

With 40 years' background in the economics of Africa and the developing world, and 30 years inside the world exploration industry, Duncan Clarke is a leading writer, thinker and speaker on economics and geopolitics in Africa and strategy in the world oil industry. He has published widely on global oil issues and conducts strategy briefings on Africa's exploration business and on companies and state players in the upstream industry on all continents. Recent works include *Empires of Oil: Corporate Oil in Barbarian Worlds* (Profile Books, 2007) and *The Battle For Barrels: Peak Oil Myths & World Oil Futures* (Profile Books, 2007).



# AFRICA: CRUDE CONTINENT

“Duncan Clarke’s *Crude Continent* matches its ambition, tackling a subject that has baffled, frustrated and confused a galaxy of pop stars and super-models, academics and UN experts, aid workers and business leaders, and journalists. The journey with him around Africa is like being shown around the bush by a top safari guide, who offers an always brilliant and stimulating account of the natural world, forcing the listener to look afresh. Of all, he would be my guide, as he provides original analysis and passionate views, which are never dull and always thought provoking, in a closely argued account informed by an unrivalled knowledge of Africa’s oil industry. This is no journey for softies, as Clarke’s ‘intuition’ tells him that resolving Africa’s underdevelopment will be a Herculean task for maybe a century or so, even with the Wisdom of Solomon.”

*Michael Holman, former Africa editor of the Financial Times, was raised in Africa and is author of three novels set in east Africa*

“A highly accomplished must-read on Africa and its political economy of oil, *Crude Continent* provides an anthropology of today’s African oil industry, written with passion, dedication and understanding, in an epic which illuminates Africa’s ‘inner worlds’ and deftly weaves together the continent’s ancient, post-colonial and modern histories to reveal often-obscured African realities. Born and raised in Africa, Clarke peppers an original narrative with wry humour, combative prose and well-chosen vignettes drawn from 40 years across Cape-to-Cairo with a myriad encounters made during travels to 44 African countries to ‘find Africa’, leaving us with an outstanding work of reference to delight even old Africa hands in this timely, well-informed and masterful treatise.”

*Barry Morgan, Africa correspondent, Upstream, the international oil and gas newspaper*

“Now that oil is Africa’s leading export, Duncan Clarke’s incisive, comprehensive study of African crude could not be more timely. With his background in energy and development economics, he is pre-eminent in the field. No other writer matches his unique knowledge of the global energy industry and of Africa’s historical, political and economic oil context. Clarke’s insights into contemporary policy, poverty, corporate strategies and African geopolitics make this book required reading for energy industry executives, investment analysts and African policy-makers, diplomats, donor agencies, banks and international lenders. He provides a robust riposte to those pundits in think tanks and international financial institutions for whom oil is a ‘resource curse’, solely responsible for regional wars and civil unrest. Instead, he believes that, given appropriate institutions, oil and gas ‘could and should be central to Africa’s reconstruction’. Very good stuff.”

*Professor Tony Hawkins, Graduate Business School, University of Zimbabwe,  
and Financial Times correspondent*

“Everyone wants to understand Africa’s oil industry, but until now it was hard to know where to start. Now the choice is easy. *Crude Continent* is the most thorough exploration yet of this crucial field. Duncan Clarke provides a comprehensive guide that is easy to read but never lacks for detail.”

*Robert Guest, former Africa editor of The Economist  
and author of The Shackled Continent*

# **AFRICA: CRUDE CONTINENT**

**The Struggle for Africa's Oil Prize**

**Duncan Clarke**

**P**

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The cover map *Africae Nova Descriptio* – copper engraved, 550mm × 410mm – is by Wilhelm Blaeu, published in Amsterdam c.1650. This is one of the most celebrated maps on Africa from the 17th century. It combines relatively accurate geography for the time with elaborate illustrated borders detailing major cities and costumed figures of the continent. Description provided courtesy of Peter Stuchlik, The Map House, Beauchamp Place, London SW3 1NY.



For Adele, Alethea, Jerome, Jessica, Maria



*Africa: Crude Continent* was originally published as *Crude Continent* in 2008. The Acknowledgements and Introduction on the following pages are unchanged from the original edition; all references to *Crude Continent* apply equally to this reissued edition.



# Acknowledgements

*Crude Continent* provides a rounded account of the many struggles over oil in Africa that have conditioned the continent's oil game and shaped its contemporary saga. The text deals with fundamental themes and multiple dramas marking the originating and modern predicaments of the "Dark Continent".

