future needs of the sector. An arena for open-dialogue would prove an efficient way for the Tanzanian government to communicate with stakeholders, explain the objectives of the policy and manage expectations of all stakeholders, including those of Tanzanian citizens, and for stakeholders to express their views and opinions on the policy and contribute to the implementation plan.

7.2   Stakeholders' capacities and power to influence

The second sub-question that will be discussed here is: how do stakeholders' make use of their intrinsic capacities and power to influence other stakeholders, and to shape and take part in the decision-making process for the implementation of the LCP? This section of the analysis will be divided into different stakeholder categories as a means to highlight each stakeholder's distinctive capacities and use of power in the EACOP context specifically.

First, the central government, as seen in the previous section, holds the political power at all levels despite the decentralized governmental structure of Tanzania. Many informants pointed out that the central government is able to enforce its policies and put forward its intentions at the local level since the LGA, in most regions, is in reality an extension of the central government. This extension of power is legitimized by most local stakeholders due to the past misuse of political and economic power, mostly financial, by local elites. The extended control of the central government is therefore generally welcomed by local government authorities that represent an extension of the central power.

In the context of EACOP, multiple stakeholders, especially CSOs, acknowledged that the overwhelming political power of the central government is used in invisible ways through the use of mechanisms of influence over local communities. Gaventa (2007) explains that invisible power works in subtle ways to shape the normal life through 'internalization of powerlessness'. In this case, community members come to internalize this reality and accept their powerlessness as the normality. In such instances, it becomes difficult, even virtually impossible, for citizens to challenge this normality through the emergence of counter-hegemonic movements (Hathaway, 2016). In the case of EACOP, based on the interviews conducted, local communities see their position in the decision-making space as powerless, expecting little to no benefit from EACOP and from the LCP, assuming that the benefits will be retained by local political and business elites.

There is a defeatist sentiment within local communities that comes from this powerlessness that is due to the overwhelming power of the central government and its 'invisible' articulation at the local level.

Furthermore, the central government's use of the resource nationalist discourse can arguably be interpreted as a way to extend government control in specific, highly lucrative, economic sectors. Coincidently, the current administration is known to be capitalizing on the socialist past of the country to legitimize its political reforms (Kinyondo & Huggins, 2019). Nonetheless, the centralization of power creates other problem for the central government, such as the lack of cohesion within the government and its own institutions. Many informants mentioned that the new institutional setting with the division of the Ministry of Energy and Minerals in two independent entities and the creation of multiple other oversight bodies has created internal disagreements about the division of power for certain pieces of legislation. These conditions affect the relative bargaining power that the government holds over the IOCs, which are well aware of the disputes over legal powers between certain government bodies. In sum, the central government appears to be misusing its indisputable political and coercive power due to the lack of capacity to instruct each institution with specific mandates that do not intrude into another institution's jurisdiction.

As mentioned earlier, the decisional power is divided between the central government and the IOCs which sit at the negotiation table. This creates an interesting dynamic where the IOCs depend on the government in order to gain access to the countries 'resources'. In the case of EACOP, the resources are mostly land and a favourable business deal. In this sense, there is a real and visible power that the government holds over IOCs since they need to comply with the government's laws and regulations in order to maintain their rights and the favourable business conditions to operate in the country. On the other hand, the IOCs generally hold the financial means and the technical knowledge necessary to successfully implement mega-infrastructure projects such as EACOP. IOCs also hold an advantage as they are usually more prepared to negotiate terms with host governments based on their past experiences in other countries than the government itself. This way, IOCs are able to use hidden forms of power, which was described as 'mobilisation of bias' by Gaventa (2007) to coerce the government into accepting deals in which they are not necessarily getting the upper hand. The 'mobilisation of bias' work to prevent certain

grievances and issues to develop into issues discussed in the decision-making space. Hence, since IOCs are more knowledgeable and experienced in these kinds of negotiations, they are able to manoeuvre in a way that favours their interests over those of the government. It is also worth mentioning that in the context of EACOP, the IOC spearheading the project is also in charge of diffusing information regarding the project to the local communities, which can be interpreted as a form of information control that IOCs hold over communities.

