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India–Africa relations

The role of the private sector

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Summary

India is becoming an increasingly important economic partner for African countries. Its ties with Africa can be traced to a strong, shared history based on the principles of South–South cooperation, people-to-people linkages and common development challenges. The third India-Africa Forum Summit, which is taking place in October 2015, will allow India–Africa ties to be strengthened further. This forum is one platform used by India in its economic diplomacy with Africa. To enhance relations in areas such as trade and investment, it is critical that the private sector is involved. This paper examines ways in which various stakeholders can enhance private-sector relations between India and Africa.

THE THIRD INDIA-AFRICA Forum Summit (IAFS III) is planned to take place in New Delhi in October 2015. It is expected that all of the African Union (AU) member countries will be invited to participate in the summit. This marks a different approach from the first two meetings, which were attended by only a representative group of African leaders, mainly from the least developed countries. The focus of the interactions to date at these summits has been on increasing the ties between India and Africa in several areas, including trade, investment, food security, information and communication technology (ICT), peace and security, and good governance. Indian and African leaders have acknowledged the roles played by people-to-people linkages. Business is seen as a key driver of economic relations in particular, but civil society also has an opportunity to play a greater role. The IAFS III provides a platform for greater levels of engagement between important South–South partners. Given its high profile and the institutional processes that are developing around the summit, it could arguably provide a useful focus for stakeholders based both in India and African countries with an interest in pursuing a people-centred African perspective on issues of global governance.

This paper contributes to a better understanding of the role played by the private sector and civil society in the interactions between India and Africa. A number of researchers have identified the importance of effective state–business relations for economic growth and development.[1] The international-development and policy community increasingly recognises that private-sector development is a key component of poverty reduction and development. To date, detailed information on the current situation of linkages between governments and the private sector in many developing countries is missing or, at best, relates to just one or two very detailed areas (such as the impact on specific policy areas or the interactions of specific individuals). Little research has been done on the linkages between state–business relations and the economic-diplomacy policies of developing countries. Up to now, much of the literature on Africa's engagement with emerging partners has focused on China.

Moreover, it is increasingly thought that civil society should engage on economic-diplomacy initiatives.[3] This paper therefore begins by outlining the current kinds of interactions between various stakeholders involved in economic diplomacy, and explores in greater detail the actors and processes that have an influence on this aspect of the India–Africa relationship. It includes an examination of trade and investment flow. Recommendations are then made as to how Indian and African government, business and civil society might be better able to pursue mutually beneficial objectives to enhance a wider national economic-diplomacy policy through joint initiatives in both India and Africa.

History of Africa–India relations

India and Africa share a long and rich history of interaction that dates back to ancient civilisations, including the trade ties between the Nile and Indus valleys.[4] India's shared colonial heritage with many African countries has significantly contributed to this connection, as has the migration of many Indian workers to Southern and Eastern Africa, establishing large diasporas in these areas.[5]

India's attitude towards its general relations with Africa in the post–World War II era has been informed by principles of South–South cooperation, such as respect for state sovereignty, non-interference, mutual benefit and equality. Originally adopted in 1955 at the Bandung Conference, this approach was reaffirmed in the New Asian-African Strategic Partnership of 2005. Mawdsley[6] identifies these values of egalitarian solidarity as distinctly different from the Western approach to African relations, and they set India apart as an alternative partner with particular values, frames of reference and objectives. In particular, the relatively narrow approach of Western aid, with its implicit donor–recipient relationship, contrasts with India's broader approach of 'economic, technical, and cultural cooperation for mutual benefit'.[7]

India's foreign-policy desire to strengthen its global positioning has necessitated the formation of long-term strategic partnerships with key allies. This is particularly relevant in the context of India's competitive relationship with China, and the noticeable eruption of Chinese interest in and presence on the African continent in the early 2000s, through initiatives such as the Forum on China-Africa Cooperation, necessitated a greater Indian foreign-policy focus on Africa. Collaboration with Africa was a strategic imperative for India in establishing its role as a significant international player. Indian policymakers aimed to achieve this goal by contributing to international peace and security through UN peacekeeping efforts on the continent, participating in multilateral groupings, such as BRICS (Brazil, Russia, India, China, South Africa) and the India-Brazil-South Africa Dialogue Forum, and through its efforts to become a permanent member of the UN Security Council, where Africa is seen as a key support base.[8]

