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Asia Africa Growth Corridor aims for people-centric growth strategy

Asia Africa Growth Corridor will help in developing institutional mechanisms and models for connecting people, think tanks and businesses

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The idea of an Asia Africa Growth Corridor (AAGC) emerged in the joint declaration issued by Prime Minister Narendra Modi and Prime Minister Shinzo Abe in November 2016. Photo: PTI

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The AAGC envisages a people-centric sustainable growth strategy, the contours of which would be evolved through a process of detailed

consultations across Asia and Africa, engaging various stakeholders-governments, firms, think tanks and civil society.

It would be raised on the four pillars of development and cooperation projects, quality infrastructure and institutional connectivity, enhancing capacities and skills, and people-to-people partnership. The centrality of people-to-people partnership will be the unique feature.

The strengths of AAGC will be aligned with the development priorities of different countries and sub-regions of Asia and Africa, taking advantage of simultaneous homogeneity and heterogeneity among them.

This would be undertaken to improve growth and interconnectedness between and within Asia and Africa for realizing a free and open Indo-Pacific region. It would give priority to development projects in health and pharmaceuticals, agriculture and agro-processing, disaster management and skill enhancement.

The connectivity aspects of the AAGC will be supplemented with quality infrastructure. AAGC-led growth in Africa and Asia will be responsive to the collective commitment to Sustainable Development Goals (SDGs).

The AAGC Vision Study will use the Geographical Simulation Model (GSM) to bring out the economic gains for Africa through its integration with India, South Asia, South-East Asia, East Asia and Oceania.

AAGC will contribute to developing institutional mechanisms and models for connecting businesses, people and think tanks that represent and contribute to integration efforts in Asia and Africa.

Unique features

The basic concept of AAGC is that it aims for an open, inclusive, sustainable and innovative growth of the entire Asia-Africa region, in cooperation with the international community. It also takes a multi-stakeholder/participatory approach. The various entities including government, business and academia will contribute to AAGC.

Trade Facilitation is a major component of AAGC Framework. In a study conducted by the European Commission, it is found that the time taken for export and import activities is among the highest in Africa (excluding the northern region).

Moreover, the documents required to export and import are also on the higher side in Africa.

The Declaration of African Union Ministers of Trade has also underscored the importance of trade facilitation and stated their priorities on enhancing infrastructure, boosting productive and trade capacities, reducing transaction costs, supporting reforms, and improvements to customs regulatory systems.

According to OECD trade facilitation indicators, Asia and Sub-Saharan Africa are below the best practices. However, achieving the desired level of trade facilitation is a challenging task for Africa and Asia because of lack of technical know-how and skills.

Thus, there is a need for customs modernization plan with focus on better organization and management, coupled with administrative, financial and technical autonomy as well as accountability.

We also need to strengthen institutions and infrastructure for valuation through legislative framework, training of valuation officers, establishment of valuation offices and value information systems and databases. India has established the directorate of valuation, special valuation branch and National Import database, to improve custom valuation practices.

Similar institutions can be established in other developing countries in Asia and Africa through technical assistance.

In order to put in place a mechanism, there is need to implement capacity building programme for field staff, establishing risk management units with specific responsibility of maintenance and operation of the risk management system, and the use of automated systems for dynamic risk assessment. We should engage with technical assistance services providers with expertise and

experience in implementing risk management solutions in developing countries.

India has highly skilled English-speaking software professionals who ensure high quality of service delivery meeting international standards. Frugal innovations and quick fix solutions have been harnessed with limited resources resulting in good quality and affordable products adding to the comparative advantage of countries in the region.

India's success in the single-window custom clearance through SWIFT could be replicated in African countries.

AAGC initiatives will also enable Afro-Asian countries to industrialize and increase exports. For this, the Indian Ocean Rim Association (IORA) countries would be on the forefront.

AAGC initiatives will aim to integrate existing programmes of partner countries. This will spur activities/projects to augment production for exports. India has already made efforts through various initiatives to develop capabilities in other countries in Asia and Africa in the past. Although many of them are not fully developed due to paucity of resources, we can re-energize such projects/initiatives through AAGC funding that could lead to promotion of imports and exports.

India must evolve appropriate strategy to meet import and export requirements of partner countries in the medium term.

The low level of private investment in Africa is withholding high growth. Owing to risky projects on long gestation projects, there has been lukewarm response from investors. This calls for a long-term investment plan to be sustained by the state because at present, there is limited state funding to activate investment in the region.

Private investors may be attracted by using limited state funding using the European Investment Fund (EIF) Model. The EIF consists of subsidizing investment, loss protection, capital relief, reduced interest rate, low collateral requirements, lease and guarantee.

Thus, the AAGC is designed to be responsive to the needs of equitable and sustainable growth. Its development programmes and projects are based on equal partnership, mutual trust and cooperation.

AAGC aims for an open, inclusive, sustainable and innovative growth of the entire Asia Africa region, in cooperation with the international community.

Working closely with the international community, the Asia Africa Growth Corridor will be instrumental in realizing a free and open Indo-Pacific region, factoring in India's 'Act East' Policy and Japan's Expanded Partnership for Quality Infrastructure'.

As a unique process, AAGC takes a multi-stakeholder as well as participatory approach towards development. Various entities like the government, business and the academia will contribute to the AAGC, which is both a growth multiplier and trust multiplier programme for the next few decades of Asia Africa relations.

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