

India in Africa: a rapid rise in trade, but a partnership yet to be written

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Confidential

Executive summary

Historically a supporter of Africa's anti-colonial struggles and an active member of the Non-Aligned Movement, India has again been striving to develop its relations with the continent since the early 2000s. New Delhi is deploying its diplomatic, economic and soft power influence to secure access to mineral and energy resources, while developing markets for its industries, against a backdrop of geopolitical rivalry with China. In doing so, it is relying on its status as a member of the Commonwealth, as well as the Indian communities that have long been established on the continent, particularly in East Africa.

On the face of it, the results are there for all to see: trade between Africa and India exceeded \$100 billion for the first time in 2022, and India has become the continent's leading supplier of certain products, such as pharmaceuticals and two-wheelers.

However, a closer look at the figures shows that the drastic increase in trade is largely explained by circumstantial factors such as the rise in the price of crude oil, fuel and rice, linked to the war in Ukraine. Another factor, also related to the conflict, is India's role in the processing and re-export of Russian oil, which has been sanctioned in the West.

Similarly, most Indian investment in the continent has been concentrated on a handful of countries, particularly Mozambique, and has been mainly directed at the extraction of oil, coal and minerals. These commitments have largely been borne by private Indian groups, with no real continent-wide strategy emerging. As for the tens of billions of dollars of FDI directed towards Mauritius, the "gateway" to the continent, this has in reality long masked tax optimisation schemes for Indian capital.

Despite substantial efforts, India still lags far behind China in terms of financial aid to African countries, with around USD 11 billion lent via India EximBank, compared with over USD 125 billion disbursed by China. Similarly, New Delhi's efforts to become a central player in debt restructuring discussions have yet to bear fruit.

Finally, in terms of security cooperation, much remains to be done beyond the East coast of Africa, where India is already a major partner of certain countries, particularly Mauritius.

1. A diplomatic offensive to strengthen economic ties

India has had strong political ties with Africa since independence. In the name of South-South cooperation, the continent has long played a leading role in New Delhi's foreign policy, supporting anti-colonial movements while collaborating with the young African chancelleries within the **Non-Aligned Movement**. On the other hand, India's economic relations with the continent have taken off much more recently: after an initial rapprochement in the 1990s, they really took off in **2008 with the first India-Africa Summit in New Delhi**. This event seems to have sealed the beginning of India's diplomatic and economic influence, and the country has since stepped up its initiatives on the continent, against the backdrop of the growing presence of its rival China. Two more Summits were organised in 2011 (in Addis Ababa) and 2015 (in New Delhi), while **the number of Indian embassies in Africa rose from 29 in 2018 to 47 in 2023**¹. New Delhi is also very interested in the continent's raw materials and hydrocarbons, and its markets are also coveted by Indian companies.

Several high-level bilateral visits have been organised in recent years. Prime Minister Narendra Modi toured Africa in 2018, stopping off in Kampala to deliver a rousing speech to the Ugandan parliament, during which he **announced the outlines of his diplomatic and economic offensive in Africa**². Claiming to be the champion of the "global South", Modi advocated a political rapprochement with developing countries, while pointing the finger at their **high level of debt** and their **under-representation within international institutions**; two issues that the Indian Prime Minister has not failed to raise within the G20, taking advantage of the fact that New Delhi currently holds the presidency (see Chapter 5). India has also formally requested **that the African Union be granted full membership of the diplomatic group**³.

In Eastern and Southern Africa, an influential and well-integrated Indian diaspora

Estimated at nearly **3 million people**⁴ across the continent, the Indian diaspora is particularly well established in Eastern and Southern Africa: 1.5 million people in South Africa, more than 850,000 in Mauritius, but also 100,000 in Kenya and as many in Tanzania, 90,000 in Uganda⁵... Trade relations between the Indian subcontinent and the Swahili coast, the first traces of which date back to the 7th century⁶, intensified from the 15th century thanks, in particular, to the driving role played by merchants from Gujarat and Sindh (in present-day Pakistan). Later, British colonisation increased Indian emigration to East and Southern Africa to work for the colonial administration or trading companies, or to escape episodes of famine or violence in India. These populations had a profound influence on their host societies, and gave rise to **important political and business elites**. Business leaders of Indian descent such as **Mohammed Dewji** (MeTL Group, Tanzania), **Vimal Shah** (Bidco Oils Refineries, Kenya), **Sudhir Ruparelia** (head of the eponymous holding company in Uganda) and **Naushad Merali** (Sameer Group, Kenya) have all appeared on Forbes' list of the wealthiest Africans. And while these large families have often been established in Africa for several generations, **their link with India remains strong**. They have played a driving role in the establishment of major Indian conglomerates: MeTL is associated with **Bajaj** for the assembly of motorbikes in Tanzania, Naushad Merali (deceased in 2021) played a key role in the establishment of the telecoms operator **Bharti Airtel** in Kenya... Thousands of less famous, but equally important entrepreneurs, are active in the main sectors of the economy, acting as effective promoters of "Made In India" products but also encouraging exports to India, particularly of agricultural products. Others, such as Kenyan billionaire **Narendra Raval**, have no hesitation in emphasising their proximity to Narendra Modi⁷.