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THE NEW ASIAN-AFRICAN STRATEGIC PARTNERSHIP IS FOUNDED

India considers itself a 'development partner'[9] of Africa and has placed a growing emphasis on this and other tools of economic diplomacy to ensure it continues to develop and grow in a sustainable manner.[10] Following independence, India itself relied heavily on development assistance[11] and on import substitution. As foreign aid decreased and the rupee devalued, the Indian government adopted a more stringent industrial licensing policy from 1970 and placed more restrictive measures against big business. India underwent economic liberalisation during the 1980s, and by 1991 it had begun to embrace a trade-based model of growth.[12]

> It is unsurprising that three of the four top African trading partners with India are major oil producers

As a result of its changing internal and external environments, India's economic diplomacy has been driven by three notable objectives. Firstly, it began to look to new markets for engagement. This included Africa, given its growing market size and rising rate of private consumption. The result has been a more diversified commercial engagement with some parts of the African continent, including the export of manufacturing and pharmaceutical products, as well as ICT services. Secondly, although it already had good ties with anglophone countries in southern and East Africa, India aimed to deepen ties with francophone and lusophone countries in an effort to improve resource security, particularly with regard to oil and gas. With only 0.3% of the world's oil reserves yet possessing a staggering one-fifth of the world's population, India has been importing over half its crude-oil requirements since 1965. The acquisition of energy is a dominant goal in India's economic diplomacy.[13] It is therefore unsurprising that three of the top four African trading partners with India (Nigeria, South Africa, Angola and Algeria) are major oil producers. Large[14] argues that this imperative has, to an extent, overshadowed the normative thrust of India's foreign policy.[15] Thirdly, India aimed to better influence international institutions such as the International Monetary Fund, World Bank and UN Security Council by giving 'goodwill gestures' of grants to African countries that could be counted upon as allies in multilateral negotiations.[16]

India's economic-diplomacy strategy has subsequently grown in three main areas: grants, technical assistance and lines of credit (LOCs). In the first area, in 2009, the Indian government gave a large grant to launch the Pan-African e-Network. This allowed India to provide educational and medical support to African countries by means of satellite technology. The project is implemented by an Indian public-sector company through teleconsultations between hospitals in India and Africa. At the same time, learning centres in Africa have been connected to Indian universities.[17]

In terms of technical assistance, India has instituted the Indian Technical and Economic Programme to support training and technical assistance in African countries.[18] The final area, LOCs, was also developed as a means to enhance India's development cooperation, and specifically the role of the private sector. LOCs were established under the Indian Development and Economic Assistance Scheme (IDEAS) in 2004 and backed by the Export Import (Exim) Bank of India. They support developmental projects identified by the Indian Ministry of External Affairs. In 2012/2013, LOCs were valued at US$5.1 billion and often focused on agriculture- and energy-based projects.[19] The Exim Bank has been a major source of LOCs in African countries. Exim Bank loans are tied to the purchase of Indian goods and services.[20] Indian business has therefore been instrumental in the transfer of technology from India to Africa.

India's economic-diplomacy strategy appears to be continuing to grow. It is worth noting that the new Indian government under Prime Minister Modi has signified its commitment to economic diplomacy as a foreign-policy strategy. The government has already instituted some 'pro-business bills', such as one relating to foreign direct investment (FDI) in the defence sector. However, India is still in the initial stages of conceptualising an official policy on economic diplomacy. Indian diplomats have therefore not yet been adequately trained on these matters and are very understaffed (there are five Ministry of External Affairs staff, for example, covering the whole of North America).[21]

> Indian and African policymakers are guided by the principles of South–South cooperation

On the other hand, there has not been a coordinated African policy on engagement with India, and it is debatable whether this is even desirable. Identifying continental trends that go beyond general observations is challenging, given that African countries' interaction with India consists of a series of bilateral relationships and the members of the AU pursue individual foreign policies. In broad terms, Indian and African policymakers are guided by a focus on the principles of South–South cooperation and India is viewed by African actors as a partner that shares similar development challenges with the potential for mutual learning and cooperation. Some countries have also adopted a more focused stance on economic diplomacy than others. One example is South Africa, which has made attempts in recent years to enhance its economic relations globally, and with India in particular.[22]

What are the economic areas in which India and Africa currently engage? The next section specifically details India–Africa trade linkages and contextualises the economic partnership between India and Africa.

