WHO'S IN CHARGE OF SINO-AFRICAN RESOURCE POLITICS? SITUATING AFRICAN STATE AGENCY IN GHANA

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ABSTRACT

Recent literature on Sino-African resource politics emphasizes the agency of African elites in relation to Chinese capital and state agencies, yet whether African elites have gained agency over the structure of African economies remains debatable. This article questions how agency has been understood in analyses of Sino-Africa relations by identifying the nature and limits of Ghanaian agency in bilateral and multilateral aid relations since the discovery of oil in 2007. First, although the agency of Ghanaian elites has shaped the outcomes of recent bilateral investments, Ghanaian state agency has been exercised primarily in brokering external sources of finance and in relation to domestic institutions and political factions. Second, Chinese investment did shift the aid modalities and the relative power of Ghana's traditional development partners, but international finance institutions and US agencies maintained influence over macro-economic governance and sectoral policy, respectively. As such, the scope of Ghanaian agency in relation to external finance and bilateral and multilateral relations was narrow, and market orthodoxies of development remained dominant. Undue attribution of agency over economic and political structures can be avoided by situating African agency within the social and material context of transnational industries.

GHANA IS A RELATIVE LATECOMER to oil production. Oil was discovered in 2007 and production began in 2010, a time when the sources of development finance and bilateral investment available to African governments were becoming more diverse. During the 2000s, the Chinese economy became increasingly reliant on securing imports of oil and other primary commodities from a broader set of suppliers, while key Chinese companies were internationalising, seeking to capture greater value from primary commodity production in Africa. In the aftermath of the 2008 financial crisis, Chinese oil companies made several new investments in Africa, including the extension of a US$3billion oil-backed infrastructure loan to Ghana. This article assesses whether this extension of Chinese finance and investment to Ghana afforded Ghanaian elites greater agency in their bilateral and multilateral partnerships. If and how African elites are able shape new bilateral investment such as this one is likely to determine whether the potential benefits of the diversification of development finance are realized, and for whom.

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A significant body of literature has now emerged to assess the drivers of international development co-operation from 'emergent states' and their impacts in recipient countries.[1] Some analysts have asked whether a new era of African political autonomy may be possible through new forms of South-South cooperation that might challenge the power of international finance institutions and OECD donors.[2] Others have suggested that new aid and investment partnerships from the South reproduce the same exploitative relations of dependence that have characterized Africa's relations with former colonial powers.[3] Recent literature has provided insights into how domestic politics matters for Sino-African relations. The specificity of African states, the Chinese state, non-state actors, and fractions of capital have been invoked to explain differential outcomes of Chinese investments in Africa.[4] This literature suggests that neither the coveted revenues of oil production nor the expansion of Chinese investment in primary commodities necessarily shift the position of African countries in international political economy. Yet it also suggests that rigid structural accounts provide a limited understanding of political processes in different African countries and their relationships to different development partners.[5]

Attending to the agency of African elites shows that power is unequally shared between African states and their Chinese partners, yet African state agents are not incidental to the outcomes of foreign investment. Domestic elites can shape relations with foreign capital and bilateral partners to extract significant resource rents and to maintain domestic political and economic power.[6] Recent geographical shifts in global demand allowed African elites to negotiate better terms than previous 'scrambles' for African resources, yet temporarily high commodity prices and Chinese reliance on primary commodity imports shaped this apparent empowerment of resource producers. [7] Moreover, the diversification of bilateral co-operation did not create the competition between donors that might be expected to generate greater

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[1] Raphael Kaplinsky, 'What does the rise of China do for industrialisation in Sub-Saharan Africa?', *Review of African Political Economy* 35, 115 (2008), pp. 7–22; Dorothy McCormick, 'China & India as Africa's new donors: The impact of aid on development', *Review of African Political Economy* 35, 115 (2008), pp. 73–92; Clemens Six, 'The rise of postcolonial states as donors: A challenge to the development paradigm?' *Third World Quarterly* 30, 6 (2009), pp. 1103–1121.

[2] Giles Mohan and Marcus Power, 'New African choices? The politics of Chinese engagement', *Review of African Political Economy* 35, 115 (2008), pp. 23–42.

[3] Michael Klare and Daniel Volman, 'America, China and the scramble for Africa's oil', *Review of African Political Economy* 33, 108 (2006), pp. 297–309; Alison Ayers, 'Beyond myths, lies and stereotypes: The political economy of a 'New Scramble for Africa', *New Political Economy* 18, 2 (2013), pp. 227–57.

[4] Deborah Braütigam, *The dragon's gift: The real story of China in Africa* (Oxford University Press, Oxford, 2009); Erica Downs, 'Inside China Inc.: China Development Bank's cross-border energy deals' (The Brookings Institution, Washington DC, 2011); Lucy Corkin, *Uncovering African agency. Angola's management of China's credit lines* (Farnham, Ashgate, 2013); Marcus Power, Giles Mohan and May Tan-Mullins, *China's resource diplomacy in Africa: Powering development?* (Palgrave Macmillan, London, 2012); Giles Mohan and Ben Lampert, 'Negotiating China: Reinserting African agency into China-Africa relations,' *African Affairs* 112, 446 (2012), pp. 92–110.

[5] Aleksandra Gadzala (ed), *Africa and China: How Africans and their governments are shaping relations with China* (Lanham MD, Rowman & Littlefield, 2015)

[6] Corkin, *Uncovering African Agency*; Power et *al*. *China's resource diplomacy in Africa*; Alex Vines, Lillian Wong, Markus Weimer and Indira Campos, 'Thirst for African oil: Asian national oil companies in Nigeria and Angola' (Chatham House, London, 2009).

[7] Ian Taylor, 'Emerging powers, state capitalism and the oil sector in Africa', *Review of African Political Economy* 41, 141 (2014), pp. 341–357.

bargaining power for African elites.[8] Rather, Chinese and OECD-DAC aid modalities converged in recent years, leading to co-operation rather than competition between donors.[9]

Hence, identifying the scope and nature of agency in Sino-African relations is not a straightforward task. Pádraig Carmody and Peter Kragelund charge that recent literature to emphasize African agency may unintentionally support 'internalist' explanations of African underdevelopment because 'positing Africans to be in the driving seat or as being co-pilots in relations with China may imply that the elites have the power to reshape fundamentally the nature of their state-societies'.[10] They argue that Angolan and Zambian elites have demonstrated agency only 'at the margins' of international political economy; both countries remain governed through strategies of extraversion, mobilising resources from external actors to strengthen their domestic power base and intensify exploitation.[11] Yet arguably, the charge of internalism is somewhat particular to studies that employ a methodological nationalism, in which sovereign states are the principle actors of study, governing development within nation states.[12]

The primary argument of this article is that analyses of African agency in Sino-African resource relations should be situated within the historical and material context of transnational extractive industries.[13] The outcomes of investment from 'rising powers' such as China are dependent upon the relationship between domestic political economy and transnational systems of investment that shape the behaviour of African elites who broker and implement them. In this regard, the links between the subnational spaces and transnational circuits of resource production somewhat defy a 'state-based territorial internal-external logic'.[14] In recent years, relational understandings of sovereignty have questioned the presumption that state actors exercise agency in opposition to capital, describing instead conditions of hybrid or shared sovereignty made through the conditions that state and capital place upon one another to commodify resources and enable extraction.[15] The material characteristics of oil and associated 'logics of extraction' are constitutive of this relationship

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[8] See for example Maurizio Carbone, 'International development and the European Union's external policies: Changing contexts, problematic nexuses, contested partnerships', *Cambridge Review of International Affairs* 26, 3 (2013), pp. 483–496.

