

## The Africa – India Strategic Partnership



The Africa-India Strategic Partnership was launched in New Delhi, India during the first Africa-India Summit held from 8-9 April 2008. The second Africa-India Forum Summit was held 24-25 May, 2011 in Addis Ababa, Ethiopia. The outcome of that meeting was the Draft Plan of Action of the Enhanced Framework for Cooperation of the 2nd Africa-India Forum Summit (2011 – 2014). To date there have been 3 Africa-India Summits, with the last Summit being held in New Delhi, India in 2015.

The seven cooperation areas of the partnership include: 1) Economic Cooperation, 2) Political Cooperation; 3) Science, Technology, Research & Development; 4) Social Development & Capacity Building; 5) Health, Culture & Sports; 6) Infrastructure, Energy & Environment; and 7) Media & Communication.

With a GDP of US\$2.936 trillion and a population of 1.372 billion people spread across 28 states, India is the 6th largest economy in the world and slated to become the most populous country in the world by 2040. India's main industries include textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software, pharmaceuticals and the nation has become a leading global exporter of software, petrochemicals, pharmaceuticals, precious stones, textiles, machinery, iron ore, chemicals, and automobiles. Like China, India's growing middle-class has led the country to seek natural resources for import and as such the economy is a growing importer of crude oil, raw precious stones, machinery, fertilizer, coal, steel, and chemicals.

For India, Africa is an attractive market for Indian goods and services. It is also rich in resources like oil, diamonds, gold, manganese and uranium that India imports. India is looking to diversify its oil sources and Africa has emerged as an increasingly attractive option. India's diamond-cutting industry, the world's largest, depends on uncut stones from Africa, while uranium in Niger, Uganda and Tanzania is imported to support India's nuclear power sector. India also gets supplies of gold, platinum, manganese and copper from Africa for its industries.

Indeed, India is becoming an increasingly important export market for Africa, and indeed the continent exports more to India (\$37.5 billion-about 9% of India's imports) than it imports (\$23 billion). Africa imports about 7.9% of India's exports. However, India-Africa trade is currently concentrated primarily on commodities and low-end manufacturing and four African countries – Nigeria, Angola, Algeria and South Africa that account for 68.6 per cent of the total Africa-India trade. Of India's top 10 trading partners in Africa, seven export oil to it. Overall, India is Africa's fourth largest trade partner after the EU, China and the US.

Energy security is a key priority for India, as the nation is oil dependent and has significant oil product demand as its economy grows. India today imports about 80 per cent of its crude oil needs, and Africa supplies 20 per cent of this. Leading investments by India's national energy company, Oil and Natural Gas Company, and its overseas subsidiary ONGC-Videsh, in the African oil and gas sector, include the following:



**Table 1: Oil and Natural Gas Company (ONGC)/ ONGC- Videsh (OVL) Investments in Africa**

Country	Type of Investment	Size of Investment
Nigeria	Oil pipeline	Not stated (25% stake in the Greater Nile Petroleum Oil Company project)
Sudan	Oil production	Not stated (24% share in Block 5A & 24% share in Block 5B)
Sudan	Oil refinery	US\$1.2 billion
Sudan	Multi-product export pipeline	US\$ 200 million
Egypt	Oil exploration	Concession agreement to explore for oil in North Ramadan Block
Libya	Oil exploration	49% participating interest in 2 onshore exploration blocks
Ivory Coast	Oil exploration	23.5% interest in offshore Block C1-112
Sudan	Oil pipeline (part of the Greater Nile Petroleum Operating Company)	US\$ 750 million

Source: India's Growing African Strategy: Competing with China

Other Indian investments in the oil and natural gas sector of Africa, included:

