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Resource nationalism: Enabler or spoiler of pockets of effectiveness in 'new oil' Tanzania's petroleum sector?

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Abstract

A great deal of attention has been paid to the distributional aspects of resource nationalism in countries in Sub-Saharan Africa, but less is known about its effects on the state's capacity. By unpacking the relations between resource nationalism, legal and institutional reform, broader political dynamics and capacity in mainland Tanzania, this paper argues that the effect of resource nationalism is ambivalent, in that it may both enable and hinder the development of capacity. We identify two phases of resource nationalism: a soft economic one in the early years of the oil price boom; and a more radical one in more recent years, with different impacts on state agencies. Whereas Tanzania's national oil company, the Tanzania Petroleum Development Corporation (TPDC), and its Energy and Water Utilities Regulatory Authority (EWURA) initially developed into pockets of effectiveness aimed at re-regulating and controlling the rents under the private sector, they were increasingly being undermined as radical resource nationalism aimed at re-asserting sovereignty, reshaping ownership and increasing state control. We argue that these changes were decisively influenced by shifting ideas in the country's ruling party on the role of the state in the economy, partly driven by intensified electoral competition. Although the radicalisation of resource nationalism was under way before the ascent to power of President Magufuli in 2015, his insecure power base led to decision-making being increasingly centralised, which undermined organisational autonomy and therefore capacity. These factors point to the importance of key decision-makers in supporting capacity, while also suggesting that direct political interference is likely to undermine capacity.

Keywords: Tanzania, resource nationalism, pockets of effectiveness, state capacity, political settlements, TPDC, EWURA.

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List of abbreviations

EWURA: Energy and Water Utilities Regulatory Authority
PoE: Pocket of effectiveness
TPDC: Tanzania Petroleum Development Corporation

Introduction

The re-emergence of resource nationalism in Africa in the wake of high global oil prices from the early 2000s until 2014 has increasingly shaped policy decisions, with the aim of harvesting the benefits of extractive resources (Jacob and Pedersen 2018). Typically, resource nationalism on the continent has been depicted as attempts to shift control over rents and resources from foreign and private interests to domestic, often state-controlled companies (Bremmer and Johnston 2009, Andreasson 2015). Some attention has been paid to the efforts of resource-nationalist rentier states to build their capacity to capture resource rents and manage their distribution during oil price booms past and present (Mares 2010, Wilson 2015). An earlier oil boom enabled Angola, an old oil country, to establish and turn its national oil company, Sonangol, into 'an island of competence' that was successful in negotiating joint ventures with international oil companies but that also became a tool of enrichment for the elite around the presidency (de Oliveira 2007). Similar distributional dynamics emerged in Nigeria, but there the opacity surrounding the national oil company undermined capacity (Usman 2018).

Less is known about the potential impact of resource nationalism on the capacity of government organisations involved in the petroleum sector during the more recent oil price boom. Some research suggests that the latest boom provided 'new oil' governments with stronger bargaining power and, in some such countries, like Ghana and Uganda, a greater capacity to negotiate good deals (Kopinski et al. 2013; Hickey and Izama 2019; see also Pedersen and Bofin 2019). This broadly resembles recent research on resource nationalism in Latin America suggesting that it may assume more subtle forms by focusing more on the reregulation of the sector and the maximisation of revenues, rather than on outright nationalisation (Haslam and Heidrich, 2016). This could suggest that resource nationalism in African countries allowed capacity-building in their respective petroleum sectors.

Based on research in mainland Tanzania, this paper suggests, however, that there can be a great deal of ambivalence regarding the impact of the re-emergence of resource nationalism on capacity. We argue that resource nationalism can be both an enabler and a spoiler in building capacity in the government's petroleum sector within the same country. A complicating factor when it comes to assessing capacity is the reforms that Tanzania and other sub-Saharan African countries enacted over the same period, one being the adoption of significant international best practice aimed at separating the commercial and regulatory functions that had hitherto been embodied in national oil companies (Thurber et al., 2011). By unpacking the relations between reforms, resource nationalism, capacity and the broader political dynamics of mainland Tanzania, the paper demonstrates how these political dynamics decisively influenced the character of resource nationalism, the design and implementation of reforms, and capacity-building in the petroleum sector.

We identify two phases of resource nationalism, both of which have had different effects on Tanzania's capacity to govern its new-found resources. During the early phase of soft resource nationalism (2008-2012), significant capacity was built aimed at re-regulating the private sector, increasing the government's fiscal take and controlling the rents of private, primarily foreign actors. During the later, more radical phase (2012-present) direct political attempts to reshape the ownership of, and benefits from, natural resources limited the autonomy of public organisations to such an extent that they undermined many of the best practice aspects of the reforms, as well as capacity. Whereas high global oil prices and significant gas finds did serve as an impetus to resource nationalism, statist interventions involving centralised decision-making were significantly influenced by shifting ideas in the country's ruling party since 1961, Chama Cha Mapinduzi (CCM, or the Party of Revolution), which were partly driven by intensified electoral competition. These trends continued and intensified after the subsequent collapse of international oil prices.

The approach to capacity taken in this paper draws on Roll's work on so-called 'pockets of effectiveness' (PoEs), which takes public organisations' 'relative effectiveness in providing the public goods and/or services' they are mandated to provide as its point of departure, rather than absolute benchmarking derived from international best practice (Roll 2014). This allows greater attention to be paid to the context in which organisations operate. Roll identifies three main factors – organisational strength, organisational culture and organisational pro-activity (p. 200) – to explain how PoEs emerge. In his introduction he also stresses the 'politico-administrative environments of the organisations', with an emphasis on the role of the head of state (p. 13) as a main explanatory variable, but he does not develop this much further (Hickey 2019). We therefore draw on an extended political settlement approach that focuses on the relationship between political and economic power and institutional and organisational development in a developing-country setting, with an additional focus on ideas and the role of transnational actors (Khan 2010, Hickey et al. 2015, Lavers 2018).

The focus on the *relationship* between a political settlement and organisational developments allows us to improve our understanding of organisations' internal developments relative to external factors. We therefore analyse organisations along three dimensions adapted from Roll, each of which sheds light on this relationship, namely: operational autonomy, which has to do with an organisation's legal mandate, as well as its leadership and its relations with political decision-makers; staff management, which has to do with recruitment practices and performance orientation; and the degree to which operations are standardised, which relates to both internal practices and external regulation, as well as to an organisation's ability to adapt to changing sectoral contexts.