[9] Peter Kragelund, 'Towards convergence and cooperation in the global development finance regime: Closing Africa's policy space?', *Cambridge Review of International Affairs* 28, 2 (2015), pp. 246–262; Emma Mawdsley, 'Development geography 1: Cooperation, competition and convergence between "North" and "South"', *Progress in Human Geography* 41, 1 (2017), pp. 108–117.

[10] Pádraig Carmody and Peter Kragelund, 'Who is in charge? State power and agency in Sino-African relations', *Cornell International Law Journal* 49, 1 (2016), pp. 1–23.

[11] cf. Jean-François Bayart, 'Africa in the world: A history of extraversion', *African Affairs* 99, 395 (2000), pp. 217–267.

[12] Giles Mohan, 'Queuing up for Africa: The geoeconomics of Africa's growth and the politics of African agency', *International Development Policy Review* 37, 1 (2015), pp. 45–52, p. 46.

[13] Doug Porter and Michael Watts, 'Righting the resource curse: institutional politics and state capabilities in Edo State, Nigeria', *The Journal of Development Studies* 53, 2 (2017), pp. 249–263.

[14] Mohan, 'Queuing up for Africa'.

[15] Jody Emel, Matthew Huber and Madoshi Makene, 'Extracting sovereignty: Capital, territory and gold mining in Tanzania', *Political Geography* 30 (2011), pp. 70–79; Jon Phillips, Elena Hailwood and Andrew Brooks, 'Sovereignty, the "resource curse" and the limits of good governance: A political economy of oil in Ghana', *Review of African Political Economy* 43, 147 (2016), pp. 26–42.

between state and capital, and how oil, territory and people are governed together.[16] In short, resource management is a social and material co-production[17], and the interdependence of oil producing states and transnational capital shape the costs and benefits of exercising agency over economic structures.[18] The exercise of agency in Sino-African relations is shaped by the socio-material constraints of transnational extractive industries.

The second contribution of this article is to account for the ways in which Ghanaian ruling elites have exercised agency in bilateral and multilateral relationships within this socio-material context. Despite recent attention to the evolving principles and practice of Chinese bilateral assistance, the impacts on policy and planning in Africa have received limited attention. In this respect, there is some continuity with earlier literature on World Bank reform programmes in Africa that typically analysed the content of proposed reforms rather than what was implemented in practice.[19] The outcomes of Chinese investments in the Ghanaian oil sector were the product of neither Chinese investment strategies nor domestic politics alone, but the emergent relationship between them. The distribution of power between factions of Ghana's ruling elite was re-configured as they orientated themselves towards Chinese, US and multilateral finance, pursuing their own interests and preferred vision for the role of the state in resource production. Ghanaian actors shaped aspects of these international relationships in important ways, yet the scope of Ghanaian state agency over economic structures was constrained by the social and material process of commodifying natural gas and securing a stable system of extractive accumulation. Although Chinese and US resource investments were associated with decisive shifts in power among Ghanaian elites, there was a striking continuity in the socio-political systems through which power and agency were exercised in Ghana's development partnerships and economic structures. I conclude that to avoid unduly attributing agency to African agents requires detailed study of the social and material context in which African elites exercise agency over political and economic structures.

The analysis draws on a set of 70 interviews with people directly and indirectly involved in resource and energy governance in Ghana, conducted during nine months of fieldwork in April 2013 and between February and September 2014. Interviewees included representatives of government ministries, upstream petroleum companies, the midstream petroleum company, downstream energy companies, regulatory authorities, consultancies, bilateral and multilateral donor agencies, and non-governmental organizations. The account of Chinese institutions draws on interviews with non-Chinese research participants and triangulation with secondary sources, partly because Chinese representatives with first-hand experience of Ghanaian investments were difficult to access. Indeed, even Ghanaian regulators reported difficulty in commanding an audience with Chinese operators, despite their legal mandate to

[16] Michael Watts, 'Antinomies of community: Some thoughts on geography, resources and empire', *Transactions of the Institute of British Geographers,* 29, 2 (2004), pp. 196–216.
[17] Brent Kaup, 'A neoliberal nationalization? The constraints on natural-gas-led development in Bolivia', *Latin American Perspectives* 37 (2010), pp. 123–138.
[18] Pádraig Carmody, 'Cruciform sovereignty, matrix governance and the scramble for Africa's oil: Insights from Chad and Sudan', *Political Geography* 28 (2009), pp. 353–361.
[19] See Lindsay Whitfield, 'The state elite, PRSPs and policy implementation in aid-dependent Ghana', *Third World Quarterly* 31, 5 (2010), pp. 721–737.

do so. The article therefore does not present the same detail on the ideas and interests of Chinese actors as it does for their Ghanaian or OECD donor counterparts. Rather, the limits of Ghanaian agency are identified through comparative analysis of the motivations and modalities of Chinese and US bilateral investments in different parts of the oil production network.

The first section outlines Ghana's turn to China in search of infrastructure finance, which not only signalled a departure from the country's long term partnership with the World Bank but was equally significant for the redistribution of power among factions within the ruling party. The article then explains the subsequent management failures of the Ghanaian gas infrastructure project as the product of the relationship between domestic power struggles and the conditions and management norms of Chinese finance. The third section describes how the social and material restrictions of resource commodification shaped and constrained the exercise of African agency, as tensions between domestic elites were resolved through the strategic use of US grant conditions, ceding greater control over energy policy to donors than before. In concluding, I reflect on the implications for African agency that emerge from the complex bargains between state and capital that bring resources into circulation and commodities into being.

Chinese infrastructure finance in Ghana

The first major oil discovery in Ghana in 2007 generated excitement and expectation among politicians and the public alike. Yet for some Ghanaian elites, the discovery of natural gas held even greater potential than oil. Gas deposits in Africa are typically characterized as a resource looking for a market, signifying its relatively low local exchange value for international oil companies that invest capital and expertise principally in the search for oil to export to global markets.[20] Yet for African politicians facing chronic power shortages and seeking low-cost inputs for domestic industries, the use values of gas are significant. If oil promises export revenues and foreign exchange, then gas promises forward linkages to the domestic economy. If oil promises rents, then gas promises development. The creation of a domestic gas market does not constitute industrialization,[21] but is significant for the creation and capture of new value on African shores. Hence, the Ghanaian experience offers insights for the literature on Sino-African resource politics through the opportunity to assess the exercise of African agency beyond the brokerage and negotiation of Chinese loans or the extraction of rents. To realize the potential benefits of gas, the Ghanaian government entered new relationships with transnational capital and bilateral partners for both the infrastructural hardware and the institutional reform processes required to realize the exchange value of gas.

With the diversification of bilateral finance and the internationalization of Chinese oil companies, Ghanaian elites were able to exercise greater choice over the source and terms of

[20] Gavin Bridge, 'Editorial: Gas, and how to get it', *Geoforum* 35 (2004), pp. 395–397.

