WORKING PAPER

CHINA AFRICA RESEARCH INITIATIVE

NO. 49 JUN 2021

Convergence and Divergence in Emerging Donor Finance: A Comparative Analysis of Chinese and Indian Exim Banks in Ethiopia

Zhengli Huang and Pritish Behuria

SAIS
JOHNS HOPKINS
SCHOOL of ADVANCED
INTERNATIONAL STUDIES

sais-cari.org

CARI

WORKING PAPER SERIES

NO. 49 | JUNE 2021:

"Convergence and Divergence in Emerging Donor Finance: A Comparative Analysis of Chinese and Indian Exim Banks in Ethiopia"

by Zhengli Huang and Pritish Behuria

TO CITE THIS PAPER:

Zhengli Huang and Pritish Behuria. 2021. *Convergence and Divergence in Emerging Donor Finance: A Comparative Analysis of Chinese and Indian Exim Banks in Ethiopia.* Working Paper No. 2021/49. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, Washington, DC. Retrieved from http://www.sais-cari.org/publications.

CORRESPONDING AUTHOR:

Zhengli Huang

Email: jeringhuang@gmail.com

ACKNOWLEDGEMENTS:

The research is partially funded by Johns Hopkins SAIS-CARI. We are grateful to Yoon Jung Park and Keyi Tang for their helpful comments and suggestions. We are thankful to the SAIS-CARI team, for all their support and feedback during this process.

NOTE:

The papers in this Working Paper series have undergone only limited review and may be updated, corrected or withdrawn. Please contact the corresponding author directly with comments or questions about this paper.

Editor: Daniela Solano-Ward

ABSTRACT

SAIS-CARI WORKING PAPER NO. 49 | JUNE 2021:

"Convergence and Divergence in Emerging Donor Finance: A Comparative Analysis of Chinese and Indian Exim Banks in Ethiopia"

by Zhengli Huang and Pritish Behuria

The increased prominence of new and emerging donors in Africa has captivated scholarly and public policy attention. Most scholarship has focused on analyzing the developmental (or anti-developmental) outcomes associated with non-Western influence. Others have investigated whether such 'rising' or 'emerging' power influence has been characterized by increasing convergence or divergence to the priorities of 'traditional' Western donors. Many authors base their arguments on broad cross-continental trends. This paper, in contrast, employs case study analysis to analyze how the development financing of two 'emerging' donors – India and China – has evolved. We examine the projects financed by Indian and Chinese Exim Banks in Ethiopia. In India and China, Exim Banks work both as export credit agencies and other traditional development finance organizations, thereby blurring the boundary between development assistance and economic cooperation. Ethiopia is selected as it is a strategic partner for both countries, and existing literature has shown that the Ethiopian government is an outlier on the continent in employing its diplomatic relations to support strategic developmental goals.

Indian and Chinese Exim Banks' activities in Ethiopia are increasingly being shaped by the evolution of their respective domestic political economies. Specifically, Chinese Exim Bank activities continue to be driven by state-owned enterprises, who work with private sector companies to globalize their activities in Ethiopia through contracting opportunities. Meanwhile, Indian Exim Bank activities are increasingly being driven by Indian private sector companies, with the government creating new opportunities for Indian firms to access Exim Bank funds to support globalizing their activities. This paper is a product of interviews and examination of secondary and grey literature conducted by the authors between 2017 and 2019 in India, China, and Ethiopia.

INTRODUCTION

The rise of China and other emerging powers, as challengers to Western dominance, has motivated increasing scholarship and media attention. Scholars with relatively positive opinions argue that the practices of emerging donors are “silently” changing the landscape of development assistance by increasing policy space for recipient countries.[1] Mawdsley captures this literature under the "South-South Cooperation 3.0" rubric, arguing that such scholarship finds that the agendas of emerging powers have converged with "traditional" Western donors.[2] Others highlight "traditional" donors’ greater flexibility, ostensibly to be more like China and India.[3] Despite increasing advances noted in the literature, there is still a tendency to overgeneralize on the basis of scant evidence. This motivates an empirical challenge – as others have highlighted – to present an analysis of where convergence between non-Western donors and Western donors is happening and to specify the differences.[4]

Examining aid policies and their institutional frameworks, there is a proliferation of scholarship analyzing emerging donors in Africa. Yet, there is an empirical gap in understanding how rising powers implement development finance, particularly in terms of key agencies and their delivery mechanisms.[5] To understand how emerging donors’ activities differ among themselves and how they compare to "traditional" donors, this project examines how Indian and Chinese loan financing mechanisms evolved, with specific reference to Ethiopia. In the wider aid literature, Exim Banks are understood to operate as Export Credit Agencies (ECAs) to promote international trade, with emphasis on exports from the lending country. Western donors present ECAs as formally separate from traditional development agencies (like USAID or the United Kingdom’s former Department of International Development). Western donors tend to present such agencies as being "philanthropic" or "socially-oriented". However, in reality, Western aid has been securitized for decades.[6] More recently, with the abolition of the UK’s Department of International Development and the establishment of the Foreign, Commonwealth and Development Office, the UK has dropped any pretense of drawing distinctions between its developmental, economic, and security interests.

We show that in the cases of India and China, as a result of how aid relationships evolved historically, Exim Banks have always formally adopted dual responsibilities: facilitating development assistance while also supporting the donor countries’ economic interests. The functionalities of ECAs and donor agencies coexist in the same institution (Exim Banks), sometimes even within the same project, blurring the boundaries between different international finance objectives. For example, some large-scale infrastructure projects in Africa are financed by the Chinese Exim Bank using a combination of commercial loans and preferential buyers’ credit. Given that Exim Bank-financed projects formally reflect how India and China adopt dual responsibilities, analyses of what drives Exim Bank financing in Africa (and who benefits) adds insight into understanding how emerging donors differ from one another and from their traditional counterparts.

This paper argues against literature that fails to acknowledge the drivers of donor motives beyond state interests. Instead, we argue that the domestic political economy of donor countries has shaped how the mechanisms of donor finance operate. Indian and Chinese Exim Banks exhibit how domestic state-business relations in these countries are shaping diplomatic policy with Africa. While the Beijing Consensus remains more state-led and is associated with a "going out" policy for state-owned corporations, Indian Exim Bank investments are driven more by domestic private sector actors, who work closely with African governments to shape how Exim Bank funds are accessed.[7]

We selected Ethiopia as a case study as its government has shown evidence of strategic engagement with donor countries, as suggested in the vast literature on African agency in development aid literature.[8] The agency of governments will inevitably differ across contexts. In this paper, we selected a country that has been recognized for strategically using donor finance to examine the variation in development finance processes in China and India. Until recently (with the ongoing internal security questioning the sustenance of future growth), Ethiopia has been among the fastest-growing economies in Africa. Ethiopia has also been a favored investment and loan destination for both China and India. Chinese and Indian investment in Ethiopian manufacturing sectors has increased over the last decade. Despite not being a resource-rich country, Ethiopia ranks second in the continent in receiving China Exim Bank loans, contradicting the popular assumption that China's foreign aid is driven by the demand for natural resource extraction. The concentration of Chinese loans to infrastructure sectors also reflects the broader picture of China's development assistance interests: The Addis-Djibouti railway and the Light Rail Transit system in Addis Ababa resulted from some of these loans. Both projects are financed by "mixed loans," a combination of commercial loans, concessional loans, and export buyers' credit. Indian Exim Bank loans, though initially focused on agriculture and infrastructure, have increasingly moved towards manufacturing sectors. This has been driven by the Ethiopian government's priorities and the demands of large Indian manufacturing companies.

