

## ***Contextualizing African Agency in Ethiopia-China engagement in wind energy infrastructure financing and development***

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## **Abstract**

Emerging research on Africa-China relations suggests that African actors only exercise agency when brokering relations with China and not in structuring and managing the engagement modalities. This view is limited and does not capture the complex and contested ways in which African actors influence their interactions with their Chinese counterparts. Applying an analytical framework of African agency in combination with a strategic relational approach, this article focuses on how Ethiopian state and non-state actors influence the engagement patterns in Adama 1 and Adama 2 wind energy infrastructure financing and development, before and during the negotiations, as well as during the implementation of the projects. Data was collected between April 2017 and January 2018 in Ethiopia in which one hundred and sixteen Ethiopian and Chinese actors participated in the interviews. Findings from this study reveal that Ethiopian actors' exercise of agency is highly strategic and relational. This finding is important because it helps to contextualize African agency in Africa-China relations in infrastructure financing and development and also provides novel and nuanced data to reject the presupposition that the Chinese trump Africans in their engagements.

## Introduction

In July 2009, the Ethiopian Electric Power Corporation signed an Engineering Procurement and Construction (EPC) and financing contract with the Chinese companies, HydroChina Corporation and CGC Overseas Construction Group (CGCOC) Joint Venture for the construction of Adama 1 wind farm. This unprecedented energy infrastructure project would generate a wind farm with a capacity of 51 megawatts (MW) in Ethiopia. Three years later, Ethiopia Electric Power (EEP) also signed another EPC plus financing contract with the HydroChina-CGCOC-JV for the development of Adama 2 wind energy infrastructure with a generation capacity of 153 MW. Construction of Adama 1 began in 2011 and was completed in 2012. For Adama 2, construction began in 2013 and was completed in 2015. At the 2015 Forum on China-Africa Cooperation held in Johannesburg, the projects were used as examples of Africa-China cooperation in clean energy development. For HydroChina, CGCOC and the Chinese government, the wind farms are their most successful overseas projects, often referred to as the truest reflection of Chinese development assistance to Africa<sup>1</sup>.

The two projects are, however, embedded in bifurcated narratives. On the one hand, China is seen as a good development partner, positively shaping Africa's development trajectories through infrastructure, skills and technology transfer necessary for Africa's economic and structural transformation<sup>2</sup>. On the other hand, some critics argue that China is part and parcel of the global configurations of capitalism and, as such, its engagement with Africa is "bad" as it extends neo-colonial tendencies to the detriment of Africa's underdevelopment<sup>3</sup>. Although there is an element of truth in these dichotomous views, Africa is reduced to being "acted upon" and "impacted on" by the Chinese<sup>4</sup>. In both views, African actors are presented as less assertive and lacking capacity when engaging with China<sup>5</sup>.

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<sup>1</sup> PowerChina. 'Deputy Minister of Commerce said: Ethiopian wind farm is the pride of Chinese companies', PowerChina, 23 June 2016, <[http://www.powerchina.cn/art/2016/6/23/art\\_19\\_173781.html](http://www.powerchina.cn/art/2016/6/23/art_19_173781.html)> (15 May 2018).

<sup>2</sup> See Deborah Brautigam, Tang Xiaoyang, Ying Xia, 'What Kinds of Chinese "Geese" Are Flying to Africa? Evidence from Chinese Manufacturing Firms', *Journal of African Economies* 27, 1 (2018), pp. 29–51; David Dollar, 'China's Engagement with Africa: From Natural Resources to Human Resources' (The John L. Thornton China Center at Brookings, N.W., Washington, D.C., 2016).

<sup>3</sup> Patrick Bond and Ana Garcia, 'Introduction', in Patrick Bond and Ana Garcia (eds), *BRICS: An Anti-Capitalist Critique* (Pluto Press, London, 2015), pp. 1–14.

<sup>4</sup> Hanauer Larry and Lyle J. Morris, *Chinese Engagement in Africa: Drivers, Reactions, and Implications for U.S. Policy* (RAND Corporation, Santa Monica, CA, 2014).

<sup>5</sup> See Pádraig R. Carmody and Francis Y. Owusu, 'Competing hegemons? Chinese versus American geo-economic strategies in Africa', *Political Geography* 26,5(2007), pp.504-524; Folashadé Soulé-Kohndou, 'Bureaucratic agency and power asymmetry in Benin-China relations', in Chris Alden and Daniel (eds), *New Directions in Africa-China Studies* (Routledge, Abingdon, 2019), pp. 189–204.

Research on African agency in the context of Africa-China engagements is scanty but increasing. For example, some studies have attempted to re-insert<sup>6</sup>, make space for<sup>7</sup> and uncover<sup>8</sup> African agency in Africa-China engagements. Others have argued that Africans have exercised agency when interacting with the Chinese, but only in brokering the engagement and not in changing the structural aspects of the relations<sup>9</sup>. These studies recognize that Africans are not passive actors in their engagements with China and they provide an essential departure point; however, they do not provide an adequate and disaggregated analysis of the engagement modalities and negotiation processes of the actors involved in these interactions. At the same time, far less research has been conducted on how state-society relations influence and shape the operationalization of African agency by African actors.

This paper seeks to contribute to this body of literature on Africa-China engagements by contextualizing African agency and challenges a narrow and assumed interpretation of what African agency ought to be in Africa-China relations. By applying an analytical framework of African agency in combination with the strategic relational approach, this article explicitly “brings back” and “centers” African actors in Africa-China engagements and scholarly debates. Focusing on Ethiopian actors’ engagement with their Chinese counterparts in the two wind farms, this article brings a nuanced interpretation of agency seen through the lens of the Ethiopian state and non-state actor’s ability to strategically and relationally exert agency. It does so by providing a historical and empirical grounded analysis of the parameters in which Ethiopian actors influenced the engagement patterns, namely before and during the negotiations, and during the construction of the two wind farms.

While speaking about “Africa agency” as if Africa is a homogenous entity may present analytical challenges<sup>10</sup>, however, in order to build a strong analytical argument, I will use the adjective “African” “with a full awareness that its usage constitutes a major generalization”<sup>11</sup>. Similarly, China cannot be treated as ‘monolithic, or “China Inc.” in which everything works in

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<sup>6</sup> Giles Mohan and Ben Lampert, ‘Negotiating China: Reinserting African agency into China–Africa relations’, *African Affairs*, 112, 446 (2013), pp. 92–110, p. 96.

<sup>7</sup> Ben Lampert and Giles Mohan, ‘Making space for African Agency in China-Africa Engagements: Ghanaian and Nigerian Patrons Shaping Chinese Enterprise’, in Aleksandra W. Gadzala (ed) *Africa and China: How Africans and Their Government are Shaping Relations with China* (Rowman and Littlefield, London, 2015), pp. 109-126.

<sup>8</sup> Lucy Corkin, ‘Uncovering African Agency: Angola’s Management of China’s Credit Lines’, (Ashgate Publishing Limited, Surrey, 2013).

<sup>9</sup> Peter Kragelund and Padraig Carmody, ‘Who Is in Charge? State Power and Agency in Sino-African Relations’ *Cornell International Law Journal* 49, 1 (2016), pp. 1-25; Jon Phillips, ‘Who’s in charge of Sino-African resource politics? Situating African state agency in Ghana’, *African Affairs*, 118, 470 (2019), pp. 101–124.

<sup>10</sup> Zegeye, A., & M. Vambe. 2006. “Knowledge Production and Publishing in Africa.” *Development Southern Africa* 23 (3): 333–349;

<sup>11</sup> Smith, Karen. “Has Africa Got Anything to Say? African Contributions to the Theoretical Development of International Relations.” *Round Table* 98, no. 402 (2009): 269–84, p.271

harmony<sup>12</sup>. China is a ‘collection of provinces, autonomous regions and municipalities with myriad strategic ties to African countries’<sup>13</sup>. Therefore, the use of “Africa/Africans” and “China/Chinese” emanates from the need to develop a representative analytical argument which later, will be disaggregated to go beyond ‘methodological nationalism, a tendency to see nation-states as the natural containers for social, political and economic processes in which there is congruence of social, political and economic borders’<sup>14</sup>. My reference to Africa and China here will relate specifically to those actors who were involved in the two wind farms discussed in this paper.

Justifications for the application of African agency are two-fold. First, it helps to go ‘beyond the tired tropes of an Africa that is victimized, chaotic, violent and poor’<sup>15</sup>. These “tired tropes” have by and large peripheralized Africa and suggest that China is directing the pace and level of engagement. Such “tired tropes” emanate in part from mainstream media, academia and think tanks that presuppose Africa as a ‘pliant third world client of either West or (now) East’<sup>16</sup>. Second, the changing African economic potential and demographic dividend allow African socio-political and economic actors to claim their space in the global production of knowledge, circulation of capital and global configurations of power. This implicitly brings to the fore the actions, choices, manoeuvres, sacrifices and strategies undertaken by African actors—thereby painting possibilities of an Africa able to carve out its space in tight corners.

