

# ***“Hope and Oil: an ethnographic study of the emergent oil operations in São Tomé e Príncipe”***

*A preliminary fieldwork report<sup>1</sup>*

**Gisa Weszkalnys**

The research examined expectations regarding oil developments in São Tomé e Príncipe (STP), a micro island state in the Gulf of Guinea. It comprised eight months of ethnographic fieldwork carried out between March and December 2007. This fieldwork constituted the first stage in a long-term research engagement with oil developments in STP and the region.<sup>2</sup> During this fieldwork, I have begun to devise a sophisticated methodology to understand “oil” as a substance constituted within governmental, economic, social and techno-scientific processes. STP appeared only recently on the geopolitical map of oil.<sup>3</sup> The notion that there may be vast offshore oil resources in STP’s waters has spurred intense international interest. Oil companies, journalists, economic experts, NGOs, and the large transnational institutions now speculate about the future of São Tomé e Príncipe, frequently portrayed as a country which has the hope, unlike elsewhere in Africa, of becoming prosperous whilst remaining democratic. STP is to set an example.

STP constitutes a zone of “awkward engagement” (Tsing 2005) between material resources, technologies, and people from diverse public and private, national and international, political, economic and social domains. This was reflected in the fieldwork. The ethnographic method enabled me to identify, and gain access to, relevant social networks and, significantly, to trace the flow of information, expertise, and knowledge. Fieldwork to date has focused on three central issues: 1) discourses on the future – the specific hopes and expectations – circulating around STP’s emergent oil resources; 2) modes of governance shaped by international experts and regulatory bodies and the associated moral discourses and forms of ethical conduct in the emergent oil-related political economy; 3) local understandings of oil in relation to other resources (cocoa, sugar, slave trade) that historically have determined STP’s economy.

Approximately 70 semi-structured interviews were conducted with representatives of government and state administration, international organisations (UN, World Bank, IMF,

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<sup>2</sup> The research was originally conceived as a comparative project on STP and Azerbaijan, to be carried out in conjunction with Andrew Barry.

<sup>3</sup> This preliminary analysis draws on 8 months of ethnographic fieldwork conducted in 2007. It included more than fifty interviews with representatives of the local administration, transnational agencies, oil corporations, NGOs, as well as ex-pats and ordinary Santomeans. The project has benefited tremendously from discussions with Andrew Barry as well as from the useful comments of the participants in the “Oil and Politics” Conference, London, May 2007.

MCC), the petroleum industry, civil society (both local and international organisations such as PWYP and International Alert), the private sector, as well as ordinary Santomeans and expat residents. In addition, unstructured interviews and observations in a variety of settings were carried out. I also conducted participant observation at relevant events, including seminars on “local content” in, and the current state of, the oil sector in STP; a conference on EITI and the PWYP campaign in African Portuguese language speaking countries; and a series of meetings leading towards the establishment of a national EITI committee. In order to assess the current significance of oil in relation to past and current approaches to social and economic development in STP during the last decade, the interviews and observations were supplemented with an analysis of key strategic documents on STP: the National Long Term Perspective Study (UNDP, 1998), the Poverty Reduction Strategy Paper (IMF, 2003), and the UNDP Human Development Reports (UNDP 1998, 2002). A research assistant was employed to facilitate communication and access, especially in the initial phase, and for logistical support. Despite its small size, STP is characterised by considerable social diversity and by political volatility. A temporary political crisis caused by STP’s special police forces, which was resolved peacefully, and a subsequent change within the government brought difficulties and delays but also lent heightened significance to the fieldwork findings.

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Increasing efforts are being made by international bodies, governments and corporations to manage the future of existing and emerging oil economies. However, the new forms of governance that are being established around ‘oil’ and their impact on local populations remain poorly understood. Through a country case study, this research makes a substantial and original contribution to the development of the social science study of oil, in particular, and of extractive industries, more generally. It assesses how local populations anticipate the social, political and economic impact of the extractive industry. In doing so, the research draws on and critically informs social science debates concerning the way in which the future is imagined, managed, and made persuasive. It examines how, in the context of an emergent oil economy, “transparency” and “good governance” regarding oil and oil revenues have become techniques for managing the future. In particular, the research explores how certain imaginaries of the future – especially the predicament of the “resource curse” – are made persuasive in the context of STP, and how these imaginaries take effect through people’s actions.

