

# **India-Africa Development Partnership: Emerging Prospects and Concerns within South-South Cooperation**

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India and Africa have many similar concerns and challenges in their path to development. India and Africa both are rapidly growing economies. India and Africa are large consumer markets, and both have varieties of minerals and vast lands for agriculture. The India-Africa development partnership is an example of cooperation among developing economies. India follows the principles of South-South Cooperation (SSC) in engaging in partnerships with other developing countries. India-Africa development partnerships have many emerging aspirations and prospects for upcoming global governance. Reforms in international institutions, maritime security, environment protection, poverty alleviation, education, and health are significant challenges to be dealt with while engaging in development partnerships. This paper analyses the India- Africa development partnership in light of emerging criticisms.

**Keywords:** India-Africa partnership, South-South Cooperation, Development cooperation, Development partnership, Technical cooperation, Foreign aid, International Development.

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After the 1990s, a world of developing economies passed through tremendous reforms. Many countries faced problems of balance of payment and debt crisis. Due to the lack of investments and foreign exchange reserves, many countries adopted liberal and open market economies. Consequently, many developing countries experienced high growth rates, rapid industrialization, and investment flows. Economic growth explores the potential developing economies have. These reforms led to the prominence of development cooperation within the South-South Cooperation (SSC). SSC moved away from its traditional anti-colonialism and anti-apartheid slogans. Developing countries initiated cooperation in development projects and targeted to enhance mutual trade and investments. A new pattern of development cooperation emerged against traditional development cooperation within North-South Cooperation (NSC). When development cooperation applies the principles of SSC, it takes a different form than traditional development cooperation within NSC. NSC is based on principles that indicate aid-receiving countries to reform their macroeconomic policies according to predefined conditionalities formed in the Washington Consensus. Washington Consensus conditionalities have become a tool to interfere in the internal affairs of the recipient country. Washington Consensus conditionalities are framed in a way that those conditionalities finally benefit developed countries. Thus, NSC has become a sign of hegemonic relations between

donor and recipient countries.

This paper explores the areas of the India-Africa development partnership. Historically, India-Africa relations were limited to some forms of cooperation like supporting each other on international issues and capacity-building programmes. Later, India and Africa initiated new scopes of engagements like project assistance, soft loans, grants, and trade and investments. Both India and Africa are developing economies facing similar challenges to development like lack of technology, finance, and industrialization. Both partners are aspiring for their future economic requirements to be accomplished through cooperation. Energy, food, infrastructure development, trade, and investments are the primary concerns of development partnerships. Taylor (2012) mentions that the Indian development partnership strategy can no longer be said to be grounded in the idealism predicted by SSC solidarity. Therefore, new potentials and opportunities evolved within SSC.

### **Guiding principles- A framework of South-South Cooperation (SSC)**

SSC is a broad concept that encompasses political, economic, and cultural interaction among developing countries. Ugwuja et al. (2014) define SSC as the sharing of knowledge and resources between developing countries to identify the most effective steps towards the eradication of their developmental challenges. The basis of SSC is the equal and similar historical conditions of all partner countries. Developing countries have passed through a long period of colonialism and imperialism. Colonial and imperial powers have dominated the local resources of developing countries. Therefore, most developing countries have been economically dependent on their colonial master countries for a long time, even after gaining independence. Most of the international trade and investment standards are established according to the interests of developed countries. Developing countries have been dependent on developed countries for foreign investments and trade exchanges. Developing countries have been facing a lack of finance, trade imbalances, and huge amounts of debt. SSC emphasizes solidarity among developing countries against colonialism and Apartheid. Equality of all races and nations, respect for the sovereignty of all countries, and non-interference are the guiding principles of SSC. SSC promotes self-reliance among developing countries through cooperation. In practice, SSC supports development aid without conditionalities attached and enhances the mutual benefit of both partner countries. Dixit (2013) explains that NSC was a historic responsibility while South-South cooperation is a voluntary partnership. Developing countries were colonies of many developed countries. After independence, these colonies were mostly dependent on former ruler countries or other developed countries for their economic needs. So, it was a more historic reason to get aid from the developed north.

In many ways, development cooperation within the SSC is different from traditional Official Development Assistance (ODA) provided by developed countries within the NSC. To distinguish the model of development cooperation within SSC from ODA, countries like China and India term their development cooperation program as a development partnership. In development partnerships, equal and horizontal relations are created between partner countries instead of donor-recipient relations that form in ODA. Development partnership takes a bottom-up approach between the partner countries. Aid projects are designed considering local requirements.

Development partnership does not attach conditionalities framed in Washington Consensus. Washington Consensus conditionalities are predefined guidelines for macroeconomic reforms of the recipient country. Recipient countries regard the implementation of macroeconomic reforms as external interference in internal affairs. Therefore, ODA is regarded as a framework approach that deals with the economic system and its framework, while SSC is based on an ingredient approach that focuses on various components of development according to the demands of the recipient country (Chaturvedi, 2016). Development partnership is not limited to budgetary and financial support only. Development partnership efforts to enhance technical knowledge, skills, and trade and investment facilities so that the economy of the partner country can become self-reliant. ODA focuses on aid effectiveness, which means aid should be provided in a way that produces the best results. On the other side, a development partnership focuses on development effectiveness, which means that producing development is more important than the process and operational aspects.

India has been a prominent development partner country within the SSC. The Indian development partnership model is based on the concept of a development compact. Chaturvedi (2016) draws five levels on which development compact works—skill upgradation, Lines of Credit (LoCs), grants, technology, and trade and investments. Mathai (2013) states that India's development partnerships are demand-driven and do not challenge national sovereignty. A demand-driven partnership means the requirement of an aid project is made by the receiving country, and the recipient country has a significant role in designing and implementing the aid project. Therefore, the aid policy is always consistent with the national policies of aid-receiving countries. After incorporating principles of SSC, India's Development Partnership evolved many features, which are given below:

1. India's development partnership program is rooted in India's own historical experiences of colonial exploitation, scarcity of resources after independence and efforts to develop economy. Ancient Indian concepts like Vasudhaiva Kutumbakam and Daanam are ideals behind India's development partnership program.
2. India regards its development partnership as India's international responsibility towards other developing countries. Mere altruism, is not a basis of India's development partnership (Chaturvedi, 2013).
3. Indian development partnership is based on the idea of partnership rather than promoting a donor-recipient relationship. The latter is based on the patron-client relationship, which promotes an unequal dependency. India ensures local ambitions and priorities considering partner countries in designing the aid project. Thus, the Indian development partnership is based on a bottom-up approach (Saran, 2012).
4. India does not attach any conditionality to the project. It means that India does not interfere in the internal affairs of partner countries in the name of development assistance. The objective of such a partnership is to create mutual interdependence rather than to create dependency.
5. Indian partnerships are being made through various channels like; Indian Technical and Economic Cooperation programme (ITEC), Export-Import Bank of India (EXIM Bank), Ministry of External Affairs etc. There is absence

of an umbrella institute which coordinates all Indian development partnership.

6. India's development partnership is not limited to financial and budgetary support only, but it also encompasses technical support like; capacity building, training, providing fellowships to students, providing project assistance, etc.
7. India is still a recipient of aid from developed countries and Bretton Woods institutions. India keeps the status of both aid receiving and donor country.
8. India is not a member of the Organization for Economic Cooperation and Development (OECD). India does not report to the OECD about India's development partnerships across the globe.
9. South Asian neighboring countries and African countries are priority areas for India's development partnership.
10. Most of India's development partnership initiatives are bilateral. Some of the development partnerships are multilateral or trilateral.

### **India's Development Partnership Initiatives in Africa**

Indian development partnership in Africa is based on the principles of Panchsheel, adopted by both India and African nations at the Bandung summit. Panchsheel principles focus on equal relations among the nations, respect for the sovereignty of the state, non-interference in the internal affairs of another country, and cooperation. Panchsheel principles support independence movements and anti-apartheid movements in African countries. After it introduced an economic liberalization program in 1991, India's foreign policy shifted from Nehruvian and Gandhian principles to pragmatic economic diplomacy. This shaped its relations with African countries as well. India began to view Africa through a strategic lens and realized that economic engagement with African countries could serve its national interests (Jagtiani, 2012). India's development cooperation with African countries has also evolved to incorporate varied avenues such as trade and investment, capacity building, technology transfer, grants, and concessional loans (Mullen & Arora, 2016).