Applying a qualitative case study approach, this study draws from 116 interviews conducted in Ethiopia between April 2017 and January 2018 with participants from Ethiopian federal state institutions, Ethiopian government owned utilities and enterprises, regional states institutions in Oromia and Tigray, as well as farmers and community members where these wind farms are sited. Chinese participants were drawn from the Chinese Ministry of Foreign Affairs, HydroChina-Ethiopia, CGCOC-Ethiopia and Goldwind-Ethiopia.

The paper is structured as follows. Section one begins by providing an analysis of African agency in Africa-China relations arguing that the current state of literature does not provide an elaborate and adequate analysis of these unfolding phenomena, a theme some scholars

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<sup>12</sup> Su, Xiaobo. “Rescaling the Chinese State and Regionalization in the Great Mekong Subregion.” *Review of International Political Economy* 19, no. 3 (2012): 501–27, p.504

<sup>13</sup> Shen, Gordon C., and Victoria Y. Fan. “China’s Provincial Diplomacy to Africa: Applications to Health Cooperation.” *Contemporary Politics* 20, no. 2 (2014): 182–208.

<sup>14</sup> Mohan, Giles, Ben Lampert, May Tan-Mullins, and Daphne Chang. *Chinese Migrants and Africa’s Development: New Imperialists or Agents of Change?* London: Zed Books, 2014, p. 10.

<sup>15</sup> William Brown and Sophie Harman, ‘African agency in international politics’, in William Brown and Sophie Harman (eds), *African Agency in international politics* (Routledge, Abingdon, 2013), pp. 1–18, p.2.

<sup>16</sup> Aleksandra W. Gadzala, ‘The Silliness of “China in Africa”’, *The National Interest*, 19 November 2013, <<https://nationalinterest.org/commentary/the-silliness-china-africa-9422>> (17 August 2019).

have so far begun to unravel<sup>17</sup>. Next, I provide the analytical framework that guides this paper. Here, I argue that while the state has historical and strategic selectivity to organize and project power centers that offer unequal chances to different forces within and outside the state<sup>18</sup>, there is need to go beyond naturalization of the state as having agency, to more complex and interconnected analysis which is socially and relationally constituted within specific and substantive arenas. The third section describes how Ethiopian actors exercised agency when interacting with the Chinese in the financing and developing of the two wind farms. In conclusion, the paper re-affirms how Ethiopia-China engagement in the financing and development of Adama wind farms provides novel and nuanced data to reject the presupposition that the Chinese trump Africans in their engagements.

### **Limits in the current framing of African Agency in Africa-China relations**

Research on African agency in the context of Africa-China engagements is scanty but increasing<sup>19</sup>. Meanwhile, African agency has been studied from two different but interrelated perspectives: non-state and state actors. In the case of the former, few but increasing studies shows that African actors beyond the state influence engagement patterns when interacting with the Chinese actors. For example, Lampert and Mohan's ethnographic research in Nigeria and Ghana shows that Nigerian and Ghanaian traders exercise agency by using their social, political and patronage networks to shape their interactions with the Chinese in different businesses at various scales and times<sup>20</sup>.

Some researchers also explore the role of state officials in conditioning the engagement patterns with Chinese actors. Soule-Kohndou examines the bureaucratic agency and power asymmetries in Benin-China infrastructure development<sup>21</sup>. She concludes civil servants and the executive arm of the state influenced Benin-China engagement patterns during and after contract negotiations. Although this study is helpful as it lays the foundation for conceptualizing

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<sup>17</sup> See Aleksandra W. Gadzala, (ed) *Africa and China: How Africans and Their Governments are Shaping Relations with China*, (Rowman and Littlefield, London, 2015); Jon Phillips, 'Who's in charge of Sino-African resource politics? Situating African state agency in Ghana', *African Affairs*, 118, 470 (2019), pp. 101–124; Soulé-Kohndou, 'Bureaucratic agency and power asymmetry in Benin-China relations'; Peter Kragelund and Padraig Carmody, 'Who Is in Charge? State Power and Agency in Sino-African Relations' *Cornell International Law Journal* 49, 1 (2016), pp. 1-25.

<sup>18</sup> Bob Jessop, 'State power: A strategic-relational approach'. (Polity Press, Cambridge, 2007).

<sup>19</sup> See Aleksandra W. Gadzala, (ed) *Africa and China: How Africans and Their Governments are Shaping Relations with China*, (Rowman and Littlefield, London, 2015); Jon Phillips, 'Who's in charge of Sino-African resource politics? Situating African state agency in Ghana', *African Affairs*, 118, 470 (2019), pp. 101–124; Soulé-Kohndou, 'Bureaucratic agency and power asymmetry in Benin-China relations'; Peter Kragelund and Padraig Carmody, 'Who Is in Charge? State Power and Agency in Sino-African Relations' *Cornell International Law Journal* 49, 1 (2016), pp. 1-25.

<sup>20</sup> Ben Lampert and Giles Mohan, 'Making space for African Agency in China-Africa Engagements: Ghanaian and Nigerian Patrons Shaping Chinese Enterprise'.

<sup>21</sup> Soulé-Kohndou, 'Bureaucratic agency and power asymmetry in Benin-China relations'

African agency in this paper, it focuses only on the negotiation aspect paying little attention to brokering, implementation and management of the infrastructure deals, which this paper addresses.

Explicitly aimed at understanding the nature and limits of the state agency, Phillips' research questions how particular parts of the government of Ghana exercises agency in its bilateral and multilateral relations since oil discovery in 2007<sup>22</sup>. He concludes that Ghanaian state actors have been able to exercise agency on aspects of brokering relations with the Chinese, Americans and traditional development banks, but not on transforming the structural basis of the engagements. In an edited volume, Gadzala<sup>23</sup> explores how Africans are shaping their engagements with the Chinese. Of particular interest is Corkin's contribution in the Angolan case study. She argues that Angolan elites uses an institutional enclave<sup>24</sup>, *Futungo*<sup>25</sup> a group of 'technocrats and advisors centred on the President' created to specifically manage Chinese investment in Angola. Corkin's conception of African agency in the Angolan case resonates well with Ethiopia's engagement patterns with China under scrutiny in this paper. Just as alluded by Gadzala, the government of Ethiopia maintains a strong political influence in the domestic arena through the ruling EPRDF Council of Ministers<sup>26</sup>. The Council of Ministers is an elite group in charge of Ethiopia and controls every aspect whether foreign or domestic. This elite group 'takes a strategic approach focusing on particular sectors, and cultivating relationships on multiple levels, from a focus on technical exchange and technology transfer to administrative and reform to political relations'<sup>27</sup>. Gadzala's research in Ethiopia-China engagement shows that EPRDF used Chinese investments as mediums to maintain regime stability and political relevance.

In the context of Ethiopia-China relations, studies that utilize an African agency dimension are scarce<sup>28</sup>. Yet, Ethiopia has been seen to be more active in conditioning its engagements with

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<sup>22</sup> Phillips, 'Who's in charge of Sino-African resource politics? Situating African state agency in Ghana'

<sup>23</sup> Aleksandra W. Gadzala, 'Introduction', in Aleksandra W. Gadzala (ed) *Africa and China: How Africans and Their Government are Shaping Relations with China*

<sup>24</sup> Lucy Corkin, 'Understanding Angolan Agency: The Luanda-Beijing Face-Off', in Aleksandra W. Gadzala (ed) *Africa and China: How Africans and Their Government are Shaping Relations with China* (Rowman and Littlefield, London, 2015), pp. 61–84.

<sup>25</sup> Marcus Power, 'Angola 2025: The Future of the "World's Richest Poor Country" as seen through a Chinese rear-view mirror', *Antipode*, 44, 3(2012), pp. 993–1014, p. 998.

<sup>26</sup> Aleksandra, W. Gadzala, 'Ethiopia: Toward a Foreign-Funded 'Revolutionary Democracy', in Aleksandra W. Gadzala (ed) *Africa and China: How Africans and Their Government are Shaping Relations with China* (Rowman and Littlefield, London, 2015), pp. 85–106.

<sup>27</sup> Dawit Alemu and Ian Scoones, 'Negotiating New Relationships: How the Ethiopian State is Involving China and Brazil in Agriculture and Rural Development', *Institute of Development Studies Bulletin* 44, 4 (2013), pp. 91–100, p.99.

<sup>28</sup> With exception of, see Miriam Driessen, *Tales of Hope, Tastes of Bitterness: Chinese Road Builders in Ethiopia* (2019, Hong Kong University Press, Hong Kong); Aleksandra, W. Gadzala, 'Ethiopia: Toward a Foreign-Funded 'Revolutionary Democracy'.

China<sup>29</sup>. To respond to such research gaps, I specifically examine how Ethiopian actors exercise agency in the financing and development of Adama wind energy infrastructure. While some researchers as explained above have looked at either non-state actors (like traders) or state actors (like officials) exercising of agency, we need to take a strategic relational view of these interactions. The state is a negotiated entity where non-state actors shape and in turn are shaped by actions of the state. Exercise of agency is therefore interconnected as actors in different social locations exercise interconnect agencies. My research provides an empirically grounded analysis of the parameters in which Ethiopian actors influenced the engagement patterns, namely before and during the negotiations, and during the implementation of the two wind farms.