Talk about offshore oil resources in STP began in the late 1990s; but to this date no oil has been extracted from the country’s territorial waters. Consequently, the country is in limbo. Grasping with ethnographic means the characteristic sentiment of anticipation, postponement, and continuing hope, and opening it to anthropological analysis was one of the challenges of the fieldwork. The aim will be to provide a critical analysis of the relations and differences between the expectations of citizens and civil society organisations and the assessments of the impact of oil developments made by international institutions and experts. Two imaginaries of the future are dominant in local discourses on oil in STP. They are known in the academic literature as the “resource curse” and the related “Dutch disease”. In this view, far from leading to economic growth, the development of extractive industries may result in corruption, conflict and decline in other economic sectors. Preparations for this uncertain future are well under way in STP and are subject to much debate. On paper, São Tomé e

Príncipe appears to constitute an exemplary oil economy. Its legal framework regarding oil is considered to be even better than that regulating the Chad-Cameroon pipeline, which was for some time held up as exemplary in the African context. The so-called Abuja declaration defines a will to transparency in respect to the Joint Development Zone with Nigeria. In particular, STP possesses an Oil Revenue Management Law enacted in December 2004, which includes the establishment of a National Petroleum Council and, currently, a “fiscalisation commission” and a public information office. In addition, a National Petroleum Agency (ANP) has been created. STP also has a National Oil Account as well as a “Permanent Fund” for future generations. More recently still, the Santomean government has endorsed the UK-led Extractive Industries and Transparency Initiative (EITI) and is busy setting up a national committee.

The country’s status as a legal exemplar is partly due to what I term the anticipatory activities of international experts, transnational agencies and the national government itself. These activities include the technical assistance given by the World Bank, UNDP, or more recently the Millennium Challenge Corporation, but go beyond that. There are also the projects implemented by international NGOs and the advice given by well-meaning experts who see the tiny country a convenient laboratory for their theories. The anticipatory activities have not stopped on the level of the state, the law or institutional reform. What is especially needed, it was suggested to me, is the creation of civil society and good governance, including a “change in mentality”. The research analysed an array of institutions involved in helping STP achieve this political, social and behavioural transformation, including: 1) the Columbia University advisory project; 2) the World Bank technical assistance programme; 3) the projects carried out by the London-based NGO International Alert; and 4) the set up of a national committee for the Extractive Industries Transparency Initiative.

In 2003, a team of professors and graduate students from the Earth Institute at **Columbia University**, New York, under the leadership of the institute’s director Jeffrey Sachs traveled to STP to implement a legal advisory project. Invited by President Menezes, and partly sponsored by the Open Society Institute, the Columbia team advocated a holistic approach that took into account all the various aspects of Santomean society, including malaria, sanitation, and electrification. A central objective was to develop a framework for transparency in public expenditure. Their efforts were highly appreciated: they lay the basis for the petroleum law, and delivered a prestigious project that helped the country demonstrate its willingness to good governance.

The Columbia team was instrumental in making ‘oil’ an explicitly public issue. They took advantage of the National Forum, organized as a response to a coup d’etat in 2003 and intended to bring unity to the country destabilized by military and social unrest. In this context, the team organized meetings in 56 former plantations, villages, and towns, to explain the current and potential future developments regarding oil in STP. Deliberative groups, led by local facilitators, answered questionnaire prepared by the Columbia team, to assess people’s wishes and expectations regarding a future with oil. The Columbia team now commends its intervention as a successful process of deliberation with measurable effects (Sandbu 2004; but see also the analysis in Humphreys et al. 2006). The Forum, the questionnaire, and the deliberations are claimed to have transformed people’s preferences in such a way that they would be more reasoned, less selfish and more public-spirited (Sandbu

2004). They have constituted important elements in the effort to channel the expectations of ordinary Santomeans as future inhabitants of an oil-rich country.