[21] Lindsay Whifield, Ole Therkildsen, Lars Buur and Anne Mette Kær, '*The politics of African industrial policy: A comparative perspective'* (Cambridge University Press, Cambridge, 2015).

these relationships. But to what extent did the diversification of finance and the advent of oil production affect the relative autonomy of Ghanaian state actors in relation to their bilateral and multilateral partners? One answer can be provided through a broad macro-political account, which might read as follows. Oil production began in 2010 and a $3 billion Chinese resource-backed loan was extended to Ghana in the same year, offering infrastructure finance in return for the use of Chinese contractors and a guaranteed supply of Ghanaian oil to China. The Ghanaian economy was subsequently hit by poor cocoa yields and falling commodity prices that precipitated an escalating debt crisis; new revenues from just one oil field were not sufficient to plug the growing budget deficit and were not used to diversify the economy to withstand commodity price shocks. Meanwhile, dispersal of the Chinese loan proved to be frustratingly slow, generating further costs and leading the Ghanaian government to cancel the second tranche as oil prices declined. By 2015 sovereign debt had increased to over 70 percent of GDP, and four years after oil production began Ghana returned to the IMF for a $918m 3-year extended credit facility with tough conditions for the removal of domestic subsidies and reduction of the public sector wage bill.

By this account, there has been little change in the cycle of Ghanaian debt, dependence and restructuring. However, in the analysis that follows I draw attention to important omissions in this macro-economic narrative that paints a more nuanced picture of changes to Ghana's development partnerships: one that accounts for the agency of Ghanaian state actors and the limits that are placed upon them in the socio-material process of commodifying gas. A timeline of significant recent developments in Ghana's partnerships with China, the US, IMF and World Bank are displayed in Table 1.

Chinese companies were involved in two simultaneous strategies to secure oil supplies from Ghana and to capture value from the upstream and downstream of the oil production network. Although Chinese oil companies maintain close connections to the Chinese state, these corporate strategies appear to have been pursued with some independence of one another. First, the Chinese National Offshore Oil Company (CNOOC) was unsuccessful in efforts to secure an equity stake in the Jubilee oil field through competition with other international oil companies. CNOOC's joint bid with the Ghana National Petroleum Company (GNPC) and BP received the approval of Ghanaian government advisors over a rival bid from ExxonMobil, buoyed by promises of associated investments in the downstream petroleum industry[22], but the sale was rejected by the small American oil exploration firm that initially offered the sale, amid a highly fraught geopolitical dispute with the Ghanaian government.[23] Chinese national oil companies are often assumed to wield great powers in securing market entry in African oil economies, yet despite gaining host country favour by partnering with the national oil company, CNOOC's bid for equity in the Jubilee field was unsuccessful in open market competition.

Thus, Chinese oil companies entered the Ghanaian market through alternative means. In September 2010, the Ghanaian President and Chinese Premier announced a $3 billion resource-backed loan from the China Development Bank (CDB) for infrastructure projects

[22] *Africa Confidential* 'Storm in an oil barrel', 51, 15 (2010), pp. 1–3.
[23] Phillips et *al*. 'Sovereignty'.

that would include the transport and processing of natural gas from Ghana's Jubilee oil field.[24] The investment is typical of the 'Angola mode' of Chinese bilateral assistance, in which Chinese banks receive repayments on commercial loans, Chinese state-owned enterprises win construction and procurement contracts, and the Chinese government secures reliable access to oil to fuel domestic growth.[25] The CDB loan was the largest in Ghana's history and a significant shift in the country's historic dependence on the World Bank for development finance.

Nevertheless, Ghana's renewed bilateral partnership with China did not offer a radically different alternative to the development path presented by the Bretton Woods finance institutions. With respect to Ghana's sovereign debt sustainability, the Ghanaian President reportedly instructed his Finance Minister that the CDB loan was sufficiently important to break ties with the IMF if borrowing was curtailed.[26] However, Ghana's new oil revenues were projected to contribute only 5 percent of GDP, such that excluding the IMF was always unlikely. In any case, the IMF gave a favourable debt sustainability assessment of the loan and raised Ghana's borrowing ceiling accordingly, subject to reductions in consumer fuel subsidies.[27] Likewise, the World Bank saw the project as strategically important for Ghana and had offered alternative credit through a long term, low interest loan from its International Reconstruction and Development Bank (IRDB). After several months of negotiations, the Bank's conditions for competitive tender and impact assessment procedures were considered too burdensome and time-consuming by the Ghanaian government, which aimed to complete the project before highly competitive elections in 2012. The China Development Bank loan did not offer Ghana an alternative project nor more favourable terms than the World Bank,[28] but rather promised rapid loan dispersal to a government eager to capture and demonstrate the benefits of oil within one electoral cycle.

In reality, the first tranche of the CDB loan was slower to materialize than many in Ghana anticipated, leading to substantial project delays that eventually called the value of the loan into question. It was over a year after the announcement of the CDB loan that the Master Facility Agreement (MFA) was signed in December 2011. For all the promise of fast, condition-free finance, loan dispersal was dependent on Ghanaian authorities harmonizing the MFA with the conflicting terms of the country's *Petroleum Revenue Management Act* (2011). Crucially, it was also dependent on creating a new institutional architecture for the

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[24] The CDB Master Facility Agreement offered Ghana $3 billion over 15.5 years at a rate of 2.95 percent above the Libor interbank lending rate, with a 0.2 percent signing fee and a commitment fee of 1 percent per year on the undrawn balance of the loan; Ministry of Finance, 'US$3 billion term loan facility agreement between China Development Bank (CDB) and Government of Ghana (GoG) – Summary', (Government of Ghana, Accra, 2010).
[25] Sarah Hardus, 'Chinese national oil companies in Ghana: The cases of CNOOC and Sinopec', *Perspectives on Global Development and Technology* 13 (2014), pp. 588–612.
[26] Hardus, 'Chinese national oil companies in Ghana'.
[27] *Africa Confidential*, 'Storm in an oil barrel'; Thomas Chen, 'What happened to China Development Bank's $3 billion loan to Ghana?' (China-Africa Research Initiative Policy Brief 10, Johns Hopkins University School of Advanced International Studies (SAIS), Washington DC, 2016).
[28] Deborah Braütigam, 'China Development Bank's $3 billion line of credit in Ghana: better than the World Bank?', 31 August 2011, *China Africa Research Initiative Blog*, <http://www.chinaafricarealstory.com/2011/08/china-development-banks-3-billion-line.html> (10 April 2016).

management of gas. Using Chinese finance tied to Chinese contractors meant a rejection of GNPC's own plans for a joint venture with the Natural Gas Company of Trinidad and Tobago and alternative financing options.[29] Thus, the China Development Bank loan was not only an alternative to the World Bank, it was also an alternative to the country's own national oil company.

As such, the turn to China for infrastructure finance set the stage for a battle between factions of the Ghanaian ruling elite. It is important to note that the democratically elected National Democratic Congress (NDC) government did face parliamentary opposition to the Chinese loan from the New Patriotic Party (NPP). Indeed, it is partially thanks to Ghana's parliamentary democracy that the terms of Ghana's CDB loan were eventually publicized and debated following criticism of the transparency of the deal. Yet, assessment of inter-party competition[30] and the terms of the CDB loan itself[31] presents only a narrow account of how and why Ghanaian state agents were able to exercise agency over development partnerships since the discovery of oil. More important oppositional forces were evident *within* the then NDC ruling party and the national oil company and mostly played-out behind closed doors. Intra-party elite competition would define the institutional development of the gas sector for years to come and shape Ghana's development partnerships with the World Bank, US and China.