Soon after independence in 1947, India began to enhance cultural relations with Africa. In 1950, the Indian Council for Cultural Relations (ICCR) provided 274 scholarships to African students. It was 15 percent of the total scholarships India has provided to students of other countries. Thus, India has established cultural as well as political relations with African countries (Large, 2013). The primary purpose of providing scholarships is to make cultural relations with other countries (Kraglund, 2010).

In 1964, India launched ITEC. The objective of the ITEC programme was to assist other developing countries by providing scholarships, training programs, and capacity-building programmes. India has also provided vehicles, ambulances, agricultural equipment, IT equipment, and medical tools to African countries. Special Commonwealth Assistance for Africa Programme (SCAAP) has also been operated simultaneously. SCAAP was launched to assist 19 African countries. The major sectors of cooperation in SCAAP are Information and Communication technology, rural development, health training, and project assistance (Kraglund, 2010). Funding for SCAAP increased from \$2.56mn in 2010-11 to \$5.43mn in 2015-16 (Mullen and Arora, 2016). India has also been a crucial supporter of the New Partnership for

Africa's Development (NEPAD). India offered \$ 200mn LoCs to NEPAD (Kragelund, 2010). Many large infrastructure projects in Africa have been completed under NEPAD with the assistance of India (Krishna 2010).

In 2002, India launched the Focus Africa programme. The Focus Africa programme was targeted to enhance India- Africa trade and investment. Exim Bank of India was the nodal agency to implement this programme. A total of \$550 million was allocated to this programme (Kragelund, 2010). In the Focus Africa programme, India provided incentives to the exporters to prefer Africa for trade. Also, Lines of Credit were provided to African countries to import goods and services from India (Aneja, 2015). Export promotion councils were encouraged to organize trade fairs and exhibitions, hold B2B meetings, and facilitate visits of African trade delegates in India (Chakrabarty, 2018). India initiated the Techno-Economic Approach for India Africa Movement-9 (TEAM-9) programme in 2004 to specifically focus on West African countries. In TEAM-9, the Ministry of Commerce and Industry of India has provided \$500mn as a credit line (Taraporevala & Mullen, 2014). The targeted sectors are infrastructure, agriculture, and information and communication technology. Organizations such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) have organized conclaves like the 'Conclave on India-Africa Project Partnership. CThe onclave on India-Africa Project Partnership has been instrumental in creating a business platform enabling African and Indian companies to make deals (Mullen & Arora, 2016). Precisely, the TEAM-9 programme will enable the Indian private sector's access to West African markets.

A crucial element of India's engagement with Africa has been India's rising pan-African nature. It includes five broad areas of engagement: India-Africa Business Conclaves, India Africa Hydrocarbons Conference (IAHC), India Africa Forum Summits (IAFS), institutionalized cooperation with African Regional Economic Communities (RECs), and India's flagship Pan African E Network project. India propelled the Pan Africa E Network project with the cost of \$125mn. The Pan African E Network project connects 53 African countries with Indian institutions through satellite and fiber optics (Krishna, 2010). Services like teleeducation and telemedicine are being provided through the Pan African e-Network project. Apart from consulting facilities, regular Continuing Medical Education Services are provided through 12 Indian super-specialty hospitals (Rasquinha, 2016). These 12 Super Speciality Centres have been connected to 49 Patient End Hospitals in African countries (James, T.; Shaw, P.; Chatterjee, P.; & Bhatia, D., 2016). Pan African E Network would support overcoming the digital divide in Africa. In 2015, India committed more than \$600 million for the expansion of the project (Mullen & Arora, 2016).

The India-Africa Forum Summit (IAFS) was launched in 2008 to make and execute a concrete joint plan of action (Krishna, 2010). The first IAFS was attended by heads of 14 African countries and leaders of regional groups. A comprehensive format encompassing economic political cooperation, cooperation in science and technology, information and communication, and cooperation in social development and capacity building is framed in the first IAFS (Saran, 2012). Two documents were adopted in the first IAFS. Those were the India-Africa Framework for Cooperation Forum and the Delhi Declaration. Both documents were focused on SSC, capacity building, and the pursuit of mutual interests (Tylor, 2012). These forum summits



discuss a wider range of cooperation, including reforms in the United Nations Security Council (UNSC) (Mullen & Arora, 2016).

India's development cooperation with Africa was historically largely limited to Anglophone African countries. Also, the sectors of cooperation were limited to technical cooperation and training programs (Mullen & Arora, 2016). The changes in India's development partnership with Africa can be seen from India's development initiatives, including investments worth \$10bn and \$2 billion towards Francophone and Lusophone African countries, respectively, in 2015 (Mullen & Arora, 2016). Francophone and Lusophone are the countries that have French and Portuguese, respectively, as official languages. These countries were the colonies of France and Portugal, respectively. Extending Indian partnerships in Francophone and Lusophone countries shows that India's partnerships are not limited to its traditional commonwealth partners. India emerged as an African development partner country.

### **Models of India-Africa Development Partnership**

#### ***1. Capacity Building:***

Knowledge sharing is a major aspect of India's development partnership programmes. India's capacity-building programme incorporates providing training, dispatching experts to partner countries, providing scholarships and building institutions in partner countries. Former president of Ghana John Agyekum Kufour had emphasized knowledge driven collaboration as he said that if Africa's resources can be married with India's expertise, anything is possible (Arora & Chand, 2015).

ITEC has launched various programmes across Africa. India extended 40,000 scholarships to African countries between the second and third IAFS in 2011 and 2015, respectively (Mullen & Arora, 2016). Further, India has offered 50,000 scholarships for 5 years beginning in 2015 (Ministry of External Affairs, 2017). India is also conducting the C.V. Raman International Fellowship Programme to provide an opportunity for African researchers to conduct research with leading Indian research institutes (Mullen & Arora, 2016). Since the second IAFS in 2011, over 24000 scholarships across 300 training courses conducted at 60 training centres have been utilized by African nationals. Scholarships are provided in various areas such as IT, renewable energy, agriculture, marine and aeronautical engineering, marine hydrography, SME entrepreneurship, rural development, parliamentary affairs, logistics and management, climate change adaptation, cybersecurity, forensic sciences, and defense and security. Egypt and many other African countries have called on Indian officials to conduct fair and peaceful elections in their countries.

India has established many institutes of capacity building across Africa. Capacity building institutes are professional training institutes targeted to enhance skills and capacity of professionals in various sectors. In the first IAFS, India agreed to establish 10 vocational training institutions in Burkina Faso, Burundi, Egypt, Ethiopia, Gabon, Gambia, Libya, Mozambique, Rwanda, and Zimbabwe. India approved the establishment of 19 institutions to develop human resources in Africa. Also, India started an education project in Namibia (Verachia, 2010). An apex planning organization for coal was established in Mozambique to provide training in mining engineering. Human settlement institutes are set up in the D.R. of Congo, Kenya, Mauritania, Togo, and Zambia to study rapidly growing urbanization (Saran, 2012).

India-Africa Institute of Information Technology in Ghana, India-Africa Institute of Foreign Trade in Ghana and Uganda, India-Africa Institute of Education Planning and Administration in Burundi, India-Africa Diamond Institute in Burundi, India-Africa Diamond Institute in Botswana, India-Africa Institute of Agriculture and Rural Development in Malawi, India-Africa University for Life and Earth Sciences in Nigeria, Entrepreneurship Development and Training Centre in Senegal, Plastic Technology Training Centre in Namibia are some of the key institutes established with the support of India.