**The World Bank** has provided technical assistance, worth several million dollars, and aimed at building up capacity in STP's nascent oil sector. Current International Development Assistance is provided for two projects and amounts to \$11.5 million. This includes \$6.5 million to achieve the Millennium Development Goals; and \$5 million for a so called Governance Capacity Building Project that supports São Tomé's public finance management and helps build the institutional framework of the nascent petroleum sector. The focus on oil, governance and public finance management is to be continued in the coming years – with further \$4 million budgetary support funding. It reflects the World Bank's changing policy of wedding poverty reduction programmes to support for the extractive industries sector (as in Chad-Cameroon pipeline case, Pegg 2005). Bad governance, rather than oil per se, becomes seen as the central cause of the resource curse. Critical to the Governance Capacity Building Project in STP has been the design of a national petroleum law, the establishment of a Court of Accounts – as a general auditing body – and the set up of a National Petroleum Agency which is subordinate to the Ministry of Natural Resources. Its c. 15 staff are responsible for all the technical, economic and legal aspects regarding oil in STP's exclusive economic zone – that is, not those aspects to do with the Joint Development Zone with Nigeria which are managed in Abuja. During the period of my fieldwork, Agency staff were heavily involved in the preparation for a licensing round for the Exclusive Economic Zone, and the revision of STP's oil law for the purpose. My analysis of the Agency's work, on the one hand, examines the specific problematics of implementing an institutional blueprint for good governance in a particular political setting. On the other hand, it explores the interplay of scientific and narrative knowledge production in the management of STP's oil.

The Agency has also regularly held seminars on issues to do with oil, such as a public seminar on “Local Content” in the Oil Industry. The day-long event served to present the findings of a study commissioned by the Agency, financed by the World Bank, and conducted by a Portuguese consultancy firm. It attracted a sizeable audience of perhaps 100 civil servants and state administrators, people from the banking and business sector, from international organisations, NGOs, and oil companies. It demonstrated to people the need for to be prepared and to create mechanisms that can capture and maximize the wealth that oil is likely to generate. In other words, the aim is – to borrow anthropologist James Ferguson's terms (Ferguson 2005) – to “thicken” the presence of the oil industry in STP. Despite all the talk and efforts, however, it seems highly unlikely that contemporary oil extraction in the Gulf of Guinea will ever return to the kind of “thick” social presence of, for example, the mining industry in Zambia or Angola – or, for that matter, STP's colonial plantation economy. Oil companies today prefer to keep their staff on oilrigs, at a safe distance from their oft-troubled African host countries, and administrative tasks, in the case of STP, could readily be managed from existing offices in Nigeria.

The World Bank's technical assistance, the training provided by oil companies involved in STP's Joint Development zone – and rivaled by those financed by and conducted in Taiwan – has supposedly provided civil servants and government employees with indispensable skills and knowledge. Capacity building and the maximum exploitation of human resources have become keywords in the experts' recommendations. The National Oil Agency has been part

of this project but now faces unexpected changes. In late November 2007, while holding a seminar on current oil developments on the smaller island, Príncipe, the key staff of STP's National Petroleum Agency received the message that they had been sacked. They had reached the end of their 3-year contracts, which had an option of renewal, but the minister of natural resources had apparently decided to fill these positions with new personnel. The directors continued with their work until recently, and the minister's decision has been seriously questioned. However, following this public humiliation, some of the directors are unwilling to retain their offices. It seems that political discrepancies and in-fighting between the Agency and the Ministry are partly to blame for this development – and although they would perhaps leave a strong institution, as intended by the World Bank's technical assistance, the Bank appears not to have anticipated that the carefully built-up "capacity" could be lost with a stroke of the minister's hand, [and incidentally just before a new licensing round is to be started].

Another highlight has been a trip to Norway organized by the NGO **International Alert**, in which mixed groups of parliamentarians, local business representatives, journalists and civil society representatives were introduced to how Norway has become a prime example of an oil economy which managed to escape the resource curse. The trip was part of a concerted effort to strengthen 'civil society' in STP, which is considered weak and ill-prepared for the coming of oil. In this spirit, London-based International Alert together with UNICEF and with partial funding from USAID has set up a media centre for local journalists and two community radio stations. Together with the Publish What You Pay Campaign have held two conferences in STP which allowed civil society actors from diverse countries in the region to exchange experiences and information about living with oil, including institutional and contractual frameworks, economic and political repercussions, the relevance of the Extractive Industries Transparency Initiative, the importance of fiscal discipline, and the management of expectations. Between them, the activities of advisory agencies, government, NGOs, and oil corporations explicate potential futures and the familiar (and insufficiently researched) consequences of the extractive industries, specifically oil, in order to divert them.