This paper is based on extensive research by the authors on Indian and Chinese investment across the continent (Botswana, Kenya, Mauritius, Rwanda, Tanzania, and Zambia) but specifically on Ethiopia. The authors conducted research in Ethiopia between 2017 and 2019. Collectively, the authors have interviewed Indian and Chinese diplomats and government officials (in India, Ethiopia, and elsewhere on the continent), Indian Exim Bank officials, and Indian and Chinese investors who have used Exim Bank funds or have planned to use Exim Bank funds.

EXIM BANKS: ECAs AND DONOR AGENCIES

The differences between "traditional" and "emerging" donor practices have been the subject of consistent debate over the last decade.[9] Although traditional donors have increasingly focused on "aid effectiveness" since the 1990s, Southern donors frame their activities using "development partners" rhetoric, often implying resistance to traditional donors' expectations. Still, there has been very little comparative analysis of Exim Banks' activities.

The Organisation for Economic Co-operation and Development (OECD) definition differentiates export credits from aid, with aid usually represented as Official Development Assistance (ODA). Exim Banks are traditionally understood to play the role of ECAs to promote international trade and export from the borrowing country. Western ECAs, at least, are not understood to be donor agencies, which facilitate development in another country with a charitable nature. In the case of China and India, however, Exim Banks work in both realms. They offer export credits to support companies from the lending countries but also provide development finance with aid characteristics. Often, Exim Banks combine both kinds of finance in the same project, as has been observed in China's infrastructure development worldwide.

To understand Chinese and Indian Exim Banks' loan mechanisms and structures, we trace the banks' development to their origins and contextualize them in the domestic socio-economic development of these emerging donors.

Exim Bank of China

In April 1994, China's Exim Bank was established by the central government of China alongside two other policy banks, the China Development Bank (CDB) and the Agriculture Development Bank. Exim Bank was designed as an ECA. Its mission was to offer export credit for Chinese manufacturers. In 1995, a major reform of Chinese foreign aid policy led to the incorporation of the Exim Bank as an aid institution. The Exim Bank then began to provide concessional loans for foreign governments.[10] It is noteworthy that CDB has never been officially incorporated into foreign aid practices. Instead, CDB finances development projects in both domestic and international markets through non-concessional financing tools, although sometimes the CDB's interest rate on overseas loans and credits are arguably preferential in comparison to other international financiers.[11]

Over the years, China's foreign aid policies have been driven by different forces and framed by varied discourses. The Chinese government employed foreign aid as a tool to win international recognition for the newly established nation-state in the 1950s and 1960s, and then to build a political platform for leadership in the third world in the 1970s. After the market-oriented economic reform at the end of the 1970s, foreign aid policy shifted in line with supporting national economic priorities. However, the dominant discourse in foreign aid policy was centered on securing mutual benefits with recipient countries.[12] The 1990s witnessed a series of economic and political reforms in China and key transitions in China's foreign aid policy.[13] It is during this transitional period that the Exim Bank of China was born, and its current development finance framework was shaped.

The 1990s saw three parallel reforms in China's economic and political development, which played decisive roles in modeling Exim Bank's overseas lending. The first reform was the restructuring of the banking system and the redistribution of revenue income between the central and local governments. The original banking revenue structure in China was based on target allocation by the central government, a reflection of the planned economy that dominated the development trajectory in China between the 1950s and 1970s. The 1990s reforms, led by then-premier Zhu Rongji, established new regulations that not only separated the commercial banks and the policy banks but also decentralized the management of the financial system. The revenue redistribution between central and local governments increased revenues for the central government but created an important new source of revenue for the local authority: the sales of urban land. This led to the second reform in China's economy: the shift towards an infrastructure-heavy, land-centered, and investment-led growth model. Policy banks offered loans and credits to local development agencies (investing in infrastructure), using land as collateral, and the local agencies then engaged private partners in land-related development activities, creating a growth model that drove economic growth in China for decades. The third reform, which accompanied the transition of the banking system and the revenue system, was the modernization of State-Owned Enterprises (SOEs). The SOEs in the 1990s started to shift away from reliance on government planning; some were privatized, some restructured for industrial diversification, and others merged into sectoral giants that later became competitors in the international market.

The establishment of the policy banks as new drivers for development, the emphasis of public investment in infrastructure, the focus on opening the economy, and the reforms of the SOEs were the starting points for today's Exim Bank's development assistance frameworks. China's domestic development experiences are used as an important reference, if not a model, in designing foreign development assistance programs. China's Exim Bank's main mission is to support the exports of Chinese products and services. However, foreign aid is considered an important complement to SOE expansion and their search for new markets. The guidelines for the application of concessional loans, therefore, encourage procurement of Chinese equipment, technology, and services, with the aim of boosting a similar kind of investment-led growth elsewhere.[14]

When the Exim Bank started to get involved in foreign aid projects in 1995, it naturally incorporated these dual identities as both an aid agency and an ECA. The Exim Bank's evolution was a product of the Chinese domestic political economy, with key shifts in the domestic economy driving how Chinese diplomatic priorities evolved. Though the China International Development Cooperation Agency was established in 2018, China's foreign aid financial resources and administrative responsibilities rest with the Ministry of Commerce (MOFCOM) and the Exim Bank.[15] In planning and implementing aid projects, MOFCOM functions at a regulatory level. Once a loan commitment is made, Exim Bank takes full control. While OECD standards use concessionality and objectives to distinguish aid from other development finance, the Exim Bank of China operates with different categorizations. The bank's preferential loans and preferential buyer's credits are referred to as one package of 'concessional finance from the Chinese government to the developing countries'; the former would be categorized as ODA in the OECD framework while the latter is not. Scholars who compared Chinese data with the OECD framework have discovered that China's role as a 'donor' might have been exaggerated because of the ambiguity around details of preferential buyers' credits associated with the Exim bank.[16]

India

After India's independence in 1947, the first Prime Minister, Jawaharlal Nehru framed diplomatic relationships in line with the central values of the Non-Aligned Movement (NAM). Nehru and other leading figures within NAM emphasized global interdependence, "rather than the Manichean oppositions typical of Cold War discourse."[17] As such, India formally asserted its commitment to African development in the terms of postcolonial solidarity. Central to this solidarity was a strict doctrine of non-interference and emphasis on demand-led development cooperation, with recipient countries in Africa defining the role of India's grants and investment.

The Indian government still officially maintains these diplomatic commitments, but there is some debate about whether the Narendra Modi government has started to distance itself from these values. That said, India's trade and investment patterns are similar to those of other countries, both emerging and Western: India exports manufactured goods to and imports raw commodities from African countries. Securing oil and gaining a foothold in energy and mineral-rich African countries was a key concern for India in the mid-2000s.[18] The Indian government, as well as leading Indian private sector companies, deliberately built stronger ties with Africa's emerging petro-states and mineral-rich countries.[19] Though formal diplomatic commitments continue to be framed by South-South solidarity, there has been increasing evidence of India – buoyed by its growing economy – employing its diplomatic relationships to further its economic interests.