## 2. Grant:

The share of Africa in the receiving of grants from India is very low. In 2009-10, Africa received only 6.7 percent of the total grant India disbursed. Africa's share in grants from India has been increasing continuously. By 2018-19, Africa's share in the grant allocated by India had reached 19.62 percent of the total grant India allocated. As of August 2022, India has supplied 188.5 lakh vaccine doses as grants to 45 African countries (MEA, 2022). In the below Table 1 shows India's annual grant disbursement to Africa from 2009-10 to 2018-19.

Table 1: Annual Allocation of Grants to Africa by India (From 2009-10 To 2018-19 in \$mn)

| Year       | 2009  | 2010  | 2011  | 2012  | 2013 | 2014 | 2015 | 2016  | 2017  | 2018  |
|------------|-------|-------|-------|-------|------|------|------|-------|-------|-------|
|            | -10   | -11   | -12   | -13   | -14  | -15  | -16  | -17   | -18   | -19   |
| Grant      | 363.8 | 492.2 | 440.4 | 651.4 | 883  | 726  | 716  | 607   | 609   | 861   |
| Africa     | 25    | 21.4  | 26    | 47    | 46.3 | 24   | 45.3 | 113   | 115.1 | 169   |
| Africa (%) | 6.78  | 4.36  | 5.81  | 7.19  | 5.24 | 3.27 | 6.33 | 18.54 | 18.91 | 19.62 |

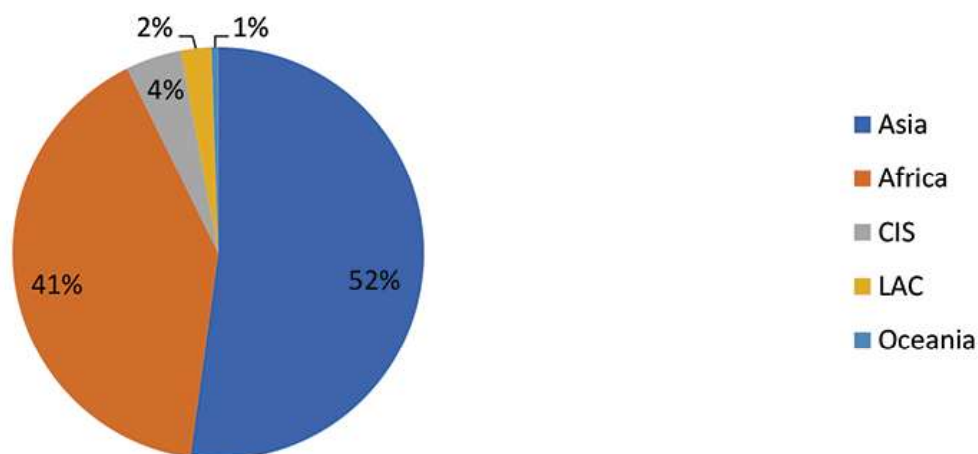
Source: Data compiled by Author from Expenditure Budget (India Budget), Vol. I, of the Ministries of Finance (Dept. of Economic Affairs), External Affairs, and Shipping for various years.

## 3. Lines of Credit (LoCs):

Africa has remained a primary destination for Indian LoCs. The share of African countries in total LoCs committed by India increased sharply from 32 percent in 2004 to 53 percent in 2011. Around 58 percent of the total LoCs extended by India between 2006 and 2015 have been directed towards Africa (Mullen & Arora 2016). From 2002-03 to 2019-20, Africa's share in receiving LoCs from India was 41 percent.

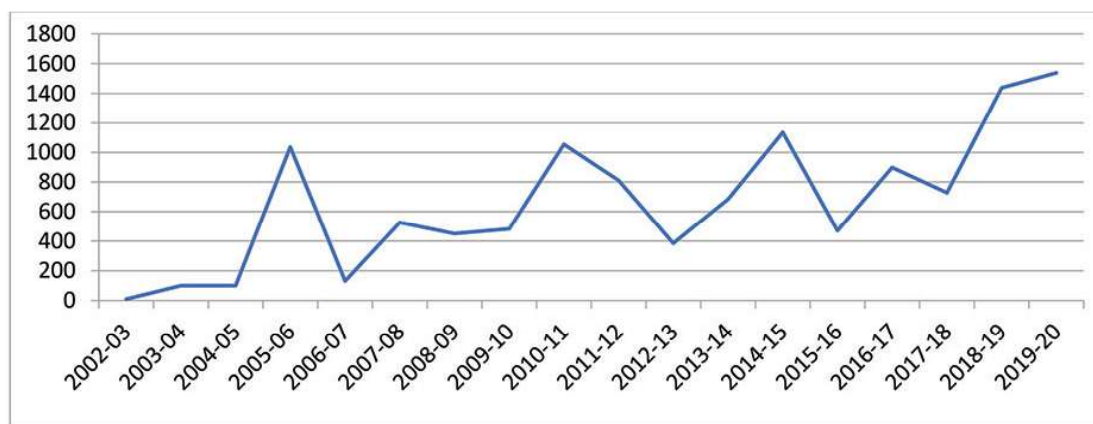
Figure 1 shows that India provides LoCs mostly to the neighbouring region of Asia and to the Africa. Both Asia and Africa cover 93 percent of the total LoCs provided by India across the world. In the third IAFS in 2015, India announced additional LoCs of \$10 bn for five years till 2020 (Ministry of External Affairs, 2017).

**Figure 1: Regional Distribution of LoCs by EXIM Bank (2002-03 to 2019-20)**



Source: Operative Credit Lines 2020, EXIM Bank.

**Figure 2: Annual flow of LoCs from India to Africa (2002-03 to 2019-20 \$mn)**



Source: Operative Credit Lines 2020, EXIM Bank.

Figure 2 shows that LoCs to Africa increased from \$10.2mn in 2002- 03 to \$1538.4mn in 2019-20. Total LoCs provided to Africa from 2002-03 to 2011-12 was \$4.3bn which later doubled to \$8bn by January 2020.

Table 2 shows that the top ten African countries receiving LoCs from India cover approx. 67 percent of the total LoCs provided by India to Africa from 2002-03 to 2019-20. Therefore, India's allocation of LoCs is concentrated in a few countries only. India directed its LoCs to targeted countries only. Countries having more capacity to produce energy like power and oil and agricultural products have been preferred. India should diversify its allocation of LoCs in Africa. Diversifying the allocation of LoCs would lead to the diversification of India's trade and investments in Africa.

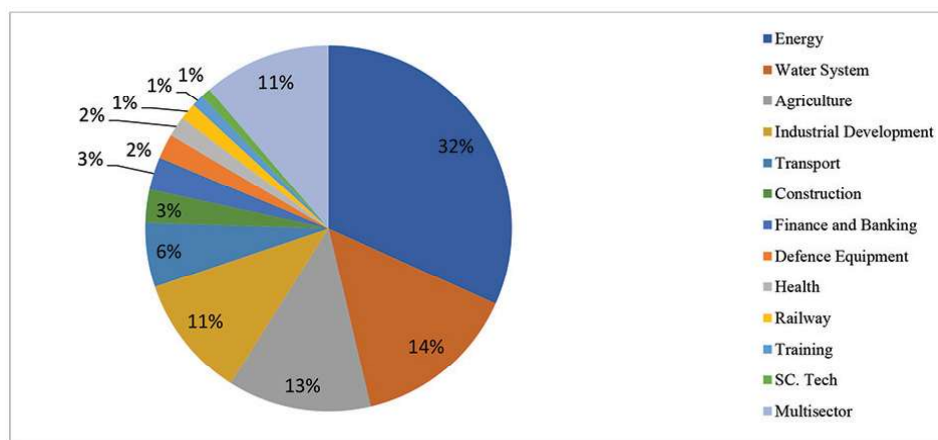


**Table 2: Top Ten African Countries Receiving LoCs from India between 2002-03 and 2021-22**

| Sr. | Country    | Amount \$mn. |
|-----|------------|--------------|
| 1   | Tanzania   | 1115.22      |
| 2   | Mozambique | 772.44       |
| 3   | Sudan      | 756.68       |
| 4   | Mauritius  | 738.10       |
| 5   | Ethiopia   | 704.54       |
| 6   | Rwanda     | 547.65       |
| 7   | D R Congo  | 494.40       |
| 8   | Zimbabwe   | 468.1        |
| 9   | Malawi     | 395.68       |
| 10  | Ghana      | 373.26       |

Source: Operative Credit Lines by August 2022, EXIM Bank.