This book is based on the author's three decades of experience inside the oil industry worldwide, exposure to 44 African countries, and more years spent studying and observing the continent's economies and political economy. I have also had the benefit of knowing numerous individuals who have helped to shape African petroleum over the past quarter century, including officials in most governments and national oil companies. I am indebted to them and the insights they provided.

My first engagement with Africa's oil came in the late 1970s through research and advisory work for clients in Geneva.<sup>1</sup> Much has changed in both African and world oil since then. The first serious analytical work done on a sub-Saharan basis was, I believe, that by Petroconsultants on offshore African exploration in 1982.<sup>2</sup> It tracked country activity and exploration wells, and forecast oil production profiles. None of its authors had set foot in Africa. Knowledge on the inner workings of Africa's oil was second-hand. As a result a technical, arid, statistical view marked this report. Outside this specialised consulting group few, if any (operating companies apart), had adequate command of the data and knowledge to make real sense of Africa's oil history. No in-depth study of that vintage would qualify as a reasonable account of the origins and status quo of Africa's oil historiography.

The facts of Cold War schism within Africa, difficulties of access to countries under Soviet tutelage and political or military conflicts across Africa often served to obscure what was taking place in the oil business. Extreme confidentiality, state secrecy in oil and a paucity of suitable data inhibited serious study of African hydrocarbons.

Luckily Africa's world had been open to me. It was home. I had at an early age travelled widely within Southern and Eastern Africa. Sojourns in sub-Saharan countries as an economics adviser followed from 1977 as a widening oil vista emerged. My earlier involvement in research on African economies, begun in the late 1960s, expanded with work for multilateral agencies, including energy companies, from that time.<sup>3</sup> Focus on Africa's economics and underdevelopment has been a lifelong interest and engagement.

In 1984 in joint venture with Petroconsultants I completed extensive research on Western Africa and published a first look at the above-ground oil game in sub-Saharan oil states.<sup>4</sup> This followed from visits to key countries to meet governments, national oil companies and most private companies in situ. Yet it provided only a glimpse of the whole African oil story. From 1985 to 1989, as vice-president (Economics Group) for Petroconsultants, I had more access to the industry. We undertook extensive petroleum economics research with our small team in Geneva, Houston and London. Part of this included advisory work on Equatorial Guinea related to the now-prolific Alba gas/condensate field, visits to Algiers for discussions with Sonatrach, and work on non-OPEC countries and on hydrocarbon risks worldwide (including many risk-prone African states).<sup>5</sup> Significant Africa-related advisory work was conducted for companies in setting out parameters for upstream strategy.

There were more oil states to discover (especially in the Maghreb) as Africa opened to exploration. From the late 1980s onwards we began to focus on more issues, including those concerning national oil companies and African state regimes, on which there was at that time a relative paucity of literature. I conducted the world's first global strategy evaluation on state companies, again in a joint venture with Petroconsultants (spanning 165 entities worldwide and begun in the late 1980s). Africa was our first focus.<sup>6</sup>

By then our firm, Global Pacific & Partners, had published ground-level research on African oil and gas, in the form of country-by-country reports on exploration throughout the continent, and on the strategies of most companies involved in Africa.<sup>7</sup> The reports were voluminous and engaged our attention throughout the 1990s.

In 1996 we established, with colleagues, the African Institute of Petroleum, bringing together ministries, state companies and private players, 33 entities becoming founder members. Our firm acted as its secretariat and it operated until 2001 as a mechanism to network oil companies and state officials in Africa. Between 1999 and 2001 we also conducted briefings through our African Petroleum Management Institute. These were held in Johannesburg at Wits Business School, University of the Witwatersrand, and many foreign state oil executives attended.<sup>8</sup>

Then we published privately our *Third Scramble for Africa*, a 498-page report released in early 2000.<sup>9</sup> It was the first of its kind: sub-Sahara-wide and in-depth. This was soon followed by an equivalent report dealing with the Maghreb. Over the years we continued our research, adapting a growing knowledge base and new insights, providing these to industry clients in our annual *Scramble for Africa: Strategy Briefings* (likewise in strategy briefings on *Maghreb Oil & Gas* and *African National Oil Companies*). Since 2001 this has been complemented by our Africa

strategy databank on the upstream containing information on most companies and all African states, now provided in online briefings.