This study also showcased the subtle power that the local private sector holds in the political decision-making space in Tanzania. The local private sector, based on information collected, influenced the sector's reform as it is expecting to benefit heavily from the extractive sector, and hence pushed for the adoption of the LCP. However, many informants explicitly mentioned that not all local businesses can expect to benefit equally from the LCP, because of the country's legacy of nepotism and corruption. As for the anticipated benefits from local content, businesses in the economic capital of Dar es Salaam and those businesses that have ties with government officials will hold a definite advantage in securing tenders over any other local business. Many reasons can explain the phenomenon, such as the political contacts and influence, physical proximity and the understanding of the system that allows businesses to be registered and to bid on tenders, the understanding of the English language to be able to navigate the EACOP website and submit bids, and the capacity to provide the volume of supply or labour required.

For CSOs, the current government makes it extremely difficult for their representatives to enter the decision-making space. In addition to their struggle to be invited to participate, it is extremely difficult for CSOs to create their own space for expression since they have limited access to both the communities and to the government, and because the government has been progressively clamping down on CSOs and enforcing more stringent regulations against freedom of speech. CSOs have responded to this lack of access to the decision-making space by exploring other relationships with stakeholders of EACOP, specifically with IOCs. From the CSOs' perspective, they may be trying to influence IOCs to consider local communities' benefits in their decisions. This emerging relationship can be analyzed as a hidden form of power with CSOs trying to influence the implementation without actually taking part in the discussions.

Moreover, while CSOs are trying to represent the local communities, they are capitalizing on their relationship with IOCs to enter the decision-making space at the national level. In this

specific case, an actor who is usually qualified as 'local', is bypassing the local and national level and trying to develop a relationship with the global actor to advocate for local communities' interests, which shows that the interrelationships of the 'levels' is changing the traditional pathways that CSOs would take to enter decision-making spaces. Local communities themselves rely heavily on their local government to advocate for more benefits to the central government since they have relatively weak relationships with local NGOs and CSOs.

The emerging relationship between IOCs and CSOs is indicative of the difficulties that CSOs face to enter the negotiating space, and can be seen as a strategy to overcome their lack of representation. With the current administration, CSOs are strongly discouraged from using more drastic measures such as protests. This could lead CSOs to examine different strategies such as collaborating with other actors who have a legitimate voice at the decision-making table. Hence, CSOs may be trying to use IOCs' voices to represent the communities' interests, since they can hardly be heard otherwise and face difficulties in legitimizing their place at the negotiating table. This strategy raises questions since IOCs have very specific interests that are profit driven, contrary to the objectives of CSOs which are to minimize the negative impacts and promote greater benefit sharing and positive lasting impacts for communities.

This research provided evidence that CSOs and IOCs part of the EACOP Company are developing a relationship around the EACOP project. For these IOCs, it seems that the goal is to minimize the possible negative impacts of their activities on local communities by collaborating with an actor who is reputed for understanding local realities and for their experiences working with communities in the past. For CSOs, the appeal of entering in a dialogue with IOCs is mainly to overcome the lack of representation in the decision-making space, hoping that their position on the LCP and on the development of EACOP could be understood and defended by IOCs during negotiations. From the point of view of IOCs, incorporating concerns of civil society into their position regarding the implementation of local content can lead to better and more effective CSR activities, and contribute to a positive perception of their business in the eyes of the local communities. I suggest that IOCs are getting involved with CSOs mainly for business purposes, as they need to find innovative ways to overcome their lack of knowledge of the country and gain their social licence to operate in the region in order to minimize the risk of reprisals from local communities.