This paper finds that the Energy and Water Utilities Regulatory Authority (EWURA) and, to some extent, the Tanzania Petroleum Development Corporation (TPDC) developed into PoEs during the oil price boom. EWURA, as part of its mandate, was tasked with monitoring and regulating the importation, transportation and marketing of petroleum products. It –had its origins in the liberalisation reforms of around 2000, but it was strengthened by soft resource-nationalist interventions later in the 2000s, aimed at regulating and setting prices for petroleum products, as well as for the gas-to-power projects that became increasingly important in Tanzania's energy mix in those years. With strong autonomy, control over recruitment and staff development, and a systematic approach to quality standards, it soon developed into a PoE. Similarly, the government's commercial entity for the exploration and production of oil and gas, TPDC, was set on a path towards becoming a PoE on the back of rising global oil prices from the mid-2000s onwards, with increased staffing and emphasis on training. However, as a more radical form of resource nationalism set in, linked to a combination of big offshore gas finds and intensified electoral competition, TPDC was stymied by political interference that left it stronger in numerical terms, but weakened in respect of its autonomy and ability to adapt to falling world market oil prices. The EWURA is currently being weakened in a similar way.

The paper draws on many years of research into Tanzania's extractive sectors, supplemented by a number of specific research activities focusing on the capacity of key government institutions and carried out over several phases in late 2017 and 2018. The paper forms part of a larger research programme, 'Effective States and Inclusive Development (ESID)', which is examining the politics of state capacity and elite commitment to development, as well as the Danida-funded 'Hierarchies of Rights' research programme. The EWURA and TPDC were chosen as case studies, as they were assessed as being the most important actors in the petroleum sector, but their relations with other government organisations have informed the research throughout. Our more recent research has combined literature and documentary reviews with in-depth interviews with key informants aimed at tracing in detail decision-making and critical junctures affecting the capacity of government entities involved in the petroleum value chain. Around 40 semi-structured, in-depth interviews were conducted with current and retired senior and junior officials from the TPDC and EWURA, the representatives of international oil companies doing business with the NOC, policy-makers at the ministerial and legislative levels, the representatives of various donor agencies involved in the capacity-building of energy and extractive entities, private consultants, members of local and international NGOs, oil and gas industry experts, and representatives from Tanzania's private sector.

Petroleum-sector reform and the re-emergence of economic resource nationalism

Tanzania's petroleum sector has evolved considerably since independence in 1961, reflecting broader changes in the country's overall economic policies and domestic political settlement dynamics. In 1965, the country became a one-party state under the CCM, which reflected the vulnerability felt by its ruling elite. The party and its leader, President Nyerere, were not doctrinaire socialists or communists from the outset, but a coup attempt, internal pressure for more rapid development, and a showdown with donors made it gradually increase control over all sectors of society and place increased emphasis on the country's self-reliance. This eventually led to a rather state-centric economic development model, in which many sectors were controlled by the public sector through state-owned enterprises and cooperatives. A distinction was made between 'activities reserved exclusively for the public sector' and 'activities normally requiring public sector majority ownership', apparently related to whether private capital could add financial and technical capacity on a scale that was still beyond the reach of the state (URT 1967). As oil and gas belonged to the category of strategic resources, in 1969 the Tanzania Petroleum Development Corporation (TPDC) was founded in the resource-nationalist spirit of the time, in order to help develop a domestic petroleum industry and ensure greater shares of direct state ownership of IOCs' operations.

In this section, we focus more on recent reforms from the last two decades that partly relate to the liberalisation of the energy and petroleum sectors and partly to the wish to regulate these sectors through regulation and regulators. The early years of economic liberalisation largely overlapped with the reintroduction of multiparty elections (1994-95). Due to a global low-price environment that resulted in limited interest in the upstream exploration of international oil companies in the late 1980s and 1990s, liberalising reforms first dealt with mid- and downstream activities (Ghanadan 2009; Pedersen and Bofin 2019). Whereas the TPDC had been given a monopoly on the importation of petroleum products in the late 1970s, liberalisation with free pricing was implemented in late 1999, taking effect in January 2000, as part of a structural adjustment package with the IMF. This also meant that future fees and levies would be sent to the government treasury, not the TPDC, and that government subsidies to the TPDC would be limited to specific activities undertaken on behalf of the government, like the acquisition of data for petroleum exploration (URT 1999).

Liberalisation and privatisation were being pushed by donors, including the international financial institutions, which, in the early 1990s, made reform of the energy sector a condition for electricity loans (Ghanadan 2009). However, President Mkapa, newly elected in 1995, was also generally in favour of granting the private sector a greater role the economy and pushed privatisation accordingly. Mkapa helped forge a coalition with aid donors, FDI and domestic businessmen, the latter closely aligned with the ruling CCM party, which was to dominate Tanzania's political settlement for more than a decade. Similar developments towards greater involvement by the private sector were taking place in other economic sectors. The privatisation of the Tanzania Electric Supply Company Limited (TANESCO) was gaining momentum as part of a power-sector reform programme, itself part of a World Bank privatisation credit at the turn of the century that stressed the importance of unbundling and privatising TANESCO as a response to its poor performance (Eberhard et al. 2016). As part of this process, a need for regulatory authorities that could take over the role of monitoring and regulation from state-owned enterprises was identified (World Bank, 1999 and 2001). In 2001, the Act setting up the Energy and Water Utilities Regulatory Authority (EWURA) was passed, with provisions to regulate imported oil products and to produce and distribute electricity. The reforms thus signified a move towards international best practice in the separation of commercial and regulatory functions. EWURA was established in 2006 and formally inscribed in the petroleum sector with a new Petroleum Act in 2008. The Act aimed to regulate downstream importation, transportation and marketing activities, which had not been covered by the 1980 Petroleum Act, as that dealt with upstream exploration and production alone (URT 2001, URT 2008b).

The Petroleum Act of 2008 can be seen as one of the earliest signs of the re-emergence of resource nationalism in Tanzania. The Act was passed under the influence of high global oil prices and reflected the government's desire to control procurement and prices, as it was feared that foreign companies were earning too much in the way of rents at the cost of domestic consumers.[1] However, the latter concern for consumers and voters was also driven by the dynamics of the political settlement, in which civil society and the better organised opposition parties mobilised against alleged shady deals in the mining and power sectors (Paget 2017, Pedersen and Jacob 2019). Earlier that year, a major corruption scandal had erupted in the energy sector, where power shortages in 2006 had allowed the Ministry of Energy and Minerals to amend the usual procedures for emergency power plants. This led to the award of a contract to Richmond, a shell company owned by Dowans Holdings, with no experience of power generation. The scandal led President Kikwete to force Lowassa, the then prime minister and leader of a major faction within the CCM that was also seen as close to private economic elites, to resign (Cooksey 2017).