Research was augmented by close encounters with the key players at our oil industry conferences (notably *Africa Upstream*, in its 15th year), conducted in Cape Town since 1994. Not all were optimistic about the African oil future in those days. I recall after our inaugural *Africa Upstream* conference in Cape Town a leading Amoco executive saying to me: “Presumably you won’t do this again.” I asked why not, to which he replied: “Because nothing will ever change in Africa.” This event has now become a landmark occasion for governments and companies and the leading meeting for Africa’s oil industry.<sup>10</sup> So far we have hosted over 750 leading speakers on Africa, most governments, and almost all state oil companies and licensing agencies, with over 6,000 of the senior executives who make or break the continent’s game. They have provided us with great insight into Africa’s varied oil worlds.

Our own meetings in and on Maghreb Africa (going into their seventh year) with African Petroleum Forums (in their sixth) held in London and in Johannesburg (for Moçambique, Angola and others); roadshows executed for African states (Mauritania, Somaliland, Sierra Leone, Côte d’Ivoire, Equatorial Guinea and South Africa), including a special event for Petrosen on North-west Africa in Dakar; and our PetroAfricanus Club dinners held in London (22 times since 2005) have added another 450 high-level speakers and over 4,000 executives to our blue-chip list of African players. They have kept us in close touch with Africa’s dynamic oil game. We had the benefit of meeting highly knowledgeable companies, state officials and executives of all types. This experience was repeated at our other conferences, *Asia Upstream* (running for fourteen years), *Latin Upstream* (for 15 years) and *National Oil Companies Summits* (seven years).

This widening global network facilitated our continuous tracking of Africa and enabled innumerable private conversations. We have wine and dined key players, shaken a multitude of hands, and been in unique position to form close understanding of the vast and fast-growing African oil game. Our experience of Africa over many years has led to involvement in advisory practice on Africa strategy since the early 1980s. It has continued to this day.<sup>11</sup> Advisory work, which remains confidential, has enlarged our horizons and intimacy with players and states in Africa.

Throughout all this I have continued to travel Africa, meeting and speaking to a multitude of informed parties on these journeys over the decades, collecting diverse insights and witnessing many of Africa’s growth pains. This has been both a source of inspiration and an instructive process. There is no better continent to me, whatever its difficulties, than the one I come from.

Visible success in Africa is part of the historical drama, and while there are flaws

and faults in its oil game they are not the whole story. It is far more complex than that. Africa's oil dilemma must be understood in the context of the continent's past. This requires an appreciation of old economic modes still shaping subsistence Africa. These modes of survival, found today in Africa's underbelly, are predominantly medieval economic structures that remain pre-capitalist and which support Africa's proto-modernity. Continuity of the ancient is found in this hybrid world in which the oil industry is one advanced segment of modern realities.

Many who "write Africa" have their solutions to its litany of dilemmas. Often they want to "fix" Africa, sometimes with vacuous moralising and cant. I have tried to resist this temptation and to focus on what is known, "seen", measured or even intuited rather than to impose alien, fashionable views. My aim is to "find" Africa rather than to fix it. This does not, of course, imply any lack of critique. Africa's record is not an unblemished one.

The situation in this vast, fast-moving continent is fluid. By the time of publication of *Crude Continent* in late 2008, therefore, some comments will have been overtaken by events. I have tried to capture the known and foreseeable as accurately as feasible, but I am well aware that not everything can be known. Even within the oil world, Africa remains a concealed continent where information is imperfect and does not always make it to the public arena. If there are errors (and there will be some), they are mine alone (for which apologies are tendered).

Over time one accumulates numerous intellectual debts. Here I think of many people who have shaped my understanding of economics in Africa and from whose minds I have benefited over several decades – Professor Desmond Hobart Houghton (South Africa's leading economics thinker on development, when at Rhodes University), Professor R.T. Bell (University of Natal) and Professor Emeritus Peter Robson (University of St Andrews, Scotland) – as well as my colleagues when working together on development economics in Harare: Professor Rob J. Davies, Peter S. Harris and Professor Tony Hawkins. Let me not forget an unsung and humble hero of Africa, Phineas Sithole, general secretary of the African Congress of Trade Unions (Zimbabwe), who showed us all the wisdom that resides unacknowledged within this continent.

It would have been impossible to tackle this task without enormous support from family, friends, colleagues and a cast of several hundreds, including many Africans, some well-known and some unknown, and one who paradoxically bears the initials of the title and has been a special support. I am deeply indebted to all.