India–Africa trade and financial linkages

Trade and investment flows form the heart of economic diplomacy, particularly as it relates to commercial activities. Both India and Africa are seeking to derive economic benefit from their interactions, and this is largely reflected in the exchange of goods, services and capital between markets. Trade and investment has been identified as focus areas for the IAFS III, and will no doubt feature prominently in the October 2015 summit.

Trade between Africa and India more than doubled from US$25 billion in 2007 to US$57 billion in 2011.[23] By 2013, trade figures had reached over US$67 billion.[24] Projections forecast that the level of trade could increase to US$80 billion by 2020.[25] However, Indo-African trade is concentrated in a select few African countries with South Africa, Nigeria, Angola, Egypt and Tanzania being the top trading partners in 2014.[26] Most of this trade entails primary commodities exported from Africa, while African countries mostly import manufactured goods from India. Africa's export structure to India illustrates the lack of structural transformation in some African economies and a reliance on commodity exports. Despite the rise in the absolute value of technology-intensive exports to India, the share of these exports in terms of total African exports to India has been decreasing over time, overshadowed by rising Indian demand for African fuel and other commodities. Exports from the extractive industries (mining, quarrying and crude oil) have seen the largest increase in share of total exports, while the share of total technology-based exports to India has decreased from 74% in 2001 to slightly over 25% by 2011.[27]

Table 1: African exports to India by region

	Regional share of African exports to India (%)				
	2005	2008	2009	2010	2011
North Africa	17.53	23.65	19.94	18.74	18.3
West Africa	19.19	44.71	31.97	37.02	39.5
Central Africa	2.07	8.37	20.63	19.57	16.4
East Africa	6.56	2.21	3.24	2.07	2.1
Southern Africa	54.59	21.04	21.2	22.5	23.7

Source: Adapted from UN COMTRADE, in Confederation of Indian Industry (CCI) and the World Trade Organization (WTO), 2013, India-Africa: South-South: Trade and Investment for Development, www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/india_africa_report.pdf

However, the predominance of primary commodity exports, such as unrefined oil, has resulted in African countries holding a significant trade surplus with India (around US$5.4 billion). As refining capacity in Africa remains limited, Indian companies are keen to tap into Africa as an export market for refined petroleum products.[28] Beyond the commodities trade, significant Indo-African trade ties exist in the automotive sector. India's Tata buses, Maruti cars, and Bajaj motorbikes and auto-rickshaws sell in African markets. And in the pharmaceutical industry, several Indian companies have increased sales in African markets as the government has pushed its 'Pharma India' promotion.[29] By 2016, pharmaceutical spending in Africa is expected to reach US$30 billion, with Indian companies competing mostly with South African firms in local markets.[30]

> Africa's export structure to India shows the lack of transformation in some African economies

India's services exports to Africa began at roughly the same level as those of Africa in 2001, but grew at a rapid pace (with annual average growth of 23.3%) to a level of US$136.5 billion in 2011 from a level of US$16.8 billion in 2001. After a boom in computer and information-services exports, India is currently ranked the seventh largest services exporter in the world.[31] The bulk of these exports are in the software services industry, followed by business services, travel, transportation and financial services. Of particular note is the growing level of Indian investments in Africa in the telecommunications and IT sectors. Furthermore, the high quality and relatively low cost of medical services in India have seen many African citizens using India as a treatment destination.[32] Patients from African countries such as Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Ethiopia, Kenya, Mozambique, Nigeria, Rwanda, South Africa, Tanzania and Zambia have accessed medical services from India since the late 1990s.[33]

There has been an interesting shift in geographical Indo-African trade patterns recently. In 2001 southern Africa accounted for close to 60% of African exports to India, whereas West Africa contributed only slightly more than 16%. Ten years later, in 2011, however, West Africa was the largest regional exporter to India, with a share of African exports to India of 40%, while southern Africa's share had diminished to only 24%. Latest statistics are detailed in Table 1.