The formal inscription of EWURA in the Act was a sign that the dominant thinking within the CCM on the relationship between political and economic power was changing, as the latter was to return increasingly to regulation by the state after decades of liberalisation. This arrangement provided a way to regulate the market that might otherwise be controversial, as a former EWURA official stressed:

> 'We were allowed to become strong because Kikwete [the new president, elected in 2005] believed in the powers of the regulators. He said: "they act as shock absorbers. They do what the government want to do, but shy away from"'.[2]

The Act provided for the procurement of petroleum products through a bulk procurement system – a de facto serial monopoly that was licensed through competitive bidding – and for prices for these products to be set by the state. Whereas the former intervention would primarily affect the importation of petroleum products dominated by foreign companies, which the government believed were generating too much profit at the cost of Tanzanians, the price-setting would also affect domestic businessmen involved in the marketing of petroleum products (URT 2009, EWURA 2009).

[1] Interviews with former government officials, 21 June 2018 and 27 September 2018; on oil-importing companies, see EWURA 2009: 28.
[2] Interview with former EWURA official, 27 September 2018.

Changes can also be identified in other parts of the energy complex that point in the same direction, that is, towards a gradually re-emerging resource nationalism. Plans to privatise TANESCO had already been shelved shortly after Kikwete had come to power at the end of 2005, due to internal resistance in the ruling party and government bureaucracy (Eberhard et al. 2018). Whereas the Electricity Act of 2008 signalled a move towards the liberalisation of electricity markets by enabling private-sector participation in generation, transmission and distribution, it also took a tougher stance on the private sector, by stressing that access to transmission lines should be non-discriminatory (URT 2008a). Later policy documents focused on reforming TANESCO and continued the unbundling of generation, transmission and distribution, but were not concerned with privatisation (URT no date; URT and MEM 2014). This also points to a particular feature in the early years of Tanzania's resource nationalism, namely, that it not only targeted foreign investors, it also overlapped with another emerging agenda, that of letting the state resume a greater role in the economy.

Also in 2008, terms in the upstream sector were toughened for the first time since the 1980s, reflecting similar changes in the economically much more important mining sector. The same year, the presidentially appointed Bomani Commission published its report on mining in Tanzania, which concluded that the contribution of primarily foreign-owned large-scale mining to Tanzania's economy and development had been disappointing and recommended increasing the government's stakes in operations and higher taxes, recommendations that were later incorporated into the Mining Policy of 2009 and the Mining Act of 2010 (Maganga and Mhinda 2009).

Under the influence of high global oil prices, state co-ownership in the upstream production sector was changed to 'not less than 25 percent of contract expenses' in a new MPSA of 2008, up from the 'up to' 20 percent stake for the TPDC in 1995. It also toughened the fiscal take (Bofin and Pedersen 2017). By then, Tanzania had started producing gas for electricity production, first from the Songo Songo field in 2004, and then from the Mnazi Bay field in 2006. Upstream exploration had already begun in the early 1970s through the Italian oil company AGIP, in an arrangement that gave a 50 percent stake to the TPDC, Tanzania's newly established national oil company. The 50 percent ownership rule had been a declared policy goal for the extractive sectors since the 1967 Arusha Declaration. The Declaration had announced the ruling party's objective of pursuing a path of socialism and self-reliance, and was applied in specific sectors with high demands on capacity as an exception to the rule of full control of the country's productive sectors (Pedersen et al. 2016). However, under the influence of low global oil prices and liberalisation, terms had been gradually loosened in the Model Production Sharing Agreements that were introduced in 1989.

Petroleum-sector reform and the radicalisation of resource nationalism

Resource nationalism became more radical in the 2010s, reflecting a similar shift in ideas within the ruling CCM party. In the economic sphere, the state was to play a greater role than hitherto, beginning with the Five Year Development Plan of 2011, which highlighted the recapitalisation of the TPDC and other SOEs in the extractive sector (URT 2011, Jacob et al. 2016, Pedersen and Jacob 2017). The shift was influenced by major offshore gas finds, which contributed to rising expectations of major revenues that could help develop the economy. However, it was also driven by increased electoral competition, whereby the ruling Chama Cha Mapinduzi (CCM) party’s margin of victory in the presidential elections declined from 68 percent in 2005 to 36 percent in 2010, which meant that it could no longer take its power for granted (Paget 2017: 159). It was increasingly realised that the coalition with domestic businessmen, who had helped finance the party in the past couple of decades, had turned into a liability. After the 2010 elections, the party therefore embarked on a reform process famously known as ‘Kujivua gamba’ (‘like a snake shedding its skin’), which aimed at bringing the leadership of the party closer to the people by having the members of its National Executive Committee elected at the district level and by taking action against corrupt leaders (Msekwa 2017a, Msekwa 2017b, Tsubura 2017). The process marked an agenda for a clearer separation of economic and political power, which was only implemented gradually in the coming years.

The changes in the gas sector in the early phase of resource nationalism had focused primarily on increasing the fiscal take from gas, as well as the government’s share of ownership in new projects. As resource nationalism became more radical in this second phase, it eventually got round to touching on issues of the ownership of existing projects as well. Already in 2012, intervention by parliament had led to efforts to renegotiate the contract with PanAfrican Energy in the Songo Songo project (Bofin and Pedersen 2017). Whereas these renegotiations were eventually shelved, the agenda of increasing Tanzanian ownership of, and benefits from, the sector did not disappear. A new MPSA from 2013 upheld the 25 percent government ownership rule introduced in the 2008 MPSA, but, against the advice of both sector experts and TPDC insiders, its taxation schedule was toughened to such an extent that Tanzania became uncompetitive in attracting IOC investments. Indeed, no new agreements have been made since then.[3]

Whereas the taxation schedule had been included in the new Petroleum Bill passed by Parliament in 2015, only to be removed in the final version of the Act, it was left untouched in the 2013 MPSA, which was to guide future negotiations. The new Act covered the entire petroleum chain and signalled the increasingly resource-nationalist mood among decision-makers in other ways. In the process of drafting the new Petroleum Act, the reform came to embody other provisions on ownership related to stronger local content provisions.

The Act also provided for an Oil and Gas Advisory Bureau (OGAB) to be established in the President’s Office and to advise the government on petroleum matters. This institution came rather late in the policy-making process, when the President’s Office, which had been involved in a parallel process of increasing domestic knowledge of petroleum-sector development with the support of the Natural Resource Charter (later

[3] Interview with former TPDC officer, 28 September 2018.

the NRGI), took control of the drafting process from the Ministry of Energy and Minerals (MEM), supposedly after power struggles between MEM and the TPDC. The inclusion of the taxation schedule and of local content provisions not in conformity with international standards is a sign that the TPDC, which depended on cooperation with international oil companies, had lost influence as the resource nationalist mood intensified among decision-makers.