Many inside and outside Africa with tremendous oil industry knowledge have enabled me to benefit from their expertise. It would be another story to thank them individually. Yet I would like to make special mention of a few who have shared



many enlightening insights: Bill Brumbaugh, an ex-Conoco executive and knowledgeable African oilman, and likewise André Coajou (a former senior executive with Elf and Total).

I must specially thank Barry Morgan, an exceptional oil journalist and an “old” Africa hand of rare distinction, for generous suggestions, advice and many enlightening discussions on a continent and its oil milieu known to him better than almost anyone.

Our fine team at Global Pacific & Partners deserves singular praise and has been instrumental in multiple ways over the years. My special thanks go to Babette van Gessel (group managing director) for persevering with undiminished support to bring *Crude Continent* to realisation.

Some core ideas in *Crude Continent* were articulated in our Africa strategy briefings, which I have conducted worldwide (in Cape Town, Johannesburg, Marrakech, Tunis, Dakar, Houston and London) over the past two decades, and in presentations made elsewhere (Nairobi, Entebbe, Arusha, Abuja, Luanda, Windhoek, Maputo and Accra). I have also drawn in part on private research that we have provided for clients over the past 25 years.

Russell Holdaway and colleagues at Deloitte Petroleum Services have been kind enough to provide a collection of maps on sub-Saharan Africa and North Africa, drawn from their PetroView, to show the disposition of acreage held and operated blocks across the continent. I would like to thank them all, especially Craig Foot, for this generous service.<sup>12</sup>

Once more I express appreciation for the contribution of my publisher, Profile Books. After my preceding books, *The Battle for Barrels* (2007) and *Empires of Oil* later the same year, Andrew Franklin (publisher and managing director) and Daniel Crewe (editorial director) committed to forging ahead with this endeavour to offer a new understanding of Africa. The skilled team at Profile Books, including Paul Forty, crafted the final outcome and Nassime Chida made the judicious selection of the cover map of Africa, which has a special place in the continent’s cartography. My thanks are due to them all.

My appreciation is likewise due to Anthony Haynes, who once again ably shaped this text, deploying usual sharp insight with dedicated editing and providing greater clarity in the complex task of “writing Africa”, so putting its complex oil drama into narrative perspective.

Duncan Clarke  
June, 2008



# Introduction

While my intention is to write a more complete work on Africa's hydrocarbons than exists, I want to draw on a wide range of comment on Africa writ large, including that of many fine writers. These include thinkers who have sought to understand Africa's complexity, even those who, every so often, tender misplaced advice to Africa about its fragile, problematic and uneven oil world. There is need for deeper understanding of Africa's oil industry, including knowledge of the businesses and cultures involved, along with appreciation of Africa's regional and social contexts. We need also to recognise the diverse and competing foreign and local interests that make up and shape Africa's oil future, forming only part of Africa's modern world.

In writing *Crude Continent* I have elected to portray Africa's vast landscape through numerous vignettes, which reveal its essence and capture Africa's oil complexity. It is a text with inevitable personal reflections, mainly diagnostic rather than prescriptive.

Let me sketch the broad outline adopted. Part 1 takes the form of a synopsis of Africa, seeking to "backtrack" what is "known" and commenting on the huge range of literature on Africa and its oil, and the evolution of analysis from a range of writers in recent times.

Lessons can be drawn from the formative efforts of Leo Africanus, an African who opened the medieval world of Europe to the ancient societies that later formed "modern" Africa. Leo Africanus was our first genuine "explorer", penetrating Africa 300 years before the West "discovered" limited parts of the unknown African interior. Many have sought to understand Africa and many have failed. It has confounded some of the finest minds.

Historians have examined Africa's past and political analysts have formulated myriad theoretical frameworks of interpretation. Africans are writing more about their own world. Fashionable glitterati purport to have found the "solutions" to Africa's travails. Economists have long tried to "crack" the conceptual model represented by Africa, a task that has defeated some of the best theorists. Global institutions have tried to both measure progress and capture lessons for the future. Some have written books, and a few have become acknowledged writers on African oil. These musings, often impassioned and significant, offer evidence of knowledge, personal experience, flashes of insight and some errors of judgement, depending on the viewpoint.

It is necessary and important to offer a new understanding of the African socio-economic paradigm that might help interpret its many, often confusing, realities. The framework focuses on the place of the modern oil industry within the context of highly diverse economic modes found on the African continent today, many based on the distant past. It is on Africa's historical foundations that the modern oil industry rests. The search for any holistic model of *Africa Economica* must embrace this wide spectrum of complicated economic structures. I have put forward and explain a model termed "African medievalism" to capture this coexistence of modern and ancient economies across the continent, as elaborated in Chapter 3.