In the mid-1990s, New Delhi began a major rapprochement with its communities abroad, which intensified after the Hindu nationalist BJP party, from which Modi hails, came to power. Initially aimed at Indians in the

¹ Source: Africa Intelligence, *Indian Prime Minister Narendra Modi's missi dominici on the continent*, May 2023

² Source: Indian Ministry of External Affairs, *Prime Minister's address at Parliament of Uganda during his State Visit to Uganda*, July 2018

³ Source: Reuters, *India's Modi seeks African Union's full membership in G20*, June 2023

⁴ Source: Policy Center for the New South, *The Indian Diaspora in Africa: An instrument of New Delhi's Soft Power in the Continent*, October 2021

⁵ Source: Institute for International and Security Affairs, Christian Wagner, *India's Africa Policy*, Christian Wagner, July 2019

⁶ Source: Jason D. Hawkes and Stephanie Wynne-Jones, *India in Africa: trade goods and connections at the end of the first millennium*, *Afriques*, 2015

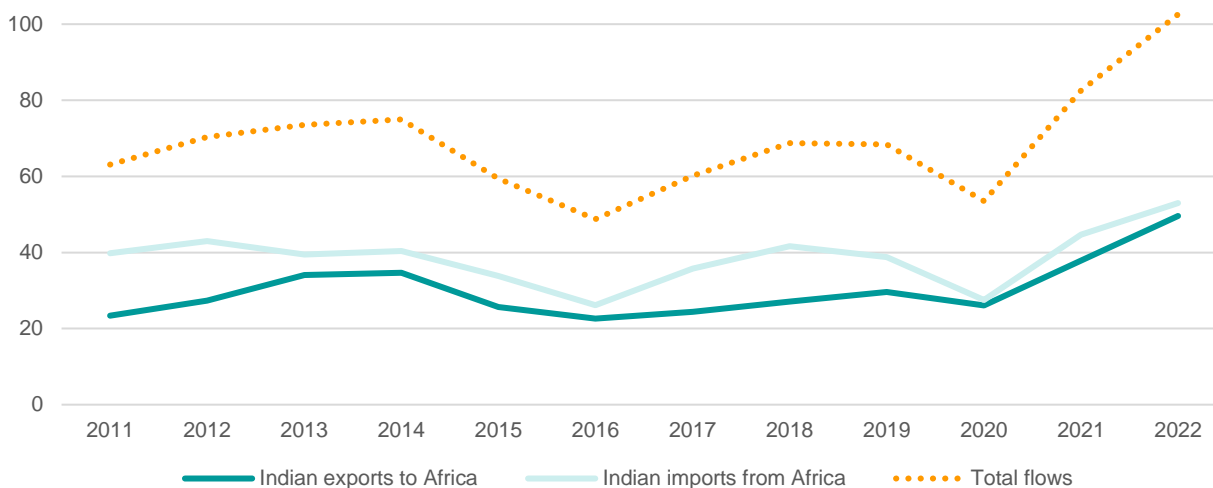
⁷ Source: The Standars, *Kenyan billionaire with close ties to Indian PM Narendra Modi*, November 2016

United States and Europe, this initiative was quickly extended to Africa. With dual nationality still prohibited, **in 2006 the authorities created a specific status, the Overseas Citizenship of India (OCI)**, a form of limited citizenship reserved for people who can prove Indian descent (and their spouses). Narendra Modi has also taken advantage of his state visits to East Africa to meet communities of Indian origin: in Tanzania and Kenya in 2016, in South Africa and Uganda in 2018, and so on.

2. Trade: a historic rise, but a false dawn

Trade between India and Africa exceeded **USD 100 billion in value for the first time in 2022**, almost equally divided between the country's imports (USD 52.9 billion) and its exports (USD 49.5 billion). This rapid increase rate - up 24% year-on-year - is unprecedented for at least a decade, but is largely explained by a series of circumstantial factors.

Figure 1: Trade flows between India and Africa (USD billion, 2011-2022)



Source : TradeMap

1.1. Oil imports rise in value but fall in volume

The main factor behind the rapid increase in Indian imports from Africa is **the rise in the cost of crude petroleum**, linked in particular to the post-Covid-19 recovery and the war in Ukraine. Crude oil remains by far the largest single item in India's imports from Africa. Although not back to the heights of 2010-2014, when a barrel of oil traded at more than \$100, Indian purchases of African crude oil totalled **\$17.6 billion in 2022, almost twice as much as in 2020**. However, volumes are falling: 23.8 million tonnes, compared with 26.1 million tonnes in 2020 and 30.7 million tonnes in 2021. This fall is set to accentuate in 2023: having failed to adopt Western sanctions against Moscow, India is importing record volumes of **Russian crude, which has largely replaced oil of African origin, which in February 2023 accounted for just 3.6% of India's crude imports**⁸.

1.2. Fuels: India, a new major player in the African market

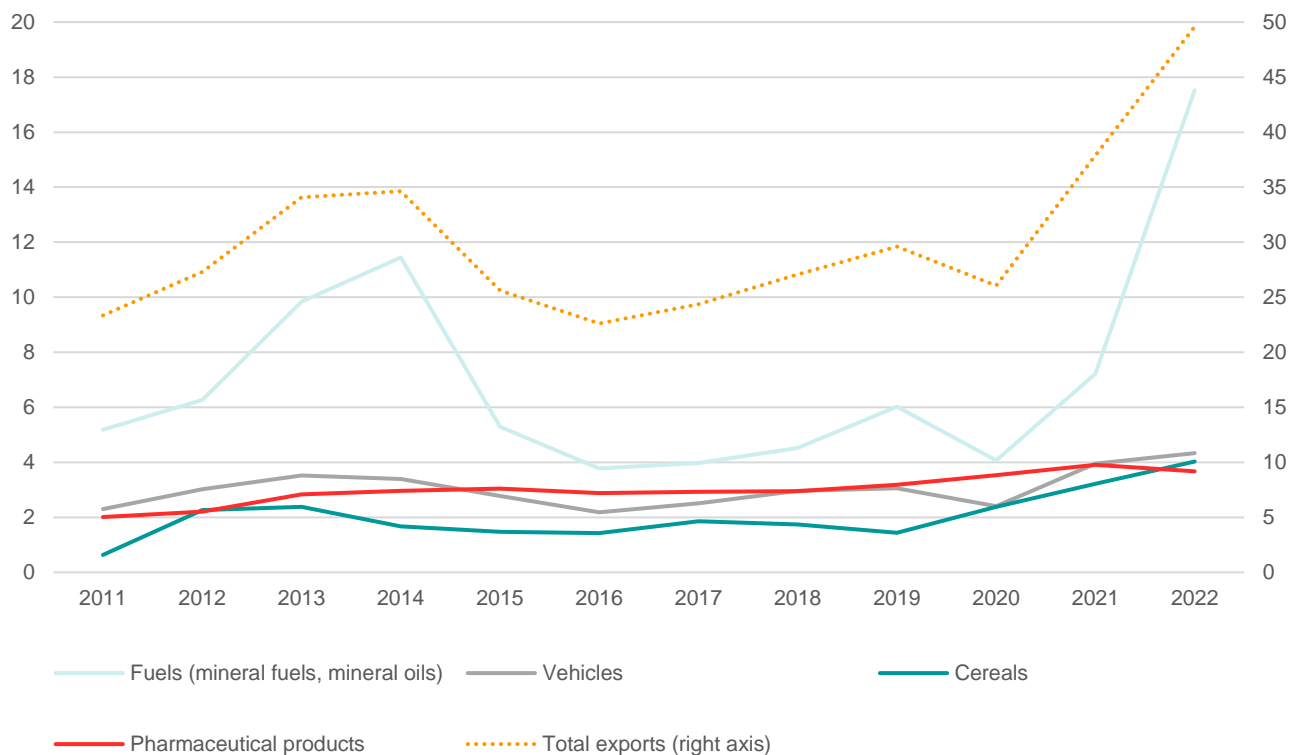
In the opposite direction, the **increase in exports of refined products from India to Africa has been even more sustained**, rising from USD 4 billion in 2020 to USD 17.4 billion in 2022. Here too, the growth is mainly cyclical, linked to energy trade: sales of refined products - mainly petrol and diesel - at USD 17.5 billion⁹, have

