

## India's Development Cooperation with Africa: The Role of Private Sector

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The role of the private sector in achieving global goals, especially in the last few years has become one of the most prominent themes in the sustainable development framework. In the Busan Partnership for Effective Development Cooperation 2011; the Rio+20 Conference on Sustainable Development in 2012, and during the recent United Nations discussions on a new global framework post-2015, governments recognized the

conditionality ("no strings") and puts emphasis on the importance of sovereignty.

In this decade, the Indian grants to Africa increased from less than US\$2 million (2002-03) to more than US\$40 million (2013-14). Further, Africa's share in the total grants and loans going out of India increased from 0.5% to 4.5%. Moreover, about a third of Indian grants to Africa were allocated to education initiatives. Sectors that are prioritised by grants in the last few years include information technology, multi-sector projects and health accounting for 16%, 14% and 13% respectively, of the total grants to Africa. In addition, Indian companies have become the largest source of FDI to Africa among developing countries. For instance, capital investments from India to Africa have steadily grown to US\$ 54.5 billion between 2003 and 2014 with 363 projects. This in particular strengthens the argument that private sector in India and Africa together can play an important role in building economic ties for mutual benefits by opening markets.

The role of the private sector in India's development cooperation with African partner countries was recently discussed during a conference held in the premises of CII, supported by the Knowledge Partnership Programme (KPP), funded by the Government of UK's, Department for International Development (DFID). KPP is implemented by IPE Global an international development consultancy group who engaged with Mr. Shishir Priyadarshi for the above mentioned study which recommended various policy measures to increase private participation in India's development cooperation with Africa. Some specific recommendations of the study are –(i) institutionalizing development cooperation with Africa by putting in place a mechanism largely by focusing areas of

central role that the private sector has been playing and needs to play in economic development and poverty reduction in the Developing Countries of Africa, South America and Asia. The private sector can be either the target of development cooperation or a partner in providing it, or both.

The foremost task under the SDGs is to foster partnerships between governments, private sector and civil society across nations, as also spelt out in the

engagement and cooperation beyond the 'LOC framework', (ii) improving infrastructure and business climate, cooperation in trade facilitation and (iii) strengthening South-South cooperation as key to India's development cooperation efforts with Africa.

India's development cooperation thus far with Africa is based on the principle of win-win relationships that help all partners involved in their development. Late last year the Government of India amended India's Duty Free Tariff Preference (DFTP) scheme (August 2014) to expand its scope to include further the products that are imported from Africa and other Low Income Countries (LICs) of Asia. The study findings regarding the DFTP conducted by ICTSD, again supported by KPP informed key stakeholders in the India Africa Conclave (March 2014).

Other than the opening up of tariff lines to boost trade between the two (India and Africa) the private sector is becoming increasingly involved in development projects in Africa, since China launched the 'Go Out' strategy in 2000 to encourage its firms to invest overseas. At the institutional level, this growing importance has been manifested in the establishment of business conclaves and political summits. The annual private sector led India-Africa Conclave, first organised in 2005, represents the prime example of the interconnectedness between business interests and development cooperation.

There are number of opportunities for Indian private corporate sector in Africa, primarily in agriculture and food security, healthcare and life sciences, infrastructure, energy and energy security, mining and SME development. Apart from these as priority areas for future

17th Goal, promoting international cooperation through developmental assistance. In this context, India's development assistance over the past years has been mainly in two categories: Grants and Lines of Credit (LOC). Several Trade experts view India's development cooperation as a demand driven process reflecting its voluntary nature rather than a top down approach of a South-South assistance provider. At the same time, in contrast to traditional donors, India's assistance does not impose policy Indian-African partnerships, capacity building in policy reforms and governance, project designing and its implementation, monitoring and evaluation of large social programmes are some of the areas where consulting groups like IPE Global Limited are actively working with local firms and donors in Africa and providing innovative solutions. IPE Global is currently providing advisory on Private Sector Development in Solid waste in Somaliland which includes a robust plan to build capacities of local Solid Waste Contractors and Operators from its experiences of implementing similar projects in India. The team under the projects at Hargeisa, Somaliland is currently providing technical assistance to the private industry and local government authorities in preparation of a sustainable model for the entire solid waste management sector.

While, the road map ahead requires key policy considerations for India's effective development cooperation with Africa, as a first step, the Indian Government may consider institutionalizing this cooperation wherein the private sector can provide its views and suggestions about the geographical and sectoral focus of development cooperation. The coming India-Africa Forum Summit 2015 to be held from 26th of October till the 29th of Oct'15, provides a huge opportunity for Governments on both the sides and their respective private sector players to define instruments of future engagements. The summit will see participation at the highest political level between the heads of government of 54 nations across Africa and the Indian government and give a new thrust to the existing partnership. ■

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