Within the continent and especially abroad, Africa's foundations and economic domains remain widely misinterpreted or misunderstood. We find many different, interconnected, partially linked or disparate economic structures within over 100 ecological zones. This shapes the highly diverse modes of state management and oil regimes found from the Cape to Cairo.

There is no single African economy per se. Rather there are many economic worlds that do not correspond to orthodox nation states or presumed macroeconomic models. These constructs derive from a variety of traditional peasant economies, survival modes, plantations, commercial farms, urban-industrial complexes, informal economies, shanty towns and *bidonvilles*, tourist nodes, mining enclaves and oil/gas engines of growth, as well as old slaving practices with inherited and modified master/servant relationships. These all require understanding so that balanced perceptions can be drawn regarding the oil-based structures that sit atop African fundamentals.

The intertwined scrambles for Africa over the past 150 years complicate the understanding of a continent that has had many rough edges in its history. There are connections between the original scramble for Africa, initiated at the 1884–85 Berlin conference under Belgium's King Leopold and depicted by Thomas Pakenham, among others;<sup>1</sup> a second scramble for power in a Cold War-controlled and divided post-independence Africa (1957 onwards); and the modern scramble for hydrocarbons engaging Great Powers and a multitude of companies, including state players from all continents. All three "scrambles" are closely interrelated and impact heavily on the present. They will equally shape the future.

Part 2 focuses on the long and varied struggles to build, own and secure Africa's hydrocarbons by world oil empires and African states seeking to establish their own oil domains.<sup>2</sup> The reality of life in the continent is neither a mirror image of western mindsets nor one of African myths about the nation state. Africa is still a prisoner of its troubled past, shaped inside current boundaries established by competing architects of world history (initially Arab and Ottoman, then Portuguese, Spanish, French, British, US-Sino/Soviet and African). From the interventions of these countries came

derivative structures and a collage of post-imperial states (even some statelets), with a number of failed or failing entities “controlling” vital zones of interest. Past patterns (in political economy and autochthonous ethnicities) define this landscape within which oil and gas companies operate, reshaping Africa’s fragile present and emerging oil future. In examining the formation of all states in Africa, especially in their oil stakes, we find a collage of acute differentiation and undeniable complexity.

In Part 3 the African national oil companies and governments that act as guardians and gatekeepers of the oil prize are discussed. Critical influences are state oil companies, ministries and related entities (including licensing agencies) long established by governments to interface with corporate players and foreign states. The African oil game cannot be understood without them. Within this composite of players, each seeking its place under the African sun, exists a mix of strengths and weaknesses. It is essential to appreciate the almost medieval nature of most African states and the antiquated character of fledgling regional institutions, including key oil entities, although some are modernising rapidly. Poorly appreciated are the roles they fulfil in reality, far removed from pulp-fiction images sold and assumed by many writers. It is necessary to map this ground into which African oil ventures and investment are sunk to discern the character and future of oil in Africa.

The African oil prize consists of crude oil reserves, gas-LNG assets and another key ingredient: deal flow and funds. Today, financiers from all over the world are part of the scramble for oil in Africa. The money matrix is a key driver in African hydrocarbons, though not the only one. Political interests and geostrategy are also at work, reflected in a grand strategy played out more than before for oil resources, with Africa’s oil a prize that competing parties seek to make their own.

For centuries Africa has been an imperial battlefield, a terrain for resource control, and now it is a target for competing oil interests: American, European, Chinese, Indian, Russian, Middle Eastern and Latin American, as well as the multi-faceted hydra of corporate oil. Africans are competing for their national share of this bounty. These political and commercial interests clash from time to time in a fluctuating contest, even while foreigners partner with Africans in the exploitation of this emergent world. Some encourage African states to follow the claimed virtues of resource nationalism as practised in the 21st century. Temptations exist, and a few have partially succumbed to this notion, for short-term gain. We examine the arguments for and against this schema, especially for Africa’s long-term competitive potential.

African hydrocarbons have long-dated, historic roots – oil is not a 21st-century phenomenon. Potential in reserves and resources has been recognised for well over half a century, with many myths prevailing and a lack of knowledge of Africa’s

oil history impeding fuller understanding. What happens inside and around Africa's corporate oil game has been little illuminated in published work. Part 4 looks at this corporate quest for Africa's oil, which holds worldwide significance and is crucial in appreciating Africa today and in the future.