I focus on Ethiopia for a variety of reasons. First, the country is the second largest recipient of Chinese finance and yet it has no substantive natural resources to explain Chinese interests<sup>30</sup>. Ethiopia also happens to be the first African country where Chinese enterprises have developed wind energy infrastructure, a sector not normally associated with Chinese engagements in Africa. A focus on these wind farms—clean energy helps us to make sense of what the Chinese are doing in Africa’s renewable energy sector which has so far received less academic attention<sup>31</sup>.

Beyond these reasons, Ethiopia presents a particular and exceptional case study because it is presented as one of the few African countries able to meaningfully and strategically exercise agency when engaging with not only Chinese but any external actors. Ethiopia is not a “passive recipient” or a “pawn”<sup>32</sup> in the wider power games<sup>33</sup> and yet is a highly aid-dependent country. That said, ‘Ethiopia’s ties to China have until recently escaped much academic and mainstream literature’ and yet it has a ‘unique makeup [as] Chinese engagement in that country diverges from that in other [African] states’<sup>34</sup>. The preponderance of othering and (re)presenting Ethiopia as a unique case juxtaposed with other African countries justifies my selection of Ethiopia as a case study.

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<sup>29</sup>Deborah Brautigam, ‘Ethiopia’s partnership with China’, 30 December 2011, <<https://www.theguardian.com/global-development/poverty-matters/2011/dec/30/china-ethiopia-business-opportunities>> (17 August 2020).

<sup>30</sup> Wenjie Chen, David Dollar and Heiwei Tang, ‘Why is China investing in Africa? Evidence from the firm level’. *The World Bank Economic Review*, 32(3), (2018) pp. 610–632.

<sup>31</sup> Lucy Baker and Wei Shen, *China’s involvement in South Africa’s wind and solar PV industries* (2017, Number 15, China Africa Research Initiative, Washington D.C.)

<sup>32</sup> Dawit Alemu and Ian Scoones, ‘Negotiating New Relationships: How the Ethiopian State is Involving China and Brazil in Agriculture and Rural Development. *Institute of Development Studies Bulletin*, 44(4), (2013) pp. 91–100.

<sup>33</sup> Giles Mohan and Marcus Power, ‘New African Choices? The Politics of Chinese Engagement’. *Review of African Political Economy*, 35(115) (2008) pp. 23–42.

<sup>34</sup> Aleksandra, W. Gadzala, ‘Ethiopia: Toward a Foreign-Funded ‘Revolutionary Democracy’. p.85.

### Framing African agency as an analytical framework

Contemporary discussions about African agency in Africa-China relations have been framed from a vantage point of what Africans ought to do in order to exert influence when engaging with China. This framing is limited in the sense that it projects a normative assumption of what has to be done, which in most cases is not reflection of reality. My framing of African agency as an analytical framework suggests that we need to consider African agency as strategic and relational. As such, engagements between Africa and China involve various African actors from various institutions whether formal or informal that play essential roles in structuring and influencing the engagement patterns and dynamics. These African actors are rooted and socially embedded in spatial and temporal socio-cultural contexts. Drawing from Brown's<sup>35</sup> work on agency, and Jessop's strategic relational approach<sup>36</sup>, the paper underscores that African agents (actors) whether as states, non-state actors, institutions, civil societies or individuals – are actors that have the ability or capacity whether collectively, individually or in various combinations, to strategically and relationally act consciously and sometimes subconsciously to achieve their intended objectives in constrained environments. Regardless of such structural constraints, these African actors are active respondents within their nested and overlapping socio-cultural, economic and political systems, and are equally able to hold their viewpoints simultaneously to others and have self-reflexive consciousness. This suggests a 'complex dialectical interplay'<sup>37</sup> where African agents 'are neither simply free individuals, nor script-defined role performance, but both roles and subjectivity shaped in extent and content by, and operating within, a specific social context'<sup>38</sup>.

Empirically, these African actors undertake social actions through collaboration, passivity and in some cases, resistance. I therefore consider African agency as not merely a normative attempt to understand the structure-agency relationship in the context of Africa-China engagements, but a more flexible and schematic framework to empirically investigate different interpretations made by African actors in their engagements with Chinese counterparts.

In terms of African agency at the empirical level, Brown's work proposes a four-dimensional understanding of African agency<sup>39</sup>. These are intergovernmental agency—a multilateral platform where Africans collectively voice, act towards a common goal, ambition or threat to African countries when engaging external powers; nation-state agency linked to the capacity

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<sup>35</sup> William Brown, 'A Question of Agency: Africa in international politics', *Third World Quarterly* 33, 10 (2012), pp. 1889-1908.

<sup>36</sup> Bob Jessop, 'State power: A strategic-relational approach'. (Polity Press, Cambridge, 2007).

<sup>37</sup> Mirjam E. de Bruijn, Dijk, R.A.van, Jan-Bart Gewald, 'Social and historical trajectories of agency in Africa', in Mirjam E. de Bruijn, Dijk, R.A.van, Jan-Bart Gewald (eds), *Strength Beyond Structure: Social and Historical Trajectories of Agency in Africa. African dynamics* (Brill, Leiden, 2007), pp. 1-16, p. 10.

<sup>38</sup> Brown, 'A Question of Agency: Africa in international politics', pp. 1895

<sup>39</sup> *Ibid*

of the state to strategically and consciously exercise autonomy and independence in its engagement with external stakeholders; state-based actors' agency that through the invocation of state's regulatory and administrative systems undertake the implementation and operationalization of agreed declarations, memorandum of understandings; and non-state actors' agency—individuals, groups, structure or organizations that lie outside formal state structures but yields political, economic and to some extent, social power. Whereas sovereignty matters for legitimacy purposes in international relations, non-state-agents interact with state and other non-state actors making them equally important in defining, conditioning and even mediating patterns, processes and modalities of engagement between Africa and China.

Currently, a state centric analysis of African agency in the context of Africa-China engagement is dominant although it does not disaggregate the stakeholders who constrain and enable execution of agency who lie outside official state structures. Since the state is always a negotiated entity, porous state-society boundaries invariably shape and influence the execution of agency<sup>40</sup>. Jessop argues that the state is therefore a social relation in which social forces (actors) interact in pursuit of their respective immediate goals with efforts to alter the balance of forces and or transform the state and its basic strategic selectivities<sup>41</sup>.

From a strategic perspective, actors selectively activate 'past patterns of thought and action' which over time gives them 'stability and order [...] to decode, predict and decide' course of action<sup>42</sup>. These actors are not only able to activate thought processes of the past but are equally futuristic in orientation in which social action and imagination are innovatively 'reconfigured to actors' hopes, fears and desires'<sup>43</sup>. Such actors therefore can set for themselves development goals, visions or plans. Such goals, visions or plans are not however voluntary nor instrumental but are socially embedded in the temporal-relational context—where conflict and cooperation are iteratively (re)negotiated between and among the social forces.

It is crucial therefore that when examining African agency in the context of Africa-China relations, one needs to consider the context, the variations and the social forces operating within these spatio-temporalities. This takes me to the discussion of how state-society strategic selectivity factors influence the exercise of African agency in the context of Ethiopia-China engagement in the financing and development of the Adama wind farms. To do so, it is

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<sup>40</sup> Tobias Hagmann and Didier Péclard, 'Negotiating Statehood: Dynamics of Power and Domination in Africa'. *Development and Change*, 41, 4 (2010), pp. 539-562.

<sup>41</sup> Bob Jessop, 'State power: A strategic-relational approach'. (Polity Press, Cambridge, 2007).

<sup>42</sup> Emirbayer, Mustafa and Ann Mische, 'What Is Agency?', *American Journal of Sociology* 103, 4 (1998), pp. 962-1023, p. 971.

<sup>43</sup> *Ibid*, p. 971.

imperative to examine Ethiopia's complex and contested state-society relations after 1991 when EPRDF came into power. Here, I trace the Ethiopian socio-political and economic development policy based on the authoritarian developmental state model adopted by Meles Zenawi's government and how this model impacted on Ethiopia's ability to exercise agency when dealing with China in infrastructure financing and development.

### **Ethiopia's complex state-society relations and contested development orientation**

To gain a broader understanding of Ethiopia's state-society relations, it is always imperative to locate them in a historical continuum. Without being simplistic about Ethiopia's history of state formation and organization, 1991 presents an interesting point of departure in the sense that an ethnic based federal state system was introduced composed of nine ethnic-based regional governments and two city-states<sup>44</sup>. The decentralised system by then was seen as a model for promoting self-development and self-governance in which access to 'land, government jobs, representation in local and federal bodies was based on being ethnically indigenous in constituent ethnic state'<sup>45</sup>. TPLF-EPRDF saw ethnic federalism as a silver bullet to avert ethnic tensions as well as a tool for political, economic and socio-cultural mobilisation and state organisation.

