

Bringing Geo-Economics Back In: the India-Africa Forum, Modi's new foreign policy agenda and the implications for Africa

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Draft Working Paper

SAIIA gratefully acknowledges the support of Fahamu's Emerging Powers in Africa Initiative and Oxfam Novib.

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Introduction

The Third India-Africa Forum Summit, a continental platform aimed at framing ties and launched in 2008, will be Indian Prime Minister Narendra Modi's first such event.¹ Despite a series of high profile foreign and economic engagements across the Indian sub-continent and the strengthening of ties with Washington and Tokyo, Modi is yet to expound in full his vision for India-Africa relations. However, his government's actions to date are indicative of a more proactive Indian foreign policy that recognises the political imperatives of the changing power dynamics in its immediate region, while emphasising economic diplomacy by removing red tape and bureaucratic bottlenecks in doing business as well as giving greater attention to the global Indian diaspora.

Situating India-Africa ties within the context of India's evolving geopolitical calculations, which see its strategic space being defined as stretching from Suez to the Pacific is likely to have the biggest impact on the relationship.² Indeed, Modi's bolder and more assertive foreign policy is carefully calibrated to reach out to neighbours and global strategic players alike, illustrated by his early focus on the states in South Asia, and the high-level meetings with China, the US, Japan, Australia and Russia. In this respect, Africa features in Modi's expansive foreign policy as he seeks to carve a stronger role for India in this designated geo-strategic space; keep a watchful eye on Chinese and other external actors in the Indian Ocean and Africa; and build support for India's global aspirations.³ Rising commercial competition between India and China in the economies of the Indian Ocean littoral is giving way to 'soft power balancing' strategies manifested as basing arrangements and naval agreements with African and Indian Ocean countries. It is already noteworthy that India has invited all African states to participate in the India-Africa Forum Summit, rather than the limited number of the first two Summits.

Beyond that, what is important to watch in 2015 is which African countries India will identify as strategically relevant for high-level bilateral visits. Modi's desire to raise Indian investment on the continent, while opening up India to facilitate investments from Africa, coupled to his willingness to mobilise ties with the Indian diaspora living in Africa, point to the potential for a more comprehensive development partnership of strategic significance in the making.

I Indian Foreign Policy Prior to 2014

India's traditional post-independence foreign policy was characterised by non-alignment in an international system on the cusp of the divisive politics of the Cold War. Prime Minister Nehru was instrumental in the establishment of the Non-Aligned Movement and most of the first two decades of independence saw India's foreign policy framed as idealistic with national interest defined as 'congruent with "world cooperation and world peace"'. Nehru argued at the time that India would have to 'plough a lonely furrow'.⁴ Quoting the oath taken by members of the Indian Constituent Assembly in August 1947, Subrahmanyam noted that it implied that India 'would work for the promotion of world peace not for its own glory and aggrandisement'.⁵ The India-China border war in 1962 put paid to this idealistic foreign policy and, following Nehru's death in 1964 Delhi engaged in what Malone characterises as 'hard realism'. The gradualist market-oriented reforms of the economy initiated by Prime Minister Narasimha Rao's government in 1991 brought about a concomitant shift towards greater economic pragmatism in Indian foreign policy.⁶ India 'was no longer as convinced of its moral uniqueness and began to think of itself as a nation like several others in the quest of greater power'.⁷ This trend is beginning to accelerate under Prime Minister Modi.⁸

Strategic autonomy, a feature of the UPA government under Prime Minister Singh, was criticised by many as not giving India's foreign policy any direction.⁹ It was intended to make Delhi remain equidistant from Washington and Beijing, but in fact detractors saw the 'UPA's perverse policy' as merely limiting India's cooperation with other countries, most notably the US, by citing Beijing's sensitivities.¹⁰ This position, reflected in the extended public debate in India around parliamentary ratification of the controversial nuclear deal with the US, eventually led to a ten-year defence agreement with Washington. The tacit alignment between the two powers, in some ways echoing the proximity of interests between Delhi and Moscow during the Cold War, paved the way for further cooperation. Following on this trend, Japan has also strengthened its relations with the Indian government, engaging in cooperative development and investment agreements.

At the same time, India's quiescent approach to China was subject to growing criticism among local policy and think tank circles (as well as abroad), fuelled initially by concerns around its expanding economic ties with the sub-region. These worries sharpened with the deliberate construction of Chinese naval bases all along the Indian Ocean littoral which sought to strengthen its security of energy supplies and preserve its trading interests in the Persian Gulf, the Horn of Africa and beyond. This flew in the face of India's longstanding foreign policy assumptions dating from the Nehru period that the Indian Ocean region was functionally (if never realised) a sphere of influence.¹¹ For some India scholars, these changing conditions heralded the emergence of a '21st century, energy-related Great Game'¹² that required new thinking and policy re-alignments if India was to avoid becoming, in Garver's words, 'a junior partner to an emerging Chinese super power.'¹³ In this context India-Africa relations, newly revitalised after a decade of strong economic performance, became not only a commercial opportunity for Indian businesses but increasingly a proving ground for an assertive Indian foreign policy.

