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# AAGC: Towards India-Japan Development Cooperation in Africa

Ruchita Beri

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# **AAGC: Towards India-Japan Development Cooperation in Africa**

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## **Key Recommendations**

- Key areas of cooperation for India and Japan under AAGC are education, human resource development and skill enhancement, agriculture, infrastructure, information technology and healthcare.
- India-Africa Forum Summit (IAFS) and TICAD would be important platforms of India and Japan for promoting development cooperation in Africa.
- A consultative and participatory approach may be followed for choosing the development projects under AAGC with proper involvement of African countries.
- India and Japan may initiate a periodic dialogue with the Regional Economic Communities (RECs) in Africa whilst also establishing a network of think-tanks from Asia and Africa in order to properly understand the African people and their developmental priorities.
- The two countries should also target realistic, small and easily achievable development projects in Africa.
- India must combine its experience in trading and implementing projects with Japan's expertise in finance and in delivering quality infrastructure in achieving the AAGC agenda in African Countries.

# AAGC: Towards India-Japan Development Cooperation in Africa

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Ruchita Beri\*

**Abstract:** India's development partnership in Africa has acquired new momentum in the recent years. Historically, India has developed close partnership with African counterparts through its bilateral, regional and multilateral initiatives. Japan, on the other hand, has been engaged in various assistance projects in Africa as part of its Official Development Assistance including the Tokyo International Conference on African Development. Both India and Japan's development cooperation with Africa is in line with the Agenda 2063 which aims to accelerate Africa's economic growth. Some of those key areas of cooperation that Japan and India currently focus in the framework of AAGC are education, human resource development and skills enhancement, agriculture, infrastructure, information technology and health. This reflects that there are many parallels between India and Japan's approach towards establishing strong connection with the African countries. Capitalizing on the existing synergy both the countries should jointly follow a demand-driven approach in choosing the development projects, developing networks among think tanks from Asia and Africa, and focus on developing human resource and capacity building.

**Keywords:** AAGC, development cooperation, education, health, capacity building

## Introduction

The Asia Africa Growth Corridor (AAGC) was borne out of the broad vision of promoting development partnership between Asia and Africa as envisaged in the Joint Statement issued by the Prime Minister of India Mr. Narendra Modi and the Prime Minister of Japan Mr. Shinzo Abe in November 2016. AAGC aims to encapsulate the vision of people-centric growth and development envisaged by the two prime ministers. Africa has been in the limelight in the recent years. A latest survey by the Economist suggests that 9 of the 20 fastest

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growing economies across the world in 2017 are expected to be from Africa.<sup>1</sup> While Africa offers huge opportunities, several challenges still linger. Over the years, India has evolved close development partnership with African countries with the idea of accelerating mutual growth. It engages with the African countries at three levels—bilateral, regional and multilateral. The multilateral engagement was launched in the first India-Africa Forum Summit (IAFS) in 2008. The third IAFS hosted in 2015 by the Indian government has set the agenda that would help empower Africans and bring Africa and India closer in future. The Asia- Africa Growth Corridor highlights the growing importance of Africa in India’s foreign policy and also signals India’s willingness to partner with like-minded countries, such as Japan, in this region.

### **India: Cooperation Scope and Priorities**

India’s development cooperation approach with Africa is based on certain core principles. It is consultative; driven by demands of the African countries and is free of conditions. Prime Minister Narendra Modi has accorded Africa top priority in India’s foreign and economic policy. At present, 59 per cent of India’s Lines of Credit (LoC) are directed towards Africa. India’s partnership is an amalgam of African development priorities keeping with the African Union’s long-term plan, the Agenda 2063, and India’s development objectives. The Agenda 2063 was launched by the African countries at the 50th anniversary celebrations of the setting- up of Organisation of African Unity (now dubbed as the African Union) in 2013. The Agenda spells out the aspirations of the African people for transforming the continent. The foremost aspiration is inclusive growth and sustainable development and its proposed development priorities are eradication of poverty, modernising infrastructure, agriculture and enhancing education capacities and skills of African people.<sup>2</sup> Another plan developed by the African Development Bank identifies “High 5s”, for accelerating Africa’s economic transformation. They are light up Africa; feed Africa; industrialise Africa, integrate Africa and improve the quality of life for the people of Africa.<sup>3</sup>