⁸ Source: The Economic Times, *Russia tightens grip on India's oil market in February; Africa's share lowest*, March 2023

⁹ Source : TradeMap

quadrupled compared with 2020, and more than doubled compared with 2021. India has become a major refiner of Russian oil, which is exported worldwide in the form of refined products¹⁰. This trend looks set to continue: between April 2022 and March 2023 - India's fiscal year - **exports of refined products to Africa reached USD 19 billion, compared with USD 8.62 billion the previous year**¹¹. Buyers that were sometimes anecdotal have become major importers of Indian refined products, including Egypt, Nigeria and Tanzania. However, there are major disparities between Indian statistics and those of certain importing countries.

Figure 2: Main products exported from India to Africa (left axis) as a proportion of total exports (right axis) (USD billion, 2011-2022)



Source : TradeMap

1.3. Towards a halt in rice exports

The rise in cereal prices has also made a significant contribution to the growth in Indian exports to Africa: this item accounted for **USD 4 billion in 2022** (+50% on 2020), almost exclusively **rice (USD 3.9 billion)**. This phenomenon is largely circumstantial, linked to the rise in rice prices from 2021 onwards. But the trend could be reversed soon: New Delhi's decision in mid-July to ban rice exports (excluding basmati) in order to secure its domestic market and limit food inflation, will have a lasting impact on its African partners, particularly Benin, Senegal, Côte d'Ivoire and Togo.

1.4. Pharmaceuticals, vehicles: "Made in India" consolidates its growth

1.4.1 Pharmaceuticals: undisputed leadership

With USD 3.7 billion worth of exports to Africa in 2022, **Indian pharmaceutical companies are the continent's leading suppliers**, well ahead of France, Belgium and Germany. This category has **grown steadily since 2012**, when it accounted for USD 2.21 billion. The Indian pharmaceutical industry's focus on

¹⁰ Source: The New York Times, *How India Profits From Its Neutrality in the Ukraine War*, June 2023

¹¹ Source: *Trade statistics of the Indian Ministry of Industry and Commerce*

producing high-performance, affordable generic medicines has enabled it to rapidly expand its sales in Africa. And its main players (Sun Pharma, Dr Reddy's, Cipla, Torrent Pharmaceuticals, Zydus, Alkem, etc.) have developed very dense distribution networks, and sometimes local manufacturing, on the continent, often from South Africa. **India's expertise in vaccines has also enabled it to gain a foothold in the African market.** In August 2022, the state-owned Serum Institute of India (SII), the world's leading vaccines manufacturer, unveiled a production agreement with South Africa's Aspen¹². And after a slow start¹³, it has established itself as one of the **leading suppliers of Covid-19 vaccines** on the continent, distributing more than 1.5 billion doses in over 40 countries. Bharat Biotech is expected to participate in the manufacture and distribution in Africa of the **first malaria vaccine**, RTS,S/AS01, developed by GlaxoSmithKline, 18 million doses of which will be inoculated in 9 West and Central African countries over the next two years. For its part, the IIC hopes to manufacture another malaria vaccine, R21, developed by Oxford University and awaiting pre-approval by the World Health Organisation.¹⁴

1.4.2 Vehicles and two-wheelers: will India soon be China's rival?

More discreetly, India has also established itself as Africa's second-largest supplier of vehicles since 2021, ahead of Japan, Germany, the United States and France, but still far behind China: its sales reached USD 4.6 billion in 2022, compared with USD 8.75 billion for its Asian rival. From **Mahindra to Tata, the major Indian carmakers have carved out solid markets for themselves, particularly in South Africa. But it is the African two-wheeler market that has proved the most buoyant for India in recent years: its exports there tripled between 2017 and 2021, reaching USD 1 billion**, or almost a third of the total market. In several markets, motorbikes and scooters from **Bajaj, TVS, Hero** and other Indian manufacturers have surpassed those of their Chinese rivals in popularity, and have been widely adopted by local consumers, particularly motorbike taxi drivers. Indian manufacturers have stepped up the number of assembly plants they have set up, particularly in the Commonwealth countries of Kenya, Tanzania, Uganda and Nigeria. And these historic players could soon be joined by electric two-wheeler specialists such as **Kridn, One Electric** and **Spiro** (based in Cotonou but with its roots in India), who are targeting the African market. However, they will face stiff competition from China in this nascent market.