The growing size of India's development financing is indicative of the increasing salience of economic interests in shaping Indian diplomatic relations. India provided its first concessional credit line to a developing country in 1948, with a few more credit lines provided in the 1950s.[20] This lending program was small, with just 83 loans made to 23 countries between 1966 and 2005, amounting to around US$ 498 million.[21] The Indian government established the Exim Bank of India in 1982 to finance, facilitate, and promote international trade. India's Exim Bank also supports Indian companies in project execution, as well as helping Indian companies globalize their operations through extending loans and guarantees.[22] Through the Exim Bank, India provides lines of credit (LOCs) to recipient countries (including African countries). As of 2019, India had provided 181 LOCs to 41 African countries worth US$ 11 billion, which was about 42 percent of the total worth of LOCs provided by Indian Exim Banks worldwide.[23]

In 2002, India's Exim Bank launched the Focus Africa program to expand economic relations with specific African countries, including Ethiopia, Kenya, and Mauritius.[24] India's first systematic concessional credit scheme to Africa was initiated in 2003, implemented under the auspices of the Indian Development and Economic Assistance Scheme (IDEAS) in 2005.[25] The IDEAS scheme's key innovation was 'interest equalization support' (IES), which has become a central benefit of India's Exim Bank scheme. The Indian government bears the cost of the IES, which is the differential between the actual interest rate charged and the Indian Exim Bank's nominal commercial interest rate.[26] Usually, the Exim Bank typically charges a 1-3 percent interest rate, with a loan maturity of 10-20 years.[27] The Indian government's support from the IES allows the Indian Exim Bank to offer these low-interest rates while keeping its budget in line.

The IDEAS scheme is formally demand-led, with African governments needing to approach the Indian government for a loan. African governments then employ Indian firms as part of public procurement for projects. A large number of these projects have been in the energy sector, with Indian state-owned companies like BHEL and WAPCOS generally benefiting from these contracts. Some entrepreneurial Indian private companies have also benefited, acting as the driving force to convince specific African governments to apply for loans. Dye highlights how Angelique, a private mining company, was able to win several energy contracts in Rwanda.[28] Angelique's award of these contracts attracted significant criticism against the Indian government because of the company's lack of experience in the energy sector. Government investigations resulted in corruption charges being filed against Angelique and several Indian government officials who awarded the contracts. Dye shows that the government's decision to make Exim Bank finance available encouraged, "the rise of a group of inexperienced, generalist infrastructure firms."[29] In the 2000s, the Indian government was still using the Exim Bank to create opportunities for its own domestic firms. Some Indian government officials admit that this is part of a strategy to help Indian firms internationalize their activities abroad.[30]

Angelique was, of course, not the only beneficiary. Several prominent private firms like Shapoorji Paloonji and Larsen & Toubro also won contracts through the IDEAS scheme. The Indian Exim Bank explicitly supported Indian private sector firms to globalize their operations through overseas joint ventures and wholly-owned subsidiaries. Since the 2000s, the Exim Bank has remained the key driver of domestic companies' expansion into Africa. The Exim Bank achieved this role by providing support, including loans and guarantees, equity finance, and direct ownership in projects in partnership with Indian private sector firms. As of 2016, Exim Bank India had supported 37 Indian companies in 12 African countries, with a sanctioned budget of around US$ 60 million.

Reflecting shifts in India's domestic political economy, there were three key phases in India's Exim Bank financing. Initially, Exim Bank financing activities were largely contracting Public Sector Units (PSUs) like BHEL. After the 2000s, the Exim Bank was explicitly used to support private sector firms to globalize their operations, especially in African countries. Initially during this process, the government, through the Exim Bank, was in control; although more powerful Indian firms would sometimes pressure the government to invest in specific projects. However, over the last five years, the government has allowed more space for Indian firms to direct Exim Bank funding. The Indian private sector's gradually increasing influence is evident in the evolution of Exim Bank financing. These informal routes were accessed through private sector lobbies from the Federation of Indian Chambers of Commerce and Industry, as well as the India-Africa Forums (in 2008 and 2011) and the establishment of Indian Business Forums by Indian High Commissions in most African countries.

ETHIOPIA AS AN ECONOMIC PARTNER

China and India have both become important economic partners for Ethiopia. In terms of trade relations, China was the biggest importer and exporter for Ethiopia in 2019, while India ranked 12th as an importer and 2nd as an exporter.[31] Although foreign direct investment (FDI) data differs from source to source, Chinese and Indian FDI flows to Ethiopia are among the top four, competing with Saudi Arabia and Turkey.[32] Chinese loans to Ethiopia increased significantly in 2013 following a bilateral agreement on economic and technical cooperation and the framework agreement on concessional loans from China. Ethiopia is the biggest African, non-oil-export recipient country of Chinese loans between 2000 and 2015, with a major proportion of those loans going into the infrastructure sector.[33] The largest project for Chinese Exim Bank loans was the US$ 4 billion railway linking Addis Ababa with Djibouti. Chinese SOEs have dominated investments in the railway project. Ethiopia is among the largest of African beneficiaries of Exim Bank credit from India, with its strategic value recognized through the establishment of one of three African regional offices based in Addis Ababa. The Exim Bank operates concessional lines of credit on behalf of the Indian government. India's Exim Bank financing has been concentrated in the construction of sugar factories, railways, and power grids.[34]

Historical engagement and developing partnerships

As mentioned, Indian engagement with Ethiopia from the 1950s onwards was formally based on a commitment to South-South principles. Nehru's personal friendship with Haile Selassie contributed to the Indian government sending hundreds of teachers to Ethiopian schools – with the descendants of those families still living in Ethiopia today.[35] The Selassie-Nehru friendship conditioned the diplomatic relationship in India-Ethiopia, which was largely based on social assistance in the 1950s. The Indian government (and the Indian community in Ethiopia) contributed US$ 76,000 to establish a maternity home in Addis Ababa in 1952, with Emperor Selassie reciprocating by gifting 500 tons of wheat to India.[36] Successive Indian governments have built their diplomatic relations on the basis of this historical relationship. In the 1990s, the EPRDF began to strengthen their relations with India. In 1997, The Indian and Ethiopian governments established a Joint Trade Committee (JTC), which promoted Ethiopia-India trade and investment.[37] This was followed by a Joint Ministerial Commission established between the two countries in 2007. For the Ethiopian government, diversifying its foreign relationships was recognized as essential in maintaining policy space and control over the direction of the development strategy.