The increase in Indo-African trade is partly the result of official coordination between India and its African partners, such as the launch of the Duty-Free Tariff Preference Scheme for Least-Developed Countries (DFTPI-LDC) in 2008. This scheme provides duty-free entry on about 85% of India's tariff lines for global exports to LDCs. This has helped to encourage the export of cotton, cocoa, aluminium ores, copper ores, ready-made garments, fish fillets and non-industrial diamonds from African LDCs. In 2013, 21 out of the 33 African LDCs were making active use of the DFTPI-LDC scheme.[34]

Along with trade, Indian investment in Africa has markedly increased in recent years. During the 1960s many Indian investments were made in Kenya, Uganda and Nigeria, among others.[35] Indian investors have been most active in the areas traditionally considered to be India's comparative advantage, such as agriculture, ICT, communications infrastructure and petroleum refining.[36] Although data on Indian investment in Africa remains sketchy, it is estimated that the total stock of Indian investment in Africa stands at upwards of US$9.2 billion. Mauritius is the largest recipient of this investment, although this is largely due to companies taking advantage of Mauritian offshore financial facilities and the bilateral tax agreements between India and Mauritius.[37] Furthermore, while Mauritius receives the bulk of Indian FDI in Africa, the final destination of much of this investment may well be other African countries.

While the emphasis of the Indo-African investment relationship has been on Indian investment in Africa, this may change in coming years as the outward FDI from African countries has been growing. African multinational enterprises are also present in India, particularly South African multinational enterprises that have invested in India's infrastructure development, breweries, and financial and insurance services. Even so, the number of South African companies operating in India is less than 50 and more could be done to enhance African investment in India.[38] Of all African countries, Mauritius is the largest investor in India, with total FDI flows of US$64.17 billion, accounting for approximately 40% of total inward FDI flows to India. The reason behind this, it is speculated, is US companies routing their investments to India through Mauritius to take advantage of an exemption in a capital-gains clause (which may soon change with adjustments made to the Mauritius–India tax agreement).[39]

Table 2: Indian investment flows to select African countries (US$ millions)

	1996–2002	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	Total stock
Mauritius	618	133	176	149	333	1 163	1 506	2 087	6 165
Sudan	–	750	162	52	63	118	8	38	1 191
Egypt	9	0	–	3	0	0	790	19	821
Nigeria	7	4	2	8	4	12	27	237	301
Liberia	0	–	–	–	155	–	18	16	189
Kenya	13	1	2	0	0	0	133	0	149
Libya	30	–	–	–	25	75	0	13	143
South Africa	22	0	1	3	10	23	46	12	118

Source: Extracted from Ministry of Finance, Government of India data, in CCI/WTO, 2013, India-Africa: South-South: Trade and Investment for Development, www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/india_africa_report.pdf

Table 3: African investment stock in India

Country	FDI stock in India (US$ millions)
Mauritius	64 169
Morocco	136.8
South Africa	111.7
Kenya	20
Seychelles	17.9
Liberia	14.6
Nigeria	9.9
Tunisia	4.3
Ghana	3.1
Tanzania	1.4
Egypt	1.1
Other Africa	3.5

Source: Extracted from Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, in CCI/WTO, 2013, India-Africa: South-South: Trade and Investment for Development, www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/india_africa_report.pdf

India has also recently been following the example of China's 'oil for infrastructure' deals in Africa as a means of acquiring resources. Essar Oil Limited, ONGC Videsh Limited, Indian Oil Corporation and Mittal Energy Limited have all made resource-seeking deals with African countries in exchange for local infrastructure development. For example, a joint venture between ONGC Videsh Limited and Mittal Energy Limited won oil exploration rights in Nigeria on the basis of developing US$6 billion worth of oil-refinery and power-generation infrastructure, as well as a feasibility study for a new east–west railway line. These investments are considered as outward FDI by the Indian government, although it is unclear whether development-assistance or technical-assistance funds are contributing to the financing of these investments owing to a lack of data classification.[40]

As mentioned, flows of investment are matched by other financial linkages between India and the continent. India's official aid and loan programmes to Africa amounted to US$22.4 million in 2011/12, according to the Indian government, which accounted for 3.6% of India's total overseas development assistance. As mentioned above, financial credit mechanisms are at the centre of India's economic engagement with Africa, underwriting business expansion and funding a variety of projects. Trade and investment flows between India and Africa have therefore changed dramatically in the last three decades, and any economic diplomacy strategy should be cognisant of these changes.