The policy-making process was initially aimed at emulating international best practice for the governance of petroleum resources, but the slowness and, at times, neglect of implementation could suggest that domestic priorities changed over the period (we return to this point in the following sections). First and foremost, the Act provided for a further separation of commercial and regulatory interests, through the establishment of a Petroleum Upstream Regulator (PURA) and improved transparency and accountability. This was to be achieved through the establishment by law of Tanzania's Extractive Industries Transparency Initiative (TEITI) and a petroleum revenue management act that provided for a sovereign wealth fund and limits to expenditure based on gas revenues. These elements of good governance were also eagerly supported by Norway's Oil for Development programme and IFIs, as well as the President's Office (Norad 2012, NORAD 2014, PETRAD 2014). However, the local content provisions potentially allowed rent-seeking, by providing opportunities to domestic business interests with no capacity to deliver on contracts, and they were introduced as donors were sidelined in the final stages of drafting. The provision for the disclosure of contracts, which had also been part of the good governance elements of the reform, was never implemented (HakiRasilimali and PWYP Tanzania 2018).

As outlined above, this development had already begun under President Kikwete, but it was taken much further under President Magufuli, who had been selected by CCM, the ruling party, as a compromise candidate among warring party factions. Magufuli did not have a strong network in the party and only began building his own more nationalist and authoritarian coalition after his ascent to power, putting greater emphasis on shifting rents from foreign private companies primarily to the state and state entities (Jacob and Pedersen 2018). This was cemented with three acts on extractive resources and sovereignty in 2017, provoked by an alleged scandal in the mining sector, but it affected the prospects of the TPDC too, by re-defining national sovereignty. The Written Laws (Miscellaneous Amendments) Act focused on reform of the Mining Act of 2010. Of greater concern for the petroleum sector were the Natural Wealth and Resources (Permanent Sovereignty) Act and the Natural Wealth and Resources (Review and Re-Negotiation of Unconscionable Terms) Act. The former requires commercial dispute resolution to be undertaken in Tanzanian courts only. The latter allows for the renegotiation of natural-resource contracts, including production-sharing agreements (PSAs), at the direction of the National Assembly if the terms are deemed to be 'unconscionable', a word that remains undefined.

At the end of 2017, parliament set up a new committee to review oil and gas contracts. Even though the speaker of parliament was prepared to allow private oil companies a hearing during the process, he also noted that, when the committee was established, he too was of the opinion that the country was being 'short-changed':

> 'We will involve them widely because the intention is to see that the nation is benefiting from the sector, which we are generally being short-changed'.[4]

In June 2018, the committee reported that the country had lost USD130 million, due to contractual irregularities, and recommended that the contracts be renegotiated, a process that seems to be currently under way (Pedersen and Jacob, 2019, Citizen, 2019). The Acts also potentially make possible preferential treatment for Tanzanian private-sector actors in the upstream sector (Woodroffe et al. 2017).

Apart from changes among political decision-makers, which, with the election of the new President Magufuli in 2015, were increasingly bent on exerting Tanzania's national sovereignty in relation to foreign investors, the tougher stance was also informed by the major offshore deep-sea finds that were made from 2010 onwards and that attracted some of the traditional oil majors and increased expectations regarding the country's potential as a gas producer. The change is illustrated by Tanzania's national energy policy: whereas the former energy policy of 2003 focused on developing Tanzania's 'limited resources', in order to reduce its fuel imports (which by then consumed 26 percent of national export earnings), the Energy Policy of 2015 changed the focus towards developing the significant amount of natural gas that had been found. This covered managing petroleum revenues to promote the 'domestic use of petroleum resources to accelerate socio-economic transformation'. It also included the objective to 'enhance State and public participation in developing petroleum infrastructure', a provision that was incorporated into the 2015 Petroleum Act (URT 2003: 22, URT 2015).

EWURA as a POE

EWURA, or the Energy and Water Utilities Regulatory Authority, has its origins in the liberalisation and international best practice reforms of the late 1990s and early 2000s, which aimed to separate the regulatory and commercial functions within different sectors that had hitherto been taken care of by state-owned enterprises (SOEs). EWURA was mandated to promote competition and efficiency in the electricity, gas, water and petroleum sectors, through proper regulation and oversight. In 2001, the Act setting up EWURA was passed by parliament, but it only began operating in 2006 (World Bank 2013b, EWURA 2017b). This had to do with the complexity of the reform agenda more than resistance to it from within the government. New sector policies that catered for the development of the now liberalised sectors had to be put in place, as did a fair competition tribunal to hear appeals against the regulators' decisions. The latter was established under the Fair Competition Act No. 8 of 2003, which became effective in May 2004 and fully operational in 2005.

[4] Parliament speaker, The Citizen, 2 January 2018.

Since its establishment in 2006, EWURA has systematically aimed at developing its capacity and, from quite early on, it was seen as a relatively strong and capable institution in the regulation of the mid- and downstream segments of the petroleum sector. It has repeatedly won prizes for excellence among regulators in the region (Mwakalebela 2017, EWURA 2011). As outlined above, it was allowed to develop into a POE, due to changes in Tanzania's political settlement, where the coalition between the ruling CCM party and domestic and foreign businessmen had come under pressure and where the government was increasingly aiming to re-regulate and reduce the private rents generated in the petroleum and energy sectors. In the petroleum sector, EWURA became important in regulating imported petroleum products and, with the construction of infrastructure for various gas pipelines, it has become increasingly important in regulating mid- and downstream tariffs and activities. Finally, it was involved in regulating the electricity sector, which also had implications for the petroleum sector, due to the gas-to-electricity projects that have become an important element in Tanzania's power supply.

The strength of EWURA is partly a matter of luck and partly of design. At the wish of the then President Mkapa, the regulators were generally intended to be quite strong. Mkapa believed in the power of the market as the driving force in the economy, but also that the state had a role to play in facilitating and regulating the market. His successor, President Kikwete, under whose reign EWURA was set up, shared this view and allowed an even stronger role for the state. EWURA also had the good fortune that it ended up as part of the Ministry of Water, where privatisation had begun earlier than in the energy sector, water being a sector with less scrutiny and fewer rent-seeking opportunities than energy. This allowed it to perform its regulation of the petroleum sector much more independently than some of the other Tanzanian regulators, which remained under the auspices of their sector ministries.[5] However, this sometimes created tensions between EWURA and the Ministry of Energy and Minerals (MEM):

> 'Some in MEM saw a licence as a means of wielding power over the licence holder. It gave them power and prestige. When those functions were transferred to EWURA, there was an unhappy relationship between the ministry and EWURA'.[6]

EWURA also obtained its financing from fees, levies and fines imposed on the sector, petroleum importation being highly lucrative, and therefore it did not rely on the Ministry of Finance for budgetary allocations or the Ministry of Energy and Minerals for disbursement.