While official diplomatic relations between China and Ethiopia were established in the early 1970s during Selassie's reign, the economic partnership between the two countries didn't expand significantly until the 1990s. Even during the Derg regime that deposed the emperor in 1974 and allied with the Soviet Union, there was limited engagement between the two governments. After EPRDF took power in 1991, a debate took place within the leadership in Ethiopia on whether to build a strong connection to China as a way to counterbalance the political pressure from the West. This led to a series of official visits from Ethiopia to China. The EPRDF's increased engagement with East Asia was central to the government's embrace of the "developmental state" and East Asian models.[38]

Official Chinese and Indian diplomatic relationships with Ethiopia are framed in the language of being 'development partners' with Ethiopia rather than being 'foreign donors.' As the biggest economy in the Horn of Africa, Ethiopia holds a strategic position in the region's trade links with the Middle East and with Europe, and until recently, it has been one of the most politically stable nation-states in sub-Saharan Africa. Despite being a long-term member of the Least Developed Country (LDC) list in the United Nations database, Ethiopia has been among the fastest-growing economies in sub-Saharan Africa in recent years. Between 2004 and 2017, the country achieved an almost continuous two-digit annual GDP growth.[39] As one of Africa's most populated countries (112 million), there is also significant potential in developing a vast domestic market.

Under the EPRDF government, Ethiopia experienced rapid economic growth. From 2000 to 2013, Ethiopia was the second-fastest growing country in sub-Saharan Africa (with Angola the first), with GDP growth averaging 9.5 percent a year.[40] In the 1990s, the EPRDF based its development policies on improving the fortunes of the rural sector, with the majority of the country residing in rural areas, including 13 million smallholders, most of which were "poor farmers".[41] The Ethiopian government formulated the Agricultural Development-led Industrialization strategy, which was based on lessons from the East Asian experience.[42] In the 2000s, as the government gradually shifted tack to investing in the manufacturing sector, the Ethiopian government continued to look to East Asian developmental states as role models.[43]

Chinese and Indian companies were consistent partners in helping the Ethiopian government to achieve its developmental goals. Chinese companies are especially active and engaged in Ethiopia's infrastructure development.[44] Almost all the national industrial parks were built by Chinese SOEs, for example. One of the Chinese SOEs in Ethiopia proposed the building and operation of a big industrial park in Adama, an industrial city not far from Addis Ababa, using concessional loans from the Chinese Exim Bank.[45] The Bank also offered loans to some of the major infrastructure projects to support industrial development in Ethiopia, including the Addis-Djibouti railway and the expansion of Bole International Airport.

Indian private investment into Ethiopia dates back to 1956 when a large Indian conglomerate (Birla) established operations there, later establishing a joint venture investment (with the Kenyan government and the World Bank) in a paper manufacturing company. Between 2008 and 2016, about 64 Indian companies invested over US$ 96 million in Ethiopia.[46] As of 2017, there were 608 Indian projects approved by the Ethiopian Investment Commission (EIC), of which 48 percent were in manufacturing and 21 percent were in agriculture. In Ethiopia, a large share of private Indian investment has been channeled into the manufacturing sector. Manufacturing companies like Kanoria (a significant apparels investor in Ethiopia) have benefited from low-interest rate loans from the Exim Bank to support their investments in Ethiopia's Special Economic Zones.

Along with the continued private investment in Ethiopia's agriculture sector, Indian SOEs like BHEL and WAPCOS are active in supporting engineering, construction, and energy projects. Perhaps, most significant is the more recent investment in Ethiopia's industrial parks, with high-profile Indian private sector companies including Raymond and Arvind establishing garment production facilities. These investments have been strategically driven by the Ethiopian government and in particular, the Ethiopian Investment Commission. Because of these investments, several large business groups in India have also begun exploring opportunities in Ethiopia in sectors ranging from manufacturing, telecom, and construction.[47] For example, large Indian telecoms have expressed interest in the possibility of privatizing Ethio Telecom.[48]

Challenges facing sustained partnership

The substantial loans and other forms of state finance from both China and India indicate the influential role of "Rising Donors" as emerging economic partners to Ethiopia. But the increasing economic ties and the unravelling political stability in Ethiopia have also contributed to increasing challenges to these partnerships.

The strengthening of Chinese and Indian relationships had been partly based on continuity within the EPRDF, as well as the Ethiopian government's active role in sustaining diplomatic and economic relations. Since Meles Zenawi's death, increasing political tensions with the EPRDF and national unrest have increased considerably. This has contributed to increased uncertainty for donors and investors. Meles' successor, Hailemariam Desalegn, resigned as Prime Minister in 2018, bowing to internal party pressure.[49] Abiy Ahmed replaced Desalegn as Prime Minister. Ahmed has embarked on political reforms that departed from his predecessors. Ahmed's rapprochement with Eritrea won him a Nobel Peace Prize in 2019, gaining him global recognition. However, Ahmed's economic policies have signaled a departure from the EPRDF's commitment to the developmental state model. Ahmed has signaled his intention to pursue globalizing the Ethiopian economy, committing to privatizing and liberalizing sectors, as well as seeking increased foreign investment. The World Bank is also perceived by some government officials to be urging more market-led reforms after providing significant support to ease the country's current account deficit.[50] Significantly, Ethiopia actually enhanced negotiation power and agency despite the country's macroeconomic challenges and new leadership. In 2018, soon after Ahmed took power, Ethiopia managed to reschedule the loan payment to China for the Addis-Djibouti railway project, extending the repayment tenor from 10 years to 30 years.[51]

The rescheduling of the railway loan reflects the increasing pressure facing China's infrastructure finance in Africa. As the following sections will show, the loans and export credits from China Exim Bank have been negotiated at project levels, which implies that they can be flexible in preferential terms. There is also increased concern from Chinese enterprises in Ethiopia that Ahmed government's new policies would no longer prioritize industrial and infrastructure development (where the Chinese companies are particularly concentrated). These concerns and pressure could explain the halt of China's Exim Bank loans to Ethiopia in 2019.

Meanwhile, Ethiopia's partnership with India is facing other challenges. Ethiopia's agricultural development-led industrialization strategy (ADLI) aimed at supporting smallholders in the highlands by supplying them with new irrigation technologies and fertilizers while promoting foreign investment in the lowlands.[52] Indian firms were involved in 70 percent of Ethiopia's land sales, with the Ethiopian government strategically seeking Indian investment to promote exports and create employment opportunities.[53] There were some examples where Indian investors, upon assuming land ownership, did little with the land or at least did not meet the conditions that were agreed with the Ethiopian government.[54] Among the most notorious cases was Karuturi Global's investments, which only used a fraction of the 100,000 hectares allocated and created merely 500 jobs. Karuturi was forced to give back its land; some Indian investors left voluntarily while others (including Karuturi) resisted. Since then, the Ethiopian government has established measures to scrutinize the activities of large investors, including strengthening environmental impact assessments.[55] However, even after the Ethiopian government established more measures to monitor such investments, new land deals were also granted to questionable investors (with Karuturi awarded 15,000 hectares in Gambella), leading to fresh criticism for the Ethiopian government.

CASE STUDIES: EXIM BANK LOANS IN ETHIOPIA

China: Financing Infrastructure in Ethiopia

The transport sector has absorbed a major proportion of Chinese loans in Africa. In Ethiopia, this is best demonstrated in the construction of the two major railway projects, the Addis Ababa-Djibouti Railway (ADR), a transnational railway line that connects the capital city of Ethiopia with its most used international port, and the Addis Ababa Light Rail Transit (LRT), the backbone transportation infrastructure within the capital city itself. Both projects are primarily financed by Exim Bank loans.