II India's Relations with Africa Prior to 2014

India has had long-standing ties with Africa that have been characterised by the presence of a large diaspora, especially in eastern and South Africa, solidarity with African states' anti-colonial struggles, the promotion of non-alignment, and South-South Cooperation, which included commercial linkages. Politically, however, India did not initially seek to nor, once it began actually to promote ties, was it able emulate the kind of high-level engagement that has characterised the China-Africa relations since the late 1990s. Irrespectively of these official constraints, trade started to flourish as Indian firms discovered the resources and market opportunities available in Africa. In 2001, two-way trade between India and Africa was only \$5.3 billion by 2014/15 it had grown to \$70 billion,¹⁴ though again much below China's trade with the continent (which stands at over \$200 billion). The target for 2015 is \$90 billion, though it looks unlikely to be attained. During this same period, Indian investment into Africa has grown significantly, reaching between \$30 billion and \$35 billion by 2014/15.¹⁵ It should be noted that approximately three quarters of Indian FDI goes to Mauritius (which acts in some ways as a tax haven or site for 'round tripping' of forex), but once this phenomenon is excluded the leading destinations for Indian FDI in 2011 were Sudan, Egypt, Nigeria, Liberia, Kenya, Libya and South Africa.¹⁶

African investments in India: Total FDI stock from 2000 to 2012	
Country	FDI stock (US\$ million)
Mauritius	64,169.0
Morocco	136.8
South Africa	111.7
Kenya	20.0
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
Total Africa	64,493.3

Source: DIPP, Ministry of Commerce and Industries, Government of India.

India trade with key African countries (value in US \$ Millions)						
Country	Year 2010-2011			Year 2014-2015		
	Indian exports to	Indian imports from	Total trade	Indian exports to	Indian imports from	total
SA	3912	7141	11053	5302	6497	11799
Nigeria	2099	10788	12887	2681	13683	16367
Kenya	2182	124	2306	4118	117	4235
Mozambique	605	103	709	2071	326	2397
Morocco	319	840	1158	326	936	1263
Egypt	1982	1355	3337	3026	1742	4767

Source: Indian Ministry of Commerce

With the onset of rapid growth in the Indian economy, the expansion of its multinationals and the growth of its middle class, the quest to secure natural resources and energy became important determinants of its broadening engagement with Africa. Africa's increasing energy finds and its proximity to India have highlighted its relevance to addressing India's energy security strategy imperatives of diversifying its energy basket through the choice of fuel and the country of origin.¹⁷ India's first stake in Africa's oil industry was in Sudan where OVL, the state-owned company, purchased a quarter stake in a joint venture with GNPOC in 2003. It faced fierce competition from Chinese CNPC and Malaysian Petronas, who as the other shareholders had right of first refusal when Canadian Talisman decided to sell its stake. The debate in the Indian government was fraught about OVL entering Sudan, but some saw it as a necessary evil to secure India's energy security. Paradoxically, Chinese and Malaysian opposition to India's bid helped to mobilise political support in India for the OVL bid.¹⁸ OVL's investment there made Sudan one of India's largest destinations for foreign investment between 1995 and 2005.¹⁹

However, attempts to break into the oil markets in Angola and Nigeria were largely unsuccessful, highlighting the relative absence of requisite financial capital and, in some

cases, technological experience needed to secure licenses when competing against bids by the oil majors.

The mining sector has proven to be more able to gain positions in this segment of the African resource market, starting with Vedanta's purchase of the one-time nationalised Konkola copper mine in 2004 and followed by securing a stake in zinc mines in Namibia and South Africa.²⁰ While India's overall profile in Africa generally has been perceived as more benign than that of China, the conduct of Indian multinationals like Vedanta in Zambia continues to generate negative commentary. In fact, after an extended public dispute over employment practices in 2014 – exacerbated more recently (and bizarrely) by the company's importation of contaminated copper from Chile – the Zambian government temporarily withdrew the work permit of the chief executive.²¹

Indian firms have also been involved in building infrastructure in Africa through concessional lines of credit. However, at the government level the engagement is often focused on capacity building, while most commercial links (with the exception of oil) have been developed by private sector companies, such as Tata, Kirloskar and Ranbaxy that all have a presence in various parts of the continent. A concentration of Indian companies can be found in South Africa, Tanzania, Kenya, Nigeria, Ghana, Egypt and Algeria. South Africa in particular is host to some 150 Indian companies.