Through LoCs, India has been partnering in diverse development projects in Africa. The LoCs also cover the specific development partnership projects in which India exports all the equipment, goods, and services to complete the projects. This is known as project export. Projects like the upgrading of water supply in villages, farm mechanization, rehabilitation of roads, railways, power transmission lines, rural drinking water supply, solar electrification, construction of houses, irrigation, and sugar plants are covered in project export. However, India has given more importance to the energy sector and farm mechanisms. It shows that India is aspiring to fulfill its future demand for energy and food through its LoCs projects in Africa.

**Figure 3: Sectoral Distribution of Indian LoCs to Africa 2019-20**

Source: Operative Credit Lines 2020, EXIM Bank.

India has played crucial role in modernization of Africa. India has supported many projects which became premier or life line of the economy of many African countries. Some of the key projects successfully operated by India providing LoCs are listed in table no 3.

**Table 3: Projects in Africa assisted by LoCs from India**

| Country | Amount of LoCs | Project   |
|---------|----------------|---|
| Sudan   | \$ 300mn       | <ul style="list-style-type: none"> <li>• Um Dabakir power station (Kosti).</li> <li>• It is the largest power plant in Sudan, producing one-sixth of the total power demand of Sudan.</li> <li>• Electricity supply from this plant is crucial to the sugar and cement plant in Sudan.</li> </ul>               |
| Rwanda  | \$80mn         | <ul style="list-style-type: none"> <li>• Nyaborongo hydropower project.</li> <li>• Biggest hydropower project of Rwanda.</li> <li>• This plant caters to 25 percent of the total power demand of Rwanda.</li> </ul>   |
| Zambia  | \$29.03mn      | <ul style="list-style-type: none"> <li>• Itezhi-Tezhi power project.</li> <li>• First PPP model-based hydropower project in Africa.</li> <li>• Owned by Tata Power of India and Zesco of Zambia.</li> <li>• Funded by AFDB and Eximbank of India.</li> </ul>  |
| Angola  | \$40mn         | <ul style="list-style-type: none"> <li>• Modernization and upgrading of railway workshop.</li> <li>• RITES provided 41 coaches, 3 locomotives, and 2 diesel multiple units.</li> </ul>  |
| Gambia  | \$26.88mn      | <ul style="list-style-type: none"> <li>• National Assembly building complex.</li> </ul>   |
| Ghana   | \$90mn         | <ul style="list-style-type: none"> <li>• Construction of presidential office.</li> <li>• Refurbishment of Komenda sugar plant.</li> <li>• Increased sugar production.</li> <li>• Created 1300 direct jobs and 5000 auxiliary jobs.</li> </ul>   |
| Mali    | \$27mn         | <ul style="list-style-type: none"> <li>• Rural electrification, setting up of agro machinery and tractor assembly plant.</li> <li>• 30 percent increase in production and income of farmers.</li> <li>• Enhanced food security in Mali.</li> <li>• Reduced dependency on costly imports of tractors.</li> </ul> |
| Senegal | \$27mn         | <ul style="list-style-type: none"> <li>• Irrigation projects.</li> <li>• Increased irrigated land cover by more than twofold.</li> <li>• Increased rice production and employment.</li> </ul>   |

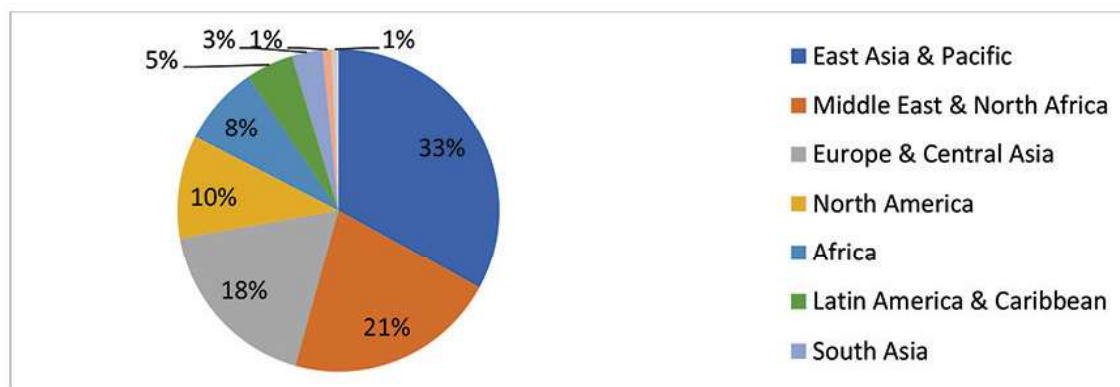
|       |        |   |
|-------|--------|---|
| Benin | \$15mn | <ul style="list-style-type: none"> <li>• Tractor assembly plant and farm equipment manufacturing unit.</li> <li>• Mechanized farming was made available.</li> <li>• Increased 40,000 hectares of cultivated land, providing benefit to 1 million people.</li> </ul> |
|-------|--------|---|

Source: Operative Credit Lines 2020, EXIM Bank.

#### 4. Trade and investment:

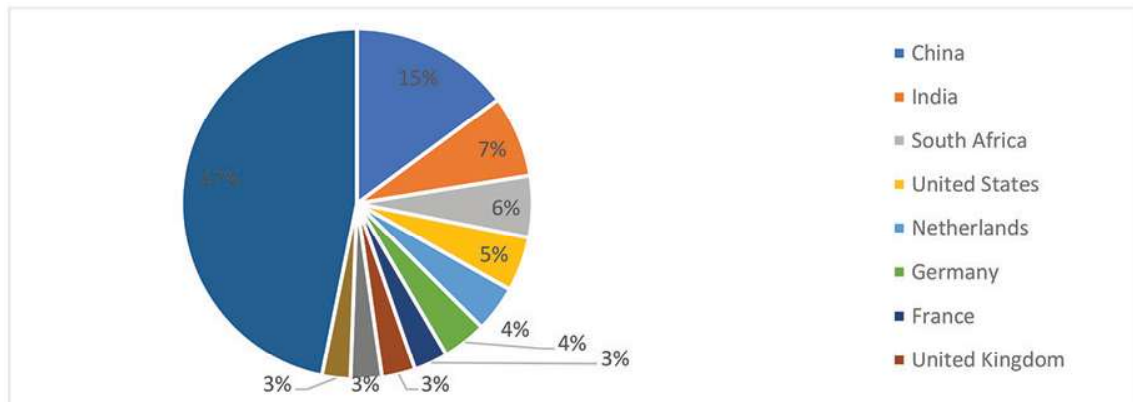
India has a considerable share of trade with Africa. Increasing trade with Africa was one of the targets of the Focus Africa Programme launched in 2002 (Singh, 2017). Traditionally, India's trade has been concentrated with Britain or Gulf countries. India wanted to diversify its trade. Growing trade with Africa itself is a consequence of India's development partnership with Africa. LoCs, trade facilitation, and Duty-Free Tariff Preference (DFTP) schemes have encouraged African countries to trade with India. The DFTP Scheme was launched in 2008 by India. The objective of DFTP was to grant tariff preference to the products manufactured in Least Developed Countries (LDCs) and imported to India. 21 out of 34 African LDCs have acceded to the India- Africa DFTP Scheme. India is the second largest importing country of Africa and the third largest exporting country to Africa. In 2007, India was the sixth largest trading partner of Sub-Saharan Africa (SSA). In 2008, India became the third largest trading partner country of SSA after China and the United States of America (USA). In 2016, India became the second largest trading partner country of SSA after China. It shows that India's development partnership policies have motivated African countries to increase their trade with India. The exports of African countries to India grew rapidly. Also, India's development partnership policies assisted African countries in reducing their dependency on countries of the north for trade.

**Figure 4: India's trade across the world by regions in 2018**



Source: WITS, 2020.

