



GOVERNANCE OF
NATURAL RESOURCES IN
SUB-SAHARAN AFRICA:

WHAT IS QATAR'S ROLE?

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About the Author

Mohamed Evren Tok is an assistant professor and program coordinator of the Public Policy in Islam Program, Qatar Faculty of Islamic Studies at Hamad Bin Khalifa University. He is currently the co-leading Project Investigator of a three-year research grant in collaboration with the University of Massachusetts and the University of Ottawa, funded by the Qatar National Research Fund, entitled “Governance of Natural Resources in Africa: Advancing a Qatari Perspective and Economic Diversification”.

He is also the Project Investigator of another three-year research grant, in collaboration with University of Massachusetts, entitled “Rule of Law in Qatar: Comparative Insights and Policy Strategies”. He received his collaborative PhD from Carleton University’s School of Public Policy and Administration, Ottawa, Canada. Dr Tok has been acting as a distinguished research associate for the Carleton Center for Community Innovation since 2011.

Introduction

This policy brief is based on the proceedings of a conference funded by the Qatar National Research Fund's (QNRF) Conference and Sponsorship Program (CWSP), entitled "Investment and Governance of Africa's Resources for Economic Diversification and Development (IGANR)". This program brought together various Africanist scholars, policy analysts, stakeholders and academics from around the world in Doha, Qatar on December 10th and 11th, 2014.

It was well timed for two important reasons. Firstly, according to current critical analyses, Africa had recently been labeled as an exceptionally attractive land of opportunity not only for the traditional powers of the West, but also for emerging powers such as Brazil, Russia, India, China and South Africa (BRICS) and other countries such as the Arabic Gulf countries, including the State of Qatar. While BRICS countries have attracted global attention in terms of their investment, trade and diplomacy patterns in sub-Saharan Africa (SSA), Qatar's role in SSA has not received enough attention. Secondly, Qatar's interest on SSA was not only a matter of sole economic interest: it was also part of a larger vision: more concretely, Qatar National Vision 2030, which puts an important emphasis on economic diversification and the need to shift to a knowledge based economy. As Qatar seeks to promote the diversification of its economy and reduce its reliance on hydrocarbon rents, Africa appears to be a prominent possible destination for improved investment and trade relations. Yet, the focus on the engagement between SSA and Qatar is inconsistent and not all that stable, despite the geographical proximity.

The African continent received a total of 57 billion USD via investment inflow during 2013 – primarily in commodities and infrastructure.ⁱ The greater part of that investment originated from Brazil, India and China (BIC). However, the Gulf Cooperation States (GCC), with their emerging economy, also became burgeoning continental players. Although most of this capital flow was targeted for the Middle East-North Africa (MENA) region, only a handful of states located in SSA were targeted.ⁱⁱ As such, Qatar, in relation to its capacity for investment and trade, engaged much less with SSA in comparison to other GCC states.

This policy brief first introduces Qatar National Vision (QVN) 2030 which is a major policy framework that affects Qatar's internal and external affairs significantly. The next section presents

a summary of the most important pieces of information and lessons drawn from the IGANR conference. The purpose of the conference was to explore how natural resource governance, especially with regards to extractive industries in SSA, could be better integrated to QNV 2030; how initiatives such as the African Mining Vision (AMV) could potentially be aligned with QNV 2030; and finally, how this alignment could increase Qatar’s role as a potential foreign investor in SSA.

Context: Qatar National Vision 2030 and Natural Resource Governance

Before presenting the conference summary, we will first outline the background and context. While Qatar made forays into African markets in recent years, there is ample opportunity for the country to expand trade and foreign investment connections between Qatar and SSA, which could support two of the four pillars presented in the Qatar National Vision 2030: diversification of Qatar’s economy and food security.

First of all, in pursuit of economic development and a “competitive and diversified economy”, opportunity presents itself in the natural resource extractive industries located in SSA, including the recently discovered oil and gas deposits in East Africa. Here, Qatar could make the most of its comparative expertise and experiential advantage in hydrocarbon extraction, refining, and exporting. Developing and investing in SSA’s industry also support Qatar’s vision of “playing a significant role in the global partnership for development”.ⁱⁱⁱ

SSA’s extractive industries are not the only opportunities for Qatari investment. Food security is an endemic and pervasive issue in the Middle East and in Qatar in particular; the problem of food security could be alleviated, if not remedied, by external economic partnerships. Statistics for Qatar mirror those of the Middle East more broadly in that its imports amount to 80% to 90% of total accumulated foodstuffs. SSA, in contrast, has arable land, that could potentially be developed into agribusiness zones for both African and Middle Eastern markets – a goal supported by the conducive proximity between these two regions. As such, attempts to increase trade and investment flow should be encouraged. Furthermore, the Qatar-SSA relationship could also embrace a dimension that engenders various south-south cooperation mechanisms. In this regard,

one of the options could be to exchange knowledge and expertise. For instance, Qatar's long standing experience in hydrocarbon industries could be value knowledge for countries that have an abundance of oil, such as Nigeria and Angola.