Throughout this period of growth in economic ties, the Indian government's relations with Africa were largely conducted at the bilateral level; however since the first India-Africa Forum Summit (IAFS) they have developed a multilateral angle as India's primary interlocutor in this process is the AU Commission. Unlike the Chinese-led Forum on China-Africa Cooperation (FOCAC), a process which itself began in 2000 and was partially inspirational for Delhi, the IAFS recognises the regional economic communities (such as SADC, ECOWAS among others) as active participants; hence according to the AU 2006 'Banjul Formula' it is the chairs of these communities (and the AU and Nepad) that attend the Forum summit. The 'Banjul Formula' provides for a restricted participation, of the five founding members of Nepad, and the chairs and executive secretaries of the eight Regional Economic Communities (RECs), the current and previous chair of the AU, and the AU Commission chair. It is for this reason that Modi's opening of the upcoming India-Africa Summit to all African participants marks a notable shift from what was once a distinctive feature of its approach to continental summity.

The launch of the IAFS provided the opportunity for a more structured engagement with the continent, building on India's various earlier initiatives with Africa, such as TEAM 9 and FOCUS Africa.²² The IAFS operates under a legal framework – the India-Africa Framework on Cooperation. The IAFS also established an India-Africa Business Council (IABC), co-chaired by Indian businessman Mr Sunil Mittal and Nigerian businessman Mr Alhaji Aliko Dangote. The purpose of the IABC was to identify business opportunities between India and Africa, including through business ventures and the building of business partnerships through technology transfers. Overall, the focus of the Forum can be summarised by the three 'T's: Trade, Technology and Training.

The *first India-Africa Summit* was convened in Delhi in 2008. The participation and format of the meetings were agreed in consultation with the African Union (AU) Commission and the permanent representatives of the member states. At the summit, PM Manmohan Singh announced a duty-free and preferential market access scheme for 34 African least developed countries, and offered lines of credit worth \$4.5 billion.²³ At the IAFS summit in

2008 the two sides established the Africa-India Science and Technology Initiative, which would be led by the Indian Department of Science and Technology in partnership with the MEA and the AU.

The outcome of the Forum was a Joint Plan of Action at the continental level and the development of a follow-up mechanism to implement the Framework of Cooperation.

According to the Indian Ministry of External Affairs, the aim of the summit was to 'take us beyond our strong bilateral relationships, our close ties with regional economic communities and develop a new paradigm of cooperation which will take into account Africa's own aspirations for pan-African institutions and development programmes'.²⁴ India characterises its partnership with Africa as based on a consultative model, while seeking 'innovative models of partnership with Indian businesses so as to have longer developmental impact in countries'.²⁵ However, the drivers that compelled this renewed focus on Africa were clearly hard material needs and the impact of the financial crisis, which illustrated the importance of diversifying trade relations away from India's significant reliance on the west, and no doubt concern over China's growing presence in Africa, much as officials will deny that.²⁶

The *second India-Africa Forum Summit*, under the theme 'Enhancing Partnership: Shared Vision', was held in Addis Ababa in 2011.²⁷ Among the major announcements made during the 2011 Forum was a further \$5 billion in credit lines and \$7 million for the establishment of new institutions and training programmes in consultation with the AU. PM Singh also announced the establishment of the India-Africa Food Processing Centre, the India-Africa Integrated Textiles Cluster, the India-Africa Centre for Medium Range Weather Forecasting, the India-Africa University for Life and Earth Sciences and the India-Africa Institute of Agriculture and Rural Development. India's support for a \$300 million deal to construct an Ethiopia-Djibouti railway line was also announced.²⁸

The 2011 Enhanced Cooperation Framework that grew out of the second summit sets out an ambitious agenda for action that aims to give additional substance to the Africa-India Framework of Cooperation and its Plan of Action of March 2010. The Framework proposes to further strengthen cooperation and establish institutional frameworks in the economic, political, scientific, social, health, tourism, infrastructure and communication fields. In the area of agriculture the Framework agrees to collaborate with NEPAD's Comprehensive Africa Agricultural Development Programme (CAADP) which aims to ensure food security in Africa; a possible AU office to open in New Delhi; special training programmes for the African Standby Force; 21 new capacity building institutions in diverse sectors; and support for the Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA).²⁹ Further expanding on existing relations, India also seeks to build relations with Francophone countries in the region with the proposed establishment of a Food Process Business Incubation Centre in Mali, a Solar Charging Station in Cape Verde and two Women Solar Engineering Vocational Training Centres in Liberia and Senegal.³⁰

The second summit also established the India-Africa Technology Partnership Programme through the Confederation of Indian Industry. This programme was intended to create a mechanism for the transfer of Indian technology to African countries.³¹ Out of this process arose the first India-Africa S&T ministers' conference in New Delhi in March 2012.