3. Investments: a dual geographical and sectoral focus

3.1. Putting the rise in investment into perspective

As with trade, India has stepped up its investment in Africa over the last few decades. According to Piyush Goyal, India's Minister of Commerce and Industry, New Delhi is now the **fifth-largest investor on the continent**¹⁵. From April 1996 to March 2022, total Indian investment in Africa is estimated at **USD 73.9 billion**¹⁶. By 2021, this had risen to **USD 3.77 billion**, or nearly **15.6%** of all Indian FDI¹⁷. Although exponential since the 1990s, the trend has not been linear, with two peaks in **2010** (USD 11.5 billion) and **2014** (USD 8.3 billion).

Figure 3: Evolution of Indian FDI in Africa (USD billion) (2010-2021)

¹² Source: Reuters, *S.Africa's Aspen, India's Serum Institute sign vaccines deal for Africa*, August 2022

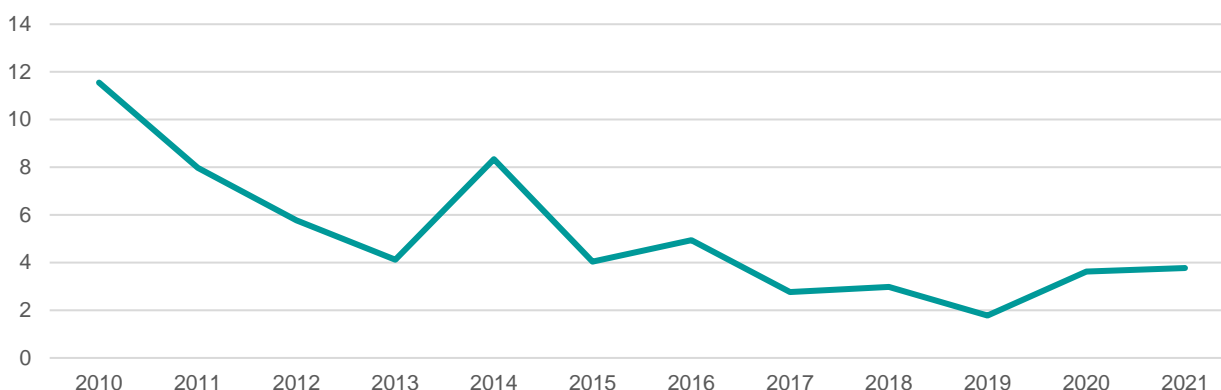
¹³ Source: Al Jazeera, *India's Serum Institute lets Africa Down on vaccines: Africa CDC*, December 2021

¹⁴ Source: The Guardian, *'Safe and effective': first malaria vaccine to be rolled out in 12 African countries*, July 2023

¹⁵ Source: Outlook India, *India-Africa Trade Needs To Realise Its Full Potential, Says Union Minister Piyush Goyal*, June 2023

¹⁶ Source: EximBank of India, *Building a Resilient Africa: Enhanced Role of India*, March 2022

¹⁷ Source : TradeMap



Source : Trademap

The increase in 2014 was due to the acquisition of a stake in a gas field in northern Mozambique by Indian companies **OVL** and **OIL** (see below), worth USD 2.5 billion - or 31.7% of FDI in Africa that year.

But the measurement of Indian FDI to Africa is largely distorted by the specific case of Mauritius, which has received the vast majority of it, essentially for tax reasons (see box). **Excluding Mauritius, the total amount of Indian FDI to Africa therefore appears much lower:** USD 2.39 billion in 2021 (instead of USD 3.77 billion), USD 0.2 billion in 2018 (instead of USD 2.97 billion), or USD 0.23 billion in 2016 (instead of USD 4.94 billion).

Mauritius, an offshore centre that skews the statistics

Mauritius is **India's leading FDI destination in Africa**, accounting for 87% of its investment in the continent between 2010 and 2021; during this period, flows from New Delhi to Port Louis totalled USD 54 billion. The island also accounts for nearly 17% of Indian investment on a global scale. But at the same time, **Mauritius is also one of the leading sources of FDI to India** (23.9% of FDI between 2010 and 2021¹⁸), along with the United States and Singapore, and by far the **leading African investor on Indian soil**. Most foreign companies wishing to invest in India transit via Mauritius: **more than 90% of Mauritian FDI in India comes from third countries**¹⁹.

The reason why Mauritius, a small island with a population of just 1.3 million, is so ubiquitous in the flow of FDI to New Delhi is to be found in **the country's advantageous tax regime, with its low tax rate**. The **Double Taxation Avoidance Agreement (DTAA)**, signed between India and Mauritius in 1982, also provided for preferential tax benefits, such as **exemption from capital gains tax**. All these factors have reinforced the island's status as an investment platform in the eyes of New Delhi; a status that could be likened to that of a tax haven, and explains why certain FDI flows from India are immediately redirected there.

This reality needs to be qualified: **Mauritius also acts as a gateway for Indian FDI to other African countries**. A number of major Indian groups have set up subsidiaries or investment vehicles there for specific operations. It is through the island that steel giant JSW holds its interests in Mozambique, for instance, or that Jindal Steel has acquired mining blocks in Namibia. Although it is **impossible to assess these flows precisely, they are likely to be far greater than official statistics show**.

However, a certain decline in Indian FDI to Mauritius can be observed since 2016. It was in this year that **the amendment to the Indo-Mauritius double taxation agreement was introduced, with a gradual abolition of preferential tax benefits on capital gains** (partial from the 2017 tax year, the abolition was total from

¹⁸ Source : TradeMap

¹⁹ Source: Center for Budget and Governance Accountability, *Who has been investing in India through Mauritius?*, June 2018

2019)²⁰. This will discourage Indian investors from continuing to take advantage of this offshore financial centre, at least for their operations in India.

3.2 Mining and energy at the heart of India's strategy

Excluding Mauritius, **Indian FDI is mainly concentrated in East Africa** and, to a lesser extent, North Africa. Thus, while **Mozambique** (the leading destination for Indian FDI outside Mauritius), **South Africa** and **Zambia** are favoured destinations, Indian investors are also turning to **Egypt** and **Morocco**.

In addition to this **regional focus** on the East, the **sectoral focus** of Indian FDI should also be highlighted. Despite investments in information and communication technologies, infrastructure, the hotel industry and manufacturing (vehicles and pharmaceutical companies), most FDI is concentrated in the **mining (iron and bauxite) and energy (coal, oil and gas) sectors**.