Specifically for CSOs, this emerging dynamic between IOCs and CSOs is mainly due to the use of the resource nationalist discourse by the Tanzanian government. As discussed in the literature review, resource nationalist discourses can find legitimacy in a number of ways (Bremmer & Johnson, 2009). In Tanzania, the resource nationalist discourse resonates with ideas of past nationalism and socialism, and resemble a form of 'legacy resource nationalism' (Kinyondo & Huggins, 2019). This form of legacy nationalism is fostered by the history of natural resources exploitation in the country, which is tainted by financial scandals in the mining sector and the lack of socio-economic development attributed to the development of the extractive industries in the past decades. Furthermore, the socialist past of the country serves to validate the application of resource nationalist policies at the national level rather than the local level, as is seen in the design of the local content policy and with the use of the term 'national content' rather than 'local content' for EACOP specifically. This somewhat gives a reason as to why local CSOs are systematically excluded from discussions and from the decision-making space in regards to the LCP and the EACOP project.

This research finding relates to the narrow and closed decision-making space around the LCP and the EACOP project that is guarded by the Tanzanian government. In what can be understood as an attempt to overcome the hurdles that keep certain stakeholders such as civil society organizations from entering the space, IOCs and CSOs are forming new relationships and entering into dialogues with the goal of mutually benefitting from it. While IOCs are key stakeholders in the EACOP project and some of the main actors asked to collaborate with the government in the implementation of the LCP, CSOs are more often than not prevented from taking part in discussions, which further translates into the absence of representation for local communities at the negotiating table. The implementation of local content is managed at the national level with little to no involvement from LGA. This nationalist application of resource nationalism is further reinforced by the closed decision-making space, in which the Tanzanian government maintains a strong hold on the decisions and on the policy implementation, and excludes actors which aim to represent local communities directly. This is in line with other government policies that restrict activities of CSOs. This analysis of the application of resource nationalism by the Tanzanian government supports the claim that CSOs are actively trying to overcome the repression they face by developing new strategies and partnering with unlikely actors.

Based on my analysis, I would recommend that the government of Tanzanian reviews the terms of the local content policy that are not deemed realistic at the moment by certain stakeholders. The implementation process should be designed in collaboration with the stakeholders that would be needed to successfully implement the policy, meaning all government agencies and regulators, IOCs, as well as civil society organizations and academics. A thorough discussion would lead to a broader understanding by all stakeholders of the objectives and challenges of implementing the policy and a concerted effort in the implementation that would limit gaps and pitfalls. I would further suggest that a body including representatives of all stakeholder groups be put together to coordinate and oversee the implementation of the policy in the context of EACOP. Looking forward, the central government should introduce more participatory models of policy design, planning and implementation in the future.

7.3   Structures of power and their implications for EACOP

This third section will seek to provide answers to the last sub-question: how do political discourses, specifically resource nationalism, and their articulation through policies and implementation of these policies challenge or reinforce oppressive structures of power, and encourage or limit the capacity of citizens to participate and benefit from the development of the hydrocarbon sector? This study showed that the current state of EACOP and the negotiation regarding the implementation of the LCP will not substantially change the current structures of power or provide many opportunities for communities or local businesses to exercise greater agency. Two main arguments support the belief that the current state of the LCP will reinforce existing structures of power: the extension of power from the central government to the local governments, and the problems highlighted above in regards to information disclosure in general, and with local communities more specifically.

First, as mentioned earlier, the extreme control that the central government holds at the local level raises questions as to the possibility for local communities to advocate for their rights and for the right to benefit from the LCP. Local governments are structured in a way that extends central power to specific roles. For example, the Village Executive Secretary is appointed by the government and often does not come from the village and locals are represented locally by the Village Chairperson, who holds a subordinate position to the Village Executive Secretary. As a

few informants mentioned, villagers are aware of the control that the central government and that LGA hold over certain key resources, and consciously decide to withdraw from any political discussion that could lead to negative repercussions. This study revealed that there is a sentiment within local communities that they have higher chances of benefitting from EACOP and from local content by not challenging the status quo, rather than by demanding greater benefits.