However, while profits from the extractive industry have reached record heights, the opacity of the governance systems that manage the way in which revenue is generated, allocated and used, remains a serious obstacle. Various national, regional and international initiatives, such as the Extractive Industry Transparency Initiative (EITI), sought to address and remedy this situation by promoting greater stakeholder inclusion and revenue transparency. Any comprehensive approach to reforming governance of the extractive industry must have these notions as its central, operative tenet. Providing a principal role for the African Union (AU) and other regional bodies is also crucial – particularly with regards to its value-adding ability to formulate a common vision and set shared standards.

IGANR's Major Focal Areas

The Investment and Governance of Africa's Resources for the IGANR Conference was centered on two major discussion themes. The first was to evaluate Qatar's potential for economic diversification. Qatar is in the process of executing a major policy program, outlined in the Qatar National Vision 2030 (QNV) Plan outlining ways in which Qatar can begin to diversify its national economy away from its total reliance on the hydrocarbon sectors for economic revenue.

The QNV 2030 acknowledges that "a more diversified economy is inherently more stable, more capable of creating jobs and opportunities for the next generation and less vulnerable to the boom and bust cycles of oil and natural gas prices".^{iv} This diversification plan includes domestic investment in infrastructure, technology and education; the promotion of entrepreneurship; and a diversified foreign investment portfolio, broadening its regional and sector penetration. The state is directing a great deal of material resources towards these aims, while simultaneously attempting to promote itself via soft power.

The second theme was to analyze just how “soft power” influence could be utilized to promote Qatar’s program of economic diversification. QNV estimates that the oil and natural gas sector alone accounted for 57.8% of the Qatar’s gross domestic product in 2012.^v In the same year, Qatar was also the world’s fourth largest dry natural gas producer, followed by the United States, Russia and Iran. Furthermore, it has been the world’s leading liquefied natural gas (LNG) exporter since 2006^{vi} and it boasts the ninth largest crude oil reserve in the Organization of Petroleum Exporting Countries (OPEC), which, as of January 2014^{vii} is estimated at 25.2 billion barrels by the Oil and Gas Journal.

The concept of soft power essentially purports that a nation possesses attractive attributes that enable it to influence other states. A major source of Qatari soft power is its energy reserves and its technologically advanced supply chain, which create sufficient supply for both producers and importing states. This comparative advantage adds value for Qatar, particularly in building inter-dependent relationships with emerging Asian states.

The expanse of the Qatari state-led economic diversification is global in scale. Discussions at the conference focused on Qatar’s relations with three specific regions. In particular, in the West, the Qatar Investment Authority (QIA) expanded its portfolio investment to include real estate, as well as the retail and automotive industries. East Asian investments are heavily concentrated on trading energy for food and consumer goods, as well as in joint enterprises for the up and down-stream processing of fuels and petrochemicals.

In Africa, Qatar’s investments are mainly in the service, finance and insurance sectors. However, significant amounts of developmental aid are also directed towards funding education programs, so as to develop human capital. Although there are many nuanced economic and political motivations to unpack in order to fully understand the economic diversification program and security strategy of Qatar, the experts in attendance at this conference concluded that Qatar continued to be an influential nation-state and that its developmental program was enmeshed with modernization initiatives across the global South.

Major Take-away from the Conference

Various presenters introduced the the recent (within the last century) move towards “new multilateralism” or “transnational governance”, with African dimensions creating an African agency. This discussion was of critical importance to set the stage for identifying new regionalism development efforts with an African dimension; new forms of multilateralism; new sources of finance; and new transnational governance mechanisms that are of critical importance in leveraging Africa’s natural resources endowment.