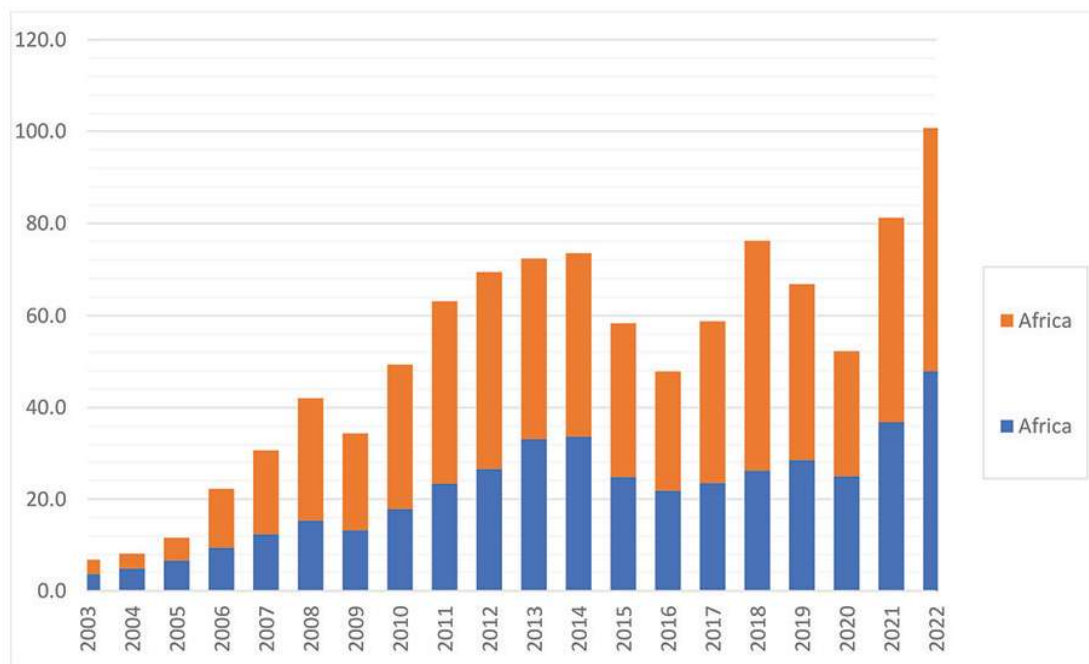
**Figure 5: Africa's Trade Partners in 2018**



Source: WITS, 2020.

Figure 4 gives a clear picture of the role of Africa in India's trade. Africa has sharing of 8 percent in India's trade in 2018. India has greater trade with Africa than with Latin America and South Asia. Similarly, figure 5 presents Africa's trade across the world. India shares 7 percent of the total trade of Africa in 2018 which is the second largest trading country with Africa.

**Figure 6: India-Africa trade from 2009 to 2018 amounts in \$mn**



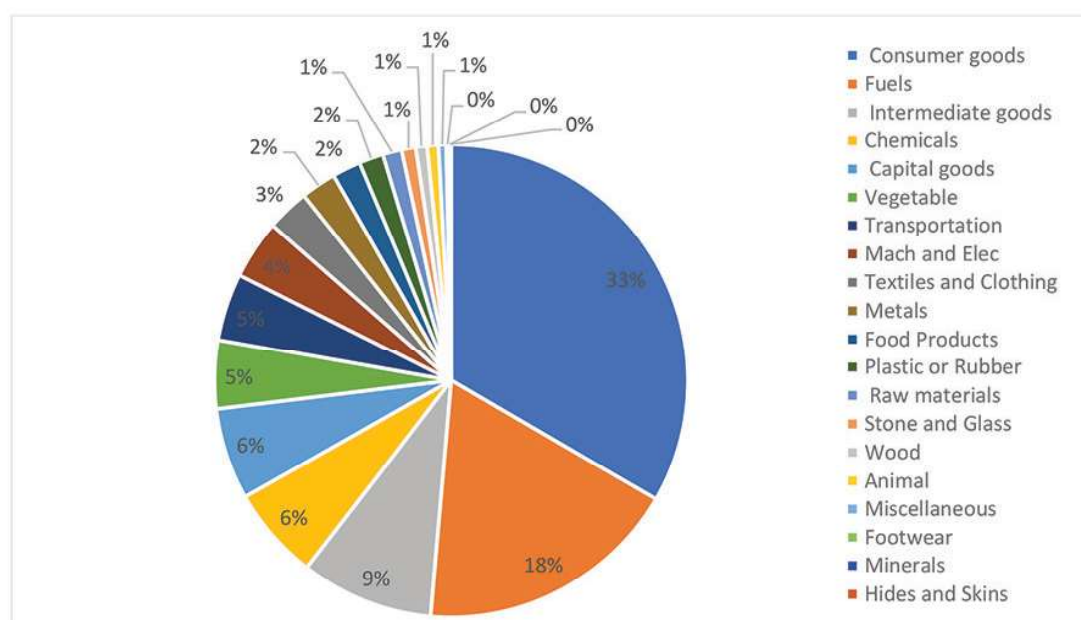
Source: WITS, 2024.

In 2003, trade between India and Africa was \$6.9 bn which increased to \$76 bn in 2018. The trend of export and import has also been changed as Africa's export to

India has been larger than Africa's import from India up to 2005. But after 2005, Africa's trade balance with India has remained negative. The change in trade pattern came because of India's policies of enhancing export like LoCs and focus Africa programmes.

According to Commodity, India's trade with Africa is very diverse. India trades with Africa in raw materials like petroleum and metals, machinery and electronics, and agricultural products. Figure 7 classifies the commodities India exported to Africa in 2018. Chemicals, Fuels, Transportation, Machinery and electronics, textiles, vegetables, and metals are major goods India exports to Africa. Figure 8 shows that India imports fuels, stones, glass, vegetables, and metals from Africa.

**Figure 7: Commodity-wise division of India's exports to Africa in 2022**



Source: WITS, 2023. Commodities are in HS 2017 format with level 6.

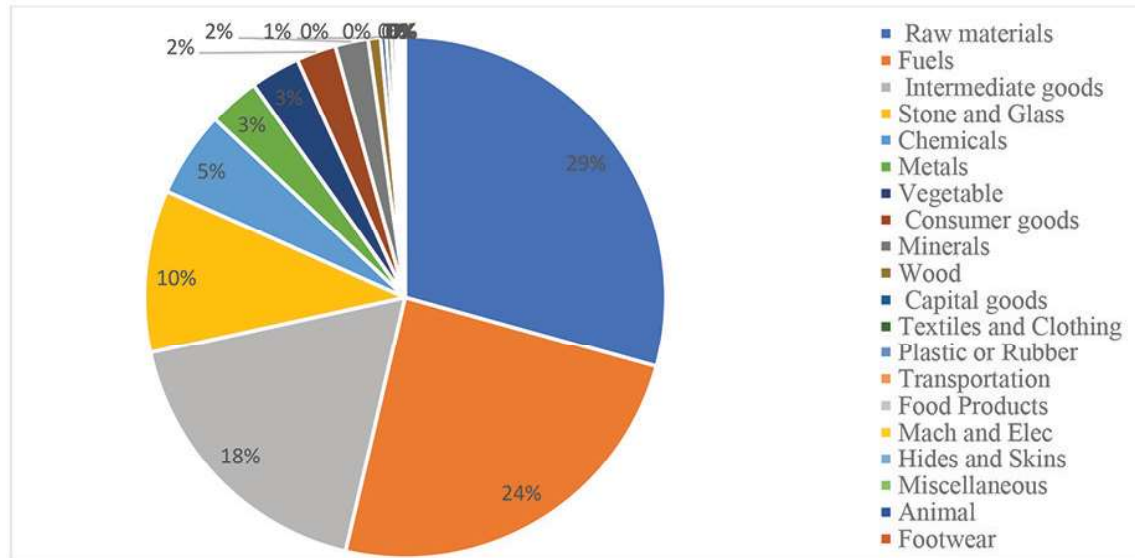
Figure 7 and Figure 8 conclude that India's trade with Africa has a specific pattern. India's exports to Africa are very diverse, while African export to India is concentrated on raw materials and fuels only. Raw materials share one-third of the total imports India has from Africa, and Fuels cover one-fourth of the total Indian imports from Africa. India exports finished goods like refined fuels, machinery, and electrical products. On the other side, India imports raw materials like crude oil, metals, and minerals. This type of trade pattern is similar to the colonial time trade between the ruling country and its colonies. The motivation behind such a trade pattern is to exploit the natural resources of the partner country. Raw materials are cheap rates while refined, or manufactured goods are very expensive. As a result, African countries have huge trade deficits.