Essentially, TPLF-EPRDF became the vanguard party and saw itself as best placed to understand the 'genuine' needs and demands of the people. The party therefore became the state which in turn strategically and selectively created government institutions, 'leaders, and vanguard elites who all spread and impose the party's ideology, presented to both domestic and international audiences as democratic and revolutionary<sup>46</sup>'. When the Ethio-Eritrea war (1998-2000) broke out followed by the 2001 TPLF split<sup>47</sup>, and the 2005 elections<sup>48</sup>, civil and political liberties, and political space for opposition parties were curtailed, as the country degenerated into an authoritarian regime. This allowed Meles to centralise power, and equally create a new line of party elites and loyalists who subscribed to his ideological orientation of

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<sup>44</sup> Tigray, Afar, Amhara, Oromia, Somali, Benishangul-Gumuz, Southern Nations, Gambela and Harari. A region was further divided into Zones, Woredas and Kebeles. The Woreda and Kebele were inherited from the Derg regime.

<sup>45</sup> Mahmood Mamdani, 'The Trouble With Ethiopia's Ethnic Federalism', (2019 p.1, *The New York Times*).

<sup>46</sup> Jean-Nicolas Bach, 'Abyotawi democracy: neither revolutionary nor democratic, a critical review of EPRDF's conception of revolutionary democracy in post-1991 Ethiopia', *Journal of Eastern African Studies*, 5(4), (2011, p. 648) pp. 641–663.

<sup>47</sup> The split between Tewolde-Siye group vs the Sebhat-Meles group.

<sup>48</sup> Elections were marked by violence and claims of vote fraud, arbitrary arrests of journalists, protestors and opposition leaders.

the need to build a capitalist society in order to build a class basis for development and democracy.

Meles' TPLF-EPRDF sense of the developmental state entailed the role of state to effectively monopolize political power and equally economic, through the creation of party endowment funds<sup>49</sup>. The Ethiopian state was therefore seen as having embedded autonomy to independently formulate and implement policies against contending social and market forces. Learning from the Asian countries—in particular, Japan, Taiwan, South Korea, and later China (as I shall explain below), Meles' emphasised the collective rather than the individual as a focal point of development. As a result, the ruling political elites capture the rents from the party affiliated endowments, businesses and state-owned enterprises and distribute them to themselves and their cronies<sup>50</sup>, and also to the national development priorities to stabilise their political power and maintain regime legitimacy. Justifications for this approach was that the state since had the necessary organisational power to consistently provide economic guidance through formulation and implementation of growth targeted macroeconomic planning and policies compared to the private sector. Several policy instruments were thus formulated and implemented including but not limited to the Agricultural Development Led Industrialisation, the Industrial Development Strategy, Plan for Accelerated and Sustainable Development to End Poverty and the Growth and Transformation Plan (GTP). Due to these various policy instruments, Ethiopia has recorded remarkable economic growth heights in the world with an average Gross Domestic Product (GDP) growth of 10.5% over the past decades, reaching \$80 billion in 2018<sup>51</sup>. This growth was achieved by the Ethiopian government's ability to court both Western and Eastern (in particular China) development finance. China was appealing because it offered practical lessons for the EPRDF to learn from without necessarily bending to the over-prescriptive powerful Western financial institutions and development agencies.

In 2003, Ethiopia became the first African country to host the Forum on China-Africa Cooperation (FOCAC) and also in 2006 resulting in cementing of diplomatic and socio-political relations with China. China is now an important partner for Ethiopia's economic structural transformation trajectories particularly as a source for Foreign Direct Investment (FDI),

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<sup>49</sup>Tumsa; Wendo; Tiret; EFFORT. These business entities are linked with the constituent parties of the EPRDF and they derive considerable advantage to win government tenders because of their political connections.

<sup>50</sup> Berhanu Abegaz, 'Political Parties in Business', The College of William and Mary College of William and Mary Department of Economics Working Paper (2011, Number 113 April) //economics.wm.edu/wp/cwm\_wp113.pdf

<sup>51</sup> World Bank, 'The World Bank in Ethiopia' (2018), retrieved from <https://www.worldbank.org/en/country/ethiopia/overview>.

infrastructure development finance and trade. From 2005 to 2018 estimates shows that Chinese investments and construction contracts in Ethiopia were \$23.85 billion across all sectors<sup>52</sup>, while Chinese FDI in Ethiopia by 2016 was around \$2 billion<sup>53</sup>. What is evident is that China's role in Ethiopia's development trajectories is now indispensable and as the relationship continues to grow, questions of the Ethiopian government's ability to strategically manage Chinese influence in its growth and transformation plan will emerge.

### **Ethiopian state agency: the planning and strategic selectivity aspect**

Ethiopia's successive administrations have always used infrastructure for poetic visualisations which inevitably shape how elites and ordinary citizens imagine the future of modernity— collective fantasy of societal progress, connections and possibilities of a better future. Luque-Ayala and Silver argues that 'even today, modernity is measured by the extent to which populations have access to electricity, a fundamental way in which the politics of energy is constituted'<sup>54</sup>. The development of electricity infrastructures therefore 'release different meanings and structure politics in various ways: through the aesthetic and the sensorial, desire and promise'<sup>55</sup>. With this visualisation and imagination comes the politicisation aspect, as infrastructure transmit and mediate representations about institutions (be they local or foreign) that built them and the spatiotemporal enclaves they create. The politicisation of infrastructure becomes a mobilisation tool to consolidate and legitimise regimes' stay in power.

Ethiopia like, the rest of Sub-Saharan Africa, has challenges with access to and development of electricity infrastructure. Yet electricity infrastructure is critical for addressing issues of industrial development, poverty eradication and structural economic transformation. According to the Ethiopian government's Ministry of Water, Irrigation and Electricity (MOWIE), 44% of the 110 million Ethiopians have access to electricity in which 33% is from on-grid sources and 11% from off-grid sources<sup>56</sup>. As of March 2017, only 6000 towns had access to electricity, and Ethiopia Electric Utility (EEU) had about 2.3 million customers<sup>57</sup>. Given the challenges of

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<sup>52</sup> Chinese Global Investment Tracker Database, 'Chinese Investments & Contracts in Ethiopia (2005 - 2018)', (2019, The American Enterprise Institute and The Heritage Foundation, Washington D.C.).

<sup>53</sup> According to UNCTAD World Investment Report (2017), by 2015, the USA had the largest FDI stock in Africa (\$64bn) followed by the UK (\$58bn), France (\$54 billion), China (\$35bn), South Africa (\$22bn), Italy (\$22bn) and India (\$17bn).

<sup>54</sup> Andrés Luque-Ayala, Jonathan Silver, 'Introduction'. In Andrés Luque-Ayala, Jonathan Silver (eds.), *Energy, Power and Protest on the Urban Grid: Geographies of the Electric City* (Routledge, Abingdon, 2016, p.2).

<sup>55</sup> Brian Larkin, 'The Politics and Poetics of Infrastructure', *Annual Review of Anthropology*, 42(2013, p.327), pp. 327-343.

<sup>56</sup> Government of Ethiopia, 'Ministry of Water Irrigation and Electricity Power Sector Review' (Federal Government of Ethiopia, Addis Ababa, 2017)

<sup>57</sup> *Ibid*

absence and shortage of electricity infrastructure, the Ethiopian government planned to develop wind farms as part of a wider solution to address electricity infrastructure gap.

Development of non-hydropower renewables such as wind and solar did not receive much of government attention until in 2001 when the government participated in the United Nations Environment Programme and Global Environment Facility funded Solar and Wind Energy Resource Assessment (SWERA) project. Ethiopia's participation in the SWERA led to the then government to develop interest in non-hydro renewables given the volatility of hydropower-based generation. Findings from SWERA revealed that Ethiopia had a total of 100 gigawatts (GW) wind energy potential which translated to about 890 terawatt-hours (TWh) from an area of about 166 000km<sup>2</sup> in which more than 20 000km<sup>2</sup> was utilizable for grid-connected electricity generation<sup>58</sup>.

After the completion of SWERA, the Ethiopian government invited the German Society for International Cooperation (GIZ) to conduct suitability studies for wind farms development in which 11 sites were identified as feasible. From these 11, feasibility studies were conducted for three sites; Harena, Ashegoda and Nazareth. The three sites had sufficient wind energy potential with annual averages of 6.86 m/s, 8.50 m/s and 9.36 m/s respectively<sup>59</sup>.

Meanwhile, as part of the Ethiopian government strategy of selectively courting both Western and Eastern development partners, in 2010, HydroChina was commissioned to undertake a Wind and Solar Energy Master Plan for Ethiopia. The study found that Ethiopia was endowed with 3.03 TW wind resource reserve of which 1.35 TW was potentially installed. Fifty-one wind farm sites were proposed for development with a potential installed capacity of 6720 MW<sup>60</sup>.

Upon the completion of the SWERA and HydroChina Master Plan reports, the Ethiopian government had access to accurate, verifiable and reliable data to support its ambitious development plans of solar and wind energy. In 2010, the Ethiopian government then proposed to develop eight wind farms during the GTP 1<sup>61</sup>. The Ethiopia-China Development Cooperation Directorate in Ministry of Finance and Economic Cooperation (MOFEC) then approached the Chinese Export and Import Bank (C-EXIM Bank) for potential financing which

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<sup>58</sup> Ethiopian Rural Energy Development and Promotion Centre, 'Solar and Wind Energy Utilization and Project Development Scenarios' (Government of Ethiopia, Addis Ababa, 2007).

