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Pathways for Shared Progress: **India-Africa Economic Cooperation**




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Executive Summary

India-Africa trade stands at
USD 83 billion
with Indian exports to Africa at
USD 45 billion
and imports at
USD 38 billion.

Africa has been one of the world's fastest-growing regions over the past decade, and by 2030 will be home to nearly 1.7 billion people and an estimated USD 6.7 trillion worth of consumer and business spending.

This demographic growth translates into an expanding consumer base and a growing young workforce, presenting vast market opportunities for goods and services. The African continent has the potential to participate in the global economy much more than it currently does.

The Government of India and African Governments have developed a close partnership extending to trade, investment, developmental projects, infrastructure projects, food security and agriculture, education and healthcare and so on. Prime Minister of India Shri Narendra Modi has enunciated 10 principles for engaging with Africa with economic cooperation as a key pillar. The economic principles include sustained and deepening Indian engagement with Africa, creating local capabilities and opportunities, greater market access to Africa and greater investments in Africa, use of digital tools to support Africa's development, enhancing agricultural productivity and addressing climate change challenges.

Given Africa's resurgence, Indian industry must engage closely with the continent across multiple domains. The rapid evolution of Africa's economy is being accelerated by various global shifts, leading to substantial gains for the continent due to its previously low economic base.

India-Africa trade stands at USD 83 billion with Indian exports to Africa at USD 45 billion and imports at USD 38 billion. The trade basket mainly includes mineral fuels, food products, pharmaceuticals, and so on from the Indian side and crude oil, diamonds, copper, etc from the African side to India. The presence of a large number of other traded items from both sides indicates a high potential for further sourcing from Africa.

The African Continental Free Trade Area (AfCFTA) has broadened the scope for India-Africa trade. Indian industry can leverage connectivity and lower tariff barriers for setting up investments and creating regional value chains that can be a part of global value chains.

India and Africa have identified key sectors to enhance bilateral trade and jointly address shared challenges. In the food and agriculture sector, both regions prioritize food security and the advancement of agricultural technology and trade. Energy security is strengthened through collaborations in the oil and gas sector, including Indian investments in African oil fields. Indian investments in mining and minerals also could contribute significantly to creating value in Africa.

Encouraging manufacturing in Africa for export aims to enhance job creation and economic diversification. India's pharmaceutical industry has built an extensive presence in Africa for affordable generic medicines and healthcare infrastructure. Indian manufacturers have established assembly plants in Africa to benefit the automobile and transportation sector as well as electrical equipment and machinery. Sustainability and green energy solutions support environmental goals by promoting renewable energy adoption and advancements in clean technologies.

Africa presents a significant market for Indian goods and services, with a growing consumer base and opportunities for investment in sectors such as manufacturing, infrastructure, and agriculture.

Additionally, Africa's vast natural resources and young demographic offer Indian companies the chance to invest and create new markets.

The paper outlines Africa's growth and external economic relations, while focusing on 15 large economies of the Continent.

The report provides an overview of identified sectors of cooperation as below:

- Agriculture and food security
- Digital Public Infrastructure
- Manufacturing including automobiles, chemicals, etc
- Skill development
- Healthcare and pharmaceuticals
- Green economy
- Mining and critical minerals
- Power and energy
- Infrastructure development
- Defence and space

The report highlights key recommendations to strengthen the India-Africa economic partnership.

i. Country strategies

With the vast diversity in economies, industrial strengths and resources in Africa, India needs to take a differentiated strategy towards African countries, depending on 3 factors viz, level of development, size of consumer market and resource profile.

ii. Aid to FDI

As African countries are reluctant to borrow more and suffer debt stress, the preferable model for financing should move from LOC-led model to an FDI led model including PPP projects to achieve SDGs and infrastructure development in Africa.

iii. Trilateral partnerships

India has undertaken various developmental projects in Africa in partnership with advanced countries.

Trilateral partnerships can be formed for a range of sectors such as agriculture, industrial development, skill development, women's empowerment, and trade. The key is to build a huge scale for these partnerships so that they can be effective at large.

These should also bring in industry, academia and civil society organisations to partner in Africa.

iv. Access to finance

Access to finance is cited as a key constraint for industry wishing to expand horizons in Africa. To address this, India needs to open more bank branches in Africa. It must also provide long term risk insurance cover denominated in the currency of the contract (USD).

v. India Africa Rupee Trade

In July 2022, the Reserve Bank of India (RBI) authorised Indian banks to open and maintain Special Rupee Vostro Accounts (SRVAs) for partner trading countries' banks. Thereafter, banks of 6 African and 12 other countries were granted approvals for opening SRVAs. Expanding this to more countries will be beneficial for traders and the diaspora.

vi. Focus on services

It is essential to enhance advocacy and awareness in both public and private sectors, and to mobilise policy attention and resources to boost the sector's competitiveness. A services-driven regional development strategy, integrated into a comprehensive policy framework, is crucial for linking services to broader national development goals.

vii. Role of Indian and African Missions

Indian and African missions and posts are doing excellent work in deepening and strengthening the partnership. Embassies can work on enhancing private sector engagement, skill development projects and sustainability projects. CII can help in this regard through its centres of excellence.

viii. Other Recommendations

- Establishing a Free Trade Agreement (FTA) or a Preferential Trade Agreement will facilitate trade, investment, and economic cooperation.
- Lower transaction costs, including high shipping and insurance costs, to facilitate trade.
- Improve the dissemination of market information and knowledge about each other's markets.