Indian companies have found Africa as a vast scope for investment. Africa is the region of the world less explored and highest aspirations of development. Africa covers 10 percent of the total OFDI made by India. Figure 9 given below presents



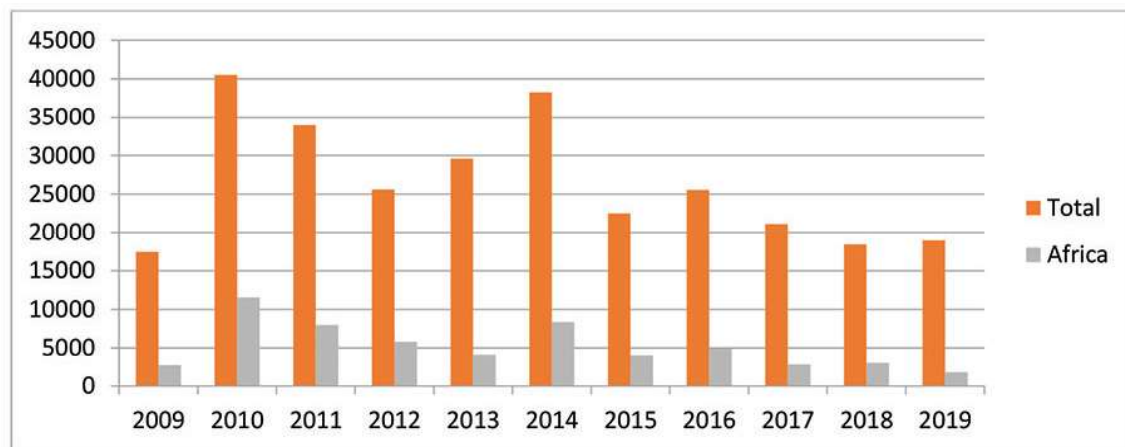
OFDI made to Africa by India Between 2009 and 2019, \$57 bn.

**Figure 8: Commodity-wise Divisions of India's Import from Africa in 2022**



Source: WITS, 2023. Commodities are in HS 2017 format with level 6.

**Figure 9: Annual OFDI by India from 2009 to 2019 (\$mn)**

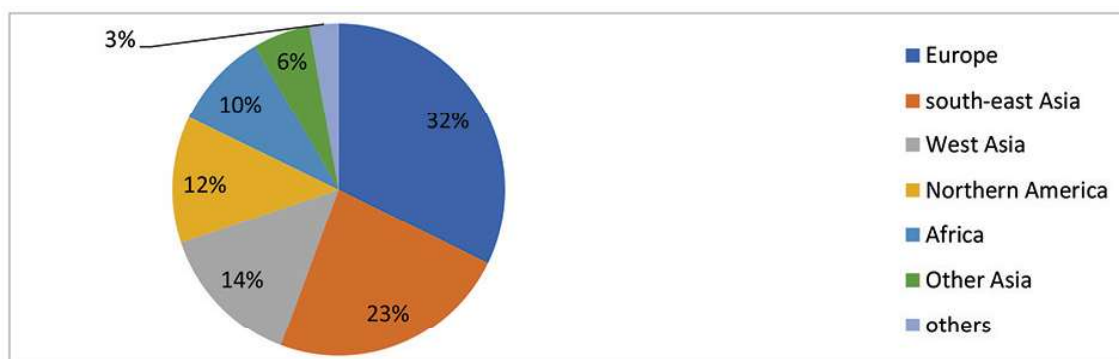


Source: Data compiled for 2009 to 2019 from RBI. Data are standardized on the basis of \$50mn as cut off amount. Therefore, given data covers 85 percent of the total amount.

Data in figure 10 depicts that although Africa has very little OFDI by India but it is very relevant for both India and Africa. Africa has OFDI from India far behind Europe, South- East Asia, West Asia and Northern America. Since Europe and West Asia have been traditional destinations for investment by Indian companies, Africa is a new destination for Indian companies to invest there. A figure is given below comparing

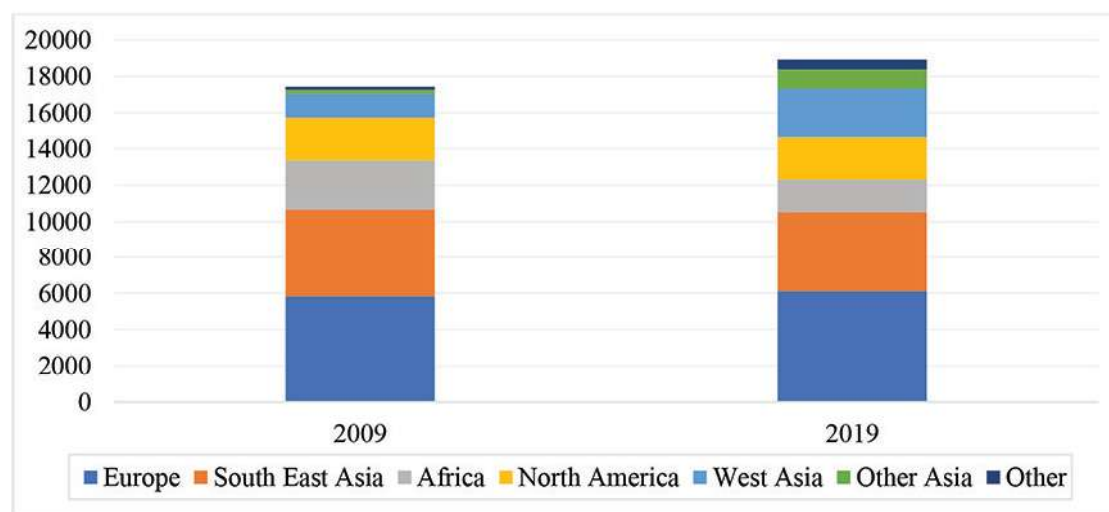
India's OFDI in 2009 and 2019.

**Figure 10: Regional distribution of India's OFDI 2019**



Source: Data compiled for 2019 from RBI. Data are standardized on the basis of \$50mn as cut off amount. Therefore, given data covers 85 percent of the total amount.

**Figure 11: Regional allocation of India's OFDI in 2009 and 2019**



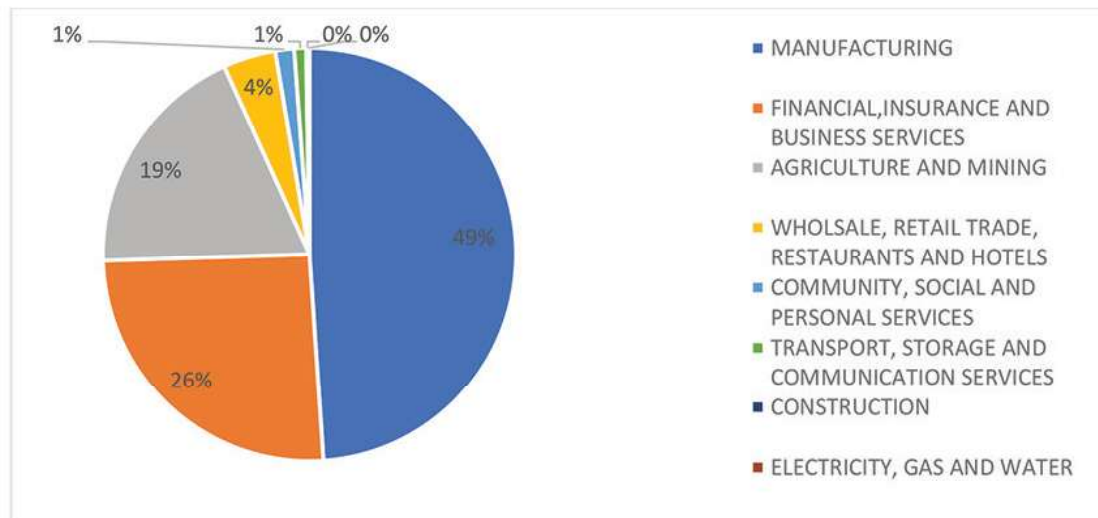
Source: Data compiled for 2009 and 2019 from RBI. Data are standardized based on \$50mn as cut-off amount. Therefore, given data covers 85 percent of the total amount.