<sup>59</sup> GTZ-TERNA, 'Feasibility study for wind park development in Ethiopia and capacity building: Ashegoda wind park site final report' (GTZ-TERNA, Addis Ababa, 2006).

<sup>60</sup> HydroChina Corporation, 'Master Plan Report of Wind and Solar Energy in the Federal Democratic Republic of Ethiopia' (HydroChina Corporation, Addis Ababa, 2012).

<sup>61</sup> Government of Ethiopia, 'Growth and Transformation Plan (GTP) 2010/11-2014/15' (Ministry of Finance and Economic Cooperation, Addis Ababa, 2010).

agreed after a series of negotiations<sup>62</sup>. This demonstrate agency by various parts of the government of Ethiopia.

The planning and goal setting for the development of wind farms as part of the solution to address the shortage of electricity infrastructure in Ethiopia reflect demonstration of agency by the Ethiopian government<sup>63</sup>. Presently, the vision of the Ethiopian government is to achieve 100% electrification by 2025. Although the data which was used to inform policy on the development of the wind farms was foreign-funded, the original ideas of developing wind farms were home-grown as depicted in the GTP. The Council of Ministers, which is exclusive to EPRDF initiated the development of these wind farms. While the Council of Ministers set the pace and direction, the design and actual implementation of the projects was decentralized to institutions which are constitutional and legally mandated to do so—MOWIE, MOFEC and Ethiopia Electric Power (EEP).

#### ***Negotiating the financing terms and conditions of Adama wind farms***

Ethiopia, like most of the Global South, had torrid experiences with the Bretton Woods institutions in the late 1990s. As explained by one of the TPLF-EPRDF executive committee member:

‘we had very difficult negotiations with the IMF and the WB. They were pushing us to privatize the power sector. We refused and had some challenges to accessing development finance needed to develop our country’s infrastructure’<sup>64</sup>.

Chinese financing was chosen because the Chinese did not precondition their assistance with governance reforms. Meanwhile, the two wind farms were all financed under EPC plus financing arrangement in which a preferential export buyers’ credit was used for Adama 1 and a concessional loan for Adama 2. Data obtained from MOFEC participants interviewed reveals that the Ethiopian government exercised agency by specifically requesting for such financing facilities for a variety of reasons. First, the government of Ethiopia did not want an interest rate more than 3%. They also preferred a repayment period which was longer than what the market was offering then. Second, as part of the requirement from the Chinese side, the government of Ethiopia also agreed to award the contract without competitive bidding. Such a move as claimed by Ethiopian government official, ‘was out of strategic choice which comes from the country’s financial limitations and the huge demand for infrastructure development’<sup>65</sup>.

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<sup>62</sup> Interview, Ethiopian government official MOWIE, Addis Ababa, Ethiopia, 11 October 2017.

<sup>63</sup> Mustafa and Mische, ‘What Is Agency?’

<sup>64</sup> Interview, ex-Ethiopian ambassador to China, ex-member of the EPRDF-Executive Council, Mekelle, Ethiopia, 17 May 2017.

<sup>65</sup> *Ibid.*

The loan application process required the fulfilment of certain conditions (see Figure 1). A senior MOFEC official involved in the application process relays that, ‘we followed procedures; feasibility studies, ESIA, environmental license and preliminary agreement to award the contract to a Chinese contractor’<sup>66</sup>. The loan application was then supported by recommendation letters obtained from the Chinese Economic and Business Consulate and the Chinese Embassy in Addis Ababa. As noted by a Chinese enterprise involved in the project, the recommendation letters were significant because ‘if they did not give the support letter, it was going to be difficult to get the funding’<sup>67</sup>.

MOFCOM then reviewed the applications resulting in the wind farms being accorded a high-status profile. Immediately the applications were directed to C-EXIM Bank to structure the financial terms and conditions (see Table 1). Although MOFCOM agreed to finance the projects, it was the Chinese State Council that approved the applications (see Figure 1). Just as noted by a CGCOC employee:

‘The projects were high status, and for Adama 1, MOFCOM officially approved the financing because the amount was smaller, but for Adama 2, the Chinese State Council approved because the amount was larger’<sup>68</sup>.

**Table 1: Financial details of Adama wind farms**

Descriptor	Adama 1	Adama 2
Capacity	51MW	153MW
Unit power cost	\$2314/Kw	\$2254.9/Kw
Interest incurred during construction	\$0.9945 million	-
Interest rate	2%	2%
Project cost	\$117 million	\$345 million
Source of financing	15% Ethiopia & 85% C-EXIM	15% Ethiopia & 85% C-EXIM
Finance modality	Preferential Export Buyer's Credit	Governmental Concessional Loan
Loan payment	13 years	13 years
Grace period	7 years	7 years
Loan maturity	20 years	20 years
<b>Total investment cost</b>	<b>\$117.9945 million</b>	<b>\$345 million</b>

Source: Field data, 2017

<sup>66</sup> Interview, Ethiopia-China Development Cooperation Directorate at MOFEC, Addis Ababa, Ethiopia, 30 June 2017.

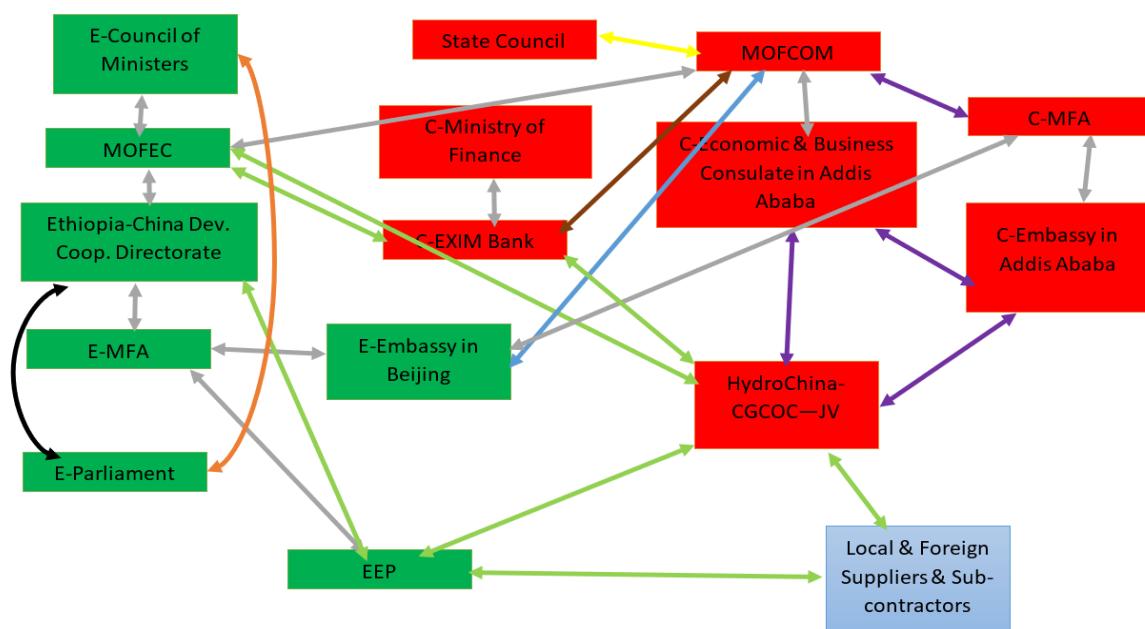
<sup>67</sup> Interview, CGCOC, Addis Ababa, Ethiopia, 01 August 2017.

<sup>68</sup> Interview, CGCOC, Addis Ababa, Ethiopia, 01 August 2017.

When analyzing the official documents, I noticed that the total investment cost presented in the financial offer and the final agreed amount decreased from \$123 million to \$117 million for Adama 1 and from \$528.85 million to \$345 million for Adama 2. A MOFEC official claimed that reaching these price agreements was not easy. The difference in prices reflects agency of the Ethiopian government to carefully and strategically negotiate with the Chinese financial institutions for a low-cost financing<sup>69</sup> of the projects. As alluded to by a former ambassador of Ethiopia to China

'when it comes to negotiations, we do proper project preparations. But the Chinese are not easy, they are very formidable negotiators, so you need to be as smart as them'<sup>70</sup>.

While there is no substantial evidence to suggest that the price difference was a result of the Ethiopian government negotiating capacity, it could at least be interpreted as such. The deals were attractive as ‘they provided high repayment period of about 13 years, 7 years grace period, and 2% interest rate each’<sup>71</sup>. As argued by Kaplinsky and Morris, Chinese financed and developed large infrastructure projects are ‘20–30 per cent lower than those of Northern competitors’<sup>72</sup>. The 2% interest rate was way below the market rate which usually hovers around 5 to 10%.



<sup>69</sup> Interview, Ethiopia-China Development Cooperation Directorate at MOFEC, Addis Ababa, Ethiopia, 30 June 2017.

<sup>70</sup> Interview, ex- Ethiopian ambassador to China, ex-member of the EPRDF-Executive Council, Mekelle, Ethiopia, 17 May 2017.