Table 1. Timeline of selected developments in Ghana's bilateral and multilateral development partnerships since the discovery of oil, 2007-2015

Jun 2007	The first commercial petroleum discovery in Ghana is confirmed by American firm Kosmos Energy and partners
Sep 2010	US$3bn oil-backed infrastructure loan from China Development Bank (CDB) to Ghana is announced in Beijing. Alternative financing options from the World Bank and the Ghana National Petroleum Company (GNPC) are subsequently shelved
Oct 2010	Kosmos Energy reject a joint bid from the Chinese Offshore Oil Corporation (CNOOC) and GNPC for a stake in the Jubilee field
	National Gas Development Task Force convened to determine the institutional structure of the natural gas industry
Dec 2010	Oil and gas production begins at the Jubilee oil field
Apr 2011	National Gas Development Task Force reports, recommending the creation of the Ghana National Gas Company (Ghana Gas) and taking the mandate for gas infrastructure from GNPC
Jul 2011	Ghana Gas is incorporated as a midstream gas company
Dec 2011	The Master Facility Agreement (MFA) for the CDB loan is signed, over a year after

[29] Senior GNPC staff reported that the two companies secured $500 million in equity finance, sufficient to seek debt financing for the remainder of the project, and were confident of securing German concessionary finance by using trusted German contractors.
[30] Mohan et *al*., 'Party politics'.
[31] Hardus, 'Chinese national oil companies'.

	the loan was announced; IMF raises Ghana's debt ceiling
Feb 2012	US$850m subsidiary agreement to the MFA is approved by parliament to finance the gas commercialisation project, pre-financed and constructed by Chinese firm Sinopec
Jul 2013	Ghana announced as a participating country in US$7bn US *Power Africa* programme
Jul 2014	Ghana and China negotiate cancellation of the unused second tranche of the CDB loan
Aug 2014	Launch of the US$498m Second Compact between Ghana and the US Millennium Challenge Corporation (MCC), focused on power sector reform
Sep 2014	Minister of Finance announces that Ghana Gas will become a subsidiary of GNPC
May 2015	IMF announces US$918m extended credit facility for Ghana
Jul 2015	World Bank announces US$700m of guarantees for private investment in Ghana's Sankofa oil and gas field, backstopping the upstream oil industry from the debts of the downstream electricity industry
Sep 2015	Gas processing plant is completed, 3 years behind schedule

The reconfiguration of ruling party factions

Over the following three years, different factions of the NDC ruling elite used Chinese and US bilateral assistance to advance domestic agendas and to overcome resistance from opposing factions that sought to govern the gas economy differently. The different factions represented different material interests, yet they also represented different ideas over the appropriate role of the state in oil governance and the best way to maximize the value of petroleum captured by Ghanaian institutions. Ghana's political system is characterized by intense inter-party competition for control of significant powers centralized in the executive.[32] Control of international aid flows and commodity export revenues have played an important role in maintaining this power and satisfying the extensive sub-national network of individuals that make electoral success possible.[33] Intra-party competition is similarly intense, with competition coalescing around certain individuals. Historically, factional competition and co-operation within the NDC have not been based on significant ideological differences *per se*, but on lesser policy differences, interests and patronage.[34] Yet, the interests and ideas of agents are not readily separated, as strict rational-actor interpretations of elite behaviour would imply.[35] Rather, interests inform ideas and ideas shape interests.

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[32] Lindsay Whitfield, '"Change for a Better Ghana": Party competition, institutionalization and alternation in Ghana's 2008 elections', *African Affairs*, 108, 433 (2009), pp. 621–641.
[33] Whitfield, 'The state elite'.
[34] George Bob-Milliar, 'Party factions and power blocs in Ghana: A case study of power politics in the National Democratic Congress', *The Journal of Modern African Studies* 50, 4 (2012), pp. 573–601.
[35] See Giles Mohan, Kojo Pumpuni Asante and Abdul-Gafaru Abdulai, 'Party politics and the political economy of Ghana's oil', *New Political Economy* 23, 3 (2017), pp. 274–289.

This dynamic, mutual constitution of interests and ideas shaped the reconfiguration of ruling party factions and the exercise of agency in Ghana's turn to China.

The struggle for control of gas centred on two opposing factions of the ruling NDC and their allies: those in favour of GNPC retaining control of gas, and those against it. For the purposes of this article, it is possible to identify pro-GNPC and anti-GNPC factions of the NDC, each with internal differences. Since it was established in 1983 by the military precursor to the NDC, the management of GNPC and the senior ranks of the NDC have been closely aligned during periods of NDC government.[36] Yet, Chinese financing offered an alternative to those who were critical of GNPC's role in the economy and feared the corporation becoming too powerful if granted control over a new domestic gas market. Arguably, Chinese finance also provided opportunities to reward presidential loyalists and create new channels for patronage through the creation of a new state company to manage gas, the Ghana National Gas Company (hereafter Ghana Gas). These specific claims have not been verified by this study. Nonetheless, as I explore below, the methodological nationalism of neo-patrimonialism does not capture the ways in which ruling party factions were reconfigured through the dynamic relationship between domestic political economy and the transnational oil industry.

The decision to seek Chinese financing for gas infrastructure was a decisive rejection of GNPC's involvement in the gas sector. An executive government team sought and secured the finance package in Beijing, supported by a newly formed set of unelected but trusted NDC emissaries.[37] A Presidential Task Force was then set up to consider different management options for gas under the CDB loan, but authoritative first-hand accounts state that the Task Force recommendation to remove GNPC from the management of gas was pre-determined by President J.A. Mills and the Minister of Energy, Joe Oteng-Adjei. The Task Force was chaired by a respected figure of the NDC establishment and prominent critic of GNPC, Kwesi Botchwey, who had long-standing objections to GNPC's debts and investment decisions dating back to his days as Finance Minister in the 1990s. Botchwey's Task Force recommendations overruled the expressed misgivings of several of the task force members including representatives of GNPC, handing the mandate for gas to a new government-owned limited liability company, Ghana Gas.[38] Botchwey was subsequently made Board Chairman of the company whose creation he recommended.

According to senior staff at GNPC, opposition to the decision was not restricted to GNPC but was widely held within government, with particular concerns expressed by the Deputy Energy Minister:

> He actually convened a technical committee of senior engineers of all of the energy sector agencies, locked them in a room over Easter, reviewed the report, and reported up that these were unworkable: That the ideas about CDB financing were not workable; the technical proposals were not workable; the

[36] Sam Hickey, Abdulai Abdul-Gafaru, Angelo Izama and Giles Mohan, 'The politics of governing oil effectively: a comparative study of two new oil-rich states in Africa' (ESID Working Paper 54, University of Manchester, Manchester, 2015); Phillips et *al*., 'Sovereignty'.

[37] *Africa Confidential*, 'A new economic team emerges', 50, 17 (2009), p. 3.

[38] Interviews, GNPC executives, Accra, Ghana, 4 August 2014, 28 August 2014.