Traditionally close to **Mozambique**, India strengthened its economic ties with Maputo following the discovery of abundant gas resources in Cabo Delgado province in 2010. As part of the **Mozambique LNG** mega-project operated by France's TotalEnergies, Indian groups hold a **30%** stake in Block 1 of the Rovuma gas field; **ONGC Videsh Ltd (OVL)** and **Oil India Ltd (OIL)** acquired a 20% stake in the project in 2014²¹, while **Bharat Petroleum (BPCL)** already held a 10% stake²². Despite the security uncertainties, BPCL also signed a contract in 2020 to supply **one million tonnes of LNG per year** (Mozambique LNG's total production capacity is 13 million tonnes per year), for a period of 15 years²³. Coal mining has not escaped the Indian offensive in the country: in 2014, the **Tata Steel** group and the **ICVL** (International Coal Ventures Private Limited) consortium acquired the Benga mine, previously owned by Australia's Rio Tinto²⁴. Mining giant **Jindal Steel & Power (JSPL)**, which already operates a mine in Chirodzi, has acquired the gigantic **Moatize coal mine** from Brazil's Vale²⁵ in 2021, as well as the highly strategic railway linking it to the port of Nacala, which also runs through Malawi. Other Indian firms are also active in this field, such as **Essar**, **Midwest Africa** and **Sunflag Group**. Some have had less success: established in Mozambique in 2009 through its subsidiary CIAL, **Coal India Ltd (CIL)** has not found any commercially viable reserves in the coal blocks it had been awarded²⁶. Finally, in the gemstones sector, **Gemrock** (a subsidiary of DiaColor International DMCC) operates a ruby mine in Cabo Delgado - a mine that was reportedly the target of a jihadist attack in autumn 2022²⁷.

In addition to Mozambique, **Jindal** has been present in **South Africa** since 2009 (Kiepersol coal mine) and in **Botswana** since 2022 (600 MW coal-fired power station project²⁸). The company also has ambitions to open an iron ore mine in Khomas, **Namibia**. **Vedanta**, which used to produce copper in **Zambia**, now operates zinc mines in **South Africa**. Before folding up or selling its assets, **Tata Steel** also operated mines in **South Africa**²⁹ and **Côte d'Ivoire**³⁰. Finally, **OVL** and **Gujarat State Petroleum Corporation (GSPC)** are present in **Egypt**³¹. Taking advantage of Cairo's strong production potential, Indian companies are also investing in the nascent green hydrogen market: **ReNew Power**, **ACME Group** and a consortium led by **Ocior Energy** recently signed memorandums of understanding to set up production plants in the country³².

Despite its focus on the East, **New Delhi is keeping a close eye on the economic potential of West Africa and is stepping up its investments there**. The ECOWAS states, long neglected by Indian companies despite being rich in energy and mining resources, are now attracting growing interest. Both **ArcelorMittal**³³ and

²⁰ Source: The Hindustan Times, *India, Mauritius to amend tax treaty*, May 2016

²¹ Source: Business Today, *OVL-OIL complete acquisition of Videocon stake in Mozambique gas field*, January 2024

²² Source: Africa Intelligence, *Tout-puissants au pays de Nyusi, les indiens ONGC, Bharat et Oil India snobés par le reste du continent*, October 2020

²³ Source: Agence Ecofin, *Bharat Petroleum signs 15-year supply contract with Mozambique LNG*, September 2020

²⁴ Source: Mining Technology, *India's ICVL plans to boost production at Benga mine in Mozambique*, July 2015

²⁵ Source: Africa Intelligence, *Charbon de Moatize : après le départ de Vale, Jindal lance dans la chasse aux coûts*, February 2023

²⁶ Source: The Economic Times, *Coal India Limited seeks alternative coal blocks from Mozambique government*, September 2016

²⁷ Source: Al-Arabiya, *Gemfields halts Mozambique operations after militant attack at nearby ruby mine*, October 2022

²⁸ Source: Business Recorder, *Botswana doubles planned capacity of power plant to be built by India's Jindal*, July 2023

²⁹ Source: The Economic Times, *Tata Steel to sell off stake in South Africa iron ore mine to Swiss firm*, October 2018

³⁰ Source: Jeune Afrique, *Côte d'Ivoire: Tata Steel packs up*, August 2015

³¹ Source: The Economic Times, *Egyptian President's Republic Day visit to reinforce age-old ties with India*, January 2023

³² Source: Africa Intelligence, *L'hydrogène vert et l'armement au menu de la visite d'al-Sissi en Inde*, January 2023

³³ Source: Africa Intelligence, *George Weah determined to break ArcelorMittal's rail monopoly*, July 2022

Vedanta³⁴ have iron ore mines in **Liberia**. Indian groups are also positioning themselves in Guinea: while **Ashapura Minechem is already exploiting several iron and bauxite deposits**³⁵, **Jindal seems keen to take advantage of the political changeover underway since 2021 to make headway in the country**. Interested in Conakry's mining resources and keen to get closer to Mamadi Doumbouya, the company headed by Naveen Jindal is said to have made an *Embraer* aircraft available to the Guinean president at the end of 2022³⁶.

4. EximBank, spearheading financial support for Africa

India's financial support to its African partners is almost entirely channelled through the Export-Import Bank of India (India EximBank). Since 2003, the institution has granted no fewer than 180 lines of credit (LOCs) to more than 40 African countries, **totalling more than USD 11 billion**³⁷, or more than a third of the total³⁸. These **concessional loans** have been committed to a wide range of projects - some or all of which have been carried out by Indian companies: construction of energy or water infrastructure, purchase of railway or bus equipment, industrial or agricultural projects, major social housing projects, etc. India EximBank has even approved USD 108 million in financing for the construction of the new parliamentary headquarters in Eswatini in 2021, although construction has not yet begun.