<sup>71</sup> Interview, Goldwind, Addis Ababa, Ethiopia, 20 January 2018.

<sup>72</sup> Raphael Kaplinsky and Mike Morris, 'Chinese FDI in Sub-Saharan Africa: Engaging with Large Dragons', *European Journal of Development Research* 21, 4 (2009), pp. 551–569, p. 561.

## KEY



**Figure 1: Adama wind farms loan application, approval and disbursement framework**

### ***Negotiating the implementation and management of Adama wind farms***

Adama 1 and Adama 2 were delivered on an EPC plus financing contract. An EPC contract is the agreement reached between the client and the contractor in which design, engineering, procurement, construction, commissioning and project handover responsibilities are shifted to the contractor to deliver the project within agreed cost, time and required performance level, in return for payment of a fixed price<sup>73</sup>.

The Ethiopian government decided to go for the EPC contract as a risk aversion strategy<sup>74</sup>. Risks associated with EPC project delivery mechanism include completion risk within agreed price, timescale and quality. Mega-infrastructure projects involve many sub-contractors undertaking different components of the project and because of several sub-contractors (see Table 2), a potential clash ‘arises where a plant contains one party’s proprietary technology but is otherwise delivered by another contractor’<sup>75</sup>. The EPC contractual terms and conditions for both Adama 1 and 2 show that HydroChina-CGCOC-JV as the contractor was obliged to undertake the design, manufacturing, supplying, construction, installation, testing and commissioning of all electrical and mechanical equipment of the two wind farms.

**Table 2: Adama wind farms implementation entities**

Wind farm	Owner	Contractor	Consultant	Main sub-contractors
Adama 1	EEP	HydroChina-CGCOC-JV	AAUIT	Goldwind turbines

<sup>73</sup> FIDIC, *Conditions of Contract for EPC/Turnkey Projects* 1st Edition (FIDIC, Geneva, 1999).

<sup>74</sup> Interview, ex-Adama 2 project consultant team, Adama, Ethiopia, 17 November 2017.

<sup>75</sup> Jonathan Hosie, ‘Turnkey contracting under the FIDIC Silver Book: What do owners want? What do they get?’, November 2007, <<https://fidic.org/sites/default/files/hosie06.pdf>> (16 May 2018), p. 3.

				SinoTrans
				SANY Crawler Cranes
<b>Adama 2</b>	EEP	HydroChina-CGCOC-JV	MU-ASTU-JV	SANY Crawler Cranes
				SinoTrans
				SANY turbines
				ESLSE

Source: Field data, 2017

As stated in the Particular Conditions of Agreement the Ethiopian government is the owner of the projects. Ownership came with the ability to shape the terms and conditions of the agreement as shown by excerpts for Adama 2 below:

'The contract shall be governed by and construed in accordance with the Laws of the Federal Democratic Republic of Ethiopia. Notwithstanding the transfer of ownership of Plant and Materials. Unskilled labour required by the Contractor for the Work shall be recruited locally directly by the Contractor'<sup>76</sup>.

The Particular Conditions of Agreement further stipulated that 30 EEPCo engineers were to be trained in the case of Adama 2 (see Appendix 1). Additionally, Ethiopian engineers and technicians were to inspect factory manufacturing of the wind turbine generators (WTGs) and associated equipment, towers of WTGs, two main transformers, circuit breaker, and disconnector and other electrical equipment (see Appendix 2).

Field data shows that the EEP exercised agency by having an Operations and Maintenance (O&M) contracts separate from the EPC contracts for Adama 1 and Adama 2 wind farms. For Adama 1, CGCOC did not participate in the O&M contract. Instead EEP signed the O&M contractor with Goldwind, the technology supplier. As highlighted by officials from EEP that 'Adama 1 agreement was 20 months for operation and maintenance with Goldwind'<sup>77</sup>. For Adama 2, officials from EEP also claim there is also a O&M contract separate from the EPC contract. 'The Chinese will stay only for two years during operations and maintenance. After two years, EEP will take full control of the wind farms'<sup>78</sup>. What this shows that, for the Ethiopian government, it made sense to have an O&M contract with the technology suppliers than with EPC contractors as this would allow fostering of cooperation between EEP and the technology suppliers than the EPC contractors.

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<sup>76</sup> Government of Ethiopia, 'Appendices to Particular Conditions of Contract for Adama 2' (Government of Ethiopia, Addis Ababa, 2012); Government of Ethiopia, 'Particular Conditions of the Contract for Adama 2' (Government of Ethiopia, Addis Ababa, 2012).

<sup>77</sup> Interview, Adama 1 project manager, Addis Ababa, Ethiopia, 14 July 2017.

<sup>78</sup> Interview, Adama 2 wind farm project management team, Addis Ababa, Ethiopia, 23 June 2017.

On local procurement and subcontracting, the contract stated that the ‘contractor was to hire local sub-contractors as much as possible’<sup>79</sup>. According to one official who was part of the project consultancy team for Adama 2:

‘There was a provision in the contract that Ethiopian based companies were supposed to participate in Adama 2. But the majority of our Grade A contractors refused to the Chinese offers because they were too cheap’<sup>80</sup>.

Mugher cement was used for turbines foundation and other civil works. Some of the steel was sourced locally and some from China. The majority of machinery and equipment for construction purposes were sourced locally, with a small proportion imported from China. Goldwind manufactured and supplied the turbines and other equipment for Adama 1. SANY Group manufactured and supplied the turbines for Adama 2. SANY Group further supplied a SANY SCC4000 crawler crane and two 80-tonne truck cranes used for lifting the turbines. Sinotrans was involved in the ground transportation of the turbines from Djibouti port to project sites while ESLSE was responsible for sea transportation of Adama 2 equipment from China to Djibouti port. For Adama 1 both sea and inland transportation was handled by Sinotrans. However, in the case of Adama 2, Ethiopian government rejected the Chinese proposal for using Sinotrans. Instead the contract was given to ESLSE at \$74 per freight tonne<sup>81</sup>.

Another vital condition to highlight here is that all the project consultancy work was contracted to local universities: Addis Ababa University Institute of Technology (AAUIT) for Adama 1 and Mekelle University (MU)-Adama Science and Technology University (ASTU)-Joint Venture (JV) for Adama 2. The local universities’ roles as project consultants were to supervise the construction of the projects, by administering the contract between EEP and HydroChina-CGCOC-JV and performing commissioning testing of the wind farms. The Ethiopian government saw the use of local universities as a way of transferring skills and technical knowledge to Ethiopians. AAUT was selected in the case of Adama 1 as a consultant because it was by then the only institution that had successfully researched design review of wind turbines in the country<sup>82</sup>. MU-ASTU-JV was selected for Adama 2 because of MU previous experience with the Ashegoda wind farm and also as part of the Ethiopian government strategy ‘to improve local university linkage’<sup>83</sup>.

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<sup>79</sup>Government of Ethiopia, ‘Particular Conditions of the Contract for Adama 2’ (Government of Ethiopia, Addis Ababa, 2012) p. xx

<sup>80</sup> Interview, project consultancy team, Mekelle, Ethiopia, 11 August 2017.

<sup>81</sup> Interview, Far East trade route division, Addis Ababa, Ethiopia, 27 October 2017.

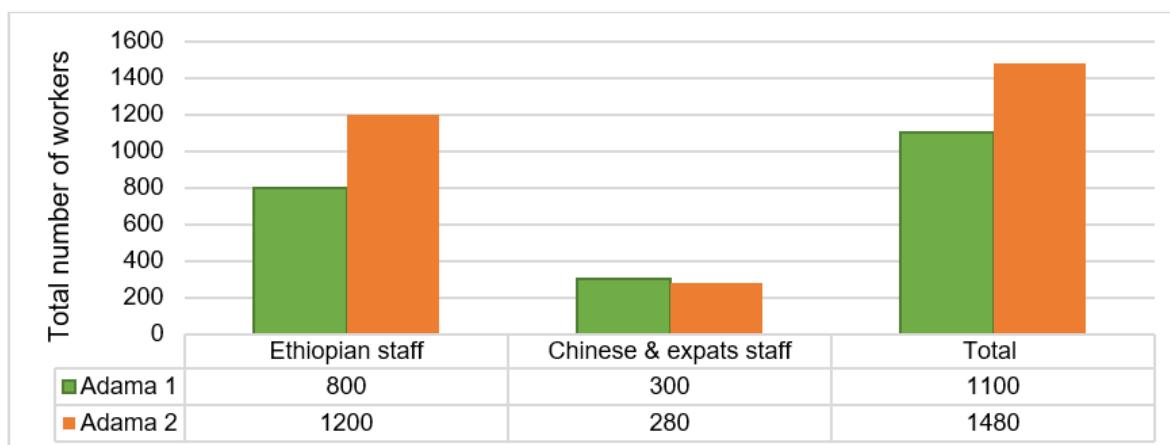
<sup>82</sup> Interview, Adama 1 project consultancy team, Addis Ababa, Ethiopia, 26 June 2017

<sup>83</sup> Interview, project consultancy team, Mekelle, Ethiopia, 11 August 2017.