The 759-km long ADR is a double-track standard-gauge railway connecting the capital city of Ethiopia and the port in Djibouti city. Exim Bank financed 70 percent of the Ethiopian segment of the railway and 85 percent of the Djibouti part with commercial loans, amounting to US$ 3 billion.[56] Although the loan was offered in commercial terms, the interest rate (LIBOR+3) was considered lower than average commercial rates.[57] The rescheduling of the repayment in 2018 also led to US$ 1 billion in losses for Sinosure, the state insurance company which backed the bilateral loan agreement, and arguably increased the concessionality of the finance.[58] The railway project was awarded to two Chinese SOEs, the China Railway Engineering Corporation (CREC) and the China Civil Engineering Construction Company (CCECC). The two companies divided the railway at Mieso, with CREC constructing the railway between Mieso and Addis Ababa, and CCECC constructing the railway from Mieso to the port of Djibouti. In 2017 after the construction of the railway, CCECC and CREC formed a joint venture to operate the railway and made a six-year exit plan.[59]

The Addis Ababa LRT project, although much smaller in scale, has a critical role in Ethiopia's railway network development, as it was depicted as an embodiment of modernity and the Ethiopian 'renaissance'.[60] The LRT comprises north-south and east-west axes, with a total length of 34 km. The total cost of the LRT was US$ 475 million, 85 percent of which was financed by Exim Bank of China. Information on the terms of the loan is not publicly available, but our interviews suggested that the loan was offered at a preferential rate.[61] The project was contracted by CREC, and when the construction was almost finished in 2015, CREC invited Shenzhen Metro to form a joint team and signed a three-year operation contract with the Ethiopian government.

The standard narrative of these projects may lead to the conclusion that these projects were planned and implemented by Chinese development agencies; however, a review of the project challenges this view from two aspects. First, the project's plans predated the participation of Chinese bank and companies. Both the modern ADR and the LRT are part of Ethiopia's National Railway Network and were proposed by the Ethiopian Railway Corporation (ERC), which was established in 2007 by Regulation Number 141/2007 of the Council of Ministers of FDRE, authorizing the construction of a modern nationwide railway network.[62] Second, Exim Bank did not initiate the participation of Chinese entities in the projects. Instead, contracting SOEs brought the bank in as a finance partner.[63] For the Addis LRT project, the agreement between ERC and the contracting CREC was signed in 2009 and 2010, before finance was secured from Exim Bank in 2011.[64] For the Addis-Djibouti Railway, the Chinese SOEs won the construction contracts in 2011. The Exim Bank confirmed the loan commitments for the railway project in 2013, after two years of feasibility studies and evaluations on the project.[65]

These two cases indicate that Chinese state-owned companies shaped how Exim Bank finance was delivered and who won contracts. They also problematize assumptions about the Chinese government acting as a single homogeneous entity. Instead, actors (like SOEs), often compete against one another, driving how development financing mechanisms operate and who benefits from them.

India: Lines of Credit (LoC)

The Indian government's extension of LoCs to Ethiopia have been marked by consistent learning between both governments. In Ethiopia, the Exim Bank has extended LoCs in four sectors: agriculture, railways, rural electrification, and (more recently) manufacturing. Although there have been mixed results, there are signs of progress with Indian LoCs working closely with Ethiopia's development priorities (particularly through manufacturing sector investments). Recent investments have highlighted how domestic, private sector companies could use Exim Bank funds to globalize their activities, clearly showing how prominent Indian manufacturing companies could use their positions at home to access LoCs for expanding their investments in Ethiopia.[66] These investments, which have formed part of Ethiopia's much-praised industrial park strategy, have provided positive press for the Indian government.[67] The positive attention was important given that previous investments were negatively tarred by associations with unproductive public procurement contracts.[68]

The Ethiopian government entrusted India as a key strategic partner in agriculture, capitalizing on existing diplomatic relations to encourage Indian investment in the ADLI strategy in the 1990s and 2000s. In 2007, a US$ 640 million governmental LoC had supported the country's sugar industry by extending support for sugar production at three factories (Wonji Shoa, Tendaho Phase-1, and Fincha). Later, the Ethiopian government accessed Indian LoCs to support the construction of

Ethiopian railways. In 2013, the Exim Bank approved a US$ 300 million LoC to Ethiopia to support the construction of the railway line, linking Addis Ababa to Djibouti. Finance, through Indian LoCs, was also used to support investment in a 20-year, US$ 65 million rural electrification project. This section will describe Exim Bank's investments in sugar and the more recent investments in manufacturing.

The Ethiopian government's strategic enticements, leading private sector Indian companies to support its diversification into agro-processing and light industrial production, have contributed to mixed results in relation to the outcomes of Exim Bank LoCs. The benefits from investments in the sugar sector are uncertain or, at least, have been delayed. However, investments in the apparel sector have already reaped benefits.

In the sugar sector, The Ethiopian government entered into an Engineering Procurement and Construction (EPC) contract with two Indian private sector companies, the Overseas Infrastructure Alliance (OIA) and Uttam Sucrotech International. Though the expansion of both factories was supposed to be completed by 2011, it remains behind schedule, and factories are not yet fully operational. The failure of these two projects has contributed to a shortage of sugar within Ethiopia. These failed investments, along with the failure of other sugar factories to increase production, have forced the government to import about 200,000 metric tons of sugar annually.[69] Sugar manufacturing also accounts for 57 percent of employment within Ethiopia's food processing sector. Thus, the failure to expand production and utilization capacity at Ethiopia's factories presents a significant loss to potential employment. As with other Exim Bank loans from India to African countries, the awarding of contracts to OIA and Uttam Sucrotech has been the subject of court cases in India.[70] The Indian Exim Bank's financing of sugar factories continues to be mired in controversy, with no signs of improvements.[71]

Exim Bank investments supporting Indian private sector manufacturing companies in Ethiopia have yielded more productive outcomes. India's Exim Bank supported investments in two apparel manufacturing companies: Kanoria Chemicals and Industries Ltd. (Kanoria Africa Textile PLC) and Arvind Brands and Retails Ltd. (Arvind Lifestyle Apparel Manufacturing PLC). The Indian Exim Bank provided a US$ 21 million loan to Kanoria to support the construction of a denim plant. Interestingly, Kanoria also partnered with Hong Kong-based Fung Capital in its investments in Ethiopia. Overall, the Indian Exim Bank has provided about US$ 36 million for Kanoria's investments in Ethiopia, the largest funds provided to a single company for its investments in Africa. Arvind Brand and Retails received about US$ 6 million to support its investments in Ethiopia's industrial park.[72] Partnerships with Kanoria and Arvind were closely linked to developing a strategic partnership with lead firms like PVH Corp. and H&M.[73] When PVH partnered with the Ethiopian government to lead the construction of Hawassa Industrial Park, Arvind – as a key supplier to PVH – also made a substantial long-term commitment to Ethiopia. Since Arvind and Kanoria were both substantial investors in India's domestic manufacturing sector, they were able to take advantage of Exim Bank LoCs (particularly the relatively new JV financing mechanism) to support their investments in Ethiopia.