**Table 2: Other Indian Natural Gas and Oil Companies (NOCs) in Africa**

Country	Indian Company	Type of Investment	Size on Investment
Ivory Coast	Unknown various companies	Oil prospecting	US \$1 billion
Nigeria	National Thermal Power Corporation	Liquefied natural gas	US \$1.7 billion
Nigeria	Indian Oil Corporation (IOC)	Oil refinery	US \$3.5 billion
Nigeria	Indian Oil Corporation (IOC)	Liquefied natural gas plant & Oil refinery	US \$2-4 billion (proposed) (45% stake in operatorship in offshore block)
Nigeria	Oil India	Sunetra Nigeria OPL 205 Ltd	

Gabon	Oil India	45% stake (including operatorship) in an onshore block	
Sudan	Videocon Group	Oil prospecting	US \$100 million (76% stake)

Source: India's Growing African Strategy: Competing with China

Beyond the minerals, oil and gas sectors. Indian corporations in a number of other sectors are also gaining prominence in Africa. These include:

- Hotel and Leisure (Tata renovated the Taj Pamodji Hotel in Zambia for US\$800m);
- Pharmaceuticals (Ranbaxy, Dr. Reddy's & Glenmark Pharmaceuticals);
- Vehicle Assembly and Supply (Provision of 250 Tata Buses in the DRC, TATA plant assembly in Ndola, Zambia, Mahindra & Mahindra trucks and vehicles in Southern Africa);
- Infrastructure, Engineering & Power Transmission (KEC International Ltd, Rites Railway, Ircon, Kamani Engineering Corp.);
- IT, Software & Telecommunications (Infosys Technologies, Ramco Systems, Hinduja Group)

Beyond its value for mineral resources, India also finds Africa strategically important for its votes within the UN General Assembly. As India intensifies its efforts to bring about UN reform and secure for itself a permanent seat in the Security Council, the 53 votes from Africa in the General Assembly can play a crucial role.

India also has security concerns that Africa (especially the Indian Ocean countries) can help address. The civil war in Somalia has provided safe havens there for Islamic radicals and left its waters open to pirates. The latter have captured Indian vessels and nationals threatening India's trade with Africa and the Middle East. India's extension of funds for the African Union Mission in Somalia (AMISOM) is aimed at supporting efforts to bring order and stability to strife-torn Somalia.

The objectives of the Africa-India Forum Action Plan in the agreed upon areas of cooperation are indicated as follows:

#### Cooperation Area 1: Economic Cooperation

- Investment, FDI, Financing Mechanisms, South-South Financial Cooperation
  - To further expand cooperation and sharing of experiences to increase trade, investment, and financial flows between India and Africa;
  - Support and value private investment and financial flows on a concessional basis;
  - To encourage the opening of branches of India banks in Africa and African banks in India;
  - To support the economic development of African countries and their regional integration by providing concessional lines of credit;
- Industrialization, SME Development and Technology Transfer
  - To support industrialization, generating employment and enhancing local capacities;
  - To support entrepreneurship development and business incubators in Africa;
  - To enhance scholarship in training positions under the India Technology & Economic Cooperation (ITEC) program;
  - To strengthen the capacity building of the 21 new institutions (TVET and others) which India has proposed to establish in Africa in diverse sectors;
- Trade, African Exports and Market Access
  - To support the Duty-Free Tariff Preference Scheme for Africa LDCs unilaterally announced by India;
  - To support and develop the capacity of African Chambers of Commerce;
  - To strengthen partnership with private sector, especially travel agencies, hotels, airlines and others in the areas of cooperation in

tourism;

- Infrastructure, Energy & Environment
  - Support to the legal and regulatory environment for public private partnerships;
  - To fulfill the program established under the Action Plan and to look at enhanced engagement in areas such as the continental NEPAD-identified infrastructure projects (PIDA).