India supports these African initiatives and uses three instruments to expand its development cooperation with the African countries. First, India extends lines of credit through India's Export Import (EXIM) Bank. Over the years, India has extended lines of credit to 44 countries in Africa for a total of nearly \$8 billion.<sup>4</sup> *During the Third India-Africa Forum Summit, India offered lines of credit worth \$10 billion to African countries for development projects over the next five years.*<sup>5</sup> Second, its grants to African countries are in diverse areas. For example, during the first IAFS, India announced a \$500 million grant over the next five to six years for projects in critical areas.<sup>6</sup> While at the third IAFS, India committed for additional grant of \$600 million.<sup>7</sup> Third, under the India Technical and Economic Cooperation Programme (ITEC), India has made all efforts to address gaps in technical education in Africa. Several scholarships have been offered to officials from African countries. Similarly over the years, large numbers of African youth have availed scholarships offered by Indian government. In 2015, India announced 50,000 scholarships for African students over the next five years.<sup>8</sup> It is worth noting that the African priorities, as proposed by the African Development Bank and Agenda 2063, are indeed reflected in the key areas of cooperation between India and Africa.

**Education and Skills Enhancement:** The Agenda 2063 recognizes that the future of Africa rests on the knowledge and skills of the African youth. Therefore, technical education and skills enhancement is an emerging priority for African countries. It is important to note that since 2007, under the ITEC programme, India has trained over 33,000 officials from African countries in 60 institutions spread across the country.<sup>9</sup> They have been trained in finance, banking, IT, telecommunications, management, SME/rural development, environment and renewable energy, forensic science, hydrography, marine engineering, parliamentary affairs, cyber-security, defence, disaster management and agriculture. The Indian Council of Cultural Relations (ICCR) offers many scholarships to African students for higher education in leading Indian universities.

In a bid to enhance African scholarship in the field of science and technology, and to provide avenues for collaboration in research and development, India has offered CV Raman Fellowships to African youth. Besides training the youth, India has also empowered rural women, dubbed as “solar mamas”, by training them for using solar power for electrification.

Apart from offering scholarships for African students while studying in Indian institutions of higher learning, India imparts knowledge through distance education to students based in Africa. Conceived by the late President APJ Abdul Kalam, in 2004, the Pan Africa E-Network uses India’s strength in the ICT sector to provide higher education to students living in Africa. This project has received a positive response, and since its launch in 2009, 19,000 African students have registered for tele-education from five universities in India.<sup>10</sup> During the last decade, India has also launched an initiative supporting development of institutions in Africa to enhance skills of African youth. Under this, vocational training centres have been established in Ethiopia and Burundi. Several others, such as the India Africa Institute of Foreign Trade in Uganda, India Africa Institute for IT Training in Ghana, India Africa Diamond Institute in Botswana and India Africa Institute for Educational Planning and administration, are in the process of being set up.

**Agriculture:** In recent years, many African countries have placed agriculture on the top of their development agendas. A large number of countries have adopted African Union’s Comprehensive African Agricultural Development Programme (CAADP) for raising productivity and transformation of agricultural sector. While Ethiopia and Rwanda have progressed, many others still have miles to go. Cooperation in the field of agriculture is one of the key areas of partnership between Africa and India; for example, India launched the Cotton Technical Assistance Programme under the auspices of the IAFS 2. It has been providing support for cotton development



in the Cotton 4 group of countries (Mali, Burkina Faso, Benin and Chad) and others, such as Nigeria, Malawi and Uganda. Similarly, India has provided \$123 million to Ethiopia for the development of Wonji Shoa sugar plant project.<sup>11</sup> It has extended lines of credit for developing agro-processing plants in Ghana and Mali.

**Infrastructure:** Inadequate transportation and power generation networks in the African countries are the main problems. The African Union's Programme for Infrastructure Development in Africa (PIDA) is step towards addressing visible infrastructure deficit in the continent. To support African initiative, India has extended LOCs in power generation, transportation, rural electrification and renewable energy.<sup>12</sup> India has also addressed the infrastructure development gap by joining hands with African Development Bank to create the Kukuza Project Development Company (KPDC).<sup>13</sup> The KPDC was launched in 2015 and is a joint venture between India's EXIM Bank, Infrastructure Leasing & Financial Services Ltd Group (IL&FS), the State Bank of India (SBI) and the African Development Bank (ADB). This company would be involved in developing financial, technical and contractual provisions for the projects.

**Information Technology:** While the numbers of internet users in the African continent have risen over years, only 9 per cent of Africans have access to internet as compared to 50 per cent in Asia.<sup>14</sup> India has given assistance to set up the Kofi Annan Information Technology Centre in Accra, Ghana. In recent years, India has provided LoC to Swaziland, Cote d'Ivoire, Senegal, Democratic Republic of Congo and Mozambique for developing technology parks.