Out of the capacity building institutes proposed during course of IAFS-I and IAFS-II, only a few have come into operation, such as the Kofi Annan Centre for Excellence in ITC, the India-Africa institute for Trade in Kampala and the Cotton Technical Assistance Programme in

Benin, Burkina Faso, Chad, Mali, Malawi, Nigeria and Uganda. A further 25 regional institutes have been identified and are awaiting AU approval. There have been significant delays in implementing programmes and establishing some of the proposed institutions owing to procedural delays from the AU, as well as administrative challenges from both sides. It is understood that the list of institutes and nominated countries will be reviewed in the aftermath of the third summit as the joint action plan is developed, with a view to fast-tracking some, while abandoning others. The approach to establishing these institutes is to ensure long-term sustainability by emphasising the partnership element, which requires hosting countries to also make a contribution to their establishment in one form or another. As the first major summit for Africa with an external partner since the adoption of Agenda 2063, the third IAFS will provide a good opportunity to align this dimension of the programme with Agenda 2063.

Lines of credit (LOCs) have been a key channel for funding projects in Africa. Lines of credit extended by the Exim Bank of India are to support export of projects, equipment, goods and services from India. In 2003/04 the Indian government formulated the Indian Development Initiative (now known as the Indian Development and Economic Assistance Scheme), so as to share India's development experience with other developing economies.³² LOCs became key instruments of this scheme.

The broad terms for LOCs include that 75% of value of goods and services covered under the LOC must be sourced from India. A relaxation not exceeding 10% may be considered on a case-by-case basis for exceptional reasons. The largest beneficiaries of the LOC are African countries (59% of Exim Bank's lending). The top five recipients of Indian LOCs in Africa are Sudan (\$350 m), Ethiopia (\$122 m) and the ECOWAS Bank for Investment and Development (\$250 m).³³ (See Appendix A for pipeline of projects.) Exim Bank has representative offices in Johannesburg, Dakar and Addis Ababa. Since the establishment of the Development Partnership Administration within the Ministry of External Affairs in 2012, these LOCs, while still routed through the Exim Bank, fall under the DPA. Between 2008 and 2011 concessional credit of \$7.4 billion was extended to Africa, of which \$6.8 billion has been approved and \$3.5 billion disbursed.³⁴

However, LOCs are not without their detractors in some African countries, who view them as intended to support Indian businesses and products rather than local producers. Reflecting also the frustration of African recipients of Indian lines of credit, a Malawian official decried the fact that LOCs required Malawi to engage an Indian-registered supplier. 'The money stays in India...they bring experts from India. It has no fiscal impact on Malawi... After some years Malawi then needs to start repaying.'³⁵ For India, LOCs are among a number of tools for advancing partnerships and mutual benefit. It is also a useful way to introduce Indian companies to Africa, helping to reduce the initial risks that act as a constraint to many companies who are unfamiliar with the African business environment. However, as India and other Southern emerging economies grow their economic and political reach, Africans will increasingly be asking the questions of the extent to which there is mutual benefit in these arrangements.

III Modi's Foreign Policy Vision

Since Prime Minister Modi's electoral victory in May 2014, the world has witnessed an almost peripatetic foreign policy outreach by India to its region and beyond. Leader of the Hindu nationalist Bharatiya Janata Party (BJP), which had presided over a national coalition government between 1998-2004, Modi won an overwhelming parliamentary victory with an absolute majority in the Lok Sabha (India's lower house). Beyond his core religious

nationalist supporters, he was able to attract the votes of the young, urban and educated, on the promise of economic reforms that break with the stagnation of the last few years.

India has been characterised as a swing state,³⁶ being courted by the US, China and Japan as geostrategic considerations accelerate on the Asian landmass. At the same time by emphasising India's neighbourhood, Modi has 'broken the invisible barrier'.³⁷ Focusing initially on India's immediate neighbourhood and then building outwards in concentric circles, especially towards East Asia, Modi has defined this as 'Acting East', rather than the 'Looking East' policy of his predecessors first articulated in 1992, which he implies failed to make significant inroads for India into East Asia.

The focus on India's neglected regional neighbours, beyond the perennial security concerns with Pakistan, marked the first distinctive character of the Modi administration. For example, Prime Minister Modi was the first head of government from India to visit Nepal in 17 years. Large business delegations have accompanied each of his sojourns abroad, underscoring that the resolution of outstanding disputes such as those with Bangladesh can lay the foundation for closer economic cooperation between neighbours.³⁸ The sphere of initial attention has gradually spread to encompass the broader Indian Ocean with visits in March to the Seychelles, Mauritius and Sri Lanka. PM Modi also undertook a trip to Fiji in the Pacific where there is a significant Indian diaspora.