Above figure shows that Africa's position in receiving OFDI from India has not changed significantly. Africa was the third largest region attracting OFDI from India in 2009 as well as in 2019. The share of Africa in the total OFDI of India was 15 percent in 2009 which reduced to 10 percent in 2019.

Figure 12 presents that about half of the total OFDI from India is targeted at the manufacturing sector. The agriculture and mining sector covers 19 percent, which shows India's interest in primary and raw goods. The transport sector includes roadways, railway lines, and ports. Building infrastructure supports the development of Africa as well as assists India in connecting with African markets. India's second-largest OFDI in Africa is to build trade facilitation services that assist Africa in building

business centers. India also wants to build a suitable environment for business and investment in Africa so that Indian companies are encouraged to invest in Africa.

**Figure 12: Sectoral Overview of India's OFDI to Africa in 2022**



Source: Data compiled for 2022 from RBI.

### **India-Africa Development Partnership- Prospects and Potentials**

The Indian approach to partnership with Africa is driven by the objectives of South-South Cooperation, empowerment, capacity building, human resource development, access to the Indian market, and support for Indian investments in Africa (Ministry of External Affairs, 2017). Both India and Africa have a combined population of more than 2.8 billion. 2/3 part of the Indian and African population is young and working. Both economies are among the world's rapidly booming economies, having growth rates of more than 6.5 percent. India and Africa have had close ties since old times and are searching for new ways to make their ties deeper.

India's development partnership with Africa is encouraged by many factors. After independence, India focused to shape its foreign policy based on anti-colonialism, anti-apartheid and democratic governance. African countries have been a long-time colony of many European countries. India advocated the demands of African colonies for independence in UN. India supported independence movements stirred in colonies. India has been an example of a successful democracy in a developing country. India presented an example of a democratic form of governance in front of newly independent countries.

India and Africa have similar concerns and prospects on many issues regarding international political and economic structure. African countries and India didn't want to divert their policies from developmental challenges just after getting independence. They chose to remain non-aligned during the Cold War. Both India and African countries have opposed the international system of trade and investments, which were not in favour of the economy of developing countries. Africa has lesser voting values or representation in Bretton Woods institutions despite being

the second-largest continent in the world. India also lacks representation and vote value in Bretton Woods institutions. Both India and Africa supported the demand for the New International Economic Order (NIEO) reforming the Bretton Woods system. Both India and Africa have raised their voices for reforms in the UNSC (Taylor, 2012).

Most of the African countries had trade relations limited to their colonial-time ruling country. Later, the USA dominated the economic affairs of many African countries. Since 2000, China has emerged as an influential economic partner country of Africa. Both the USA and China have strategic and commercial motivations in Africa. African countries have been losing their resources and economic independence to the USA and China. The USA imposes conditionalities related to macroeconomic reforms framed in the Washington Consensus. Imposing predefined standards is not suitable for developing countries as different economies have different socio-economic features. Also, directing aid-receiving countries to reform in a particular way is like interfering in the internal affairs of the recipient country. China's development partnership is a tool to gain diplomatic advantages. China provides aid only to the countries that approve the one-China policy. Increasing Chinese trade and investment relations with Africa is featuring neo-colonialism in Africa. Importing cheap raw materials and exporting costly manufactured goods is a trend in the China-African trade. Also, China uses its aid to benefit Chinese industries in Africa. China is keen to acquire properties by trapping African countries in huge debt. Thus, both the USA and China are competing in Africa to fulfill their advantages. Africa has more to lose than gain by engaging with the USA and China. Enhancing mutual trade and investments is also a crucial aspect of the India- Africa development partnership. Africa has been keen to diversify its trade relations and sources of investments. For Africa, India is a historical partner in independence movements. India and Africa had cultural relations for a long time. Geographically, India is a close neighbour of Africa, sharing a long coastline along the Arabian Sea. India is a good option for Africa to increase trade and attract investment as the Indian economy is growing rapidly. After the liberalization of the economy, India's share in global trade increased sharply. India has also been keen to diversify its trade. India has been searching for new hubs for investments across the globe. Thus, both India and Africa have the potential to engage in partnerships based on mutual benefits. Africa has been emerging as a large consumer market. Also, African people are familiar with Indian goods as Indian diasporas in Africa have been using Indian products for a long time. Africa is also a prime source of raw materials for the Indian manufacturing sector. India wants to access the markets of Africa.

Food security is a crucial aspect of the India- Africa partnership. India, having a large population, needs a huge quantity of food to feed its people. Lack of large farmlands, concerns regarding environmental degradation, and a huge amount of manpower further required in the rapidly growing manufacturing sector are the concerns in agriculture development. India is searching for sources of food products outside India. The food sector includes fruits, vegetables, animal products, food processing, irrigation, farm mechanization, seed processing, and the sugar industry. Africa has the availability of large land and manpower, but it lacks agriculture technology, skilled manpower, and investments in the agriculture sector. Therefore, African countries have low productivity, which creates a food crisis. Many African countries are struggling with the problems of malnourishment and starvation. Thus, food security is a similar concern for both partners. India, with its vast experience of

the green revolution, can assist African countries facing food crises due to lack of proper irrigation and technologies (Krishna, 2010). Saran & Chakrabarty (2015) found that the reason for greater opportunity in agricultural cooperation is that both India and Africa have the same agro-climatic conditions. Similarity in agro-climatic conditions causes the same agricultural challenges. Therefore, India and Africa can opt for similar approaches to choose crop varieties and their packages of practices (Rajendran & Kumar, 2016). For India, Africa is the best source of food products, having most of the economies based on the agriculture sector. India-Africa development partnership is crucial to counter the challenges to food security. Indian agriculture technologies, skills, and investments in African countries will be the driving force for the India- Africa development partnership in the agriculture sector. India's International Crop Research Institutes for the Semi-Arid Tropics (ICRISAT) has established agri-business incubators and value-chain incubators in five African countries, viz. Angola, Cameroon, Ghana, Mali, and Uganda by partnering with local bodies (Chaturvedi, 2013). Another Indian institute, the International Livestock Research Institute (ILRI), focuses on reducing poverty and improving food security in African countries through more sustainable use of livestock (Saran & Chakrabarty, 2015). 13 percent of the total LoCs India provided to Africa is targeted towards the agricultural sector.

Another aspiring issue is related to energy security. India imports 70 percent of its total fuel requirements. India has been dependent on Gulf countries for petroleum products. India will require more fuel and power for its rapidly growing economy in the future. India wants to ensure its energy supply from outside. Africa has a significant amount of hydrocarbon stock, but it lacks investment and exploration. Also, African countries are keen to attract investments in the energy sector. Africa is aspiring to achieve speedy industrialization and development shortly, which needs a large amount of fuel and power. India perceives Africa as an energy partner to ensure the energy security of both India and Africa (Jagtiani, 2012). The energy sector covers the largest share of Indian partnerships in Africa. 32 percent of the total loans India provides to Africa are targeted towards the energy sector. Fuels are the top commodity India imports from Africa. Fuels share 60 percent of the total imports of India from Africa. Fuel is the second largest commodity India exports to Africa, covering 17 percent of the total Indian exports to Africa. Forty-four African countries are members of the International Solar Alliance (ISA), which was proposed and formed under the leadership of India. African resources and India's advancement in photovoltaic technology can ensure a good collaboration in solar technology. India has pledged credit lines of \$2 billion for solar energy projects in Africa (Lalwani, 2023).