I would further argue that oppressive structures will remain in place due to the lack of information being disclosed to communities and the communication channels that are used. As this study shows, information is shared with communities by representatives of EACOP, who are mandated by the leading IOC. Since IOCs are constantly looking to gain their social licence to operate and are motivated by business interests, it is pertinent to question if the information disclosed to communities is always accurate and complete. As civil society informants pointed out, it seems that citizens are being informed about the project and the expected benefits from it, though not necessarily benefits for them specifically, while potential disturbances to their livelihoods are being muffled.

This finding raises concerns regarding the outcome of the LCP for EACOP, since the original intent discussed in literature on local content is to minimize negative impacts on local communities and, when possible, to increase the benefits that will return to these communities. A government official mentioned that there might be a political will from some government officials to advocate for more benefits at the local level, but the final benefit-sharing scheme will be decided between all shareholders of EACOP, which excludes representatives of the local communities. The Tanzanian government's application of resource nationalism is highly state-centric, emphasizing that benefits of LCP should be shared across the country, so that communities who are technically better off due to the share of resources located on their territory are not favoured over communities with fewer resources. Thus, the central government is not expected by other stakeholders to advocate firmly for the communities affected by EACOP to gain more benefits, but rather to negotiate so that more benefits are gained at the national level in terms of sheer profits.

Second, the definition of local content which appears in the local content policy draft of 2014, defines the term as "the added value brought to the country in the activities of the oil and gas industry in the United Republic of Tanzania through the participation and development of local Tanzanians and local businesses (particularly) through national labour, technology, goods,

services, capital and research capability" (GoT, 2014). Despite these objectives being addressed by requirements in the local content policy, this research project has demonstrated that, due to both the interests and objectives of the private sector as well as those of the Tanzanian government, the objective of developing the Tanzanian work force is significantly less prioritized than the objective of developing local businesses. As there is currently no clear and coordinated action plan by the Tanzanian government and its agencies to develop trainings specific to the hydrocarbon sector that would allow for citizens to be employed in skilled positions (Ovadia, 2017), the current employment opportunities that are offered to Tanzanian citizens are mainly low-skilled and short-term jobs. Moreover, as was explained by a few informants, the tendering process as it is currently designed is most likely to benefit businesses that already have a higher capacity level in terms of knowledge of the tendering process and that maintain close relationships with political elites.

Moreover, the presence of the local government authorities during village meetings when EACOP representatives share information about the project can also be reinforcing this problem. As mentioned above, informants indicated that villagers have shown reluctance to express themselves and challenge government representatives due to the fear of being negatively perceived in their community and being denied access to key resources in the past. Therefore, despite the representatives hosting meetings and inviting villagers to express themselves, the conditions of these meetings do not encourage villagers to express their worries and grievances in a safe environment. One government official mentioned that no grievances have been reported at local EACOP offices since the beginning of the process, which may reinforce my argument that since IOCs are representing this collaborative project with the government, citizens are discouraged from expressing themselves and may fear reprisals if they choose to do so.

I thus argue that the benefits of local content for Tanzanian citizens will be mostly captured by business elites that own companies readily able to participate in the tendering process and supply goods and services of the quality required by the industry, and local elites who benefitted from superior post-secondary education that allows them to compete for higher level positions in the industry. Despite there being provisions for employment of both skilled and unskilled labour in the local content policy, due to the current state of the labour market in Tanzania, IOCs representatives negotiating local content implementation terms with government officials are more easily able to negotiate less restrictive terms for the employment of Tanzanians in skilled and

unskilled positions, while they face more hurdles trying to negotiate terms related to the procurement of goods and services.