Modi's focus on engaging with the Indian diaspora is considered to be an important foreign policy innovation. Certainly Modi's outreach has a significant dose of Hindutva philosophy (the predominant form of Hindu nationalism) of the BJP, where Modi is seen to promote the Hindu identity of India to the detriment of secularism and inclusion of all ethnic and religious groups in India.³⁹ This also has relevance for engagement with Africa, which has 2.7 million Indian diaspora, as it is possible that the countries in Africa where there has been a strong presence historically of the Indian community may receive specific attention. This focus on the diaspora also addresses a domestic constituency inside the country where today Indians living even in remote villages have close relatives living and working abroad. It also regenerates and deepens links between the Indian diaspora and the mother country. In certain countries in Africa the direct links remain strong because of regular migrations from the Indian mainland. South Africa, home to one of the largest Indian communities outside of India dating back to 1860, is probably the outlier in this regard, because of the close association between South African Indians and the anti-apartheid struggle which has made many identify as black South Africans rather than as Indians. Many of them are also several generations removed from the first migration with the inevitable reduction or disappearance of familial links with India.

More broadly, Modi has sought to spearhead or revitalise India's relations with Central Asia and the Indian Ocean littoral states. His trip to Central Asia in July 2015 was intended to reinvigorate the Connect Central Asia Policy (which itself was launched back in 2012). For India, while Central Asia is a potential source of energy as well as a market, poor relations with its neighbours Pakistan and China, and with Iran under sanctions has made linkages to Central Asia extremely difficult to achieve energy security. With the recent agreement between Iran and the six powers on its nuclear programme, India now has new opportunities for linkages to the hinterland that circumvent Pakistan and China. Commercial ventures with geo-strategic implications like the building of Chabahar port in Iran on the Arabian consciously marry political purpose with commercial interests.

In a related vein, the Indian Ocean Rim and the Association (IORA) are gaining in importance for India. In March 2015 the Indian Ministry of External Relations held a conference in Bhubaneswar, Odisha, which also commemorated 1,000 years since the ascent to the throne of the Chola kingdom, of King Rajendra Chola I, who during his reign expanded his kingdom's reach to include the eastern Indian Ocean littoral through many seaborne forays to the Andaman and Nicobar Islands and in 1030 a raid against the Southeast Asian empire centred on Sumatra. This commemoration and linkage to contemporary India's Indian Ocean engagement is relevant in that it highlights the BJP's focus on association of the modern with an Indian past that was glorious and clearly expansionary in its influence. A senior official in the PM's office remarked during the conference that India took its culture, philosophy, faith to these places but never took colonies. While the historical record is different, these statements point to the way in which India under the BJP government wishes to be perceived. Modi's philosophy regarding the Indian Ocean is articulated as promoting a peaceful, prosperous IOR that can be achieved through integrative and cooperative partnership: remaining secure together and growing together by deepening economic and security cooperation – or SAGAR: 'security and growth for all in the region'.⁴⁰

India also aspires to be a net security provider to the region. It considers its geographical position, standing 'midway as the centre of gravity in the Indian Ocean Rim'⁴¹, as imbuing it with a particular role in deepening economic and security cooperation. But equally, some Indian analysts and officials have cautioned that India should be careful to not portray the Ocean as its Ocean.⁴²

Notwithstanding the accelerated activity of the BJP government in the last year, the process of re-engaging with the Rim and more broadly the Indo-Pacific is not new but started under the government of Prime Minister Manmohan Singh. India played a key role together with Australia in resuscitating the Indian Ocean Rim Association, while the head of the IORA Secretariat is a seconded Indian official.

All these initiatives come against the backdrop of an increasingly activist Chinese foreign policy and economic presence in the Indian Ocean region. In particular, the Chinese commitment of huge financial resources aimed at building and rehabilitating ports in Myanmar, Pakistan and Sri Lanka drew considerable attention. Concerns about China's expansion into the Indian Ocean are palpable in India and the resuscitation of a 1971 zone of peace initiative (which Sri Lanka had proposed at the time but was spurned by India) in the Indian Ocean has also been tabled.⁴³ Furthermore, taking advantage of its vast maritime territory that stretches to the Andaman and Nicobar islands close to the Straits of Malacca, India is modernising its airstrips there and stationing fighter groups. Some Indian analysts have argued that the islands should be developed as 'a hub or a "spring board" for power projection in the region'.⁴⁴

Modi's other major focus is economic diplomacy that advances Indian economic activity at home, encapsulated in the slogan 'Make in India', adopted in 2014. It is now a major programme designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best-in-class manufacturing infrastructure.⁴⁵ It covers a wide range of sectors from automobiles and components, electronic systems, and food processing to biotechnology, defence manufacturing, media and entertainment and space.

