

# India in Africa

## India and Africa: Status Quo or New Strategic Orientations

India is set to host the third India-Africa Forum Summit (IAFS) in New Delhi from October 26-30, 2015. This is the first time India is inviting the leaders of all 54 African countries to the Forum Summit. In this respect, it marks a new beginning because earlier the participation of African leaders in the Summit process was executed on the basis of the Banjul formula, which entailed the participation of the leaders of around 12-14 African countries, who represented at the Summit in their capacity as the chiefs of the Regional Economic Communities (RECs).

The Summit, India's biggest outreach event for Africa was to be held on 04 December 2014, but was postponed due to the Ebola virus outbreak in West Africa.

The new Indian Government's policy *vis-à-vis* Africa has not been clear yet. Observers state that the third IAFS would act as a Forum where the Africa cooperation policy of India would be clearly defined.



### Development partnership

India's development assistance to Africa goes hand in hand with its economic interests in Africa and its geopolitical positioning. India's development policy also promotes economical and technical cooperation with Africa in various sectors, notably information and communications technology, energy, telecommunications and education.

Since launching of the India-Africa Summit in 2008, India has pledged over US\$8.5bn as Lines of Credit for a wide array of development projects across Africa. Over 65 percent of this soft loan package has already been disbursed. During the 2011 IAFS in Addis Ababa, India pledged US\$5bn to help the African countries meet the 2015 Millennium Development Goals (MDGs). It is expected that the new Indian Government would announce an ambitious multi-billion dollar developmental package at the third IAFS.

India's Prime Minister, Narendra Modi, pledged to provide an aid of US\$10mn to the United Nations (UN) in fighting the disease. India has also provided US\$2.5mn for protective gear and for anti-Ebola awareness campaigns in West Africa.

### Afro-India trade

Since 2007, Afro-Indian trade has more than doubled from US\$25bn to US\$57bn, while two-way trade is estimated to have reached US\$70bn in 2014 and is projected to be US\$90bn in 2015.

In a watershed moment in Afro-Indian trade relations, African leaders and Indian industrialists on the sidelines of the World Economic Forum hosted in New

Delhi in 2014, expressed their joint vision of realising US\$500bn in trade between Africa and India by 2020.

Moreover, African exports to India are growing at a rate of 32 percent annually, while India's exports to Africa are growing at a rate of 23 percent.

### Knowledge power

What sets apart India's engagement with Africa is its focus on innovative capacity building programmes and its efforts build a knowledge economy in the African continent. India-assisted Pan-African e-network is a good case in point. The programme provides telemedicine and tele-education to Africans living thousands of miles away by linking them with top educational institutions and super-speciality hospitals in India. The 'Make in India' and 'Digital India' missions might also have ripple effects in its outreach and diplomacy in Africa.

### Third Summit: New possibilities

Since the new Government in India took power, economic imperatives have been stressed on apparent basis for India's new foreign policy. In 2013, Indian Prime Minister Narendra Modi stated: "I believe a strong economy is the driver of foreign policy..." we have to put our own house in order, so that the world is attracted to us..."

Undoubtedly, India's new head of State has set out the country's strategic orientation in its foreign policy engagement. The third IAFS is, therefore, poised to be more than just a diplomatic event. It would be an occasion for review and charting the way forward for India and Africa cooperation.

([www.ictsd.org](http://www.ictsd.org) & [www.mea.gov.in](http://www.mea.gov.in))

## Climate Change Challenges

The Environment Minister of India Prakash Javadekar said that adaptation and mitigation must be accorded 'equal' importance and has assured that India would partner with the African nations to fight climate change challenges while taking the association to a 'new level'.

Javadekar while addressing the 15<sup>th</sup> Session of African Ministerial Conference on Environment, in Cairo, Egypt noted that the developing African countries and India are, particularly, affected by adverse effects of climate change and stressed that issues like 'Green Climate Fund' should be sorted out for the UN Climate conference in Paris later in 2015, to occur in a smooth manner.