$22.4 BILLION

THE VALUE OF INDIA'S OFFICIAL AID AND LOAN PROGRAMMES TO AFRICA IN 2011/12

India–Africa economic initiatives

India's economic links with Africa were first developed in an ad hoc fashion by corporate bodies that championed greater investment in Africa. The government's economic diplomacy towards Africa became particularly pronounced in March 2002 when the Focus Africa Programme, which engages with 24 Africa countries, was launched alongside the five-year Foreign Trade Policy 2002–2007. The Focus Africa Programme's commercial orientation far surpasses ordinary fiscal incentives and includes export-promotion activities undertaken by various export-promotion councils and business associations.[42] As part of the programme, the Indian government facilitates visits to Africa, participation in trade fairs and exhibitions, and follow-up business-to-business meetings. Its ongoing activities include:

- Focusing on commercial issues as a priority by the Indian missions in the African countries.
- Review of trade and related issues with the 24 African countries through institutional mechanisms such as the Joint Trade Committee.
- Increased interaction among businessmen through joint business councils, joint business groups and CEO forums.
- Additional lines of credit to African countries.
- Fixing/upgrading the credit rating of African countries by the Export Credit Guarantee Corporation of India.
- Special provision for funding warehousing, overseas offices by export/ trading houses or by the consortium of Small Scale Industry Units under market development assistance.
- Special project-oriented activities funded under the Market Access Initiative scheme.
- Disseminating information about procurement of tenders and investment opportunities in African countries by the Indian missions among the Indian exporters/importers/investors through export-promotion councils.
- Follow-up by Indian missions to simplify the procedure for registration and certification in the importing country.
- Finalising memoranda of understanding between appropriate authorities on technical assistance and cooperation in several sectors.[43]

The Focus Africa Programme has been well received and continues to operate.[44]

Currently, the Indian government has three departments that deal with its economic diplomacy: the Ministry of External Affairs, the Ministry of Finance, and the Ministry of Commerce and Industry. Within the Ministry of Commerce and Industry, there are two relevant departments that work on economic diplomacy: the Department of Industrial Policy and Promotion and the Commerce Department. However, it has been noted that more could be done to improve coordination between these departments and to develop a uniform policy.[45]

There are also a number of organised business structures in India that have been developed to provide a unified voice to government on business issues and enhance Indian business abroad. The two biggest are the Confederation of Indian Industry (CII), which has over 8 000 members, and the Federation of Indian Chambers of Commerce and Industry, with over 2 500 members. The Indian government chooses at times to partner with specific organisations for certain events, which generates competition among member organisations. As a result, some businesses will have multiple memberships of business associations.[46] There are continued opportunities to strengthen government–business facilitation through these associations.[47]

> Indian business confederations frequently carry out business-to-business engagements between India and Africa

The Indian government has engaged with its private sector (and, as a result, Africa's private sector) through a number of other platforms and high-level visits. The CII and Exim led the first of these high-level business summits between India and Africa. The inaugural India Africa Forum Summit (detailed below) was held in April 2008, during which an ambitious set of commitments to establish deeper Indo-African relations were established.

In addition to government and business platforms, Indian business confederations frequently carry out business-to-business engagements between India and Africa. These include:

- India Business Forum
- 'Made in India' shows
- India-Africa conclave (in collaboration with Exim)
- India International Trade Fair
- Outward selling missions
- National pavilions

Unlike the IAFS, which are government driven, in these instances, the government is involved only to the extent of facilitating these meetings. Such meetings are driven primarily by the Indian private sector.

Most African countries have acknowledged some apex business organisation that is positioned at the national level to engage with their government on issues of economic policy, including trade and investment. There are, however, significant constraints for the effective operation of these organisations and the processes of public–private dialogue. These include limited human, technical and financial capacity; institutional and structural deficiencies in the consultative mechanism employed by government; and internal challenges faced by the stakeholders.[48] Bilaterally, even South Africa – one of the more developed countries on the African continent – suffers from these hindrances, together with more 'political' difficulties around questions of the representativeness and mandate of the business organisations.[49]

The challenges of effective public–private dialogue are magnified at the regional level, especially as this dialogue relies on the strength of the national structures. Efforts have been initiated to produce business platforms through African regional economic communities, but they are in their infancy. For example, a consultative dialogue framework has been set up to facilitate dialogue involving the private sector, civil society and the East African Community.[50] The AU is in the process of establishing a business council to interact on continental matters, but this initiative is based on the idea of linking existing regional groups together and is therefore encountering difficulties, given the weaknesses in areas such as the Southern African Development Community (SADC), and central and West Africa.