To efficiently coordinate the implementation of the two wind farms, the Ethiopian government set up project management institutions that directly engaged the Chinese counterparts. As such, EEP and the consultants (AAUIT; MU-ASTU-JV) set up project management offices.

Labour dynamics is also one of the parameters to explore how African actors exercise African agency. Field data shows that the Ethiopian government exercised agency on employment dynamics on the two projects. For Adama 1, 1100 were employed out of which 800 were Ethiopians, and 300 were Chinese. For Adama 2, 1480 workers were hired out of which 1200 were Ethiopians, and 280 were expatriates (see Figure 2). The contractor in liaison with EEP hired all local employees, and all unskilled employees were from the Adama locality, and most were Oromos. For unskilled workers, the salary range was from Ethiopian Birr 600 (\$34.6) to 1000 (\$57.73) per month<sup>84</sup>. This was in addition to the food and shelter provided by Chinese enterprises. If we could factor in these other costs, the total salary figure goes up.

However, management and related technical positions were dominated by Chinese citing the absence of local skills and capacity. In the Adama wind farms, EEP and MOWIE officials who participated in this study agree that they have limited technical and management skills to occupy such positions.



**Figure 2: Employment statistics for Adama 1 and 2**

The data obtained from the field shows that the Ethiopian government exercised agency by controlling the amount of Chinese and foreign workers involved in the two wind farms. Through the enforcement of existing Labour Proclamation, foreign (including Chinese) work permit were for three years and is annually renewed at the subjective discretion of the Ministry of Labour<sup>85</sup>. Just as noted by an EIC official, ‘where we Chinese workers violating this, it was

<sup>84</sup> Using December 2011 exchange rate of ETB 17.3204/\$1

<sup>85</sup> Government of Ethiopia, ‘Labour Proclamation Number 377/2003’ (Federal Negarit Gazeta of Government of Ethiopia, 2004).

simple, we will not renew permits for the Chinese<sup>86</sup>. While the use of the Labour Proclamation to regulate foreign workers explains the Ethiopian government's agency, it should also be noted that it is also becoming increasingly expensive for Chinese enterprises to hire foreigners. At the same time, due to international pressure and media scrutiny levelled against the Chinese, more locals are being hired to water-down the allegations<sup>87</sup>.

The Ethiopian government also exercised agency on skills, knowledge and technology transfer. Skills and technology transfer are not inherently a technical issue which is left to technical fixes; it is undoubtedly political<sup>88</sup>. However, because of the EPC nature of the contracts for Adama wind farms, the technology was imported as finished capital goods from China, leaving no or limited room for an Ethiopian wind energy industry to emerge. In addition, the Ethiopian government allowed the importation of finished capital goods from China because Ethiopia did not have a domestic wind energy sector with capabilities to design and engineer wind energy technology. As such, a high-level MOWIE official confirmed that 'all the local input was pretty limited to civil works that are to access roads, foundation and supply of some materials like steel and cement'<sup>89</sup>. Therefore, the transfer of technology created limited local supply chain linkages and opportunities for local value chain development in the wind energy sector<sup>90</sup>.

Technical skills and knowledge were transferred from the Chinese contractors to the local engineers and technicians who were involved in the construction process. For Adama 1, twenty-five and Adama 2, thirty (23 technicians and 7 engineers) EEP employees received theoretical training on wind turbine generation system in China for one month and onsite training during the construction period. Besides the skills and knowledge transfer experienced by EEP engineers, the three local universities which were consultants benefited in the two projects. ASTU and AAUIT students regularly visit wind farms to undertake practical lessons and are now used as "open" laboratories. The professors who were consultants had no previous experience but are now able to undertake design review and supervise the construction of wind farms. Finally, Ethiopian Shipping and Logistics Services Enterprise (ESLSE), which transported the wind technology equipment from China to Djibouti, is now able to handle bulk and fragile cargo<sup>91</sup>. With all the necessary technical skills, knowledge and

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<sup>86</sup> Interview, Ethiopia Investment Commission, Addis Ababa, Ethiopia, 13 June 2017.

<sup>87</sup> Carlos Oya, 'Labour regimes and workplace encounters between China and Africa' (IDCEA Working Paper 05, SOAS, 2018).

<sup>88</sup> Oliver Hensengerth, 'South-South technology transfer: Who benefits? A case study of the Chinese-built Bui dam in Ghana', *Energy Policy* 114 (2018), pp. 499–507.

<sup>89</sup> Interview, Ethiopian government official MOWIE, Addis Ababa, Ethiopia, 11 October 2017.

<sup>90</sup> Yanning Chen, 'Comparing North-South technology transfer and South-South technology transfer: The technology transfer impact of Ethiopian Wind Farms', *Energy Policy*, 116(2018), pp. 1–9.

<sup>91</sup> Interview, Far East trade route division Addis Ababa, Ethiopia, 27 October 2017.

technology transfer, EEP and MOWIE are now able to undertake wind farm planning, civil works, assembly of the turbines, connecting to national grid and monitoring performance, and undertaking operations and maintenance. Next, I turn to discussion of agency at the margins of the state.

### **Resistance as agency at the margins of the state**

Access to land for the development of the two wind farms was considered one of the most challenging processes by Ethiopian government officials. Just as noted by EPRDF executive committee member that ‘nobody want to give you land. You have to make them understand that this is good for them; it will alleviate them from poverty’<sup>92</sup>. Although land belongs to the federal state, the regional states are the custodians and land for any infrastructure project must be approved and allocated by them. This legislative framework has created an ambiguous land tenure system at least from the perspective of the farmers ‘regarding the authority of state and non-state actors’ and equally for broader land administration aspects<sup>93</sup>.

Meanwhile, decisions to do with land allocation for infrastructure development are left to the Council of Ministers which is exclusively composed of EPRDF Council (the Council is composed of 36 members: 9 representatives from each of the 4 coalition parties). As per the federal government principle of democratic centralism, decisions reached by the EPRDF council are binding on the Congress and members of the coalition. Land allocation for the development of the two wind farms was decided upon at the Council level, passed on to the Oromia regional state. Oromo Peoples' Democratic Organization (OPDO) now Oromo Democratic Party the ruling party from Oromia regional government is therefore bound by the EPRDF Council agreement as part of the ruling coalition. In turn, the regional government will extend the same directive to the zonal administration, then to the District (*Woreda*) and finally to the Ward (*Kebele*) level.

This reveals a top-down exercise of agency where decision making processes on land acquisition for infrastructure projects in Ethiopia is controlled by the ruling elites. Farmers are at the bottom of the decision-making hierarchy. This contributes to a discrepancy between what government officials at the top and farmers at the bottom of the hierarchy consider as citizen engagement in the development process. In this case, farmers are seen merely as recipients of development but do not have a say on the what, how, why, when, and which

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<sup>92</sup> Interview, ex- Ethiopian ambassador to China, ex-member of the EPRDF-Executive Council, Mekelle, Ethiopia, 17 May 2017.

<sup>93</sup> Tom Lavers, ‘Responding to land-based conflict in Ethiopia: The land rights of Ethnic minorities under federalism’, *African Affairs*, 117(468) (2018, p.462 pp. 462–484.

ideas of the development intervention. This shows that Ethiopian non-state actors have limited space to exercise agency because of the government's tight control on the planning and project execution process. This comes from the authoritarian approach to development adopted by the Ethiopian government.

Land for both Adama 1 and Adama 2 was acquired from Oromia regional government. The process was not smooth as some government officials would want to claim. For example, official narratives from the government suggest that 'there were no problems recorded during the construction period'<sup>94</sup>. While Ethiopian government officials provide a narrative that glorifies the process, many farmers and even some of the officials from the government countered the 'official' narrative. As noted by one EEP official:

'We had big challenges with regards to obtaining land from the farmers. They blocked construction process. It even delayed the project schedule. There were three groups of farmers. Some accepted to leave their farmlands and give it to us before the government released the compensation. But some refused and said we would release the farms once the government had paid us the money. And some blocked access roads to the construction sites, some even stole construction materials'<sup>95</sup>.

The excerpt shows that the farmers did not trust the government on aspects of compensation. Several farmers lamented the compensation process 'was not sufficient and did not reflect the market dynamics'<sup>96</sup>. Another farmer also argues that, 'the compensation was inadequate. I took the issue to the Kebele administration, I was not successful'<sup>97</sup>.

Although the farmers whose land was taken were compensated, the majority were not happy with the compensation rate, and they were not powerful enough to resist or reject the government move. This signifies government-facilitated accumulation by dispossession, defined by Harvey as 'temporal displacement through investment in long-term capital projects [...], spatial displacements through [...] new production capacities and new resource'<sup>98</sup>. This results in peasant farmers being displaced from their land and suppression of their rights in the name of development, creating new forms of domination, subordination and equally resistance by the dispossessed and displaced. Disruption of construction activities by farmers as well as stealing of the construction materials of the two wind farms as portrayed in the

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<sup>94</sup> Interview, Adama 2 plant management, Adama, 15 November 2017.

<sup>95</sup> Interview, Adama 1 Project management, Addis Ababa, 14 July 2017.

<sup>96</sup> Interview, farmer in Adama Woreda, 02 November 2017.