- Agriculture and Food Security
  - Collaborate in the implementation of the Comprehensive Africa Agriculture Development Program (CAADP);
  - Contribute to build value addition and processing facilities in Africa;
  - To support the establishment of the Special Agriculture Scholarship scheme;

#### Cooperation Area 2: Science, Technology, Research & Development

- To support the establishment of the Special Agriculture Scholarship scheme and the Special Science & Technology Fellowship Scheme, including the Pan-African University;

#### Cooperation Area 3: Social Development & Capacity Building

- To translate the demographic dividend into effective growth; particularly as both India and Africa are young societies,

#### Cooperation Area 4: Health, Culture & Sports

- To hold Africa-India workshops on traditional medicine;
- To support the tele-medicine and e-health applications;
- To pursue dialogue on intellectual property rights and access to medicine;
- To collaborate in the development of cultural policies;

#### Cooperation Area 5: Political Cooperation

- To strengthen the AUC's capacity
- To open an AU Office in New Delhi, India;

#### Cooperation Area 6: Peace and Security

- To support the operationalization of the African Standby Force through special training;

#### Cooperation Area 7: Media & Communication

- To promote the exchange of experience and capacity building for the professionals of the media and communication sector.

The Second India Africa Forum Summit was held in Addis Ababa in May 2011. It was preceded by a meeting of Foreign Ministers and a Senior Officials Meeting. The first India Africa Trade Ministers meeting was held in Addis Ababa on 21 May 2011 in the run up to the Summit. The Summit was attended by the Heads of State and government officials from Equatorial Guinea, Burundi, Chad, Kenya, Malawi, Mauritania, Senegal, Eswatini, Ethiopia, South Africa, and Nigeria. The Summit adopted the Addis Ababa Declaration and the India Africa Framework of Enhanced Cooperation.

During the second India-Africa Summit, India pledged US \$5 billion over three years (2011-2014) "under lines of credit to help achieve development goals in Africa". The announcement marked an increase of \$1.6 billion in lines of credit on the \$5.4 billion India had pledged for the 2009-14 period during the first India-Africa summit in New Delhi in 2008. Around \$2 billion has already been spent on various projects in Africa.

Besides credit on concessionary terms for development projects, India also announced a number of initiatives, including \$700 million for new institutions and training programs, \$300 million to build a railway linking Ethiopia with Djibouti and \$2 million to support AMISOM.

To support institutional capacity building at a pan-African, regional and bilateral level, India is setting up around 80 institutions in areas as diverse as food processing, agriculture, textiles, weather forecasting and rural development. It also proposes to set up an India-Africa Virtual

University where 10,000 scholarships will be made available for African students.

India announced that it would give 400 more scholarships for African graduates and 500 more training positions under ITEC. India also committed to fund 2,500 ITEC training positions every year in the years 2011 -2014 and that it would provide 22,000 scholarships between 2011 and 2014 for African students.

At the Summit, India also committed to the establishment of 6 institutions at the continental level that would be coordinated with the African Union, 32 institutions at the regional level that would be coordinated with the Regional Economic Communities (RECs) and 40 institutions at the national level that would be coordinated bilaterally:

**The 6 Continental institutions:**

- India-Africa Food Processing Cluster – Northern Africa Region (Mauritania);
- India-Africa Integrated Textile Institute – Eastern Africa Region (United Republic of Tanzania);
- India-Africa Institute of Life and Earth Sciences – Western Africa region (Nigeria);
- India-Africa Institute of Agriculture and Rural Development – Southern Africa Region (Malawi);
- India-Africa Civil Aviation Academy – Central Africa Region (Chad);
- India-Africa Center for Medium Range Weather Forecasting – (Republic of Mauritius);

**Six of the Regional-level Institutions:**

- Soil, Water and Tissue testing Laboratories
- Farm Science Centers
- Agricultural Seed Production-cum-Demonstration Centers
- Material Testing Laboratories for Highways
- Biomass Gasifier Systems
- Solar Charging Stations

**Nine of the Bilateral-level Institutions:**

- Rural Technology Parks
- Food Testing Laboratories
- Food Processing Business Incubation Centers
- Centre on Geo-Informatics Applications and Rural Development
- English Language Training Institutes
- Entrepreneur Development Institutes
- Information Technology Centers
- Vocational Training Centers
- Vocational Training Centers (Barefoot Colleges)