IV Fitting Africa into Modi's Foreign and Economic Policy

Surveying Modi's foreign policy activities over the last eighteen months provides somewhat sober reading for African interests. Modi's travels abroad have highlighted the clear geo-political and economic prism through which he has prioritised his engagements and those of

his government. The IAFS will be but one dimension of engagement with Africa, while the government may focus on a number of key states initially on the eastern littoral, although West Africa and Nigeria are particularly important, both politically and economically. Nigeria is now the continent's largest economy, while there are common security challenges especially in fighting extremism. In any case, it is clear that Africa fits in one of the outer circles of India's external engagement, although this is not very different from the previous government's priorities. Under Modi, the much more active foreign policy operating out of the prime minister's office has however made this more apparent.

The Prime Minister's sole African engagement since he won the election in May 2014 has been limited to the Indian Ocean islands of Mauritius and the Seychelles. Both have a strategic relevance for India against the background of a rejuvenated engagement with the Indian Ocean. During the PM's visit to the Seychelles in March 2015, he launched a Coastal Surveillance Radar Project, and signed agreements on among others infrastructure development, especially on Assumption Island, allowing New Delhi to place strategic assets in the Indian Ocean, including intelligence, surveillance and reconnaissance. In Mauritius in the same month, Prime Minister Modi signed an agreement to assist in the development of the Agalega Islands that would 'enhance the capabilities of the Mauritian Defence Forces in safeguarding their interests', according to the Indian Ministry of External Affairs.⁴⁶ The first Indian-manufactured warship for export was also launched during Modi's visit. It will be used for anti-piracy and other maritime security initiatives.⁴⁷ Modi's trip to Sri Lanka was also a key step in taking advantage of the new Sri Lankan government's desire to rebalance its Indian and Chinese foreign policy engagement. Mauritius in particular has had a long and commercially beneficial relationship with India, as a location from which Indian investment into Africa and elsewhere is launched. But this is not without its controversies. In May 2014 Modi and his Mauritian counterpart agreed that the double taxation treaty would need to be revised. India's concern was that Indian resident investors were using companies in Mauritius to round trip their investments back to India, thus enabling them to claim exemption from Indian capital gains tax.

His foreign minister, Mrs Sushma Swaraj, visited South Africa in May 2015 for the 9th South Africa-Indian Joint Ministerial Commission. Swaraj was scheduled to visit Tanzania as well during her trip to South Africa – originally scheduled for March – but the trip was postponed and her trip to the continent covered only South Africa. During her visit she also met President Jacob Zuma. Earlier, in November 2014, she visited Mauritius as the chief guest to commemorate the 180th anniversary of the arrival of Indian indentured labourers there. The minister of state for external affairs, General VK Singh attended the inauguration of the Mozambican president and the minister for micro, small and medium enterprises, Kalraj Mishra paid a visit to Rwanda to launch the India-Africa Vocational Training Centre/incubation centre set up by the National Small Industries Corporation with the support of the Indian government. (These visits exclude trips undertaken by various ministers to attend multilateral meetings such as UNEP's in Kenya or conferences such as the annual mining indaba in Cape Town, South Africa.)

There are a number of areas Africa will be important for India in the context of its stronger projection on the global stage and its growing geo-economic imperatives. The first of these is in enhancing its soft power capabilities through India's already significant contribution to peacekeeping under the UN umbrella. While peacekeeping and humanitarian assistance can be perceived as altruistic they also carry significant benefits for the providing country, both in terms of creating a positive image abroad, as well as protecting economic interests. India

has historically been one of the most active countries in peacekeeping operations, and has some 4,500 soldiers involved in peacekeeping activities in Africa.

Related to the first point are India's concerns about the spread of radicalism, where linkages may become more apparent between such movements in Africa and those in West Asia. India already has bilateral cooperation with a number of African countries on defence training and counter-terrorism. Such cooperation will grow, because peace and security are important elements of the AU's own Agenda 2063, but also because India has a stake in how the counter-terrorism narrative and engagement globally play out.

India also has a vested interest in maritime security, especially in the Indian Ocean itself, where the Indian Navy has been deployed off the Horn of Africa to combat Somali piracy. It has also assisted a number of countries on the Ocean's western littoral in conducting hydrographic surveys. The challenges of maritime security are unlikely to disappear in the short term and this working with African countries in this domain will have to be a dimension of India's geo-strategic calculations.