Officials from the Indian Exim Bank in Ethiopia acknowledged there was discussion to provide additional support to what was seen as 'showcase investments' of the benefits that Exim Bank loans could provide in 'employment, exports and development of our partner countries.'[74] Kanoria and Arvind's role in leveraging their prominence domestically to gain access to LoC finance was acknowledged by Exim Bank officials and by the firms. This example directly shows how the role of powerful firms in shaping how Exim Bank financing mechanisms are evolving. Of course, these investments were also diplomatically beneficial. For the Indian government, apparel investments provided much-needed positive press after a decade of negative global press regarding Indian private investment being associated with land grabs in Ethiopia.

DIVERGENCE AND CONVERGENCE OF THE EXIM BANKS

The historical review and case studies show that there are similarities between Exim Banks in China and India, especially in the roles they play in facilitating developmental projects and building economic partnerships in Ethiopia, albeit using different financing tools. A significant similarity is how Exim Banks formally reflect the goals of both development assistance and economic support to domestic firms. Preferential loans and preferential buyers' credits are two types of foreign assistance provided by China's Exim Bank, but they are usually mixed with commercial loans and credits at project levels, making it impossible to label a project simply as aid or commercial development. The concessionality (interest rate and subsidy level) of these project finances are negotiated on a case-by-case basis and may or may not qualify as ODA according to OECD standards.

Another feature that further distinguishes the Exim Banks of China and India from OECD norms is that neither of these Exim Banks applies the OECD framework of evaluating whether their finance for a project fulfills the developmental purposes of the recipient country. In the Chinese infrastructure-financing model, although the Chinese Exim Bank undertakes an independent feasibility study to evaluate the project before issuing the loan, they rely heavily on the materials provided by the proposing SOE. The Chinese Exim Bank usually receives a feasibility study from the Ethiopian government, which was heavily influenced, or sometimes written by the SOEs. The Bank then hires an independent consultancy, the China International Engineering Consultancy Company, to evaluate the feasibility study.

Both Indian and Chinese Exim Banks have also historically invested in infrastructure (though the Chinese Exim Bank prioritizes it more formally). This is evident in almost all the investment guidelines provided by MOFCOM and frequent citations of the famous saying "to get rich, build a road first" in our interviews with Chinese government officials and SOE contractors. This focus on infrastructure investment by the Chinese finance institute is arguably a policy replicated from China's own development experience. As mentioned above, after the Opening Up policy in the 1980s and especially after the policy banks, including the China Development Bank and Exim Bank, were born in the early 1990s, the Chinese government put infrastructure investment at the center of economic development. In this sense, most Chinese infrastructure construction companies are attempting to replicate the Chinese prioritization of infrastructure in African countries. Cooperation between contractors and central banks was a critical element in the model.

Like the Chinese Exim Bank, its Indian counterpart does not have a clear engagement strategy with the Ethiopian government. Instead, accessing support through the Exim Bank has largely been driven by the Ethiopian government, in conjunction with firms from both countries (either Chinese SOEs or Indian private sector firms). The most glaring difference between Chinese and Indian Exim Banks is reflected in how the domestic political economies of these two countries have evolved. Specifically, the predominance of Chinese SOEs has contributed to competition to drive Exim bank finance and the resources associated with such loans to their respective projects. In India, Indian private sector companies have a much clearer and direct influence on shaping how Exim Bank funding delivery has been shaped in Ethiopia. The Ethiopian government's strategic engagement has also contributed to attracting comparatively more prominent Indian firms (in comparison with other African countries). This has meant that some firms (like Kanoria) have successfully gained substantial support from Exim Bank loans, which were not traditionally directly accessed by private firms. Additionally, the Ethiopian example represents a substantial divergence from most Indian investments in Africa, which are concentrated in resource sectors. The success of industrial firms in using Exim Bank investments to invest in manufacturing represents the potential to contribute to structural transformation but may still be an anomaly within India-Africa bilateral relations.

CONCLUSION

This paper has investigated how Indian and Chinese Exim Bank financing differs from conventional donor finance and from one another. Through an examination of the financing mechanisms of Exim Banks in both countries, we have shown that Exim Banks are both aid agencies and export credit agencies, mixing diplomatic and economic purposes in their financing actions. It also shows how the domestic political economies in China and India have shaped the dispersal of their development finance and loan recipients over time. Both countries implement development finance in distinctive ways, reluctant to fully align with the standards of traditional donors. These government financial institutions' strategies continue to evolve and do not appear to have a clear long-term strategy. Their operations are flexible, and the Ethiopian case study presents evidence of some experimentation (especially in the Indian case).

Chinese Exim Bank activities continue to be driven through SOEs, whereas the Indian Exim Bank's lending is increasingly influenced by Indian private sector firms. Despite the growing influence of these emerging donors in Africa, there are still considerable risks and challenges. For the Chinese Exim Bank, there is growing concern about debt sustainability amongst borrowing countries. The contracting SOEs who led the financing process and benefited directly from the finance are also facing growing burdens of repayment-related issues and have had to extend their services into operating the infrastructure they constructed. The Indian Exim Bank's financing of projects in Ethiopia has evolved through a process of co-learning between the Ethiopian government, Indian firms, and the Indian Exim Bank. Initially, the financing of sugar projects was mired in controversy.[75] However, more recent financing has been closely in line with the Ethiopian government's strategic priorities in the manufacturing sector. In other countries (where recipients do not show strategic directions), limited strategic direction may allow Indian private firms to invest in speculative or unproductive activities, with limited benefits for economic transformation.

The growing literature, which highlights the salience of African agency in shaping donor engagement on the continent, has been a welcome addition to the literature in recent decades. This study acknowledges the importance of such analyses, highlighting that the Ethiopian government has strategically engaged with donors to drive funding towards developmental priorities, albeit with varied results.[76] The analysis in this paper, however, motivates more investigation into how African agency interacts with the domestic political economies of donor countries to shape the financing of emerging donors. In doing so, the paper encourages more multi-level analysis of aid relationships in shaping how the funding of emerging donors has evolved in relation to African countries. A fuller understanding of how emerging donor relations with African countries are being shaped requires an analysis of how interactions between both countries have evolved, with greater emphasis on the interaction between the political economies of both donors and recipient countries. ★