This diversity is also reflected geographically. While the three main beneficiary countries - Tanzania, Mauritius and Mozambique - are in India's historical sphere of influence, **EximBank is also heavily involved in countries where India has few direct interests**, such as Sudan, the DRC - where it has financed the construction of hydroelectric dams by Indian companies - and Ethiopia. Similarly, several West African countries have benefited from commitments worth several hundred million USD. Initially, EximBank's aim was to strengthen diplomatic relations with this region, which is rich in mining and energy resources. In 2004, India launched the "TEAM-9" initiative (Techno-Economic Approach for Africa-India Movement) with Burkina Faso, Côte d'Ivoire, Equatorial Guinea, Ghana, Chad, Guinea-Bissau, Mali and Senegal. But EximBank financing for these countries has largely dried up since 2019, with the **exception of Guinea, which is hosting several major investments by Indian mining companies** (see Chapter 3).

The effectiveness of these loans is open to debate: the committed projects appear to suffer from a lack of follow-up³⁹, and many of them have been progressively abandoned or delayed, such as the Katende dam in the DRC, which has been out of action since 2014 and which was the subject of a new USD 180 million credit line, granted last June to relaunch work⁴⁰.

In addition to LOCs, EximBank has deployed more commercial mechanisms, in particular Buyer's Credit, designed to cover export operations to the continent. According to its latest annual report (2021-2022), **these totalled USD 3.01 billion, the vast majority of which was earmarked for operations in Africa**: water projects in Cameroon and Uganda; installation of an LPG storage unit at the port of Beira in Mozambique; a railway line in Ghana; sales of vehicles and spare parts; and so on.

Other major Indian public banks, such as **Baroda** and the **State Bank of India**, also offer concessional or commercial financing to Indian companies operating abroad⁴¹. But the amounts of their commitments in Africa are unknown and would remain much lower than those of EximBank. Baroda does, however, have a solid commercial network on the continent, with offices in Uganda, Kenya, Botswana, Tanzania, South Africa, Mauritius and the Seychelles.

³⁴ Source: Business Standard, *Vedanta starts iron ore mining in Liberia via subsidiary*, June 2022

³⁵ Source: Africa Intelligence, *Les groupes indiens avancent dans la bauxite*, July 2022

³⁶ Source: Africa Intelligence, *Who's behind Doumbouya's new presidential jet*, January 2023

³⁷ Source: EximBank of India, *Government of India - Lines of Credit Statistics*

³⁸ Source: Indian Ministry of External Affairs, *Lines of Credit for Development Projects*

³⁹ Source: India UK Development Partnership Forum, *Unpacking India's Global Development Financing: Lines of Credit and Beyond*, September 2021

⁴⁰ Source: Agence d'information d'Afrique centrale, *Infrastructures: la construction de la centrale hydroélectrique de Katende entravée*, May 2024

⁴¹ Source: African Arguments, *India in Africa: The Changing Face of South-South Cooperation*, November 2022

EximBank also acts as a "facilitator" for commercial and industrial efforts in Africa. **Every year, it organises the Africa Conclave** in partnership with the Confederation of Indian Industry (CII), an important venue for African officials and Indian business leaders alike. Since 2013, another annual meeting has brought together EximBank, the **African Development Bank (AfDB)** and representatives of major Indian groups. The last edition, in May 2023, was dedicated to climate finance and green growth⁴².

5. Debt restructuring: a key player

Despite its efforts, India's commitments in Africa lag far behind those of China, its great diplomatic rival on the continent. **The USD 11 billion raised by India's EximBank should be compared with the more than USD 125 billion disbursed by its Chinese counterpart and by the China Development Bank** between 2000 and 2020⁴³, a sum that does not include the other modes of financing, concessional or otherwise, employed by Beijing and Chinese companies.

Nevertheless, India holds a significant proportion - **over 10%** - of **the bilateral debt of a dozen African countries**, with this share reaching as high as 28% in the case of Malawi and Burundi (Graph 4).

Graph 4: Share of Indian debt with its main creditor countries in Africa (USD)

| Country | Total debt | Bilateral debt | Debt to India | | |
|--------------------------|----------------|----------------|---------------|----------------------|--------------------------|
| | | | In USD | As a % of total debt | As a % of bilateral debt |
| Malawi | 2 366 423 458 | 444 289 870 | 125 181 000 | 5.29% | 28% |
| Burundi | 566 205 358 | 186 162 131 | 52 195 000 | 9.22% | 28% |
| Gambia | 808 269 111 | 282 604 776 | 59 259 000 | 7.33% | 21% |
| Guinea-Bissau | 949 614 785 | 117 603 700 | 24 466 000 | 2.58% | 21% |
| Central African Republic | 434 889 481 | 231 249 822 | 45 410 000 | 10.44% | 20% |
| Maurice | 2 322 305 937 | 1 306 768 539 | 243 061 000 | 10.47% | 19% |
| Comoros | 272 680 821 | 182 449 733 | 26 761 000 | 9.81% | 15% |
| Ghana | 27 369 785 755 | 3 233 494 190 | 443 339 000 | 1.62% | 14% |
| Tanzania | 18 916 788 580 | 4 021 745 155 | 461 907 338 | 2.44% | 11% |
| Sierra Leone | 1 312 753 537 | 252 198 877 | 27 918 000 | 2.13% | 11% |
| Niger | 4 253 223 171 | 720 755 441 | 71 658 000 | 1.68% | 10% |
| Eritrea | 663 323 139 | 65 748 138 | 6 528 000 | 0.98% | 10% |

Source: *International Debt Statistics*, via *One.org*

This situation has made India a key player in debt restructuring negotiations with some of these countries. More broadly, New Delhi is hoping to influence the debates on debt management for the poorest countries, in particular through **its presidency of the G20, which began on 1^{er} December last year and runs until the end of November 2023**. This forum has played an important role in these discussions since the Debt Service Suspension Initiative in May 2020, followed by the Common Framework for Debt Treatment (CF) in November of the same year, to manage the critical situations arising from the Covid-19 epidemic. But despite its efforts⁴⁴, **India is struggling to play a leading role on the debt issue**. In addition to the difficulties faced by G20 members in agreeing on the rules of the CF, India holds only a small share of the total debt of the first three countries to have requested debt treatment under this framework: 2.34% for Zambia, 1.45% for Chad and

⁴² Source: AfDB, Annual Meetings, *Africa-India Partnership Day, India EXIM Bank*, May 2023

⁴³ Source: Boston University Global Development Policy Center, *Chinese Loans to Africa Database*

⁴⁴ Source: Reuters, *Debt restructuring talks at G20 meet hurt by differences, low attendance*, July 2023

1.35% for Ethiopia. Ghana, which applied for debt relief in January, will be followed much more closely by India, which holds 14% of the country's bilateral debt (USD 443 million).