EWURA's first director came from the reform commission under the president who had prepared both privatisation and the regulators of the privatised sectors. He opted for staffing procedures that are rather unorthodox from a Tanzanian perspective. Thus,

[5] Interview with government officials, 20 and 22 June 2018.
[6] Interview with former official, 22 June 2018.

staff were hired on temporary contracts, all of which were publicly announced. This meant that employees had to perform to get their contracts renewed. Furthermore, the staff were well-paid, with salary levels intended to compete with the private sector, in order to avoid any feeling of inferiority. This meant that the authority managed to attract experienced people from the Ministry of Energy and Minerals, TANESCO and TPDC. Furthermore, EWURA systematically worked on capacity-building and quality standards throughout its existence, as well as going beyond donor requirements (World Bank 2010). Staff, not least the management, were systematically trained and exposed to international best practice, while benchmarking with other sub-Saharan regulators and exchanges with the American National Association of Regulatory Utility Commissioners – the latter funded by the USA – have been a recurrent phenomenon. In 2016, it received ISO certification, a process that began in 2013 or 2014 and was inspired by practices that EWURA staff had observed among its regional peers (EWURA 2017a).

In the mid- and downstream segments of the petroleum sector, EWURA aimed at ensuring the security and quality of supplies of imported oil products and at keeping prices low for consumers. The latter became pertinent in the context of rising global oil prices from the beginning of the 2000s. The 2008 Petroleum Act came as a reaction to rising world market oil prices, which hit a country like Tanzania –reliant on petroleum imports for the major part of its consumption – particularly hard (URT 2009, EWURA 2009). From a political settlement perspective, there were two interrelated dynamics in this situation. First, the rising prices contributed to inflation, which, in an increasingly competitive political environment, was perceived to be a political threat to the ruling party's power. Secondly, since the TPDC was divested of its marketing activities in the late 1990s, imports had been controlled primarily by foreign oil companies, tougher control of which was popular with the elite. However, the fact that transportation businesses were controlled by Tanzanian businessmen (Meeuws 2004) provided a further incentive to shift rents from foreign to domestic businesses.

The Act empowered EWURA to regulate the importation and marketing of products quite heavily. From 2009, EWURA tightly regulated the prices that marketing companies were allowed to charge and, from 2011, bulk procurement of petroleum products – de facto a serially licensed monopoly on their importation – was introduced, also under the auspices of EWURA. In 2011, this led international oil companies to boycott the prices set by EWURA, which in response punished the companies. BP, for instance, was banned from selling for three months, and two top executives were arrested. BP later apologised (*Citizen* 2011). Later, the bulk-procurement system was fully established under another body, the Petroleum Importation Coordinator (PIC), which coordinated tenders on the importation of petroleum products, but was still overseen by EWURA. The Petroleum (Bulk Procurement) Regulations were made by the Minister for Petroleum Affairs in June 2011, with revisions in 2013 and 2015.[7]

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[7] See: http://www.ewura.go.tz/?page_id=481.

The PIC was restructured in the second half of 2015 to become the Petroleum Bulk Procurement Agency (PBPA). It is not clear why this happened, but it could be linked to allegations of irregularities in the sector, where imports had been able to bypass the official system, thus avoiding quality control and taxes (*Citizen* 2015a, 2017). Prior to the 2015 elections, a story also emerged of the PIC's procurement of petroleum without a tender and above the market price, against EWURA's advice (*Citizen* 2015c, *Citizen* 2015b). In 2016, the bulk procurement system was overhauled to improve the position of Tanzanian companies vis-à-vis foreign ones, first by requiring that companies are registered in the country, and secondly by splitting up tenders into separate petroleum products for shorter time periods. This was intended to enable participation by smaller domestic actors, as emphasised by EWURA Director General Felix Ngamlagosi in an interview with the *East African*:

> 'This means that local companies, some of whom have been complaining of being locked out, due to heavy financial requirements, can now participate' (Mwamunyange 2016; see also Mirondo 2016).

EWURA also soon became important in regulating upstream natural gas production, albeit initially indirectly. In 2006-07, a small Canadian producer, Artumas, had begun producing power from gas from Mnazi Bay, based on agreements reached with the Ministry of Energy and Minerals. However, EWURA's oversight powers in the electricity sector were strengthened in the Electricity Act 2008, and it did not feel bound by previous agreements. Whereas Artumas had produced power for Mtwara town, through an interim power purchase agreement up to August 2008, before the expiry of the agreement in that year it had applied to EWURA for licences for transmission and generation, with a tariff plan allowing for full cost recovery. Although there was headline support for the project from State House – President Kikwete visited the site that year – EWURA objected to the proposed tariff and time frame, with its three years of government subsidies, which the regulator found were unrealistic and feared would later lead to higher consumer prices.[8] Whether because of flawed budgets (EWURA's claim) or delays due to EWURA's involvement (ARTUMAS' claim), the debacle led to the withdrawal of Dutch grant aid for the project. As a consequence, Artumas now encountered financial problems, because this also meant delays to the expansion of the grid from Mtwara to the rest of the planned project areas, and revenues were therefore lacking. In 2009 a buy-in (a 'farm-in') in the project by Maurel et Prom months later and the creation of Artumas's successor entity, Wentworth Resources, saved the project (Mwamunyange 2009). Power generation, transmission and distribution equipment were all handed over to TANESCO.

In 2013-15, with the construction of a major gas pipeline from Mtwara to Dar es Salaam, the National Natural Gas Infrastructure Project (NNGIP), EWURA became more directly involved in upstream activities, due to its mandate to regulate infrastructure. EWURA was to play a key role in setting the price for gas from suppliers and to potential buyers. As part of this, a portion of the World Bank credit for energy-

[8] Interviews with government officials, 21 and 22 June 2018.

sector support in 2013 went to EWURA, to 'support EWURA's Natural Gas Division with economic and technical advice to strengthen its capability to regulate the gas mid- and downstream sub-sector through human capacity building, development of procedures, standards and guidelines and purchase of data simulation software and hardware for a Gas Transmission and Distribution (T&D) Tariff Model'. It is worth noting that the support to EWURA was for specific technical capacity and that donors assess the general capacity of EWURA as good, professional and among the best in Africa, unlike other institutions in the Tanzanian gas and energy .[9] It was one of the few public corporations that paid a dividend to the government in 2017 of 15 percent of turnover, amounting to TSh5 billion (Mtulya, 2017).