<sup>97</sup> Interview, farmer in Qachema Kebele, 01 November 2011.

<sup>98</sup> David Harvey, 'The 'new' imperialism: accumulation by dispossession', *Socialist Register* 40 (2004 p.64), pp. 63–87.

excerpt above should, therefore, be interpreted as a demonstration of resistance by the weak<sup>99</sup>.

Since the government facilitated this accumulation by dispossession information obtained from the farmers suggests that they were not properly and adequately consulted. As such public consultation process was done only to tick the boxes and not fully engage with the affected communities before the commencement of the construction of the wind farms. This raises important questions on the citizen engagement in development matters. Ethiopia's developmental state model closed the gap for citizen engagement in matters of national development. An important reading of this is that people at the margins of the state are not anti-development or do not want infrastructure but are not comfortable in the way development interventions are delivered. The act of resistance by the farmers, later forced the Ethiopian government to release the compensation which resulted in some construction equipment being recovered<sup>100</sup>.

### **Towards a contextualization of African agency**

The Ethiopian case study presented in this paper raises significant questions about how one should conceptualize African agency in Africa-China engagements. The schematic hybrid analytical position developed in this paper is that although various actors exercise agency, there is need to return the focus to the state, but at the same time break down the components which constitute it<sup>101</sup> and factoring in semi-state, non-state, individuals, transnational actors, market factors (transnational and domestic capital), society, institutions as important variables conditioning African agency in Africa-China engagements<sup>102</sup>.

Several conclusions are drawn here. The first is that various parts of the Ethiopian government were able to influence policy formulation and translation in the development of wind energy. As highlighted in the GTPs the Ethiopian government set the priorities for these projects, which demonstrates 'ownership and degree of control'<sup>103</sup>. I demonstrated how the government was proactive in having embedded autonomy over policy formulation and translation. Second, it was the Ethiopian government's initiative to develop the two wind farms. The Ethiopian government brokered the deals and did not end there. Several institutions were used to deal with the Chinese including but not limited to the management fixes and institutional enclave,

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<sup>99</sup> James C. Scott, *Weapons of the Weak: Everyday forms of peasant resistance* (Yale University Press, Yale, 1985).

<sup>100</sup> Interview, CGCOC, Addis Ababa, Ethiopia, 01 August 2017.

<sup>101</sup> Joel S. Migdal, *State in Society: Studying How States and Societies Transform and Constitute One Another* (Cambridge University Press, Cambridge, 2001).

<sup>102</sup> Mohan and Ben Lampert, 'Negotiating China: Reinserting African agency into China–Africa relations'.

<sup>103</sup> Alastair Fraser and Lindsay Whitfield, 'The Politics of Aid: African Strategies for Dealing with Donors' (The Global Economic Governance Programme Working Paper Series (No. 42, Oxford, 2008), p. 3.

such as EEP, MOWIE and MOFEC. Furthermore, three project management offices, one for EEP, one for consultants and one for the contractors were created. These “institutional fixes” created enclaves that are somehow accountable to the political elites.

Third, the Ethiopian government was able to influence the terms and conditions of the deals, including the choice for using EPC plus financing arrangement. The government knew that it could not deliver the projects because of financial, skills and capacity limitations. At the same time, to avoid donor commitment uncertainties and regulatory compliance challenges, the Ethiopian government used the same contractors and the same financier on the two projects. In addition, the Ethiopian government chose to go for a concessional instead of a commercial loan agreement. This cushions the country’s debt status. In fact, Ethiopia’s debts are ‘mainly in the form of project loans, largely concessional at below-market rates with a roughly 30% grant element’<sup>104</sup>. This could be interpreted as a predetermined move by the Ethiopian government. This shows how “smart” the Ethiopian government is to avoid deterioration into debt distress and the so-called debt-trap.

Furthermore, the consultancy contracts for the two projects were awarded to local universities, which had no experience at all in managing such mega projects. Importantly, the government created short operations and maintenance contracts, which were separate from the EPC contracts. The operations and maintenance period for the contractor in both cases were limited to allow local engineers and technicians to learn on the job, and then take over once the contractor had left.

Finally, at the very bottom layer of the interactions, farmers demonstrated agency when dealing with the Ethiopian government and the Chinese. The obstruction of the construction activities and stealing of some of the construction materials was innovatively used as a way of making the Ethiopian government to timely release the compensation<sup>105</sup>. Such acts of defiance and resistance do not nonetheless occur only to Chinese backed large projects, but to all projects which threatens the community’s livelihoods, be it in Ethiopia or elsewhere<sup>106</sup>.

## Conclusion

Ethiopia-China engagement in the financing and development of Adama wind farms provides novel and nuanced data to reject the presupposition that the Chinese trumps Africans in their engagements. My research illustrates that different but interrelated generalizations could be

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<sup>104</sup> IMF, 'The Federal Democratic Republic of Ethiopia Staff Report for the 2017 Article IV Consultation-Debt Sustainability Analysis' (IMF, Addis Ababa, 2017), p. 4-5.

<sup>105</sup> James C. Scott, 'Weapons of the Weak: Everyday forms of peasant resistance'.

<sup>106</sup> A recent example is the protests in Lamu Kenya against the Chinese backed coal power plants. See <https://qz.com/africa/1301469/photos-kenya-environmentalists-protest-china-coal-plant-in-lamu/>

made about African agency in the context of Africa-China engagements. First, the system of governance, socio-economic and political make-up matters for the exercise of African agency. The Ethiopian case study reveals that the government's authoritarian developmental state system especially under the premiership of Meles Zenawi allowed the government institutions and political elites to exercise political and bureaucratic agency. The continued stay in power by the then ruling coalition EPRDF and 'absence of powerful elite factions outside the ruling coalition'<sup>107</sup> allowed EPRDF led government to 'lock in' development policy and vision, as well as stability for bureaucratic and institutional practice continuity. Linked to this is that, an African country's location and role in African geopolitics matters for geopolitical and geo-economic calculations by foreign powers. Ethiopia as a regional powerhouse has often been used as a launch-pad for Chinese engagements in Africa. This results in Ethiopian actors defining and influencing their interactions with the Chinese explicitly based on their knowledge of what the Chinese want and can deliver. The third issue is that non-state actors increasingly have a role to play in infrastructure planning and development. As Chinese capital in Africa enters already existing social life-worlds be it at the individual, community level, regional state level, it is not immune to the conditioning effects of state-society relations. As the relations continue to grow between Africa and China, there is therefore need to recognize the interconnectedness nature of African agency.

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<sup>107</sup> Tom Lavers, 'Social Protection in an aspiring 'developmental state: The political drivers of community-based health insurance in Ethiopia', (ESID Working Paper No 71. Manchester, 2016), p. 23.

### Appendix 1: Training proposal by EEP to the contractor for Adama 2

Item	Time/period	Number of people	Description
<b>Submission of proposal</b>	Within 28 days after commencement date		The Contractor shall come with the time, detail schedule and course content for the training within 28 days after commencement date for the Employer's review. The review period shall not exceed 28 days
<b>The first stage training in China</b>	Within 90 days after the commencement date, lasting 42 days	10 person from EEP 5 tutors from HydroChina-CGCOC-JV and equipment manufacturers	General theoretical training—14 days; Wind park site investigation—11 days; Wind turbine Generator (WTG), Tower and transformer factory visit—14 days
<b>The second stage training in China</b>	Within 150 day after the commencement date, lasting 42 days	10 person from EEP 5 tutors from HydroChina-CGCOC-JV and equipment manufacturers	WTG manufactory practice—14 days; Tower manufactory practice—14 days; and WTG transportation and installation theories—11 days
<b>Training at site</b>	56 days	10 person from EEP 10 tutors from HydroChina-CGCOC-JV and equipment manufacturers	Erection training –7 days; test 7 Commissioning training—14 days; operation training—21 days and Maintenance training 14 days.
<b>Supervisor</b>	One supervisor for each group will be assigned to follow the progress of training and report the status to the Ethiopian government higher management		

Source: Particular Conditions of Agreement

### Appendix 2: Factory inspection proposal for Adama 2

Item	Time/ period	Number of person	Description
<b>WTG and associated equipment</b>	Within 56 days after commencement date, lasting 15 days	4	Factory inspection and testing before ex-work for the first batch of WTGs
<b>Tower of WTG</b>	Within 56 days after commencement date, lasting 15 days	2	Factory inspection and testing before ex-work for the first batch of towers
<b>2 Main transformers</b>	Within 56 days after commencement date, lasting 15 days	2	Factor inspection and testing before ex-work for the main power transformers
<b>Circuit breaker, disconnector and other electrical equipment</b>	Within 56 days after commencement date, lasting 15 days	2	Factory inspection and testing before ex-work for the first batch of unit transformers

<b>WTG and associated equipment</b>	Within 120 days after commencement date lasting 15 days	4	Factory inspection and testing before ex-work for the second batch of WTGs
<b>Tower of WTG</b>	Within 120 days after commencement date lasting 15 days	2	Factory inspection and testing before ex-work for the second batch of WTGs

Source: Particular Conditions of Agreement