In other words, significant resources from a variety of institutions have been poured into preparing STP for its oil future. A further milestone in this process of STP constituting itself as prudent and transparent oil state has been the signing up to **EITI**, the UK-led initiative which aims at devising principles to assure transparency in the extractive industries sector. A key mechanism is the publication of company payments and revenues received by governments, which are monitored by the national EITI committees that bring together the presumed opposing stakeholders: governments, the industry and civil society. In STP, the set up of the EITI committee was pursued with much pressure in the second half of 2007, due to a looming deadline. Ironically, the initial delay and subsequent haste with which the process was conducted has led to concerns about a lack of transparency and civil society involvement in this process. Another point of tension has been the relation between the EITI committee and the so-called Fiscalisation Commission included as a monitoring body in STP's oil revenue management law. Apparently, in order to avoid duplication and unnecessary spending, advisors from Columbia University, who have accompanied the design and implementation of STP's oil law since 2003, suggested that the two monitoring bodies be merged. This, in turn, caused upset among Santomean and diaspora NGOs who were concerned about miniscule civil society membership that was envisaged.

In short, although the national oil revenue law sees for transparency mechanisms and although the government appears willing to adopt global initiatives, their actual implementation has been fraught with difficulties, including financing, coordination, and the mobilisation of interests at a time when, perhaps, oil does not seem to be a pressing issue. Attempts are now made to fashion a different kind of future for STP, one which would avoid the resource curse. People emphasise the need for a simultaneous development of alternative economic sectors, specifically tourism and agriculture. An additional concern has been how to create mechanisms that can capture the wealth that oil is likely to generate. These self-consciously rational local discourses on the future of oil reflect the impact of media, seminars, workshops and everyday conversations in which experiences and knowledge of oil are being traded. However, the research also demonstrates that rational discourse proffered by non-state actors, by international institutions, and by Santomeans themselves goes hand in hand with persistent uncertainties and ambiguities. The long-established analytic tension in studies of the state and development, between theories of government emphasising rationality and control and the anthropological significance of irrationality and hope, therefore, needs to be dissolved. The Santomean material suggests that a sense of ambiguity and uncertainty is key to an understanding of the regime of governance that is in the making in STP.

### ***Directions for Future Research:***

Ethnographic fieldwork benefits from a close, long-term involvement with the people and the settings that are being studied. I aim to continue the fieldwork in STP, and the region more generally, over the coming years. Future research will examine a number of issues, including:

- 1) The changing government planning and policy regarding oil. What have been the effects of current changes in government, especially regarding oil-related policy? Interviews will be conducted with the Minister for Natural Resources, the Minister of Finance, the Minister of Infrastructure, the President of the Parliament, and the Prime Minister.
- 2) The licensing round for the Exclusive Economic Zone to be conducted in 2008. What expectations regarding oil developments does the licensing round reflect? Through interview with the staff of the National Petroleum Agency I will explore continuities and possible ruptures in the management of this process.
- 3) The creation of the EITI committee, the Fiscalisation Commission and the Public Information Office. The research will assess the development of these entities, whether their aim to foster transparency has been met in practice and, in particular, to what extent these entities may be considered as setting out particular ethical “regimes of living” for Santomean governors and citizens. I will aim to conduct interviews with at least two members of each of these entities and, if possible, attend meetings of the EITI committee.
- 4) Perspectives from the peripheral and rural areas. Complementing the fieldwork conducted in urban centres, this part of the research will include observations and interviews with individuals in two suitable communities – the former plantation Diogo Vaz and the capital of the island of Principe – which I have previously visited. In particular, I will examine the perceptions of oil and the oil economy in these generally poorer and less well educated populations where access to current information has been notoriously difficult.