TPDC as an emerging POE

Whereas EWURA was established as a consequence of the liberalisation reforms, the TPDC, as one of the Tanzanian state-owned enterprises that had been established under the socialist period, was initially weakened by liberalisation. It had been founded by government order on 30 May 1969, in order to help develop a domestic petroleum industry and ensure more direct state ownership of operations. Initially it was more involved in upstream exploration with international oil companies, but with the establishment of a monopoly on the importation of petroleum products in the late 1970s, this became its main business. However, liberalisation in the late 1990s led to the removal of its monopoly on the importation and marketing of petroleum products, and the company was downsized from 440 employees to 65, those remaining mostly being in the exploration division, whose main task it was to promote Tanzania's oil and gas potential on the international scene.[10] The overall emphasis on liberalisation meant that the TPDC was not a high priority sector organisation and that the strengthening of its capacity happened more slowly and initially with less direct political support than EWURA's. Towards the end of the soft resource nationalist period, however, it was set on its path to becoming a PoE.

Some upstream capacity had been built within the TPDC in the 1970s and 1980s, and in the more investor-friendly climate that included a revised MPSA in 1995, with a lower fiscal take and shares in operations, international oil explorers began returning (Pedersen and Bofin 2019). This also resulted in various fees from, and on-site training by, the IOCs associated with the exploration and production licences. Combined, this allowed the TPDC to begin rebuilding its capacity. It did so in the shadow of major investments like the Songo Songo and Mnazi Bay gas-to-electricity-projects, which were driven by the private sector in public-private partnerships with foreign private oil companies, a structure favoured by the World Bank and supported by the president and his allies and advisors. On the Tanzanian side the first project, the Songo Songo, in particular, had the Ministry of Energy and Minerals, not the TPDC, as its main public-sector managing organisation, which was to facilitate the complex partnership agreements with other stakeholders (World Bank 2001).

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[9] World Bank, 2013a; interviews with donor officials, 29 May and 22 June 2018.
[10] Interviews, May and June 2018; see also Mmari and Bukurura (2016), Melyoki (2017).

This meant that the TPDC could develop relatively undisturbed by political pressures. Its major focus at the time came to be on facilitating the operations of IOCs and developing its technical and operational capacity to do so. Some extra staff were hired in 2006 and 2008, primarily with technical backgrounds. A larger number of people were recruited in 2010, including for the first time accountants, lawyers and auditors, as well as more economists. Until then, the TPDC had only had one lawyer, the company lawyer. Nonetheless, through past experiences, assisted by donor agencies and private foreign consultants, as well as through skills accumulated in formal training, the TPDC had built some capacity when it came to negotiating production sharing agreements as well. Thus, towards the end of the 2000s, it was able to negotiate such agreements without the assistance of foreign consultants.

Overall, the combination of major offshore deep-sea gas finds around 2010 and increasingly radical resource nationalism meant that the quiet times were over for Tanzania's oil and gas sector. As will become clear in this and the following section, the consequences for the TPDC's capacity were ambivalent. In the first five-year development plan of 2011, the TPDC and mining SOEs were earmarked for re-capitalisation and were envisaged as playing a greater role in driving economic development forward. This allowed the TPDC to keep building capacity. Further hiring, this time of 57 new employees, took place in 2013, among them several lawyers.[11] In 2014, the TPDC underwent a major restructuring, with new directorates and two subsidiaries, the National Gas Supply Company (GASCO), charged with gas trading with a priority on the domestic market, and PETROTAN, responsible for marketing oil and gas. The biggest hiring round came subsequently, in 2014-15, with 202 new employees, many connected with operating the new gas pipeline (CAG and TPDC, 2016), as well as with eight lawyers connected with an increased focus on the auditing of costs among PSA holders, an issue that had become visible by then.

Much of this regulatory workload would rest with the TPDC until the Petroleum Upstream Regulatory Authority, PURA, established under the Petroleum Act of 2015, was up and running. This also meant that control over deductible costs has increased significantly.[12] No wonder that training became a major priority, initially mainly by sending staff abroad to do Master's degrees or PhDs, but from 2014 also increasingly through short-term training in specific skills.[13] By 2016, the number of staff was around 400, not far from the heights of the 1990s, but with a completely different outlook in the company.

Initially there was a tendency to increase the TPDC's autonomy. Staff were hired through competitive processes that allowed the TPDC greater flexibility than usual in the Tanzanian state sector, due to the technical nature of their work. In 2014, a new managing director was also brought in from a career in the oil sector in the USA.[14] The

[11] Interviews with current and former TPDC employees, June 2018; Melyoki (2017).
[12] Interview with private company representative, 25 May 2018.
[13] Interviews with former and current TPDC officials, 14 June and 28 September 2018.
[14] Interview with current and former TPDC officials, 30 May 2018 and 27 September 2018.

Petroleum Act of 2015 also indicated increased autonomy, as it provided for the separation of functions in the upstream sector, with the establishment of PURA. This had been pushed by donors – in particular, Norway, through its Oil for Development programme of 2013-15 (NORAD 2014, PETRAD 2014, World Bank 2013b). However, it was also supported by IOCs and TPDC, the latter believing that this would allow the corporation to pursue a freer role as a more commercial company that could focus on exploration and production in partnerships with IOCs and with the potential to be listed on the Dar es Salaam stock exchange to raise funds for its further development (CAG and TPDC 2016). The Act also included provisions allowing the TPDC to undertake exploration activities without involving IOCs, including the reservation of exploration blocks for this purpose, a practice that had otherwise been given up in the early 1980s. Finally, the Act recognised the TPDC subsidiary, the national Gas Supply Company (GASCO), as the sole gas aggregator, which implied a de facto monopoly on the buying and selling of gas in Tanzania.

What the TDPC did not achieve was greater control over revenues, meaning that much would depend on the Act's implementation. This turned out be a major stumbling block to its development towards a PoE, as it contributed to undermining the corporation's autonomy, given that decision-making had become increasingly politicised and centralised.