A number of pan-African business initiatives already exist, including the Pan-African Chamber of Commerce and Industry and the African Business Roundtable. The New Partnership for Africa's Development has also recently taken steps to set up its own private-sector advisory group. This proliferation of relatively weak organisations also presents a challenge for effective engagement with partners such as India.

> Non-governmental organisations and rural-based civil-society groups could provide guidance for African governments engaging with India

There is no doubt that, on the whole, business in Africa could be better organised in future to provide a unified voice to its national governments, especially through subregional business organisations, such as the East African Business Council. This council has proven itself to be an increasingly relevant participant in trade and investment issues in the East African Community. It is a model that could be usefully replicated in other parts of the continent, which would eventually strengthen the potential of pan-African business structures, such as the envisaged AU Business Council. Civil society more broadly should also be included to represent its interests and ensure issues of sustainable development, transparency and good governance. This could be done through grassroots research on the development priorities of the continent and how a partner like India could best contribute to these. For example, in the area of food security there is potential to explore the adaptation of Indian agricultural technologies to the small-scale farming sector in Africa. Greater engagement with non-governmental organisations and rural-based civil-society groups could provide guidance for African governments engaging with India, both as a commercial partner and an emerging donor.

OCTOBER 2015

THE THIRD INDIA-AFRICA SUMMIT IS SCHEDULED TO TAKE PLACE IN NEW DELHI

Third India-Africa Forum Summit

Arguably, the most important of all initiatives to enhance India–Africa relations is the IAFS III. The first of these summits took place in 2008 in New Delhi, and the second in 2011 in Addis Ababa; the third is scheduled to return to New Delhi in October 2015.[51] The IAFS, guided by the Delhi Declaration and the Africa-India Framework for Enhanced Cooperation, was established to enhance India's cooperation with Africa on three levels: continentally, through the AU; regionally, through regional economic communities; and bilaterally, with individual countries. The summits were designed to enhance this interaction by encouraging cooperative business ventures, human-capital and infrastructure development, cultural knowledge and academic interaction. The summits are attended by heads of state and although they are primarily political, and not sector-specific, they have led to other initiatives for improving economic diplomacy between India and Africa.

> There is clearly a strong interest from the Indian private sector in driving relations with Africa

IAFS II placed a particular focus on technical assistance and human-capital development in Africa. Large[52] argues that the IAFS encapsulates India's unique approach to development assistance, which is different from the approach taken by its Western counterparts. India's development-cooperation policy rests on the twin foundations of economic and technical cooperation, the former focusing on trade facilitation and business regulation, and the latter on capacity building and human-resource development. This has its roots in the 1964 Indian Technical and Economic Cooperation Programme, which saw many Africans receiving education and training in India. The 2008 IAFS summit launched various new training initiatives, committing India to the establishment of 19 new institutions for capacity building. This was extended to a total of 100 institutes after IAFS II. Although only a few of these are yet operational – such as the Kofi Annan Centre for Excellence in Ghana, in the ICT field, and the India-Africa Institute of Foreign Trade in Kampala – the locations for 25 regional institutes have been identified and the rest are in the pipeline, pending AU selection of host countries.

Most of these institutions are based on a public–private partnership model where Indian public and private institutions will partner with their African counterparts.[53] Although establishing these institutes is an important area of progress in terms of human-capital development, Lal[54] argues that there are sustainability concerns surrounding their maintenance and management. The agreement flowing from the summit was for India to equip and maintain the institutes for three to five years after their establishment, but there is a gap in technical agreements and planning for the period that follows.