Although, from a social development perspective, the Tanzanian government is not prioritizing provisions that would directly benefit locals exposed to the hydrocarbon sector developments, it might be the best strategy at the moment. Due to the relatively low capacity of the country to provide assets such as qualified labour and specialized supplies, it is important that more emphasis be put on the assets that the country is able to provide, such as land, infrastructure, and a conducive business environment to encourage the growth of the sector. However, the Tanzanian government should not limit itself by accepting the current state of development but rather work in collaboration with other actors, such as other government agencies and civil society, to develop the country's capacity in a coordinated manner. This would mean developing the labour force as well as the industrial base of the country in a comprehensive and encompassing manner that would allow the country's economy to benefit increasingly more from the extractive sector as it expands. This recommendation is in line with Tordo et al.'s (2013) theoretical explanation of local content in emerging economies which was previously explained in the literature review chapter, as well as with a recommendation formulated by an informant from the academic field[12].

This chapter highlighted the many difficulties that the government of Tanzania is facing in the implementation of the local content policy for the EACOP project at the time of field work. While mentioning these difficulties, this research was further able to demonstrate the relationships between stakeholders and their use of their intrinsic powers to shape the implementation process. Specifically, this research demonstrated that the current state of implementation of the policy is subject to institutional challenges such as the lack of proper consultation with all stakeholders prior to the adoption of the policy, the competing interests of the main stakeholders and the lack of

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[12] Excerpt from an interview with informant A18 discussing the local content requirements and the lack of planning from the Tanzanian government: "You can set your requirements based on the timeline. This is what is required now, this is what we have, [Tanzania] can only supply 20%. So you don't just punch in figures like 50% while you have capacity to supply today is only 20%. That would have been the base for matching what the supply capacity is and what the demand is. [...] In the medium term, these are the ones that you would develop programs for. [...] [Government agencies] should develop programs that will support these potential medium term capacity, strengthen the capacity so that at that point you increase your supply capacity and increase your requirement percentages. Because you will have done some interventions to make sure that they meet the requirements. And then you have the long term supply potential. The baseline should establish all those, and you develop your program to support the medium term and long term. Short term is like what you can create immediately, and you can be assure of the compliance because it is already available."

leadership and ownership to adequately implement a policy of this importance. Furthermore, this research demonstrated that the use of the resource nationalist discourse by the Tanzanian government serves the purpose of validating extensive state control at the local level and keeping certain stakeholders at the periphery of the decision-making space by choosing a nationalist application of local content principles.

In light of these findings, I formulated three recommendations to rectify the current state of implementation of the policy and to avoid negative outcomes from the policy. First, I suggest that the government of Tanzania puts in place a consultation process in the form of an open-dialogue with all stakeholders of the hydrocarbon sector with the objective of reviewing the terms of the LCP. This open-dialogue arena needs to consider the intrinsic political power of the central government and lack of official power of other stakeholders, and be designed in a way that favours dialogue and consensus. In order to favour dialogue and consensus, I would further recommend that a committee composed of representatives of all stakeholders groups be formed with the mandate to oversee, coordinate and monitor the implementation of the local content policy. Lastly, I suggest that a development plan, for both developing the labour force for the hydrocarbon sector and the industrial base of the country, be designed in collaboration with stakeholders of the sector as well as with other government agencies that need to hold a key role in this process, namely the Ministry of Education and the Ministry of Planning, Economy and Empowerment. Bearing in mind that the goal of introducing a local content policy is to bring more benefits from the exploitation of natural resources to the citizens of Tanzania, implementing these recommendations is essential to avoid leaving local communities worse off from the development of the sector.