The undermining of the TPDC's and EWURA's capacity under radical resource nationalism

As the prospect of major revenues from the petroleum sector from high oil prices and the deep-sea finds became clear, politicisation of the sector increased, which undermined its organisational autonomy. This first affected the TPDC, but it eventually affected EWURA as well. The ruling CCM politicians were bent on maximising the benefits from the sector, but the centralisation of decision-making undermined the TPDC's autonomy and its development into a PoE. This development was fuelled by distrust of officials in the ministry and the TPDC by the minister of energy and minerals, the politically appointed TPDC board and, later, the new President Magufuli (2015-), who had been elected in the most competitive elections ever held in the country, on promises of cleaning up the public sector and fighting sleaze and corruption. Magufuli's weak base within the ruling party also meant that he sought to consolidate his power through populist interventions that could simultaneously undermine old political and economic elites and appeal to the electorate, which had become more important as electoral competition had intensified (Pedersen and Jacob, 2019).

For a long period, limited political attention allowed EWURA to continue its operations as a PoE, but towards the end of the period there were signs that it might be undergoing a development similar to TPDC's. Among the first signs that something was amiss were TPDC's inability to adapt to a changing environment. National oil companies in frontier markets like Tanzania's rely on partnerships and deals with international IOCs, which have the financial and technical resources to develop their capacity. However, TPDC's ability to facilitate IOC investments came under strain as resource nationalism became more radical in the 2010s. This meant that fees and on-site training opportunities related to IOC operations became fewer. The development began with the 2013 MPSA's fiscal framework, which, according to TPDC insiders, was tougher than international standards. The 2013 fiscal framework was decided on against the advice of TPDC technocrats and management, and reflected political pressure from the TPDC board, which had been appointed by the minister, and its chairman, appointed by the president:

> 'We [TPDC] said no investment will be going to be forthcoming under this 2013 MPSA. We did simulations that showed that 92 percent would be government take, only 8 percent for the IOCs. Who would invest under these terms?'[15]

Global Data later found that Tanzania's take following the 2013 MPSA would be significantly higher than that of any other producers in sub-Saharan Africa (Global Data, in Scurfield and Manley 2017). The framework became an even bigger problem, as global oil prices plummeted in 2014. Indeed, the latest offshore bidding round, the Fourth Offshore and Lake Tanganyika North Licensing Round, which opened in October 2013 and closed on 15 May 2015, was considered a failure by TPDC officials, as it produced few bids and no new concessions (Mgaya 2014, Bofin and Pedersen 2017).

Similar attempts to limit the ability of TPDC and ministry negotiators can be found in the 2015 Petroleum Act, with its lack of clarity on access to international arbitration and tough local content provisions, which were formulated in the last phase of drafting. Both elements were opposed by the IOCs, who feared and still fear that they will lead to unnecessary bureaucracy, increase the risk of rent-seeking and, given their strict penalties, put their employees at risk. International arbitration was completely banned under the 2017 Sovereignty Acts. Such provisions were deliberately formulated in this way, in order to reduce the room for negotiation, partly following advice from the NRGI to limit the opportunities for 'discretionary action' by officials involved in contract negotiations (NRGI 2014). As one of those involved in drawing up the 2015 Petroleum Act stated, 'even the national negotiation team is in a straitjacket now'.[16]

This stricter approach also affected staff management. This had to do with the fact that TPDC had never acquired strong control over gas revenues, which for the most part went directly to the treasury, and its control over its staff was therefore also limited. Furthermore, relations with the Ministry of Energy and Minerals soured under the then Minister of Energy and Minerals, Sospeter Muhongo (2012-15 and again 2016-17), who wanted to take control of the sector, including the TPDC. In all likelihood, he had been brought in as a minister because it was believed that his background as a geologist, with a PhD in geology from a German university, would be useful in producing some order in the politically charged mining sector, which by then was far more important in economic terms than the gas sector. Within the gas sector, he soon

[15] Interview with former official, 28 September 2018.
[16] Interview, 4 August 2016.

became known as someone who believed he knew more than his more experienced but less well-educated staff. He displayed a distrust of the existing management and experienced staff, who, he believed, had been involved in dubious deal-making, allegedly even calling them 'thieves'.[17]

Muhongo chose not to extend the employment of the experienced staff, who were reaching the age of 60, retirement age in the Tanzanian state at that time. This exacerbated what a Norwegian-funded Training Needs Assessment termed 'substantial pressure on the limited professional staff available in TPDC to carry out its mandate effectively' and a 'lack of overall capacity in TPDC' (PETRAD 2014). In other words, Muhongo's unwillingness to extend contracts with experienced staff meant that there was little continuity between the experienced staff and the newly hired staff. This lack of experience was felt later, when negotiations for a host government agreement with IOCs for a multi-billion dollar LNG plant with oil majors to utilise the offshore deep-sea gas finds were about to take off. The project not only had the potential to provide a significant boost to Tanzania's industrialisation efforts, it would also generate revenues on an unprecedented scale (Baunsgaard 2014). The project itself was of such complexity that it would require advisors with past experience, and since Tanzania did not have that capacity, they had to be foreign. However, with most of the experienced staff gone, there was bewilderment about the entire process related to the negotiation of contracts, which was made worse by the distrust of foreign advisors in government circles:

> 'Yes, there was resistance because of previous experiences, especially Songo Songo. It was both the gas and the electricity (i.e. dissatisfaction with both elements of project) that the government was not very happy about. It was of the opinion that previous advisors had not done very well'.[18]

Whereas the TPDC had already begun looking for an advisor in 2015, only in April 2018 was a call launched for expressions of interest (TPDC 2018). It took the involvement of the AFDB, which in Tanzania is seen as more neutral and which provides funding more on the recipient's terms, before things could get moving. In the meanwhile, frantic training of staff from the TPDC, MEM and other government departments was conducted, in order to build domestic negotiating capacity. This was facilitated by the Uongozi Institute, a government-affiliated policy and leadership thinktank, involved the Columbia Centre for Sustainable Investments (CCSI) and the International Senior Lawyers Project (ISLP) and was at least partly financed by Germany. This came to include training in basic modelling.

The combination of increasingly radical resource nationalism, more state-centric thinking on the economic development of the country within the CCM and the government, and a minister distrusting existing staff within government organisations

[17] Interviews with former officials, 27 and 28 September 2018.
[18] Interview with official, 1 June 2018.

limited the TPDC's operational autonomy. In early 2014, the TPDC managing director for 28 years retired, which led to a period of instability, with a number of 'acting' managing directors, intercepted by the now suspended general director James Mataragio (serving December 2014-August 2016). Mataragio and several management colleagues were suspended by the board, in all likelihood with the support of Minister Muhongo, with whom he had strained relations. He was also accused of having breached procurement rules when ordering new mineral surveys from the director's former employer, American Bell Geospace, without the approval of the TPDC board (Reuters 2018). This further limited the TPDC's ability to influence decision-making in an increasingly centralised political environment.