*(www.timesofindia.indiatimes.com, 05.03.15)*

## US\$380mn Aid for Water Projects

Tanzania will be acquiring loans worth US\$380mn from India to finance two of its major water projects in the East African Nations, according to a statement from the President's office.

The Indian Government has offered US\$100mn to improve water supply in the commercial capital Dar-es-Salaam and US\$280mn to help supply water from Lake Victoria to Tabora, Nzega and Igunga towns.

Moreover, fast-growing Dar es Salaam's authorities expect to exceed twice its population of around 10mn people in 15 years, generating more than 40 percent of Tanzania's Gross Domestic Product (GDP). However, the capital suffers from floods, water scarcity and insect-borne diseases.

*(www.reuters.com, 17.03.15)*

## IT Exports Exceeding US\$1bn

India's Electronics and Computer Software Export Promotion Council (ESC) stated that total computer software and services exports to Africa from India crossed the US\$1bn mark from the previous year.

The total computer software and services exports to Africa from India in 2014 were US\$1.059bn as against

## Enormous Growth Potential

Indian companies are ramping up investments in Africa. Indian consumer products-maker Godrej Consumer Products has announced that it had raised its stake in Darling Group's hair extension businesses in South Africa and Mozambique to 90 percent from 51 percent. Indian paint-maker, Asian Paints has decided to buy Ethiopia-based Kadisco Paint and Adhesive Industry. Asian Paints would spend US\$18.95mn to buy a 51 percent share in the company.

Africa is a relatively an easy place to invest for Indian businesses. An estimated 2.5mn Indians and their descendants reside mainly in East Africa of them are successful in business.

Moreover, similar per capital gross domestic product (GDP) also eases Indian entry into African market. India's GDP has surpassed US\$1,500 per capita, while those of many African countries stand between US\$1,000 and US\$2,000.

*(www.asia.nikkei.com, 07.03.15)*



US\$926mn in the previous year – ranking the continent after the US, Europe, Singapore and other Asian countries and Australia together with oceanic countries, ESC added.

Stating that the growing software exports show how India has developed the sector, ESC Chairman Vinod Sharma indicated that the country's software and information-enabled services exports is projected to reach US\$97bn in the current year from the previous year's US\$84bn.

*(www.smetimes.in, 25.02.15)*

## Boosting Youth Enterprises

National Small Industries Corporation Limited (NSIC), a public sector enterprise, under the Ministry of Micro Small and Medium Enterprises (MSME), Government of India has signed a Memorandum of Understanding (MoU) of Cooperation with Black Business Council (BBC) of South Africa for developing youth-owned enterprises in South Africa in the presence of Kalraj Mishra, Minister of MSME in South Africa.

The MoU, besides rendering cooperation in MSME sector, also focusses on Black Business Council's (BBC's) efforts to economically empower the marginalised group in South Africa through NSIC's Rapid Incubation Programme. Moreover,

BBC also plans to establish five such Rapid Incubation Centres in South Africa in cooperation with NSIC.

Kalraj Mishra also stated that the MoU would further strengthen India's commitment to cooperate with South Africa in developing its MSMEs and thus be a part of its economic transformation.

*(www.pib.nic.in, 19.01.15)*

## India to Restock with WA Oil

India has nearly doubled the amount of oil from West Africa (WA) that it would import in the first half of April, according to the traders in a buying spree. This aimed at refiners' building stocks ahead of purchases to fill up the country's new strategic petroleum reserve (SPR).

The world's fourth-largest energy consumer has stepped up purchases of the Nigerian and Angolan crude for March and April, sparking interest from a market that was watching for stockpiling after oil prices crashed by more than 60 percent between June 2014 and January 2015.

In addition, the Indian refinery sources mentioned that they were forced into the current buying frenzy due to stock drawdowns at the end of the current financial year.

*(www.business-standard.com, 16.03.15)*