> institutional proposals for a gas company to create itself at the same time as it was managing expensive projects – just didn't make sense. But the President's office says this is the way it's going to be done.[39]

The outcome of these factional struggles was significant. The pro-GNPC faction fought to retain GNPC's mandate over gas, emphasizing the benefits of Ghanaian ownership and South-South technology transfer through a joint venture with the Natural Gas Company of Trinidad and Tobago. The new management of Ghana Gas fiercely opposed any involvement from GNPC, preferring to grant exclusive rights to build, own and operate gas infrastructure to international oil companies ENI and Lukoil, emphasizing timely completion, international expertise, operational efficiency, and their own autonomy from GNPC. Significantly, neither GNPC nor Ghana Gas initially preferred Chinese financing or Chinese contractors.

Yet, the definitive government decision reflected the expressed interests of neither GNPC nor the new management of Ghana Gas. A hybrid institutional arrangement was created whereby Ghana Gas would own and operate gas infrastructure that would be financed by the China Development Bank loan and built by the Chinese oil company Sinopec. This arrangement sought the anticipated benefits of accessing Chinese finance, establishing Ghanaian state ownership over gas infrastructure, and excluding the national oil company from this role. For the Energy Minister, separating the midstream gas business (Ghana Gas) from the upstream oil business (GNPC) represented sound economic management.[40]

However, the institutional structure that arose from these pro- and anti-GNPC factions was highly problematic. Ghana Gas, the new government-owned limited liability company with no history, no balance sheet, no assets and no experience, was to manage the construction of the largest infrastructure project since the Akosombo dam in the 1960s. As I explore below, this ultimately served the best interests of none of the Ghanaian institutions within the oil sector.

The production of an institutional enclave

The factional struggles from which Ghana Gas was born shaped its subsequent poor performance. The company became a non-transparent and largely unaccountable management enclave: a government-owned company with limited government oversight, with limited capacity to manage a large infrastructural project, and in ongoing conflict with GNPC and the Ministry of Energy. A series of project management failures followed, raising concerns over procurement, quality assurance and accountability.

Contracting and procurement for the project were particularly problematic. The terms of the CDB Master Facility Agreement came under greater parliamentary scrutiny than in other African countries, yet the same cannot be said of important subsidiary agreements of the loan.[41] Sinopec were awarded their contract without competitive tender and were described

[39] Interview, GNPC executive, Accra, Ghana, 4 August 2014.
[40] Interview, senior staff, Ministry of Energy, Accra, Ghana, 25 September 2014.
[41] Chen, 'What happened'.

by industry insiders as the 'most expensive and least qualified' of several interested companies, including Chinese competitors.[42] Against all norms of project management, Sinopec were contracted to undertake both design and construction of infrastructure, while Ghana Gas opted to act as their own project managers.[43] Critics argued that a relatively expensive processing plant design was selected that prioritized speed of construction and sacrificed the capture of valuable natural gas liquids.[44] Contracts associated with logistics, transport, pipelines and distribution of gas were offered without competitive tender and were associated with inflated costs.[45] Sinopec was accused of transfer mispricing in trade with their own subsidiary company and were granted tax exemptions by Ghana Gas that only parliament was authorized to approve.[46] Routine regulatory audits were actively resisted by Ghana Gas, who in turn complained to others of being ignored by Sinopec.[47] As loan dispersals stalled Sinopec and their subcontractors went unpaid until they temporarily stopped work. A subsequent government request was made to the World Bank to bridge the financing gap and was rejected by the Bank, who were unable to vouch for Sinopec's design and construction work.[48] Trust in the quality of construction and project management was quickly eroded, and Ghana Gas soon faced a credibility crisis.[49]

There appeared to be little accountability for either Sinopec or Ghana Gas. Many of the accusations of mismanagement were made by a domestic watchdog organization, the Ghanaian Civil Society Platform on Oil and Gas, acting on information leaked by disgruntled industry insiders (including critics within GNPC) rather than voluntary or mandatory disclosure.[50] The Platform concluded that limited liability company status served to insulate Ghana Gas from parliamentary oversight and broader public scrutiny.[51] The CEO of Ghana Gas, George Sipa-Yankey, responded publicly that he was concerned principally with timely delivery rather than cost and was answerable only to the Board and ultimately the President, not the Energy Minister. The Chairman of the Ghana Gas Board, Botchwey, dismissed accusations of mismanagement, branding the Civil Society Platform as the handmaiden of GNPC and pro-GNPC factional interests, and decrying a 'blatant abuse of civil society activism' by a national oil company seeking to regain control of natural gas.[52]

Meanwhile, the vertical integration of key government brokers of the project with regional NDC power hierarchies was critical in implementing the project. These hierarchies were

[42] Interview, GNPC executive, Accra, Ghana, 4 August 2014; Interview, energy consultant, Accra, Ghana, 19 September 2014.
[43] Interview, midstream petroleum company legal staff, Accra, Ghana, 16 September 2014; interview, Ministry of Energy senior staff, Accra, Ghana, 25 September 2014.
[44] Interviews, civil society organisation representatives, Accra, Ghana, 17 March 2014; 11 September 2014.
[45] Ghana Civil Society Platform on Oil and Gas, 'Statement of the CS Platform on Oil and Gas on recent developments within the Ghana National Gas Company', (Press statement, Accra, 18 October 2012).
[46] Frederick Asiamah, 'Chinese cheat in gas project', *Public Agenda* (Accra), 17 September 2012, pp. 1-2.
[47] Interview, GNPC executive, Accra, Ghana, 4 August 2014.
[48] Interview, World Bank staff, Accra, Ghana, 2 June 2014.
[49] Interview, international oil company staff, Accra, Ghana, 4 June 2014; interview, energy sector consultant, Accra, Ghana, 30 April 2014.
[50] Interview, civil society representative, Accra, Ghana, 17 March 2014.
[51] Interviews, civil society representatives, Accra, Ghana, 6 May 2014, 11 September 2014; Ghana Civil Society Platform on Oil and Gas, 'Statement'; *Public Agenda,* 'Sipa-Yankey must go', 19 October 2012, pp.1-2.
[52] *Africa-Asia Confidential*, 'Political storm over Chinese gas contracts', 6, 1 (1 November 2012), pp. 1–3, p. 2.

particularly important in securing land through neo-customary modes of rule. Under neo-customary regimes, officially recognized traditional authorities and leaders exercise state-sanctioned authority over the allocation of land, which the constitution specifies is held by chiefs 'on behalf and in trust for the subjects…in accordance with customary law and usage'.[53] The CEO of Ghana Gas and Deputy Energy Minister Emmanuel Buah (later to become the Energy Minister) both hailed from the specific district in which the gas processing plant was sited. Both were 'known locally by their childhood names'.[54] Senior staff in the Ministry suggested that having a deputy 'who speaks the local language' was essential to accelerate the delayed project.[55] The anticipation of material benefits from infrastructure projects played an equally important part in gaining support from local residents,[56] given the highly competitive electoral system[57] and the narrow winning margins of successive elections in the Western Region. Formal democratic procedures subsequently became little more than check-box exercises: any role for district assemblies in planning regional investment was bypassed[58], and local NGOs reported that consultations were conducted without scope for meaningful participation.[59] Through the continued institutionalization of chiefly authority, land was secured and democratic procedures were foreclosed. Yet when the local Omanhene (Paramount Chief) successfully imposed a restraining order on Ghana Gas in objection to the distribution of compensation, the restraining order was quickly overturned in the courts by the government, citing the strategic national importance of the gas project.[60] In short, when the neo-customary mode of rule encountered resistance from chiefs, top-down statist intervention allowed for compulsory land acquisition to expedite the project.[61]