Exchanges during IGANR examined the extent to which Qatar could strategically deploy its soft power to enable African countries to fully develop their extractive sectors and connect via an effective strategy that combines trade inducements; increased investment flow; aid for infrastructure and construction (mainly transportation projects to enable improved delivery); and technology transfers to African countries. Participants analyzed the current situation of oil and gas production in Africa and discussed Qatar’s diversification efforts by specifically looking at learning opportunities, as well as other opportunities that Africa could offer to Qatar in the non-energy sectors, with a particular emphasis on investigating foreign direct investments. Various sessions explored the resource curse paradox, noting the role of the national government and international actors in maintaining existing governance mechanisms. For instance, they highlighted the fragile state of post-conflict governments, focusing on the delicate balance between attracting foreign investment and fighting corruption and poverty in environments already susceptible to recurring violence.

The IGANR conference included comparative analyses, especially with regard to BRICS and other middle-powers. These illustrated the need to provide a more balanced perspective on China’s cooperation with African countries in resource sectors, especially with a view to highlighting African dynamics in these bilateral relationships. Several discussions brought a Chinese perspective to the analysis of China’s presence in Africa’s mining sector; and case studies were used to explain how and why different Chinese actors were coming to Africa. A similar comparative analysis was used to critically assess Turkey’s increasing focus on Africa. It was argued that by attaching greater policy importance to Africa, the Turkish Government strengthened bilateral relations with the majority of African countries. Furthermore, the Turkish government also actively participated in

peace-keeping missions; provided significant amount of humanitarian assistance; enhanced relations with regional organizations; increased its diplomatic presence; and expanded its commercial relations.

In their comments, many participants underlined their growing recognition of the importance of protecting and enhancing community rights as a way to ensure that rapid increases in African land investment did not result in the displacement of citizens or further erosion of equitable growth opportunities. These discussions focused on the importance of voluntary and informed consent and, importantly, the rights of land users, owners and traditional occupants. Some presentations used case study approaches. One of them illustrated that while large-scale land appropriation in the oil-rich region of Uganda might have had positive benefits for rural agrarian transformation, the benefits of this investment did not always translate into tangible outputs or positive outcomes.

Overall, the conference emphasized the fact that managing a country’s extractive natural resource endowments could advance national development if done effectively. It was reiterated that the apparent mismanagement of such resources; poor growth rates; social tensions; and civic strife in resource-rich countries had resulted in discussions of the potential “resource curse”. The mismanagement also precipitated calls for enhanced governance and improved capacity for the myriad of actors engaged in natural resource extraction. These intellectual exchanges drew on existing literature to analyze the complex entanglement of issues involved in the natural resource value chain of Africa. Moreover, discussions also focused on achieving or furthering Qatari business objectives and foreign policy objectives on the African continent. The conversation extended to Qatar and resource governance indices, including the grade that Qatar had received on the Resource Governance Index (RGI) 2013, published by the Revenue Watch Institute.^{viii} The index evaluates the oil, gas and mining sectors of 58 countries. The countries’ scores and ranks are based on an extensive questionnaire, completed by researchers with expertise in the extractive industries. Qatar has one of the worst scorea on that index (54/58). It is paramount and urgent for Qatar to address issues related to its institutional and legal setting and to improve its own reporting practices, safeguarding, and quality controls along with its broader governance environment (transparency and accountability practices).

ⁱ EIU, 2014. *Risk and Reward: The Gulf's push into African infrastructure*. The Economist Intelligence Unit.

ⁱⁱ For further details, please see EIU, 2014, *GCC Trade and Investment Flows*, available at: <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>. Accessed 14 May 2015.

ⁱⁱⁱ General Secretariat for Development Planning. 2008. *Qatar National Vision 2030*, available at: http://www.gsdp.gov.qa/portal/page/portal/gsdp_en/qatar_national_vision/qnv_2030_document/QNV2030_English_v2.pdf. Accessed 10 July 2014.

^{iv} General Secretariat for Development Planning, *Qatar National Vision 2030* (Doha, 2008), 10 http://www.gsdp.gov.qa/portal/page/portal/gsdp_en/qatar_national_vision/qnv_2030_document/QNV2030_English_v2.pdf.

^v U.S. Energy Information Administration. "Qatar", *Qatar Analysis*, 2014. <http://www.eia.gov/countries/cab.cfm?fips=qa>.

^{vi} U.S. Energy Information Administration. "Qatar", *Qatar Analysis*, 2014.

^{vii} U.S. Energy Information Administration. "Qatar", *Qatar Analysis*, 2014.