Third, Africa's new hydrocarbon discoveries on both sides of the continent raise its geo-economic significance as a player that can contribute to India's energy security. India regards trade in hydrocarbons with Africa as having great potential, although it requires major investments before these finds can be developed and exploited.⁴⁸

Fourth, Modi's 'Make in India' campaign, while focusing on building local manufacturing capacity in numerous sectors, necessitates deepening of access to foreign markets too. The growth trajectory of many African countries and their emerging middle classes make the continent a natural arena for India's economic diplomacy. Inevitably, economic significance will overlap with security concerns, as Africa's 'arcs of growth' overlap with arcs of instability – from Nigeria in west Africa to Kenya in east Africa and the twin challenges of Boko Haram and al-Shabaab.

Relatedly, the economic growth experienced by many African countries enhances investment opportunities for Indian companies as they also seek to become more globalised and identify investment destinations that are not already saturated. The launching in June 2015 of the Tripartite Free Trade Area among COMESA, the EAC and SADC, presents another set of opportunities. With its initial focus on merchandise trade, the TFTA also creates opportunities for investment of Indian companies across Africa.

V Engaging with Africa's Agenda – imperatives for building a sustainable partnership

Africa is increasingly asserting itself as an actor in its own right (both through its continental institutions, as well as through individual countries' growing clout) in global fora. Aiming to increase its voice and influence, it aspires to an engagement with external actors that is more than simply about focusing on its development in isolation from broader global debates and initiatives. In this respect it is retooling external partnerships so that they better reflect these aspirations in their composition and content. This has direct relevance for India-Africa relations at the continental level in three particular ways

The first is **Agenda 2063**, a continental wide strategy adopted by the heads of state last year, which is a vision for the African continent in the next 50 years. Transforming economies through industrialisation, manufacturing, and blue and green economy, and creating jobs are key components of this Agenda. Mobilising the financial resources and providing the

necessary technical assistance to realise these aims is central to any long term, viable development partnership with the continent. Significantly, the AU calls on the international community 'to respect Africa's vision and aspirations and to align their partnerships appropriately.' The Agenda will be divided into ten-year implementation phases with proper monitoring and evaluation mechanisms. The IAFS communique will undoubtedly make reference to this in terms of the partnership's plan of action for the next period.

Secondly, Africa is rediscovering its maritime domain, of which the most visible expression is the ***Africa Integrated Maritime Strategy*** (AIMS). This reflects a growing realisation of Africa's geopolitical significance in a changing environment and the need for African states to be more in control of their geographical space (including water). The AU adopted AIMS in 2012. Fundamental to it is the peaceful settlement of disputes. But its aim is to mobilise states to build a thriving maritime economy and realise the full potential of sea-based activities in an environmentally sustainable manner. ***Sustainable development*** and ***competitiveness*** are at the heart of its objectives. AIMS aspires to a Combined Exclusive Maritime Zone, improved integrated coastal zone management, coherence between sectoral policies within and between regional economic communities, and fundamentally right of access to sea and freedom of transit goods for ***landlocked*** states. AIMS includes low-hanging fruit such as promoting the establishment of regional centres of excellence in training in maritime safety and security. Yet, the strategy has yet to secure adequate funds need to achieve its ambitious aim.

Both the AU and India recognise the importance of maritime security. This includes reducing piracy, but effective marine resource management is also crucial, as it can spearhead realisation of economic benefits through blue economy initiatives. India's particular interest may be the Indian Ocean, but there can be significant benefits (and soft power projection) from working with states on both sides of the continent in this regard. Africa's blue economy vision has resonance in Modi's own espousal of a 'blue revolution' for India.

The third is the ***Programme on infrastructure Development for Africa*** (PIDA), which has identified four priority themes in terms of connectivity. The transport initiative (costed at \$25 billion) aims to link major production and consumption centres, providing connectivity among major cities, defining the best hubs for ports and railways and opening up landlocked countries to improved regional and continental trade. The ICT projects (costed at \$500m), aim to establish an enabling environments to complete the land fibre-optic infrastructure and to install internet exchange points in countries without them. The water project (costed at \$2billion) is targeted at transboundary water through the development of multipurpose dams and building the capacity of Africa's lake and river basin organisations to develop hydraulic infrastructure. The energy infrastructure programme focuses on major hydro-electric projects and power pools (costed at \$40billion).

PIDA's focus is on regional connectivity rather than in-country linkages. Through its LOCs India has supported regional projects, and it offers an opportunity for Delhi to contribute to a longstanding continental aspiration to strengthen the economic sub-regions by supporting regional infrastructure initiatives.