Africa is one of the extended neighbourhoods of India. Both India and Africa have long coastlines along the Arabian Sea and the Indian Ocean. The Indian Ocean has been a strategically and commercially important region for both partners. Many trade routes pass through the Indian Ocean. Both India and Africa have easy access to each other's markets through the Indian Ocean. The Indian Ocean region has also been strategically important as any disturbance in the Indian Ocean region can affect economic activities and border security among coastal countries. Disturbances like piracy, war-like situations, or tsunamis have emerged from time to time in the Indian Ocean. India can counter these challenges only with the support of African countries. India's engagement in SSC is directed by Indian foreign policy needs. Initially, India



lacked the finances to invest, but it needed to engage with other parts of the world and to reduce dependency on Britain and other developed countries for its development. India has opposed the international system not suitable for newly independent countries for development like the unfair voting system in Bretton Woods institutions and Washington consensus. Also, India expects to get the support of African countries in international institutions. One of the major issues is the reform of the UNSC. India claims a permanent seat in the UNSC. Support of African countries to India's claim is crucial because the African continent has the highest number of member countries in the UNO.

India is a strategic partner in Africa's common dream of achieving Vision 2063. Both India and Africa are expecting to achieve the target of Sustainable Development Goals (SDGs) by 2030. India is a partner of Africa in many goals of SDGs. Green technology transfer to Africa by India can be a significant step towards the environmental goals of SDGs. One such case is India's green brick technology support to Malawi (IPE Global, 2015). Using green bricks helps to reduce construction charges, increase employment and reduce the pace of deforestation.

### **Rising Concerns in the India-Africa Development Partnership**

Many concerns have emerged in the India-Africa development partnership. One of the major concerns is that India itself has been a large aid-receiving country from Western donors. India lacks finances and investments to be made in Africa. Africa countries are still depending on assistance from Western donors and China. Assistance from India is not sufficient to meet the development targets of African countries. African countries have to either rely on international institutes like the World Bank and International Monetary Fund for aid or move towards developed countries like the USA and the EU. India is not a member of the OECD. So, India does not follow OECD guidelines while delivering aid. India is a leading country that follows the principles of SSC. One of the SSC principles is not to intervene in the internal affairs of partner countries. Therefore, India does not consider many issues during designing aid projects like environmental protection, transparency, and human rights violations by the receiving country. As a result, aid from India many times supports corrupt and dictatorial rule and does not motivate recipient countries to reform their political and administrative system.

A major factor behind India's development partnership is to counter Chinese influence in Africa. China is continuously increasing its presence in Africa. China is focusing on infrastructure development. Building ports, railway lines, and dams are areas of interest for China in Africa. China is building a trade route and dominating the seas by renovating ports on the banks of the Indian Ocean under the BRIC initiative (Taylor, 2012). Growing Chinese surveillance in the Indian Ocean is a challenge to India's security and economic interests. India, through its development partnership, wants to counter the effects of China's dominance on India's interests (Chaturvedi, 2013). Therefore, Africa has become a region of competition between advanced economies to fulfill their interests.

India has been fulfilling its commercial interests in Africa through its development partnership initiatives. India has an ambitious policy of export enhancements. To enhance exports, India needs to create markets in Africa and to provide assistance to African countries to purchase Indian goods. LoCs from EXIM Bank are a way to

encourage African countries to import goods from India. In 2003, India's import to Africa was \$3.6bn while India's export was of \$3.3bn. Africa's exports to India have been larger than Africa's imports from India up to 2005. But the pattern of trade changed because of LoC's policy of India, and India's export to Africa increased vehemently. Africa has a negative trade balance with India. Africa has imported goods of \$49.9 billion in 2017-18, and in the same period, Africa exported goods to India amounting to \$26.2 billion only. Africa has a huge trade deficit with India. LoCs from India have always had conditionality attached to them. 75 percent of the goods and services of the total cost must be procured from Indian firms, with an exemption of 10 percent in special cases (EXIM Bank, 2020). This criterion exposes India's intention of lying more towards enhancing its export than to assist African countries.

Africa has an abundance of natural resources like costly stones, gems, and minerals. Africa is rich in strategic minerals like uranium, oil, and natural gas. African countries are not able to extract such precious resources sufficiently because of the lack of industrialization, technology, and investment. India is keen to extract African mineral stocks. India itself has been in huge demand for gems, precious stones, and many strategic minerals. 10 percent of the total OFDI made by India in Africa is targeted to the mining sector in 2018. India, as a rapidly growing country, will require a high amount of oil to run its economy in the future. In 2018-19, India imported 85 percent of its total oil demand. India's demand for oil and natural gas is about to increase rapidly. Also, India wants to diversify its oil resources. Currently, India depends on the supply of oil from gulf countries. Out of the total oil India imports, nearly 15 percent oil India imports from Africa. In 2018-19, India is expecting to ensure its energy supply in the future through African resources along with other resources across the world (Jagtiani, 2012). Also, India is expanding nuclear energy production, which requires uranium in a large quantity. India lacks uranium ore stocks. African countries like; Niger, Nigeria and Uganda are rich in uranium stock. India has signed agreements with these countries to mine and import uranium from those countries. Fuels, stones, glass, metals and minerals covers eighty nine percent of total imports India make from Africa. This explores India's motives to align with African nations.

### **Conclusion**

India's Development partnership model is framed according to the principles of SSC. The principles of SSC encompass mutual respect, sharing of knowledge, and mutual trade and investment among developing countries. India's development partnership has emerged as a way for developing countries to reduce dependency on developed countries and to make their economy self-reliant. Western donors have focused on addressing the governance gap, while India has focused on filling the capacity gap. Therefore, Western donors emphasize reframing the policy-making process. While India is willing to increase skills and capability of people. India's development partnership with other developing countries is itself a tool of Indian foreign policy. Indian development partnership has strategic and commercial motivations. India has many motivations behind its partnerships with Africa. India wants the support of African countries for its claim for a permanent seat in the UNSC. India's trade with Africa reflects neo colonial patterns of importing raw materials and exporting manufacturing goods. India is keen to accomplish its future aspirations of energy security, food security, and enhancing trade. India is also establishing

mining institutions to train local Africans in mining engineering. Infrastructure and port development are targeted to easy access to African markets. Countering China has been another crucial motive of India in Africa. Indian investment in the countries on the bank of the Indian Ocean is motivated by security challenges in the ocean.

The Indian partnership model is broadly different from ODA and China's development partnership model. Indian model is more consistent and suitable to African socio-economic environment than ODA and China's development partnership model. The Indian model is based on training and creating capacities instead of creating dependency or debt crisis. India presented an example for many African countries to adopt democratic values. Indian partnership does not support dictatorship or undemocratic practices, as is usually done by China in Africa. Many new aspects are emerging with their emergence on a global level. Recently, India has emerged as a global leader in the digitization of the economy and the development of the COVID-19 vaccine. India is operating Africa's largest E-education and E-medicine programs under the Pan Africa e-Network project. Many projects implemented in India can be crucial for the development of African countries. India's Aadhar Yojana is useful for African countries to combat identity crisis as many African countries face problems of illegal migration due to extremism and civil wars. Also, the Aadhar scheme helps control corruption in government schemes. Another Indian initiative of digitalization of economy is remarkable for African countries. India's RuPay card and BHIM UPI can be ideal for other developing countries. India's experience is important for African countries in this regard.

India's experiences in development and Africa's expectation to explore its capacities have encouraged both to engage with each other. India needs to increase partnerships in technology support, medical research, green technology enhancement, and Ocean security. So that targets of Sustainable Development Goals (SDGs) can be achieved in time. The India- Africa development partnership model follows the principles of SSC. Mutual benefit is a core principle of SSC. Therefore, the benefit of both participants is ensured in SSC. India-Africa partnership is based on a win-win model of international relations as India's engagement with African countries benefits India too but not at the loss of the African economy. Thus, the India-Africa development partnership model has presented a new way to face emerging challenges before the countries of the South.

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