6. New Delhi sharpens its soft power in the name of South-South cooperation

India is also using its **cultural, scientific and educational resources to strengthen its influence in Africa**. While its cultural industry is developing rapidly, the country is exporting its know-how by **increasing investment and cooperation in the fields of culture, health, education and scientific innovation**.

India's soft power lies first and foremost in the field of education. India welcomes many African students: **around 25,000 in 2019**⁴⁵, mostly from Sudan, Nigeria and Tanzania⁴⁶. At the third India-Africa summit in 2015, New Delhi announced its intention to grant 50,000 university scholarships to students from Africa⁴⁷. Indian universities - in particular the prestigious Indian Institutes of Technology (IITs) - are also attracting interest from African chancelleries, **which are encouraging New Delhi to develop campuses in their countries** by offering to provide the necessary infrastructure. India's University Grants Commission, which is keen to see the Indian university model exported, is encouraging institutions to set up on the African continent⁴⁸. The country's new National Education Policy (NEP), adopted in 2020, also strongly recommends the **internationalisation of Indian education**⁴⁹. Under the umbrella of the Madras Institute (located in Chennai), **the first campus of an Indian IIT in Africa is due to be set up in Zanzibar, Tanzania**, and offer its first courses from October 2023, according to a memorandum of understanding signed between the Indian and Tanzanian authorities at the beginning of July 2023⁵⁰. Earlier this year, the National Forensic Science University (NFSU) opened a campus in **Uganda**⁵¹. India aims to continue its academic influence on the continent: the fruit of a partnership between Windhoek and New Delhi, a new Indo-Namibia University Centre (INCEIT) is due to open its doors in the Namibian capital at the end of July 2023⁵².

While the opening of campuses is a recent development, India's role in education in Africa also involves other vectors. The African continent is the **main beneficiary of the ITEC Programme** (Indian Technical and Economic Cooperation Programme), funded by the Ministry of External Affairs, which offers technical training focused on the needs of the beneficiary countries. In 2012, as part of this training, India set up a **Cotton Technical Assistance Programme (C-TAP)** for Benin, Burkina Faso, Chad and Mali, aimed at strengthening the cotton value chain in Africa⁵³. Building on the success of ITEC, New Delhi has introduced online e-ITEC training in 2019, covering a wide range of sectors. New Delhi has also launched ITEC spin-off projects on the continent, such as the **Commonwealth Technical Assistance Programme for Africa (SCAAP)** and the ambitious **Pan-African e-network project (PANEP)**.

With PANEP, New Delhi exports its know-how online

The jewel in the crown of cooperation between New Delhi and the African continent, the PANEP (Pan-African e-network project) is a **network of online services designed to connect India to the 55 States of the African Union**. The aim is to **enable African countries to benefit from India's expertise in a range of fields, including telemedicine consultations and distance learning courses**.

In concrete terms, since the official launch of PANEP in 2009, a number of Indian universities and hospitals have been selected to provide **online medical training and consultations**. On the African continent, a

⁴⁵ Source: Indian Ministry of Commerce and Industry, CII, [India-Africa Higher Education and Skill Development Summit](#), New Delhi, August 2019

⁴⁶ Source: The Pie News, [Indian unis plan for African branch campuses](#), April 2023

⁴⁷ Source: The Indian Express, [India, Africa, a new story](#), November 2015

⁴⁸ Source: The Times of India, [Indian universities eyeing African and Gulf nations, Thailand, Vietnam to set up offshore campuses: UGC chief](#), March 2023

⁴⁹ Source: [National Education Policy 2020](#), 2020

⁵⁰ Source: Mint, [Diplomatic coup: India to open first foreign IIT campus in Tanzania](#), July 2023

⁵¹ Source: The Indian Express, [NFSU's Uganda campus inaugurated, Jaishankar says practical cooperation between 2 nations](#), April 2023

⁵² Source: Africa Intelligence, [Le centre universitaire INCEIT, nouveau pont de coopération indo-namibien](#), July 2023

⁵³ Source: WTO, CII, [India-Africa: South-South](#), 2013

number of medical centres and universities have been selected to act as interfaces for training and teleconsultations, in conjunction with Indian establishments. A total of **47 countries have already been networked and linked by fibre optic cable**, benefiting from the services offered by New Delhi.

At a total cost of **USD 125 million, paid for by the Indian government in the form of a grant**, the programme is managed by **Telecommunications Consultants India Limited (TCIL)**, which is responsible for operating and maintaining the project⁵⁴. New Delhi has undertaken to supply and install the necessary equipment from its partners, while ensuring its operation⁵⁵. To provide the link between India and Africa, PANEP relies on an **extensive satellite and fibre-optic network**, via Indian **geostationary satellites**. The continent's landing station is located in Dakar, Senegal. Connected to the African universities and hospitals that are members of the programme via a private leased line (IPLC), it is also directly linked to the Indian landing station in New Delhi via **undersea cables**.

Considered to be the largest ICT project on the continent, PANEP has enabled New Delhi to establish its influence in Africa by exporting its skills, **particularly through telemedicine**, while **strengthening the continent's digital connectivity**. Building on the success of the first phase of PANEP, New Delhi has complemented it in 2019 with the launch of a second initiative, **e-VBAB**⁵⁶.