**Health:** Millions of people in the continent die of from curable diseases, owing to inadequate health infrastructure in the region and insufficient health professionals and medical supplies. India is involved in providing affordable medicines and training medical professionals, and thus collaborating for strengthening universal

access to primary healthcare and in advocacy of global health governance in the continent. Through the Pan Africa E Network, India has connected its 12 super speciality hospitals with hospitals/patient end locations in 48 countries in Africa.<sup>15</sup>

### **Japan: Cooperation Scope and Priorities**

In 2015-16, the value of Japan total trade with African countries was \$24 billion compared to \$ 56.5 billion of India.<sup>16</sup> The most important Japanese initiative in Africa is the Tokyo International Conference on African Development (TICAD), which was set up the government of Japan in 1993 to promote development and security of Africa through multilateral cooperation. Compared to India, Japan is a leading international donor. It had joined the Organisation of Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC) in the 1960s. However, Japan's development cooperation practices differ from others in the DAC. The values such as, "non- interference, self-help, request based assistance that is mutually beneficial" are quite similar to ones projected by India.<sup>17</sup> In terms of geographic distribution, Africa falls after Asia in terms of Japanese Official Development Assistance (ODA).<sup>18</sup> Japan's development assistance programme is characterised by the concept of private sector driven economic development supported by human capital and infrastructure development.

During the last TICAD, Japan identified agriculture, education, infrastructure and health for development cooperation with African countries.

**Agriculture:** Japan has been involved in promoting higher yields in agriculture, particularly in rice cultivation on the continent. In 2008, Japan launched the Coalition for African Rice Development (CARD) to double rice production.<sup>19</sup> Uganda, Ethiopia, Sudan, and Gambia are some of the countries involved in this project. Japan was also involved in many agricultural projects for agricultural technology development, rural infrastructure etc in Kenya and other African countries.

**Education/Human Resource Development:** Japan has been involved in projects for improving primary school education such as the “School for All” in West African countries.<sup>20</sup> It also promoted science and math education on the continent, construction of primary schools and had also provided support to institutions of higher education. Similarly it has been involved in management training in Ethiopia, for improvement of quality and productivity at workplace. It also launched the “Abe Initiative” to support business education of 1000 African students in Japanese universities.

**Infrastructure:** Japan has been involved in developing “quality infrastructure”. Besides construction, other aspects are planning, management and maintenance. It helped in development of infrastructure related to power generation and transportation such as roads, ports and bridges. As in Asia, Japan is also involved in corridor development in Africa including the Nacala Corridor in Mozambique, the Northern Corridor linking Mombasa in Kenya and Kampala in Uganda, the West Africa Growth Ring connecting Burkina Faso, Togo and the Cote d’Ivoire.<sup>21</sup>

**Health:** Japan has also facilitated in strengthening health institutions in Africa. At the sixth TICAD summit in Nairobi, Japan launched a Universal Health Coverage Initiative in Africa with the support from World Health Organisation and the World Bank.

### **Asia Africa Growth Corridor**

Thus both India and Japan have been forging strong development cooperation connections with African countries. As is evident, there is a convergence in the development cooperation approach of both the countries in Africa, and they offer possibility of triangular cooperation. Japan is not a stranger to India. It has been a valuable development partner for several years, and has been involved in the development of industrial corridors in India and has invested in automobile, telecommunications, pharmaceutical, electrical equipment development in the country.<sup>22</sup>

During the Africa Development Bank meeting, India unveiled the Asia Africa Growth Corridor (AAGC) Vision Document. The main objective of this Corridor is to enhance growth and connectivity between Asia and Africa. In the recent years, this corridor reflects growing strategic convergence between India and Japan. In 2015, the two countries alluded to “the synergy between India’s ‘Act East’ policy and Japan’s ‘Partnership for Quality Infrastructure’”. The AAGC also marries Tokyo’s free and Open Indo- Pacific strategy with New Delhi’s focus on the Indian Ocean region and Africa.

The corridor draws on Indian and Japanese strengths to focus on four areas—Development Cooperation Projects, Quality Infrastructure and Institutional Connectivity, Enhancing Skills and People-to-People partnership. Agriculture, health, infrastructure and human resource development are key areas of the development cooperation. There are immense opportunities for India and Japan to work together with African countries for promoting mutual growth and sustainable development.