In some ways, the conflict epitomises the change in political attitudes towards the TPDC during this period. Whereas the production of survey data could help reduce the risks of operations for potential investors and was in line with the 2015 Act's vision of a more pro-active TPDC acting as the private-sector arm of the government, autonomous decision-making by TPDC management when ordering the survey ran against the Tanzanian state's normally quite risk-averse decision-making procedures. The TPDC board, which is made up mostly of outsiders, with very limited knowledge of the sector, surely felt – and continues to feel – that it should be involved in the daily management of the company.[19]This frustrates many of the staff, who feel that this places restrictions on the development of the company:

> 'They do not know much about the petroleum sector, so their focus is not on developing the sector. It is more regulating day-to-day activities. Everyone in TPDC is very disappointed with this. It is very frustrating'.[20]

The suspension of the top management meant that there were even fewer experienced personnel left in the TPDC. A TPDC insider, Musomba, was subsequently appointed acting managing director and is perceived to be not only less independent, but also closer to the more statist view of the current administration.[21]

Whereas the undermining of capacity began in the upstream exploration and production segments of the petroleum sector, and therefore first affected TPDC's capacity, it eventually affected EWURA as well. As resource-nationalist sentiments had increasingly focused on sovereignty and ownership, EWURA had gone on living a life of relative political obscurity. Again, the character of interventions was significantly influenced by changes in the political settlement related to President Magufuli's campaign to clean up sleaze in the public sector. The so-called 'clean-up exercise' was used purposely to control key appointments and recruitment in SOEs, thereby enabling President Magufuli to get rid of some of those who were associated with the old Kikwete networks and to position himself to control the same old rents (Jacob 2017).

[19] Interview with former and current TPDC officials, 1 June and 27 September 2018.
[20] Interview with official, 1 June 2018.
[21] Interview with private sector and TPDC actors, May and June 2018; Africa Intelligence 2016.

A number of recent events and interventions undermined EWURA's autonomy. The first change had to do with staff management. Soon after he came to power, Magufuli decided to challenge what he perceived to be the high salaries of the heads of the around 400 public enterprises in Tanzania, some of whom had been drafted in from abroad or from the private sector under his predecessor, President Kikwete. At short notice, they were told that the maximum would be TSH15 million/month (*Guardian* 2016). Similarly, staff who had hitherto been employed on temporary but renewable contracts, in an effort to improve performance, were transferred to permanent government contracts at the end of 2017.

A second and more targeted intervention came with the revocation of EWURA's decision at the end of 2016 to allow the debt-ridden TANESCO to raise tariffs by 8.5 percent as part of a restructuring programme agreed between the previous government and the World Bank (World Bank 2017). This was less than the 19.19 percent TANESCO had applied for, but still too much for President Magufuli and Minister Muhongo. The president publicly criticised the price hike, partly because it had not been cleared with the government – price hikes violated the CCM's electoral promises and played badly with voters – and partly because it threatened his industrialisation agenda (*Guardian* 2017, CCM Manifesto 2015: 73-77). Muhongo revoked EWURA's decision and fired the TANESCO director (*Guardian* 2017, CCM Manifesto 2015: 73-77). Finally, in June 2017, it was EWURA's director who was suspended for allowing due process regarding an application for the extension of an electricity generation licence in line with its existing power-purchasing agreement (PPA) from the scandal-hit private power producer, IPTL, which had been involved in several corruption scandals in the past (*Daily News* 2017, *Citizen* 2017). These direct political interventions in EWURA's operations clearly signified new limits to EWURA's autonomy. Whether it affected the agency's capacity to carry out its functions more broadly was not clear at the time of fieldwork.

Conclusion

Resource nationalism in sub-Saharan Africa has often been depicted as involving attempts to shift control over rents and resources from foreign and private to domestic, often state-controlled, companies. Attention has often been paid to how corrupt states have built the capacity to capture and distribute rents. Less is known about the impact of resource nationalism on capacity in 'new oil' African countries. There is some evidence that in these countries, high oil prices and associated resource nationalism may have increased government bargaining power and, in some countries, built the capacity to negotiate deals. However, this paper suggests that the impact of resource nationalism may be ambivalent, in that it may both help build and undermine the capacity of key state agencies. By researching and unpacking the relations between resource nationalism, reforms, capacity and the broader political dynamics of mainland Tanzania, it identifies two phases of resource nationalism with different effects on capacity.

The first phase of soft resource nationalism in Tanzania was more focused on re-regulating and controlling the rents generated by private, often foreign, actors in the petroleum sector, and it allowed significant public-sector capacity to be built and turned the Energy and Water Utilities Regulatory Authority (EWURA) and to some extent the Tanzania Petroleum Development Corporation (TPDC) into pockets of effectiveness (PoEs). The second and more radical phase of resource nationalism was increasingly aimed at restating sovereignty and national ownership and led to a centralisation of decision-making that undermined the autonomy and therefore the capacity of both organisations. These findings suggest that the building of organisational capacity may benefit from the more or less explicit backing of key decision-makers, as was the case for both organisations during the phase of soft resource nationalism. They also suggest, however, that such support should be provided at arm's length: political interference in daily operations, which became common during the more radical phase of resource nationalism, is in turn likely to undermine capacity. The relative strength of EWURA vis-à-vis the TPDC throughout the period could also suggest that it is easier to build public-sector capacity in organisations with regulatory mandates than in those with commercial functions.[22] More comparative research in this regard is needed.

These developments in Tanzania's petroleum sector were significantly influenced by changes in the country's political settlement, in which the coalition between the ruling CCM party, FDI and domestic businessmen that had been forged under liberalisation came under increasing strain from corruption scandals and intensified electoral competition in the late 2000s. This gradually led to shifting ideas within the ruling party on the role of the state in the economy, first through the reregulation of rents generated by private businesses, and later through an increasingly state-centric economic development model. The latter shift was already under way before the ascent to power of President Magufuli in 2015, but it was accelerated by him. His insecure power base in the party resulted in contestations over rents and constant populist interventions targeting old party and bureaucratic elites, as well as the centralisation of decision-making in and around the presidency. Whereas high global oil prices in the 2000s served as an enabling environment for the return of resource nationalism in Tanzania, its continuation and radicalisation after the fall in oil prices in 2014 thus points to the primacy of domestic politics in the country during the later phase of resource nationalism.

[22] See also Hickey and Izama (2019).

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