The long history of oil in Africa stretches well over 75 years (a century in some places), going through many phases to reach current conditions. Corporate oil plays a key role and will have a huge impact on the future for all countries with hydrocarbons prospectivity. Around 500 oil companies participate in this African exploration game. They have different exposures, oil portfolios and strategies for survival and success. Companies operate locally under state control and have become deeply embedded in the continent. They will make or break Africa's oil and gas future. Some will prosper and others may not survive.

This African oil locomotive is one of the principal drivers of potential success for many states, despite appearing flawed at times. It is discussed in Part 5 where our vision about the future oil landscape in Africa is sketched. Here we deal with issues related to western myopia and African oil mythology, especially the ultra-fashionable African "oil curse". We should ask: does this curse really exist, at least as commonly understood and portrayed?

There are assumptions of systemic doom and gloom, from the classic "Dutch disease" and conventional wisdoms surrounding Africa's "oil curse" to extreme views that filthy crude is a blight. These should be evaluated in order to appreciate the impact of the Africa-wide portfolio of corporate oil investments. This has profound implications for the true dilemma of underdevelopment. Deeper and more balanced insights on this core issue are needed than those already expressed by writers and politicians and on which westerners have long been misled. This is not, of course, to say that all is well in Africa, or even that oil will make it well.

In Africa's "medieval" world (meaning a world in which ancient and modern coexist) there are masters and servants, some winners, and maybe in the future many losers. There are a plethora of politicians with oil interests, commercial owners of upstream assets and multiple assorted "lords" of the African oil universe (foreign and local), creating a collage of entities and individuals: good, bad and sometimes ugly. The "servants" of the African house of oil have been neglected by many political and oil elites. Their impact in Africa will nonetheless shape the history of the continent's future.

A note on nomenclature is relevant. Many companies have changed names over the years or have been consolidated (for instance, Total CFP became TotalFina, then TotalFinaElf or TFE, later reverting to Total). For historical record, I have mostly used their names at the time of the events discussed. I have used well-known acronyms for

the companies and state players involved across Africa (explained in the Appendix). Although this may be taxing at times, it is unavoidable.

Other guidance may assist those less familiar with Africa. Occasionally the historical names of countries have been used (Haute Volta for Burkina Faso and Rhodesia for Zimbabwe, for example). Where transactions have been made in currencies other than the US dollars used in most references, these currencies have been converted to allow common comparison (sterling has been converted at £1:\$2 throughout). Occasionally, South African rand or other currencies are cited.

In some places – to some extent in Parts 2 and 3, but especially in Part 4 – some detailed, specialist information concerning oil in Africa is included. Much of this material is little known and not widely available to the public.

More importantly, there has been insufficient linkage between African corporate history and the common themes raised in African historiography. Without the former the treatment of the latter is inevitably broad-brush, and vice versa. The aim here is to make good this deficiency by providing a record of critical industry details – who did what, when and where – in shaping Africa’s long oil saga.

A few words on common industry terminology and process are advisable here. In the oil industry the upstream, a term used widely in the text, relates to the exploration, discovery, development and production of oil and gas; the downstream is concerned with the refining, marketing, shipping and logistics of crude oil and derived products. Our focus is on the former, the dominant component in company and investment endeavour in Africa. Put simply, companies seek to acquire exploration acreage (a demarcated zone onshore or offshore) for which they are assigned rights to exploration or discoveries and/or oilfields located within the block/acreage allocated by governments. This is typically subject to agreed or negotiated terms provided for in contracts and country-specific petroleum legislation. Acreage may be subject to bid rounds or auctions run by state agencies, or occasionally may be negotiated out-of-round on a first-come, first-served basis.

A wide range of contract terms and conditions apply across Africa and varying arrangements exist for companies to enter countries under applicable oil regimes. Companies usually have rights to assign equity shares in their contracts to selected partners (known as farm-ins), and the owners of these rights farm out equity shares based on commercial negotiations to allow others to enter their blocks. Typically, specific obligations are involved: commitments to drill (or “spud”) wells, meet costs for seismic surveys or even “carry” rightholders for their commitments based on agreed equity shares of the contract in exploration or development. Companies enter and sometimes exit blocks as a mechanism to share risks and optimise their own portfolio of assets, a common industry practice. Their aims are usually to discover

reserves that can be brought to commerciality, and hence convert their resource potential to proven oil and gas. Here common industry measures of oil and gas reserves and production (described by nomenclature used as shown in the Appendix) have been adopted.