ENDNOTES

1. Richard Manning, "Will 'Emerging Donors' Change the Face of International Co-operation?" *Development Policy Review* 24, no. 4 (June 2006): 371–385, https://doi.org/10.1111/j.1467-7679.2006.00330.x; Ngaire Woods, "Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance," *International Affairs* 84, no. 6 (2008): 1205–1221; Peter Kragelund, "Towards convergence and cooperation in the global development finance regime: Closing Africa's policy space?" *Cambridge Review of International Affairs* 28, no. 2 (2015): 246–262, https://doi.org/10.1080/09557571.2014.974141.
2. Emma Mawdsley, "South–South Cooperation 3.0? Managing the consequences of success in the decade ahead," *Oxford Development Studies* 4, no. 3 (2019): 259–274, https://doi.org/10.1080/13600818.2019.1585792.
3. Jing Men and Benjamin Barton, *China and the European Union in Africa: Partners or Competitors?* (Taylor & Francis Group: 2011), http://ebookcentral.proquest.com/lib/soas-ebooks/detail.action?docID=674516; David Dollar, "Is China's Development Finance a Challenge to the International Order?" *Asian Economic Policy Review* 13, no. 2 (July 2018): 283–298, https://doi.org/10.1111/aepr.12229.
4. Xiaoyu Pu, "Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms," *Chinese Journal of International Politics* 5, no. 4 (2012): 341–36; Adam Moe Fejerskov, Erik Lundsgaarde, and Signe Cold-Ravnkilde, "Recasting the 'New Actors in Development' Research Agenda," *European Journal of Development Research* 29, no. 5 (2017):1070–1085.
5. Goran Hydén and Rwekaza Mukandala (Eds.), *Agencies in foreign aid: Comparing China, Sweden, and the United States in Tanzania* (Palgrave Macmillan Press, 1999).
6. Jo Beall, Thomas Goodfellow, and James Putzel, "Introductory Article: On the Discourse of Terrorism, Security and Development," *Journal of International Development* 18, no. 1 (January 2006): 51-67; Stephen Brown and Jörn Grävingholt, Eds. "Security, development and the securitization of foreign aid," In *The Securitization of Foreign Aid* (Palgrave Macmillan, London: 2016) 1-17.
7. Deborah Bräutigam, "Aid 'With Chinese Characteristics': Chinese Foreign Aid and Development Finance Meet the OECD-DAC Aid Regime," *Journal of International Development* 23, no. 5 (2011): 752–764, https://doi.org/10.1002/jid.1798; Amrita Narlikar, "India's rise to power: Where does East Africa fit in?" *Review of African Political Economy* 37, no. 126 (2010): 451-464.
8. Fantu Cheru, "Emerging Southern powers and new forms of South–South cooperation: Ethiopia's strategic engagement with China and India," *Third World Quarterly* 37, no. 4 (2016): 592–610, https://doi.org/10.1080/01436597.2015.1116368; Lucy Corkin, *Uncovering African agency: Angola's management of China's credit lines* (Routledge: 2016); Arkebe Oqubay and Justin Yifu Lin, eds. *China-Africa and an Economic Transformation* (Oxford, Oxford University Press: 2019).
9. Deborah Bräutigam, "China, Africa and the Global Aid Architecture," SSRN Scholarly Paper, (December 2009) https://doi.org/10.2139/ssrn.1525934; Emma Mawdsley, *From Recipients to Donors: Emerging Powers and the Changing Development Landscape* (Zed Books, London: 2012); Isaline Bergamaschi, Phoebe Moore, and Arlene B. Tickner, *South-South Cooperation Beyond the Myths: Rising Donors, New Aid Practices?* (Springer: 2017).
10. http://www.cidca.gov.cn/2018-08/06/c_129925064_2.htm, accessed 20/02/2022.
11. Deborah Bräutigam, "Chinese development aid in Africa: What, where, why, and how much?" In *Rising China: Global challenges and opportunities* (2011: ANU E Press): 203–211; Muyang Chen, "Between State and Market: China's Development Banking in Comparative Perspective," PhD dissertation, University of Washington (2018).
12. Deborah Bräutigam "China's Foreign Aid in Africa: What Do We Know?" In *China into Africa: Trade, Aid, and Influence*, (Brookings Institution Press: 2008) 197–216.
13. Ian Taylor, "China's foreign policy towards Africa in the 1990s," *The Journal of Modern African Studies* 36, no. 3 (1998): 443–460.
14. Interviews, Chinese SOE offices in Addis Ababa, May 2019.
15. http://en.cidca.gov.cn/, accessed 02/02/2022.

16. Paul Hubbard, "Chinese Concessional Loans," In *China into Africa: Trade, Aid, and Influence* (Brookings Institution Press, Washington DC 2008): 217–29; Bräutigam, "Aid 'With Chinese Characteristics'," 2011; Chen, "Between State and Market," 2018; Naohiro Kitano, "Estimating China's Foreign Aid Using New Data," *IDS Bulletin* 49, no. 3 (July 2018), https://doi.org/10.19088/1968-2018.148.

17. Itty Abraham, "From Bandung to NAM: Non-alignment and Indian Foreign Policy, 1947-65," *Commonwealth & Comparative Politics* 46, no. 2 (2008): 195-219, p. 208.

18. Prabodh Saxena, "India's credit lines: Instrument of economic diplomacy," In Sachin Chaturvedi and Anthea Mukalala, eds. *India's Approach to Development Cooperation* (Routledge, London: 2016).

19. Aparajita Biswas, "India-Africa Relations: Evolving Past to a Promising Future," *Indian Foreign Affairs Journal* 10, no. 3 (2015): 284.

20. Barnaby Dye, "Meeting Africa's Latest Dam Builders: The Indian Exim Bank: 'Entrepreneurial' Companies and the Outcomes of South-South Cooperation," (Forthcoming).

21. Saxena, "India's credit lines."

22. Malancha Chakrabarty, "Indian Investments in Africa: Scale, Trends and Policy Recommendations," Observer Research Foundation Occasional Paper No. 142 (February 2018).

23. H.H.S. Viswanathan and Abhishek Mishra, "The ten guiding principles for India-Africa engagement: Finding coherence in India's Africa policy," Observer Research Foundation Occasional Paper No. 200 (2019).

24. Christian Wagner, "India's Africa Policy," German Institute for International and Security Affairs, SWP Research Paper 9 (July 2019).

25. Prabodh Saxena, "Lines of Credit: Policy Matrix Revisited," *International Studies* 53, (2016): 44-58.

26. *Ibid*.

27. Barnaby Dye, "Uneven convergence in development? The case of India's lines of credit to Africa," Manchester: FutureDAMS Working Paper 14 (2020).

28. *Ibid*.

29. *Ibid*.

30. Interview, Exim Bank India Ethiopia Office, August 2019.

31. UN Comtrade data, see: https://oec.world/en/profile/country/eth.

32. Cheru "Emerging Southern powers and new forms of South-South cooperation," (2016) suggests that Indian companies have been the second largest foreign investors in Ethiopia, following Saudi Arabia; Chinese companies are the third largest group. An interview with Ethiopia Investment Commission (EIC) in 2017 by the authors suggested a different ranking: China, Saudi Arabia, Turkey, and India.

33. Lucas Atkins, Deborah Bräutigam, Yunnan Chen, and Jyhjong Hwang, "Challenges of and opportunities from the commodity price slump," China Africa Research Initiative, Johns Hopkins University School of Advanced International Studies, 2017.

34. https://www.eximbankExim Bankindia.in/blog/blog-content.aspx?BlogID=14&BlogTitle=Exim%20Bank, accessed 23/04/2020.

35. Interviews, High Commission of India in Ethiopia and Indian-Ethiopian community representatives, October 2019.

36. Sushil Kumar, "India's Development Cooperation with Ethiopia in Sugar Production: An Assessment," *International Studies* 53, no. 1 (January 2016): 59-79.

37. Cheru, "Emerging Southern Powers."

38. Seifudein Adem, "China in Ethiopia: Diplomacy and Economics of Sino-optimism," *African Studies Review* 55, Issue 1 (April 2012): 143–160, https://doi.org/10.2307/41804135.

39. https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ET.