The second achievement of IAFS II was the establishment of the India-Africa Business Council in March 2012. The council met in Johannesburg in September 2013 to focus on building business partnerships through technology transfers and joint ventures, and to identify business opportunities between Africa and India.[55] On the Indian side, the Department of Industrial Policy and Promotion identified a group of CEOs (from 20 to 30 institutions) to participate in the council. On the African side, the AU Commission was given the task of identifying participants, but challenges remain with its appointment of CEOs to attend. There has been criticism that some companies are selected on the basis of their ties to government, instead of on the merits of their capacity and the representativeness of their business interests.[56]

The India-Africa Forum Summits have shown to be important for information sharing. In a 2013 study published by the CII and WTO,[57] researchers surveyed a number of companies to determine the main barriers to trade and investment linkages between India and Africa. The study found that the most pressing concern among firms regarding Africa's export relationship with India was exposing Indian buyers to African exporters. The second most pressing issue reported in the study relates to access to trade finance given the constraints faced by African banks in terms of low capital and foreign-exchange reserves, international ratings and know-how in the process of extending documentary credits. Concerns such as these were highlighted at IAFS I and IAFS II. Challenges for Indian businesses in Africa have also included a general lack of information on African countries as business destinations, inadequate and inefficient infrastructural services, low levels of human development and non-conducive investment policies.[58] In India, African countries have faced challenges such as the goods and services tax, which varies from state to state, and limited knowledge of the Indian market.[59]

Recommendations for enhancing private-sector relations

There is clearly a strong interest from the Indian private sector in driving relations with Africa, particularly given the increasing levels of trade and investment between the two. The Indian government also has an active economic-diplomacy policy that has seen a number of joint activities pursued by government and business, including on the sidelines of the IAFS. It is interesting to note that this proactive stance has not been matched by the same level of engagement from African partners, for example including challenges with the establishment of the India-Africa Business Council. This could be explained by lack of involvement on the part of the African private sector through initiatives coordinated nationally or regionally, such as at the AU level. It is much more challenging to pursue a continental economic-diplomacy strategy that includes business than a bilateral one, and the AU is making slow progress on its internal public–private dialogue platforms (such as the now mooted AU Business Council).

African governments would do well to consider their policies of economic diplomacy and their implementation. Part of this process would involve more proactive engagement with business. African businesses would also do well to expedite, where possible, or initiate, stronger business platforms to allow them to present a unified voice to their national governments. These business platforms should then engage with the main Indian business associations (e.g. the CII and the Federation of Indian Chambers of Commerce and Industry) on their priorities for India–Africa relations. There should also be greater examination of the hindrances to trade and investment, including the capacity of African governments to negotiate beneficial contracts with Indian partners that maximise the opportunities for skills and technology transfer.

> Civil society should increasingly be drawn into debates on private-sector relations

Civil society should also increasingly be drawn into debates on private-sector relations, particularly as it can provide a voice on fair competition, sustainable development and good governance. Indian business platforms have shown that they are willing to look beyond specific trade-and-investment issues to consider the broader economic environment in Africa, including supporting development projects, and providing advocacy on improved supporting policies, such as those related to the movement of businesspeople. Given the relative lack of organised structures on the African side, the strong linkages between state and business in India are a useful entry point to strengthen civil-society engagement with policymakers.

To date, the focus of the IAFS has been on linkages between India and LDCs, which demonstrates a more development-oriented approach. Civil society could support this by publishing evidence-based research and analysis that draws on the experiences of grassroots organisations in LDCs. This could include policy recommendations to the IAFS and the India-Africa Business Council on areas where linkages could be fostered between African farmers, small and medium-sized enterprises, and communities in the context of the activities of India and its firms.

Finally, civil society could be used to support the strengthening of public–private dialogue platforms in Africa. It is possible that in some African countries there will be greater capacity among civil society to engage on the opportunities and challenges in the relationship with key partners, such as India. Evidence-based research provided by civil society on trade and investment issues could be used to inform the positions adopted by business organisations in their engagement with African states on economic diplomacy.

As the relationship between Africa and India continues to deepen and grow, partly through the consolidation of the IAFS as a regular platform for engagement, the opportunities for civil-society and business participation increase. There are already considerable economic linkages shown by the trade and investment ties between the partners. India has a clear strategy to continue to strengthen its position in this regard, which is shared by the government and the private sector. It now falls on African countries, the business community and civil society on the continent to come together around shared objectives to make the most of the next IAFS in October 2015.

Notes

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ISS PAPER

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