Nonetheless, delays in construction led to mounting costs that began to call the value of the China Development Bank loan into question. Opposition MPs claimed that project costs had inflated by $500 million to reach US$1.5 billion, figures that international consultants close to the project suggested were accurate[62] but which the Ministry of Energy refuted.[63] As gas processing was delayed, even greater costs were borne by the state-owned power company, Volta River Authority, which paid an estimated $2.2 billion over four years to continue importing light crude oil for electricity generation, driving the company further into debt and

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[53] Ghanaian Constitution, Art 267(1), 1992; Catherine Boone, 'Land tenure regimes and state structure in rural Africa: Implications for forms of resistance to large-scale land acquisitions by outsiders', *Journal of Contemporary African Studies* 33, 2 (2015), pp. 171–190.
[54] Interview, oil service company staff, Accra, Ghana, 28 March 2014.
[55] Interview, Ministry of Energy, former senior staff, Accra, Ghana, 25 September 2014.
[56] Interviews, NGO staff, Sekondi-Takoradi, Ghana, 1 September 2014.
[57] Whitfield, 'Change for a Better Ghana'.
[58] Interview, NGO staff, Sekondi-Takoradi, Ghana, 1 September 2014.
[59] Interviews, civil society representative, Accra, Ghana, 11 September 2014; NGO staff, Sekondi-Takoradi, Ghana, 1 September 2014; SAL Consult Limited, 'Environmental impact statement for the onshore gas processing plant component of the gas infrastructure project: Final report' (Ghana National Gas Company, Accra, 2015).
[60] Mohammed Baneseh, 'Government acquires Atuabo land', *Daily Graphic*, 23 June 2014, p.8
[61] Boone, 'Land tenure regimes'.
[62] Interview, energy consultant, Accra, Ghana, 19 September 2014.
[63] *Business & Financial Times*, 'Gov't confirms Atuabo Gas plant cost US$1b', 26 May 2015.

deepening the government's fiscal deficit.[64] Even before the fall in oil prices that began in 2014, Ghana's foreign exchange earnings were declining dramatically in line with global commodity prices, exacerbated by the effects of currency depreciation. In July 2014, the government moved to cancel the second $1.5 billion tranche of the $3 billion China Development Bank loan. A $5.9 billion Chinese Exim Bank loan that had also been announced in 2010 never materialized. Yet, just before the December 2016 national election, President John Mahama of the ruling NDC announced that the government was seeking to re-open negotiations with the CDB, offering to collateralize gas revenues to meet the shortfall left by falling oil prices, in apparent contravention of the Petroleum Revenue Management Act (2011). Chinese finance remained appealing for Ghanaian elites seeking to address the country's infrastructure deficit.

Dogged by doubts over quality assurance, procurement and management, Ghana Gas became the latest in a long history of poorly managed Ghanaian state-owned companies. With executive backing, the management of Ghana Gas prioritized haste, through familiar modes of land acquisition to strategies to insulate itself from the scrutiny of parliament, civil society, regulators, and other oil sector companies. Chinese financing arguably had little effect on Ghana's elitist and enclaved modes of state planning.[65] Yet the emergence of Ghana Gas as a product of factional struggles within the NDC nonetheless cautions against relying on 'internalist' assumptions of state failure. It is common to observe that African state institutions often have limited absorptive capacity to deal with the volumes of finance offered by China; it is less common to assess the production of this capacity through the mutual creation of connections between different parts of the African state and bilateral partners in finance and infrastructure. Opening the black box of African state agency suggests that domestic factional power struggles over interests and ideas were critical in brokering Ghana's Chinese loan and implementing the gas project, *in relation with* the conditionalities, lending practices, risk mitigation strategies and management norms of Chinese banks and oil companies. Ghanaian elites played a critical role in shaping relations with Chinese partners, but agency was exercised primarily in brokering finance and in relation to domestic institutions, sub-national powers structures, and party political factions.

Enter Team USA

The article now turns to its second principle argument: that the exercise of African agency in bilateral and multilateral partnerships is shaped and constrained by the requirements that state and capital place upon one another to commodify resources. Ghana's turn to China for infrastructure finance represented a notable shift in the country's reliance on the World Bank. However, credit from China did not displace Ghana's long-standing bilateral and multilateral relationships with OECD countries or international finance institutions. On the contrary, the

[64] Mohammed Amin Adam and Ben Boakye, 'Ghana Gas, questionable deals and the national interest: How Ghana's quest for energy security faces imminent danger' (African Centre for Energy Policy, Accra, 2015).
[65] Mohan, 'Queuing up for Africa'.

demands placed upon Ghanaian state institutions in order to create a domestic market for natural gas led to greater influence for US agencies over Ghanaian energy policy and a new role for the World Bank in the mitigation of investment risk for international oil companies. The social and material constraints of resource commodification have shaped the extent to which Ghanaian agency has been exercised over economic structures.

To commercialize gas requires more than the infrastructural hardware financed through the CDB loan; it requires securitization of the supply chain from upstream gas production to downstream electricity markets. In this respect, Ghana Gas was problematic not only for its management failures, but for structural impediments that it created to the commodification of gas. As a new commercial entity, Ghana Gas lacked managerial and technical expertise, but more importantly the company did not own the gas it processed and could demonstrate no sustainable revenue stream beyond the CDB loan. The most important outcome of Ghana's factional struggles over gas was to 'leapfrog' to a liberalized market of unbundled oil and gas institutions common in mature markets but not in new ones. Even the most ardent international supporters of energy liberalization did not support this strategy, since it removed the possibility that GNPC, a viable Ghanaian entity, could shoulder the commercial risk of the domestic market for international oil companies. The commercialization of gas was not arrested by so-called 'resource nationalism', feared by so many international oil companies operating in Africa, but by the *wrong kind* of state intervention. The state's apparent failure lay in an allocation of property rights that precluded the creation of exchange value for gas. Focusing attention on the bargains that Ghanaian state actors made to bring resources into circulation, rather than the brokerage and terms of finance alone, illuminates the extent to which they exercised agency over economic structures.

To achieve the commodification of gas involved a second significant shift in power between pro-GNPC and anti-GNPC factions of the NDC, and a second strategic use of bilateral assistance to enable it. To realize the exchange value of gas and stabilize Ghana's nascent gas industry, the Ministry of Energy restored GNPC's role in the gas production network. This was achieved in part through a $498 million US government grant between Ghana and the US Millennium Challenge Corporation (MCC) for Ghanaian power sector reform. MCC condition precedents included requirements to implement a six-month programme of institutional and regulatory reforms (the Gas Action Plan) designed to accelerate gas-to-power projects, drawn up by USAID-funded consultants for the Ministry of Energy.[66]

The Gas Action Plan proved to be very effective in initiating short-term reforms for two reasons. First, US proposals for institutional reform allowed the Ministry of Energy to use aid in intra-party factional competition and to restructure the sector in line with existing priorities. Second, a combination of aid selectivity and strict policy conditionalities gave the MCC a level of coercive power over the government. The Gas Action Plan proposed the consolidation of gas sector institutions that was favoured by the Ministry of Energy but was fiercely opposed by Ghana Gas. Just as Chinese financing had been used to marginalize GNPC, US grant funding offered opportunities for the Ministry of Energy to subsume Ghana Gas as a subsidiary of GNPC and hence to create an entity with which international oil