To guide those less familiar with African petro-cartography, selected maps of Africa's oil world and principal exploration zones illustrate the blocks held by operators and acreage demarcated by states on the continent as applicable in April 2008.

The Notes contain detailed references to key sources on Africa's past and present with selected literature that may be of interest to those seeking further insight.



## Part I

# DISCOVERING AFRICA

**F**or the first colonisers from Europe, Africa was largely terra incognita. Its inner topography, first imagined by cartographers, was filled in only gradually as a result of successive decades of arduous exploration, later modified by colonial experience. Even today, not all of Africa is mapped with precision and in detail. The European history of Africa that was crafted from the early 19th century was imposed upon far older social landscapes. In Europe there was the perception that Africa had no history.

The sheer scale of Africa made the rate of foreign penetration glacial. Early foreign knowledge was confined to a few coasts and desert zones in the north. Africa was invented by its “discovery” through outsiders, as a refracted image of “the other”.<sup>1</sup> Few, if any, inhabitants inside the continent thought of themselves as “Africans”. Ryszard Kapuscinski, a writer, once trenchantly observed: “The continent is too large to describe. It is a veritable ocean, a separate planet, a varied, immensely rich cosmos. Only with the greatest simplification, for the sake of convenience, can we say ‘Africa’. In reality, except as a geographical appellation, Africa does not exist.”<sup>2</sup>

The epic discovery of Africa engaged Arab cultures from the seventh century in North Africa and the Sahel, Europe’s venture coming far later. The “other” was seen by both as primitive. Though a few west-coast trading stations were established in the 15th century, this did not lead immediately to travels into the interior where the large, centralised African kingdoms held sway. At this time missionaries ventured only around the edges of Angola and Congo. Europeans circumnavigating to the east coast in the 16th century found Arab traders in command of mercantile outposts. Competition with Arab and Zanzibari slavers over inland routes from the east coast was fierce. From the 16th to the 19th centuries, 12 million Africans were forced to journey to the Americas in the commerce of trans-Atlantic slavery. Earlier, millions

had been sent as slaves to Arabia. These events over long spans of time weakened older African polities but did not displace their residual modes.

The Cape became an outpost of what we call “the West” (a disputatious set of states in Europe) only in 1652. Explorers from the Old World later trekked inland from the north, west and east of the continent to carve out the interior, inducing new economic modes in the wake of their travels. Their journeys included those of Richard Burton, Henry Morton Stanley, John Hanning Speke, Pierre Savorgan de Brazza, Jean-Baptiste Marchand, Samuel Baker and Mungo Park.<sup>3</sup> The formation of the African Association by Joseph Banks in London in 1788 and the Société Géographique de Paris spurred wider interest and a flurry of expeditions.<sup>4</sup> In the 1830s the Geographical Society (later the Royal Geographical Society) encouraged this penetration of interior Africa. From 1836 incursions northwards from the Cape redoubt were made, initially by Afrikaaner *trekboers*, Africa’s white tribe. Today’s oil explorers continue this long tradition of intrusion into African spaces from the outside.

These arduous expeditions, together with the eventual abolition of slavery, later closing down the slave businesses of Tippu Tip (Central Africa’s most powerful merchant and slaver, active into the 1880s) and the Sultan of Zanzibar, changed the economic future of interior Africa irrevocably. The slaving caravans in the Sahara and Arab slavers in Central Africa around the east coast had been among the earliest explorers. Their antipathy to white colonisers was well known.

Later Belgium’s King Leopold’s Congo Free State imposed its damaging consequences, lasting into the early 20th century.<sup>5</sup> New models of contact and commerce arrived with the missionaries, following the endeavours of Robert Moffat, David Livingstone and subsequent priestly bands (Jesuits and Carmelites among them). Another thrust came from early forays by hunters such as Frederick Courtenay Selous (perhaps the progenitor of the modern safari) from the 1870s onwards.<sup>6</sup> By now many a global merchant had interests in Africa. Oil was not one of them.

Even by 1790, however, the European presence totalled no more than 25,000 people (21,000 then at the Cape of Good Hope). The imperial world’s rough and ready capture of Africa from the late 19th century onwards brought new and lasting forms of economic focus and social control centred on international trading, settler economies north of the Limpopo, wider-spread plantations, commercial farms, extractive mining enclaves and a range of modern or ancillary industries. These forms included households of masters and servants, a phenomenon now Africa-wide. In time and only slowly, the oil nexus emerged. Loved or loathed, Africa would have been the poorer without these long-term evolutionary developments, most of which had a 20th-century origin.