Chapter 8.   Conclusion

This research project focused on one central question: how do stakeholders of the East African Crude Oil Pipeline project understand their position and shape the implementation of the local content policy? Through a power analysis of each stakeholder's position and stakeholder's dynamics using John Gaventa's power cube analytical framework (2004), this study found that many institutional challenges currently exist regarding the implementation of the local content policy. The reasons for the current deficiencies in the implementation of the LCP are in part due to a lack of proper consultation with all stakeholders of the sector prior to the enactment and implementation of the policy, the competing interests of the main actors involved, and the ambiguous ownership of the policy itself. Moreover, this research found that the current design of the local content policy will mostly benefit political, business and local elites over local communities and Tanzanian citizens. Lastly, this research shed light on the emerging relationship between IOCs and CSOs in the context of EACOP, which suggests that both sets of actors are developing strategies to compensate for the deficiencies of the Tanzanian government in administering the local content policy.

The literature review illustrated the current trend of incorporating resource nationalism ideology in the political framework administering extractive industries worldwide and the importance of understanding the motivations behind the undertaking of this form of this discourse by each government. This research showed that the current resource nationalist discourse in Tanzania is largely driven by the country's historical relationship with natural resources exploitation. Specifically, the country's history of mineral exploitation leading to few benefits in terms of socio-economic development lead to a climate of mistrust amongst citizens regarding the exploitation of natural resources by foreign companies. As many informants referred to the history of corruption by nationals and the lack of proper instruments to capture taxes and fiscal benefits from the IOCs, the current administration finds legitimacy in its nationalist application of resource nationalism.

The use of Gaventa's power cube allowed this thesis to demonstrate that the sentiment that is shared amongst many national stakeholders further reinforces the legitimacy of the central government to maintain a closed decision-making space as it can be interpreted as an invisible form of power. For the implementation of the LCP and the development of EACOP, the decision-

making arena is restricted to national and international actors, such as large national businesses and international oil companies, and is controlled by the central government. The Tanzanian government is using its political power to restrict access of other stakeholders to the decision-making arena, hence preventing actors to influence and impact decisions regarding the implementation of the LCP and the development of EACOP. This application of political power in itself is visible, but the sentiment that is shared amongst national stakeholders and that validates the actions of the government speaks to an undeniable application of invisible power that prevents them from defying authority and protesting the current order. On the other hand, IOCs and other national companies that are able to participate in the decision-making processes hold a strong and visible power to influence the implementation of the LCP, which can have a real impact on the benefits for local communities.

This research further demonstrated that the application of resource nationalism through an instrument such as local content policy is complex in a country with weak political institutions and a clear lack of capacity both in terms of the supply of goods and labour, and technical knowledge of the hydrocarbon sector, as is the case of Tanzania. As the current administration struggles to design and implement a comprehensive plan for the implementation of local content that encompasses multiple other aspects such as education and industrial development, the country risks missing out on a bigger opportunity to benefit from the current attractiveness of the hydrocarbon sector for foreign investors. The implementation of local content is skewed towards benefitting the IOCs that are involved in the development of EACOP, as they provide advice and negotiate local content terms with the government. The administration would have benefitted from a larger and better structured consultation process in order to progressively implement local content as the sector expands and more synergies with the industrial base of the country can be created. At the moment, the local content requirements are substantially higher than the country's capacity, which creates inefficiencies in the implementation of the policy rather than contributing to stimulate other sector of the economy.

In addition to highlighting the current deficiencies observable in the implementation process through interviewing stakeholders of the sector, this research provided insights into the dynamics at play between stakeholders. One of the elements that stood out is that national CSOs are not being accepted by government as capable actors in the hydrocarbon sector. While IOCs,

as was explored in great length earlier, involve CSOs in the development of EACOP to benefit from their knowledge of local communities, the role that CSOs are allocated suggests that local communities may need to rely on other actors or other means to voice their concerns and discontent with policies or projects. Evidence shows that Tanzanian decision-makers do not consider CSOs as capable actors, leaving them with little to no power of influence on decisions. Thus, this research illustrated the deficiencies of the civil society sector in Tanzania, which is in great part due to the current administration which consistently narrows the space for expression of these groups and systematically excludes them from discussions. On the other hand, civil society organizations need to acknowledge their relatively minimal knowledge of the sector and weak relations with local communities and find innovative ways to overcome these difficulties. One such way could be to partner with larger organizations, such as INGO, that have previous experience in the hydrocarbon sector and request training and learning opportunities to gain knowledge and competencies in the field.