[66] USAID, 'Ghana natural gas sector short term action plan' (USAID, Washington DC, 2014).

companies could comfortably trade, confident that the (high) risk of default on payments for gas was covered by GNPC's oil revenues. Hence, GNPC was granted the responsibility for gas that they had originally sought, yet also assumed the risks of the domestic energy market:

> …Government says 'no', it's not giving out any more [sovereign] guarantees. So what they have agreed now is that GNPC is being brought back in as gas aggregator …That's the same problem: how do we guarantee that we get paid? … You just push the problem onto GNPC, you haven't resolved it… Particularly when we know that they [Ghana Gas] will default – they must default. We are going to pay for this.[67]

Grant conditionalities and consultants were used to overcome resistance to what the management of Ghana Gas viewed as a hostile take-over by GNPC. Task forces convened under the USAID-led Gas Action Plan created new managerial forums through which the Ministry of Energy had more direct authority over Ghana Gas,[68] and subsequent consultations for a gas sector Masterplan gave the Ministry the opportunity to push the recommendations of World Bank-funded consultants to restructure Ghana Gas as a subsidiary of GNPC.[69] Ghana Gas Board Chairman Kwesi Botchwey was vocal in his public protests against GNPC and the Ministry of Energy, arguing that the decision had been taken without consultation or careful consideration.[70]

The Millennium Challenge Corporation Compact was used strategically by Ghanaian elites to marginalize opposing factions. Yet, beyond the distribution of power between domestic institutions, the extent to which Ghanaian state actors exercised agency over US energy investments was limited. The grant given by the MCC deepened US influence over Ghanaian energy sector policy through a combination of selective aid dispersal and policy conditionality. To secure international investment in a domestic market for gas, Ghanaian electricity institutions became more exposed to the discipline of the market.

The MCC operates a model of 'pristine selectivity' through which aid is distributed to countries able to demonstrate specific evidence of commitment to foreign investment and evidence of existing reforms that meet MCC approval.[71] The Ghanaian government has become adept at leveraging aid under this model of 'pre-emptive development'.[72] Pre-

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[67] Interview, GNPC executive, Accra, Ghana, 4 August 2014.
[68] Interview, bilateral agency staff, Accra, Ghana, 26 September 2014.
[69] Interview, civil society organisation representative, Accra, Ghana, 11 September 2014; energy consultant, Accra, Ghana, 19 September 2014.
[70] Marian Efe Ansah, 'Turf war over Ghana Gas; Botchwey, Energy Ministry clash', 11 December 2015, <http://citifmonline.com/2014/12/11/turf-war-over-ghana-gas-botchwey-energy-ministry-clash/> (25 June 2016).
[71] Stephen Radelet, 'Challenging foreign aid: A policymaker's guide to the Millennium Challenge Account' (Centre for Global Development, Washington DC, 2003); Vasudha Chhotray and David Hulme, 'Contrasting visions for aid and governance in the 21st century: The White House Millennium Challenge Account and DFID's Drivers of Change', *World Development* 37, 1 (2009), pp. 36–49.
[72] Susanne Soederberg, 'American empire and "excluded states": The Millennium Challenge Account and the shift to pre-emptive development, *Third World Quarterly* 25, 2 (2004), pp. 279–302; see also Emma Mawdsley, 'The Millennium Challenge Account: Neo-liberalism, poverty and security', *Review of International Political Economy* 14, 3 (2007), pp. 487–509.

conditionality is not without precedent in aid-dependent Ghana,[73] yet the MCC was considerably more forceful in its application in order to open African energy markets for foreign direct investment. Asked how the MCC's programme for electricity distribution reform would differ from previous World Bank efforts, a US government employee in Accra concluded:

> PSP [Private Sector Participation]. The conditions are very, very strict, and government can take or leave them. And I think it took time for the government to really come to terms with that - that they [MCC] weren't going to budge. And the Bank has never been in a position as far as I can see to follow that line and stick to it.[74]

For the MCC, private sector participation is considered the most effective way to reform electricity distribution and attract investment in the power sector.[75] To accelerate power generation projects, the MCC was paired with a separate multi-agency Presidential programme, Power Africa, Barak Obama's signature Africa initiative. Among a range of interventions, Power Africa enlisted the service of 'transaction advisers' to remove administrative bottlenecks and 'expedite transactions' for new power generation projects.[76] President Obama announced the programme as 'a US$7 billion plan to Power Africa'; the Chairman of the US Export-Import Bank (Exim Bank) is cited as celebrating a 'US$7 billion plan to power up General Electric',[77] a US company that has struggled with domestic accumulation and sought African markets for products such as natural gas engines. General Electric is one of the principle intended beneficiaries of US$5 billion of export credit supplied through the Exim Bank and Overseas Private Investment Corporation under Power Africa.

Like Chinese state support for Chinese national oil companies, US state support for energy sector reform in Ghana closely reflects the internationalization strategies of US energy companies. However, there are important material differences between the markets that US and Chinese companies sought in Ghana, which shaped the interventions in Ghanaian policy that they deemed necessary to mitigate investment risk. Chinese investments were limited to the construction phase of gas processing, for which loan payments were made directly to Chinese contractors and ownership of infrastructure was transferred to an African state company upon completion. The growing debts owed by the Ghanaian state power company to Ghana Gas raised the prospect that Ghana Gas would be unable to begin paying down the

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[73] Ishmael Edjekumhene, Martin Bawa Amadu and Abeku Brew-Hammond, 'Power sector reform in Ghana: The untold story' (Kumasi Institute of Technology and Environment (KITE), Accra, 2001); Oliver Johnson, *The evolution of donor-recipient relations in electricity reform: Rethinking the principal-agent framework* (University of Sussex, unpublished PhD dissertation, 2011).
[74] Interview, bilateral agency staff, Accra, Ghana, 16 September 2014.
[75] Interview, bilateral agency staff, Accra, Ghana, 19 August 2014.
[76] Power Africa, 'Annual Report', (USAID, Washington DC, 2015).
[77] cited in Emira Woods, Janet Redman and Elizabeth Bast, 'Electrifying Africa–But at what cost to Africans? 16 September 2013, *Foreign Policy in Focus*, <http://fpif.org/electrifying-africa-cost-africans/> (12 January 2016).

CDB loan on schedule,[78] yet Chinese oil companies were not exposed to insolvent state institutions since they do not operate in midstream or downstream energy markets. In contrast, US companies sought markets in gas-fired power generation: seeking their return on investment through the ongoing generation and sale of electricity to Ghanaian consumers via a financially unsustainable Ghanaian electricity distribution company. Investors in Ghanaian power generation, whatever their 'nationality', are reliant on US government and World Bank efforts to mitigate the commercial risk associated with the domestic consumption of electricity. Complex bargains were made between state and capital to enable the commodification of gas, which structured the way that African agency was expressed in relation to different sources of bilateral assistance, each geared toward opening the Ghanaian economy to foreign investment in different parts of the petroleum commodity network.