Simultaneously, the seeds of urban complexes grew, some evolving later into

mega-cities. Many commercial, industrial and mining centres based on contract and migrant labour developed alongside a plethora of distant and segmented rural peasant economies (some with a modest degree of monetisation). As time passed, vast informal modes of urban survival developed in the shanty towns and *bidonvilles* that materialised as Africans left the bush in droves.

All the while, Africa's ancient and peasant economies remained at the edge of survival. Many succumbed to these winds of change and others adjusted to the onslaught in varying degrees, dominating the rural environs. Note that Africa's oil industry did little to disturb this overall social ecology (the Niger Delta being a special one). Oil ventures did not displace the vast majority of traditional modes of subsistence in Africa, or for the most part directly appropriate ethnic domains, or carve out the hinterland for their own exclusive ends.

Colonial bureaucracies formed a world of their own and laid the foundations for the post-colonial states. Following independence in most of Africa, the bureaucracies expanded greatly. African governments inflated their roles to dominate the economic architecture. The pre-capitalist order ceded control to nascent capitalist models of colonialism. Between colonial and post-colonial states, fusing and evolving, were installed hitherto unknown economic nodes: trading posts, plantations, farms, mines, power plants and electricity networks, dams and administrative centres, tourist nodes on coasts and inland game farms. These transformed the economic landscape, creating a spread of modernist economic habitats within the colonial and post-colonial make-up of *Africa Economica*. The oil industry is but one example.

History played its gruesome part in the distortion of old Africa's economic formations. During the 20th century internal conflicts, interstate wars, foreign onslaughts, local rebellions, intrastate wars, guerrilla conflicts, secessionism, famine, disease and genocides carved out new political and economic spheres.<sup>7</sup> Some conflicts had oil industry implications but many did not. Complex ethnic struggles, boundary disputes, ideologies, religion and contested state power were mostly at stake. Today we find an Africa that contains zones of criminality, poaching, illicit diamond and gold mining, illegal networks for smuggling, militia and mafia-like activities in drugs and arms as pieces of the contemporary economic puzzle. Part of this activity has an oil face (illegal bunkering and oil theft in Nigeria, for instance). Much of the "illegitimate" in shadow economies has become a home-grown business even though often outsiders (from Moldova, Russia, Ukraine and elsewhere) have kick-started many illegal ventures, taking advantage of weak states and co-opting local allies.

This economic history of Africa had profound consequences in shaping the continent. Africa's oil history is only a fragment of this vast historiography, one that needs to be kept in perspective even if it comes to loom larger in the future.



It is a gargantuan task to encapsulate the essence of this history including past and modern realities of the oil industry in Africa, let alone predict its future. In this “Dark Continent” are 54 *de jure* states with many *de facto* statelets, as well as multiple zones of often shifting irredentism located inside a paradigm moving towards greater balkanisation. Against this are found pressures seeking to hold Africa together. Africa may not achieve classical equilibrium for many decades, if ever.

Added to this fluid complexity, we need to make sense of over 75 years of petro-historiography, accounting for over 100 state oil entities that have grown up within Africa to govern the oil game. This has allowed more than 500 companies (private and state, local and foreign, large and small) to shape exploration and development in this oil world. The size of this task can be readily appreciated.

This is not made easier by the existing literature on the emergence of African hydrocarbons, which is mainly technical or time-restricted in nature. Only from the early 1980s has attention been given to Africa’s “above-ground” oil game. I remember when undertaking further studies on these issues in 1983 how many within geoscience (the traditional knowledge base of the industry) considered this optic irrelevant. Times have changed. Nowadays, there is far more written about the geopolitical oil game in Africa and more awareness of its significance, but there is still a great deal of misunderstanding about its character. Most works have divorced African oil geopolitics from the technical side (related to the strategies of companies and state entities), placing emphasis on pure political or moral contexts alone.

*Crude Continent* seeks to rebalance this superficial approach and the lack of historical and economic diagnosis. To understand Africa it seems to me that it must be explored – in both space and time – as the dramatic shifts in its ecologies, societies and constituents over the millennia still continue.<sup>8</sup> To appreciate the African oil saga, the interstices of states, governments and corporate endeavour are equally critical alongside shifting social conditions and the economic modes found within the continent. Let us then start back in time.