Since this research took place during the period of implementation of the local content policy and EACOP is still in its development phase, the conclusions drawn should be considered within the still evolving political and institutional environment of the LCP. For this reason, the findings of this research project should not be generalized to the implementation of other policies in the hydrocarbon sector, or the implementation of a local content policy in other economic sectors. Instead, I would recommend using these findings as a starting point for future research on the implementation of local content in Tanzania, and as a detailed observation of the current situation through the eyes of key stakeholders of the sector.

Nonetheless, this research provided insightful evidence of the state of local content implementation in the context of EACOP, and allowed readers to capture the intricacies that suppose a number of potential pitfalls of the policy in its current state. Tanzanian policy makers, as well as all stakeholders of the hydrocarbon sector, should closely monitor the implementation of local content in the context of EACOP in order to identify weaknesses in the policy and its implementation. My recommendations are centred on the idea of pursuing open dialogues with stakeholders in the near future that will allow for the current requirements of the local content policy to be reformed, to acknowledge the country's political realities and to design an effective and sustainable implementation plan that addresses aspects that were previously neglected.

Given the limited scope of this research which exclusively focused on the implementation of the local content policy in the context of EACOP, this paper was unable to demonstrate the broader implication of the implementation of the LCP on Tanzanians. Indeed, since EACOP is the first project to be guided by the LCP and since the project has been moving slowly due to unforeseen delays, there remain many uncertainties in terms of how the policy will affect local communities impacted by this project. In the event that the project concretizes, future research should seek to analyse how the implementation of local content influenced the design of the project and the impact of the policy on local communities. Moreover, future research should monitor the relationship between IOCs and CSOs and how it impacts both sets of actors' relationships with local communities. It would be interesting to observe if the relationship between the two stakeholders contributes to increase or decrease the confidence of the communities in these actors. Particularly, the weak relationship between CSOs and local communities could be impacted positively by gaining legitimacy due to their close relationship with IOCs, or negatively by being associated with a profit-driven actor.

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Appendices

Appendix 1: Interview Guide - Key Informants

East African Crude Oil Pipeline (EACOP) project

- Is the organization directly or indirectly involved in the development of the project, how?
- Is the organization directly or indirectly involved with the communities affected by the development of the project, how?
- Who are your partners in the development of this project?
- What was your first impression of the project and why?
- How has the project evolved overtime?
- Has the role of your organization or your partners changed with the progress of the project?
- In your opinion, what benefits can be anticipated for Tanzania as a whole from the project?
- In your opinion, what benefits for the local communities impacted by the project can be anticipated?

Tanzanian legislative landscape

- What is your opinion on the addition of local content requirements to the 2015 *Petroleum Act?*
  Local content: The added value brought to the country in the activities of the oil and gas industry in the United Republic of Tanzania through the participation and development of local Tanzanians and local businesses (particularly) through national labour, technology, goods, services, capital and research capability. (Local content policy draft, 2014)
- How have local content requirements in the oil and gas sector been implemented and enforced, to date?
- Based on your experience and knowledge of the project, how are local content requirements being incorporated in the development of the EACOP?
- Do you think local citizens affected by the project will benefit from local content requirements? How?
- In your opinion, who will benefit the most from local content requirements?
- In your opinion, can local content requirements bring long-term benefits to local communities? Which and how?
- Do you consider the 2015 *Petroleum Act*, especially local content requirements, to have a significant impact on the development of the EACOP? How?