The demands that were placed on state institutions to produce gas as a viable commodity repositioned the US as the most powerful donor to the energy sector in Ghana. Yet the World Bank retained a central role in Ghanaian energy governance, despite having been side-lined twice by the Ghanaian government in favour of Chinese credit for gas infrastructure and US grants for power sector reform. The $7 billion Sankofa gas project is the third major petroleum field development in Ghana and the largest foreign direct investment in Ghana's history; it is dependent on financial engineering that multilateral development banks are perhaps uniquely placed to provide. Although GNPC is a more credible offtaker of gas than Ghana Gas could be, the terrestrial market remains a risky commercial prospect for international oil companies. To provide investor confidence in the Sankofa project, in 2015 the World Bank provided $700 million of partial risk guarantees to backstop government obligations from GNPC to international oil companies – the Bank's largest ever guarantee.[79] The partial risk guarantee ensured that the World Bank maintained its energy sector assistance in Ghana as African governments increasingly look to Asia for infrastructure finance.[80]

These renewed interests of bilateral and multilateral agencies in Ghanaian power markets may affect the agency of Ghanaian elites over sectoral policy, yet these impacts cannot be assumed. As one member of World Bank staff reflected, the question remains whether providing financial guarantees will afford the Bank the same influence over Ghanaian energy policy that they have enjoyed in the past:

> That's where we can have a real impact in getting the projects moving. Will that give us a seat at the policy table? That's the question. When you don't provide the money but you just provide the guarantee, will that give you leverage? … Maybe not… The [World] Bank wants to see

[78] PIAC [Public Interest and Accountability Committee], 'Semi-annual report on management of petroleum revenues for the period January to June 2016' (PIAC, Accra, 2017).
[79] World Bank, 'Project Information Document (PID) appraisal stage: Ghana Sankofa gas project'. (Report no. 97671, World Bank Group, Washington DC, 2015). The package includes two guarantees: An International Development Association (IDA) Payment Guarantee of US$500 million to protect against delays in gas purchases by GNPC and a US$200 million International Bank for Reconstruction and Development (IRDB) Enclave Loan Guarantee to enable the project to secure private sector finance.
[80] Interview, World Bank staff, Accra, Ghana, 8 May 2014.

> commercial banks involved but also wants a seat at the table. We want both and we can't have that.[81]

Even under the strict conditions of an MCC Compact, it remains to be seen how executive and ministerial commitment to electricity privatization will translate into implementation. Ghanaian elites historically have been very strategic in accessing aid without letting it affect policy. The World Bank's Poverty Reduction Strategy Papers served primarily as tools for accessing debt relief, in which the content was of little consequence for sectoral policy.[82] In the electricity sector, market reforms only ever proceeded when backed by 'wave-like periods of enthusiasm from the government'.[83] While the terms of the MCC Compact received little if any critical attention from Ghana's parliamentarians,[84] opposition remained strong within unions and utilities, who argued that privatization would not solve the electricity utility's principle problem of debts owed to the company by government.[85] Other OECD agencies expressed concern that the MCC's approach is 'too draconian'[86] and may ultimately prove counter-productive.[87] Certainly, the universal formulation of governance that is operationalized by the MCC allows little scope for domestic politics or preference that have confounded donor-driven reforms in the past.[88] In this regard, the development of a domestic gas market reconfigured the territories of offshore oil through connection to onshore electricity markets, but it de-territorialized Ghanaian energy policy.

Conclusion

This article has situated Ghana's multilateral and bilateral development partnerships within the social and material context of the transnational oil industry to identify the nature and scope of African agency. Understanding the complex bargains between state and capital that brought resources into economic circulation illuminates where Ghanaian state actors exercised agency and where they have not. Ghana's development partnerships are an on-going process and the implementation of current plans and projects may well confound expectations. Nevertheless, it is possible to draw conclusions on how agency has been expressed in Ghana's relationships with capital and development partners since the advent of oil production and the extension of Chinese credit.

First, there is historical continuity in the way that power has been exercised over the natural resource economy in Ghana. Chinese financing did not fundamentally change existing modes

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[81] *ibid.*
[82] Whitfield, 'The state elite'.
[83] Johnson, *The evolution of donor-recipient,* p. 165.
[84] Parliament of Ghana, 'Parliamentary debates official record', Fourth Series 87 (24), 18 July 2014.
[85] PUWU and PSWU, 'Position of Public Utility Workers Union and Public Service Workers Union on government's planned privatization Electricity Company of Ghana (ECG)', [Press release], 5 January 2015.
[86] Interview, bilateral agency staff, Accra, Ghana, 16 September 2014.
[87] Interview, bilateral agency staff, Accra, Ghana, 6 April 2014.
[88] Chhotray and Hulme, 'Contrasting visions for aid'.

of planning or the political incentives that shape the actions of Ghana's ruling elites.[89] Rather, realizing the opportunities presented by a domestic gas economy involved significant shifts in power between factions of the ruling elite as they orientated themselves towards different sources of international finance and articulated different visions of the state's role in resource production. The analysis of Chinese and US resource and energy investments presented here cautions against equating African agency with internalist assumptions of state failures. The social and material process of creating the local exchange value of gas was shaped by factional interests among the ruling elite, the conditions of bilateral finance and aid, and the conditions that state and capital place upon one another to realize the extraction and circulation of resources. In this context, Ghanaian state agents shaped the brokerage and outcomes of bilateral assistance, yet the scope for agency over economic structures was narrow.

Second, neither oil production nor Chinese financing changed the rules of the game with international finance institutions, but there were discernible changes in Ghana's multilateral and bilateral relationships. Ghana's oil revenues are modest and the development of Chinese-financed gas infrastructure did not represent a significantly different development path to that sanctioned by the IMF or World Bank. By shoring up state finances and financing the government's development plans, international finance institutions maintain significant influence over Ghana's macro-economic management. However, the conditions demanded by investors in creating a domestic market for gas inferred a greater role for the US over energy policy and a new role for the World Bank in investment risk mitigation. Linking the upstream petroleum industry to the electricity network offered the Ghanaian government new economic opportunities, yet gave new impetus to the neoliberal reform of energy sector institutions. These reforms were driven by US grant conditions and shaped by the demands of potential investors to securitize foreign investment in the Ghanaian electricity sector. Since the advent of oil production and a significant turn to China, Ghana's traditional bilateral and multilateral partners maintained their influence over macro-economic policy and deepened their influence over sectoral policy. While there were shifts in power between Ghana's development partners, market orthodoxies of development remained dominant.

Ghanaian elites were critical in shaping the outcomes of both Chinese and US bilateral investments, yet exercised agency primarily in their relations with domestic political institutions and in leveraging external sources of finance. When it comes to the structural basis of the economy – its resource dependency and the extraversion of elites – agency was exercised only at the very margins of international political economy.[90] Globally, the motivations and modalities of South-South cooperation are continually evolving.[91] Yet, Ghana's early experiences in a world of diversified development finance resonates with earlier warnings against the reproduction of inequitable power relations in the aid system: that African economies may remain dependent on primary resource extraction, while China becomes a source of cheap finance and contractors (that have subsequently proved costly)

[89] Mohan, 'Queuing up for Africa'.
[90] cf. Carmody and Kragelund, 'Who is in charge?'.
[91] Mawdsley, 'Development geography 1'.

and the hierarchies of aid between African and OECD countries remain dominant.[92] Understanding the agency of African elites is critical to understanding the outcomes of Chinese investment in different political contexts. To avoid undue attribution of agency over the structure of African economies, the scope of African agency should be situated within the social and material context of transnational resource economies.

[92] Cheryl McEwan and Emma Mawdsley, 'Trilateral development cooperation: Power and politics in emerging aid relationships', *Development and Change* 43, 6 (2012), pp. 1185–1209.