40. Christopher Clapham, "The Ethiopian developmental state," *Third World Quarterly* 39, no. 6 (2018): 1151-1165.

41. René Lefort, "Free market economy, 'developmental state' and party-state hegemony in Ethiopia: the case of the 'model farmers'," *The Journal of Modern African Studies* (November 2012): 681-706.

42. Tom Lavers, "Land grab as development strategy? The political economy of agricultural investment in Ethiopia," *Journal of Peasant Studies* 39, no. 1 (2012): 105-132.

43. Arkebe Oqubay, *Made in Africa: Industrial Policy in Ethiopia* (Oxford, Oxford University Press: 2015).

44. Adem, "China in Ethiopia."

45. According to our interviews, Exim Bank has already signed the financing agreement for the park, but at the time of writing, the project had not started yet and no disbursement had been made.

46. Chakrabarty, "Indian Investments in Africa."

47. Interview, Indian Exim Bank in Ethiopia, October 2019.

48. Interview, High Commission of India in Ethiopia, October 2019.

49. Jonathan Fisher and Meressa Tsehaye Gebrewahd, "'Game over'? Abiy Ahmed, the Tigrayan People's Liberation Front and Ethiopia's political crisis," *African Affairs* 118, no. 470 (January 2019): 194-206.

50. Interview, Ethiopian Investment Commission, October 2019.

51. https://www.reuters.com/article/ethiopia-china-loan/update-1-ethiopia-pm-says-china-will-restructure-railway-loan-idUSL5N1VS4IW, accessed 20/04/2020.

52. Lavers, "Land grab as development strategy?"

53. Magdalena Hules and Simron Jit Singh, "India's land grab deals in Ethiopia: Food security or global politics?" *Land Use Policy* 60, (2017) 343-351.

54. Dessalegn Rahmato, *Land to Investors: Large-scale Land Transfers in Ethiopia* (Forum for Social Studies, Addis Ababa: 2011).

55. Cheru, "Emerging Southern Powers."

56. http://www.xinhuanet.com/world/2016-10/06/c_129311753.htm.

57. Interview with Chinese contractors in Ethiopia, October 2018. See also: Yunnan Chen, "Laying the Tracks: The Political Economy of Railway Development in Ethiopia's Railway Sector and Implications for Technology Transfer," Working Paper No. 2021/43, China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, http://www.sais-cari.org/publications.

58. https://www.ft.com/content/82e77d8a-e716-11e8-8a85-04b8afea6ea3.

59. Interview, Chinese SOE office in Addis Ababa, November 2018.

60. Boudet, L., Gendreau, L., & Marchand, Q. (2014). *Les transports à Addis Abeba*. 58; Clelie Nallet, "The Challenge of Urban Mobility: A Case Study of Addis Ababa Light Rail, Ethiopia," French Institute of International Relations, *Sub Sheara Africa Program* (February 2018).

61. Interviews with Chinese SOE contractors in Addis Ababa, April 2018.

62. http://repository.smuc.edu.et/bitstream/123456789/5440/1/Organizational%20Culture%20ERC%281%29.pdf.

63. Interview, Ethiopian Railway Corporation, November 2018.

64. Interview, Chinese SOE office in Addis Ababa, May 2019.

65. *Ibid*.

66. Dye, "Meeting Africa's Latest Dam Builders."

67. Oqubay, *Made in Africa*.

68. Dye, "Uneven convergence in development?"

69. Amsalu K. Addis, Simplice Asongu, Zhu Zuping, Hailu Kendie Addis, and Eshetu Shifaw, “Chinese and Indian investment in Ethiopia: Infrastructure for ‘Debt-Trap Diplomacy’ Exchange and the Land Grabbing Approach,” *International Journal of Emerging Markets*, (January 2020).

70. *Ibid*.

71. Fana Gebresenbet and Benedikt Kamski, “The paradox of the Ethiopian Developmental State: Bureaucrats and politicians in the sugar industry,” *Journal of Contemporary African Studies* 37, no. 4 (2019): 335-350.

72. EximIndia, “India’s investments in select East African countries,” New Delhi: Exim Bank of India Working Paper No. 60 (2017).

73. Lindsay Whitfield, Cornelia Staritz, and Mike Morris, “Global Value Chains, Industrial Policy and Economic Upgrading in Ethiopia’s Apparel Sector,” *Development and Change* 51, no. 4 (June 2020): 1018-1043.

74. Interview, Exim Bank India, August 2019.

75. Gebresenbet and Kamski, “The paradox of the Ethiopian Developmental State.”

76. Fantu Cheru and Arkebe Oqubay, “Catalyzing China-Africa Ties for Africa’s Structural Transformation: Lessons from Ethiopia,” In Arkebe Oqubay and Justin Yifu Lin, eds. *China-Africa and an Economic Transformation* (Oxford: Oxford University Press, 2019).

AUTHOR BIO

ZHENGLI HUANG

Dr. Zhengli Huang is a Post-Doc Researcher in urban and rural planning at Tongji University, Shanghai. Her work focuses on China's development finance and its impact on African urbanization, especially on housing, urban policy, and governance.

PRITISH BEHURIA

Pritish Behuria is a lecturer in politics, governance, and development at The University of Manchester's Global Development Institute. His research examines the political economy of transformation under 21st century globalization.

ALSO FROM SAIS-CARI

POLICY BRIEFS:

Laying the Tracks: The Political Economy of Railway Development in Ethiopia's Railway Sector and Implications for Technology Transfer
Policy Brief 52/2021, Yunnan Chen

Private Security Companies in Kenya and the Impact of Chinese Actors
Policy Brief 53/2021, Shuwen Zheng and Ying Xia

Development Finance and Distributive Politics: Comparing Chinese and World Bank Finance in sub-Saharan Africa
Policy Brief 54/2021, Keyi Tang

WORKING PAPERS:

Do Chinese Infrastructure Loans Promote Entrepreneurship in African Countries?
Working Paper 46/2021, Jonathan Munemo

Chinese International Contractors in Africa: Structure and Agency
Working Paper 47/2021, Hong Zhang

International Development Lending and Global Value Chains in Africa
Working Paper 48/2021, Vito Amendolagine

View the complete list of SAIS-CARI publications: www.sais-cari.org/publications

ABOUT THE SAIS CHINA-AFRICA RESEARCH INITIATIVE

Launched in 2014, the SAIS China-Africa Research Initiative (SAIS-CARI) is based at the Johns Hopkins University School of Advanced International Studies in Washington D.C. SAIS-CARI was set up to promote evidence-based understanding of the relations between China and African countries through high quality data collection, field research, conferences, and collaboration. Our mission is to promote research, conduct evidence-based analysis, foster collaboration, and train future leaders to better understand the economic and political dimensions of China- Africa relations and their implications for human security and global development. Please visit the SAIS-CARI website for more information on our work.

SAIS China-Africa Research Initiative
1717 Massachusetts Avenue NW, Suite 733
Washington, DC 20036
www.sais-cari.org
Email: sais-cari@jhu.edu

Support for this working paper was provided by a grant from Carnegie Corporation of New York. Carnegie Corporation of New York is a philanthropic foundation created by Andrew Carnegie in 1911 to do “real and permanent good in this world.”