Resource nationalism/Government discourse

- How do you think that the EACOP fits within Tanzania's broader strategies in the energy sector?
- How do you think that the EACOP fits within Tanzania's development plan, defined in Vision 2025? (Industrialization for economic transformation and human development)
- How do you think that the EACOP fits within Tanzania's broader strategiesfor regional cooperation (or competition with regional economic rivals)?
- Do you think that the EACOP will mostly have impacts (e.g. economic impacts) at the macro-level? Will there be any more local impacts or benefits from the project? (Link to literature on the resource curse, economic growth, human/social development, quality of a country's institution to overcome institutional governance difficulties.)/
- President Magufuli has said that his priority is to develop the economy of Tanzania. At the same time, he has also planned regional initiatives for local-level development, such as regional training centres in the mining sector. How do you think that the EACOP fits within dynamics of central revenue collection, on the one hand; and decentralization on the other?
- What form of resource nationalism would Tanzania's new policies in the oil and gas sector correspond to?
  Resource nationalism: The tendency for states to assert economic and political control over natural resources found within its sovereign territory. (Childs, 2016)
  - Transfer of ownership from the private to the public.
  - Resource control that aims at nationalizing the value and derived wealth of natural resources to benefit society.

Consultation Processes (for local people or participants in the consultation, if applicable)

During consultation:

- Were you part, in any way, of the consultative processes? Elaborate.
- Which authority was in charge of the consultation and in which language did it take place?
- Which other organizations were involved?
- When and where did the process take place? Describe all events in regards to the consultation process.
- How were you selected to take part? Do you know what the reasons (criteria) for selection were?
- Were any of your expenses covered for taking part in the consultation?

- How was the project explained? Which benefits were emphasized? Were there any risks explained during the processes?
- Was there one or many moments during the consultation process dedicated to the expression of your thoughts, opinions and/or concerns about the project?
- Which form(s) of expression were encouraged by the facilitator of the consultation session(s)?
- Was there a note-taker or any form of material (audio, video, written) to *safeguard* your comments?
- What did you say or write during this process?
- Were the discussion leaders able to answer your questions in an informative way?
- Can you elaborate on the questions, comments, opinions raised during the session(s) you witnessed or took part in?

Thoughts about the process:

- Did your opinion of the project evolved over time, and more specifically from before to after the consultation? In which ways?
- Do you know if opinions and concerns expressed in your community during the consultation session(s) were addressed thereafter?
- Were participants invited to communicate any further concerns to authorities in charge of the project?
- In your opinion, was the consultation process put in place beneficial to local communities? Why and in what ways?
- Were the future benefits of the project to local communities discussed during the session(s)? If yes, please elaborate on the benefits mentioned.
- Do you consider consultation session(s) to be inclusive for all citizens? Explain.

Local content requirements:

- Were local content requirements discussed during the consultation session(s)?
  Definition Local content: The extent to which multinational companies purchase inputs and services locally (Hansen et al., 2015).
- Were local citizens offered to participate as workers in the construction of the EACOP?
- Were other forms local procurement discussed (i.e. local business supplying food, building materials, other goods and services to workers?)
- Was training offered to citizens?
- In your opinion, did concerns about local content requirements raised by local citizens influence the development of the project?

Appendix 2: Research Project Timetable

Research Stages	Expected Timeline
Submission of thesis proposal to supervisor and committee members	July 31st, 2018
Submission of ethics application to the REB	October 1st, 2018
Reception of the certificate of ethics approval	December 12th, 2018
Submission of research proposal to the Tanzania Commission for Science and Technology (COSTECH) and application for research permit	January 12th, 2019
Preparation for field work	January - February, 2019
Arrival in Tanzania: preparation for fieldwork, establishment of contact with key informants in Dar es Salaam and/or Dodoma	March, 2019
Field work: Contacting potential informants, conducting interviews, transcription of interviews.	March - May, 2019
Return to Canada	May 15th, 2019
Analysis of data	May - July, 2019
Thesis writing	August - December, 2019
Revisions	December, 2019
Thesis submission	December, 2019
Thesis defence process	February, 2019