### **Specific Projects and Recommendations**

Africa is a vital region and offers limitless opportunities. It is well known that Indian partnership with African countries is grounded on the model of regular consultation; the Asia Africa Growth Corridor should be governed by the same principles. The Indian government should also ensure that the projects in the AAGC are demand-driven, and in sync with African priorities. To promote a greater understanding of African perspective on the AAGC and to take forward spirit of consultation, India may consider developing a network of Think-Tanks from Asia and Africa. India has the advantage of historical contacts with African countries. More than two million people of Indian origin have been living in Africa for the last century and a half. They may prove to be an important resource bank for furthering Asia-Africa cooperation. It is proposed that during the next *Pravasi*

*Bharitya* convention, India may initiate discussion on the crucial issue of the AAGC. The primary focus of India – Africa cooperation has been towards enhancing human resource development and capacity building in African countries. The AAGC may build on this approach. India and Japan may consult with many of the Regional Economic Communities (RECs) in Africa to identify unique development priorities in each region. A periodic dialogue may be initiated with the RECs. Japanese strengths in finance, delivering quality infrastructure with India's long history of experience of trading and implementing projects in Africa should be combined through the AAGC. The two countries may work with African partners for identifying projects that are small and easily achievable. They need to be realistic while developing roadmap for implementation.

India may utilise five models of cooperation under the AAGC. First, where Japan would provide additional funds for the existing successful Indian project such as the Pan- Africa E-Network project in tele-education. Second, where Japan funds for Indo- African financial venture, such as the Kukuza Project Development Company. This company would facilitate early stage design and preparation of African infrastructure projects. Third, where India and Japan together fund a project in Africa, and Indian and Japanese companies are jointly involved in executing the project in the region. For example, both Japanese and Indian companies have been involved in implementing hydro power projects in East Africa. Here Japanese companies may provide the equipment and Indian companies may implement the project. Fourth, Indo-Japanese joint ventures in the automobile or electronics sector may set up an assembling facility in African continent with a local partner. Here African skilled workers may complete/assemble, semi- finished products exported by these companies based in India. Fifth, where a Japanese company based in India, exports products or implements projects in African countries.<sup>23</sup> It is hoped that the Asia Africa Growth corridor would lead to forging new connections among India, Japan and African countries.

## The Way Forward

Despite notable progress on many fronts, the countries in Asia and Africa continue to face a number of common economic and social challenges especially in the fields of education, health, skill development, capacity building, and so on. National efforts are underway to achieve the targets of many development indicators. In addition, global and regional cooperation frameworks would be vital to address the common development challenges of achieving high growth, job creation, financial and social inclusion, among others. The existing Indian and Japanese initiatives such as the India-Africa Forum Summit and TICAD would remain crucial for future of the bilateral cooperation between India and Africa and India and Japan. Under AAGC, the scope of development cooperation would be much wider and the nature of cooperation would be comprehensive, demand-driven and people-centric. The participating countries from both the regions can embark upon a roadmap for identification, formulation and implementation of suitable development projects in due course.

## Endnotes

- <sup>1</sup> See The Economist Corporate Network (2017).
- <sup>2</sup> See African Union Commission (2015).
- <sup>3</sup> See African Development Bank (2015).
- <sup>4</sup> See Modi, Narendra Modi, Speech delivered at the Official Opening Ceremony of the African Development Bank Group Annual Meetings in Ahmedabad, India, May 23, 2017.
- <sup>5</sup> *ibid.*
- <sup>6</sup> Modi, Narendra. Opening Statement at the India-Africa Forum Summit.
- <sup>7</sup> Modi, Narendra. Speech at the Inaugural Ceremony of the Third India-Africa Forum Summit in New Delhi, October 29, 2015.
- <sup>8</sup> *ibid.*
- <sup>9</sup> Modi, Narendra. Prime Minister of India, n.4.
- <sup>10</sup> “Success Stories: Pan Africa E Network Project” at <http://www.tcil-india>.

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11 See Export Import Bank of India (2017).

12 *ibid*

13 See Srivats (2015).

14 “World internet usage and population statistics”, March 31, 2017 at <http://www.internetworldstats.com/stats.htm>.

15 “Success Stories“n.10.

16 “Japan pledge to invest 30 million in Africa” at <http://www.aljazeera.com/news/2016/08/japan-pledges-invest-30bn-africa-160827175912890.html>. See Also, Ministry of Commerce and Industry, Government of India, *Export Import Data Bank* at <http://commerce.nic.in/eidb/default.asp>.

17 See Menocal et al. (2011).

18 See Kato (2017).

19 See Da Silva (2017).

20 See Kato (2017).

21 See JICA.

22 See Ebashi (2006).

23 For example, Toshiba Transmission & Distribution Systems (India) Pvt. Ltd. Formed In 2014, after the Japanese company, Toshiba Corporation acquired the power transmission and distribution business of an Indian company, Vijay Electricals. Vijay Electricals has been exporting transformers to African countries for several years.

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