Conclusion and recommendations

Africa has a plethora of 'strategic partnership' forums with external players. Some of them, such as FOCAC, may be quite expansive, while others are much more limited in scale and scope, such as Iran-Africa. It is extremely challenging for the AU and its member states to adequately manage these relations in a coordinated and effective manner. The AU's decision to suspend the signing of additional global partnerships in 2013 speaks to this recognition of

the limits of institutional capacity and necessity to manage existing partnerships more effectively. The AU is also now focusing on a much more rigorous process of assessing these partnerships. Thus transparent monitoring of progress on projects and assessment of achievements and impact should form a cornerstone of the IAFS. In this regard, external partnerships such as the one with India hold many possibilities for mutual benefit. As India's foreign policy takes on a more geo-economic orientation and Africa itself is gearing up to tackle its economic and political challenges and become more central to global debates, the relationship should evolve to emphasise the importance of business opportunities that resonate in creating manufacturing and services based in Africa. The operationalisation of the TFTA should act as an enabler in this regard. The 'Make in India' campaign on the other hand can provide opportunities for joint ventures between African and Indian companies to invest in India.

To realise this potential, an enabling environment for investment is crucial, if Africa is to build up the requisite manufacturing and services capacity. A recent paper by Gateway House argues that to deepen economic relations between India and Africa requires two key interventions: extending the existing banking links and developing a wider range of bilateral investment treaties. While Indian banks have been present in Africa for over a century they have been largely focused on the ethnic customer base, which has thus precluded them from ventures with local African banks that could help reduce some of the transactional costs of trading with Africa. Regarding BITs, India has only five on the continent – Ghana, Mozambique, Mauritius, Egypt and Morocco.⁴⁹ Of course in South Africa BITs are no longer the preferred vehicles for regulating foreign investment and this may well be the trend in other Southern African countries. However, African countries must look carefully at their frameworks for investment promotion and protection if they are to be attractive to foreign investors.

There is also room for the relationship at IAFS level, but also regionally to accelerate its political and security engagement, thus deepening its relevance in the face of a shifting global power landscape. This raises an additional point: while India is still a developing economy with huge socio-economic challenges and disparities internally, it is concurrently a country of global significance both economically and politically. This recognised standing impacts upon African perceptions of India, and manifests in a critique of some of its foreign and economic approaches to the continent. This is important to recognise and consider in its various interactions with the AU and its member states.

Appendix A: Exim Bank's Pipeline LOCs

(Updated as July 07, 2015)

S. No.	Borrower	Purpose	Credit Amount (USD mn)
1.	Government of Cape Verde	Technology Park Project	5.00
2.	Government of Ghana	Procurement of 12 units of D 155 bulldozers including spare parts for Ghana's National Agriculture Field Creation Project	5.00
3.	Government of Guinea	Strengthening of Health System	35.00
4.	Government of Sierra Leone	Irrigation Development in Tomabum, Sierra Leone	30.00
5.	Government of Sierra Leone	Expansion of the ongoing projects for rehabilitation of existing potable water facilities in four communities in Sierra Leone	15.00
6.	Government of Afghanistan	Export of goods and services and project exports	50.00
7.	Government of Cambodia	Stung Sva Hab/Slab Water Resources Development Project	36.92
8.	Government of Panama	Setting up a Bio-diversity and Drug Discovery Centre (BDDC) in Panama City	10.00
9.	Government of Mauritania	Solar Diesel Hybrid Rural Electricity Project	65.68
10.	Myanma Foreign Trade Bank, Myanmar	Up-gradation of Shwebo Putao and Rakhine State Roads in Myanmar	140.00
11.	Government of Burkina Faso	Hydro-electric Power Plant and Transmission network Project in Burkina Faso	184.00
12.	Government of Ghana	Sugarcane development and irrigation project	24.54
13.	Government of Ghana	Strengthening of Agriculture Mechanization Services Centres	150.00
14.	Government of Ghana	Rehabilitation and Up-gradation of Potable Water System in Yendi, Ghana	30.00
15.	Government of Guyana	East Bank-East Coast Road linkage project	50.00
16.	Government of Senegal	Acquisition of buses	26.00
17.	Government of Gambia	Expansion of Banjul Port	92.00
18.	Government of Kenya	Agriculture Mechanization project	100.00
19.	Government of Nicaragua	Transmission lines and substation project	31.29
20.	Government of Zimbabwe	Renovation/Up- gradation of Bulawayo Thermal Power Plant	87.00

Notes: The above table lists LOCs where offers have been made by the Bank to the recipient governments/ their designated agencies but the offer has not yet been accepted and/or the LOC Agreements are yet to be signed. As such, this list is only for information of future possible LOCs and does not tantamount to a commitment by Exim Bank.

The validity of the above details is contingent upon the acceptance of the offers by the LOC recipients and the subsequent signing of the LOC Agreement.

Source: <http://www.eximbankindia.in/lines-of-credit>

ENDNOTES

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