Health is also at the heart of Indo-African cooperation. This is illustrated by India's exports of pharmaceutical products (see Chapter 2) and telemedicine (see above). The subject was also at the heart of discussions at the third India-Africa summit in 2015, when the Indian government announced the creation of a USD 10 million **India-Africa Health Fund**⁵⁷. A major provider of medical aid to the continent, India also works with African countries to finance their healthcare systems and infrastructure. As **the third-largest investor in Africa's health sector** between 2010 and 2019 (along with the United States and the United Kingdom), New Delhi is estimated to have directed **USD 210 million** over this period towards the **creation of hospitals and health centres**⁵⁸. The **Exim Bank of India** has also granted several LOCs to the continent for health projects, to a total value of **USD 1.6 billion** up to 2021⁵⁹.

7. Defence: still a minor player outside the Indian Ocean

7.1. Limited cooperation

Indo-African defence cooperation remains limited: up until now, India has concentrated on its geostrategic rivalry with its major Asian neighbours - China and Pakistan - while its defence companies are secondary players in the global arms markets. New Delhi has nonetheless developed **a strategy of influence on the east coast of the continent**, aimed at containing China's influence in the Indian Ocean, as well as securing the Red Sea maritime routes that are vital to its energy supply. Hence the signing, since 2015, of at least seven defence agreements with Kenya, Sudan, Tanzania, Mozambique, and above all Mauritius, Madagascar and Seychelles. India has played an active role in strengthening the air and maritime capabilities of these island states, with deliveries of surveillance aircraft and patrol boats, training missions and so on. In return, India has, among other things, obtained the possibility of installing a radar surveillance network in Mauritius and the Seychelles⁶⁰. Above all, it has been seeking for several years to set up a full-scale military base in the region, but has so far encountered considerable resistance. The ongoing development of a port and a large logistics base on the island of Agalega (Mauritius), financed by New Delhi and led by Indian companies, has given rise to numerous rumours and strong local opposition, forcing the Mauritian authorities to deny that it has any military purpose... even though the project was the subject of a memorandum of understanding signed between

⁵⁴ Source: Vivekananda International Foundation, *India-Africa Partnership. Achievements, Challenges and Roadmap 2030*, 2023

⁵⁵ Source: RFI, *e-health, e-education: new areas of Indo-African cooperation*, August 2015

⁵⁶ Source: Indian Ministry of External Affairs, *Official Launch of e-VidyaBharti and e-ArogyaBharti Project by External Affairs Minister*, October 2019

⁵⁷ Source: EximBank of India, *Healthcare in Africa, built by India*, 2016

⁵⁸ Source: EximBank of India, *India-Africa Healthcare: Prospects and Opportunities*, March 2021

⁵⁹ Ditto

⁶⁰ Source: Abhishek Mishra, Observer Research Foundation, *Boosting India-Africa defence and security partnership*, March 2023

the Ministries of Defence of the two parties in 2015⁶¹. Similarly, the project to establish an Indian base on the Seychelles island of Assomption, which would enable it to control the northern entrance to the Mozambique Channel, has made little progress since an agreement was signed in 2018. The current president of the Seychelles, **Wavel Ramkalawan**, then a member of the opposition, campaigned against the project⁶².

New Delhi is also working to strengthen its defence cooperation with the rest of the continent. India held its first Army Chiefs Conclave in March 2023 in Pune, attended by representatives from 31 African countries. This event brought to a close the second Africa-India Field Training Exercise (AF-Index), the first of which took place in 2019. However, its permanent military cooperation network remains embryonic, with only five defence attachés stationed in its African embassies in 2022.⁶³

7.2. Military sales still in their infancy

As a secondary player on the world market - it does not feature in the ranking of the 25 leading arms exporters drawn up by the Stockholm International Peace Research Institute (SIPRI)⁶⁴ - **India exports very little to Africa**: 10 to 15% of its total foreign sales⁶⁵, which amounted to USD 1.6 billion in the 2021-2022 financial year. However, New Delhi has stepped up its trade efforts with the continent. Its Chiefs of Staff conclave coincided with a DefExpo defence exhibition, and it was Defence Minister Rajnath Singh who attended the inauguration of Nigerian Head of State Bola Tinubu in May⁶⁶, in the hope of speeding up the sale of combat helicopters manufactured by Hindustan Aerospace Limited (HAL). In fact, **India's aerospace flagship carries a large part of the country's hopes for Africa**, thanks to its helicopters and *Tejas* fighter jets. But HAL, like other Indian defence companies, faces stiff competition, particularly from China and Turkey.

7.3. EximBank to bolster defence markets

The development of military exports to Africa could soon mobilise EximBank: its Managing Director Harsha Bangari announced in June that **the institution was planning to devote specific LOCs to this area**. In fact, EximBank is already active in this niche. It has already released **more than USD 335 million since 2011** for defence-related contracts, mainly for Mauritius: delivery of a 75-metre offshore patrol vessel and a 50-metre fast attack craft, various vehicles and equipment, as well as the construction of the coastguard headquarters and a new jetty. The acquisition of a second offshore patrol vessel (this time of 100 metres and 2,000 tonnes) is also planned⁶⁷. Côte d'Ivoire has also benefited from the modernisation of its military hospitals, to the tune of more than \$70 million.

⁶¹ Source: Ministry of Defence Press Information Bureau, *Signing of Agreements with other Countries*, 2018

⁶² Source: La Première Mayotte, *L'armée indienne s'invite dans l'archipel*, May 2022

⁶³ Source: Swaim Prakash Singh, Indian Centre for Air Power Studies, *India-Africa Defence Cooperation: moving beyond engagement*, 2022

⁶⁴ Source: SIPRI, *Trends in International Arms Transfers 2022*, March 2023

⁶⁵ Source: The Economic Times, *India trying to export weapons to Indian nations*, April 2023

⁶⁶ Source: The Hindustan Times, *Rajnath Singh heads to Nigeria to attend swearing-in of President Bola Tinubu*, May 2023

⁶⁷ Source: EximBank of India, *Prequalification of Indian Manufacturers for the Design, Construction and Delivery of one New Offshore Patrol Vessel to the Government of the Republic of Mauritius*, April 2023