Introduction

Bilateral trade has grown from ***USD 68.5 billion*** *in 2011-12 to* ***USD 83.34 billion*** *in 2023-24, making India Africa's third-largest trading partner.*

The India-Africa relationship enjoys a shared history of ancient trade routes and cultural exchanges that pre-date the era of globalisation. Owing to their vibrant cultural connection, and potential for mutually beneficial cooperation, India-Africa ties have significantly strengthened in recent years. The inclusion of the African Union as a permanent member of the G20 during the G20 Summit India 2023 marked a milestone for the Continent in joining the global discussion platform and fostering new, stronger partnerships with the world as well as India in particular.

Today, the bilateral economic bonds have emerged as a testament to mutual respect and shared aspirations for development. To foster a new era in economic ties, building on the vibrant growth in both economies, it is crucial to explore new avenues in trade, investment, and economic cooperation. The shared commitment towards sustainable development and economic growth drives both sides to seek innovative partnerships and emerging opportunities.

India and Africa have held three India-Africa Forum Summits with the last one taking place in 2015. The deepening of the bilateral relationship is visible in the increase in Indian diplomatic missions in Africa and the numerous visits by Hon'ble President of India and Prime Minister Shri Narendra Modi over the years.

Trade between India and Africa has grown from USD 68.5 billion in 2011-12 to USD 83.34 billion in 2023-24, making India Africa's third-largest trading partner after the European Union and China.

India is also the second-largest lender in Africa. Most fiscal aid is channelled through the African Development Bank (AfDB). India's cumulative investments in Africa amount to USD 75 billion, which the Indian industry and government aim to increase to USD 150 billion by 2030.[1,2]

Over the years, India-Africa trade has undergone significant transformations. From 2000 to 2010, with expansion in trade, the regions saw an increase in trade volumes and the inclusion of sectors like oil and gas, machinery, and automobiles. Geographically, India expanded its trade relationships beyond traditional partners to various African countries, accompanied by a diversified trade basket. During this period, technology transfer and knowledge sharing also evolved.

Today, with India ensuring diverse energy supply sources, Africa's role in India's energy security has become important. African countries such as Nigeria, Angola, Algeria, and Equatorial Guinea account for a growing share of India's oil imports.

The African Continental Free Trade Area (AfCFTA) has expanded India-Africa trade, ensuring economic progress, reducing poverty, and increasing employment opportunities.

India and Africa have prioritised key sectors to boost bilateral trade and address common challenges. Over the next 25 years, India and Africa, with their increasing incomes and population trends, could become significant digital and green markets. One key area of collaboration involves India's Digital Public Infrastructure (DPI) including the India Stack, which can be replicated with an aim to improve governance, transparency, and inclusion across Africa.

This report aims to cultivate a deeper understanding of India-Africa relations and highlights innovative approaches for collaboration across various sectors. It seeks to facilitate knowledge exchange, promote economic cooperation, and build lasting partnerships between Indian and African governments, businesses, and civil society.

[1] https://issafrica.org/iss-today/india-eyes-africa-in-its-quest-for-superpower-status
[2] https://africacenter.org/spotlight/africa-india-cooperation-benchmark-partnership/

African and Regional African Economies

Africa is a continent brimming with potential, marked by rapid urbanization, a growing working-age population, rising incomes, and evolving consumption patterns.

In recent times, African economies have been severely affected by the aftermath of the COVID-19 pandemic and geopolitical uncertainties, which have impacted global economies through various direct and indirect channels. The pandemic and volatile commodity prices have significantly affected extractive and oil-dependent economies, while relatively diversified economies have demonstrated greater resilience.

According to African Economic Outlook 2024, average real GDP growth is estimated to have slowed from 4.1% in 2022 to 3.1% in 2023. The decline is attributed to a variety of factors, including persistently high food and energy prices on account of the Russia-Ukraine war, weak global demand weighing down export performance, climate change and extreme weather events impacting agricultural productivity and power generation, and pockets of political instability and conflict in some African countries.

Despite the continuing headwinds, more than half the African countries, namely 31, had higher real GDP growth rates in 2023 than in 2022, with six of them—Burkina Faso, Djibouti, Eswatini, Libya, the Republic of Congo, and South Sudan - showing a difference in growth rates of more than 2 percentage points. In Libya, the country that recorded the highest increase of 16.3 percentage points in 2023, growth was boosted by continued oil production as the security situation improved. Crucially, 15 countries recorded growth in real GDP of at least 5% in 2023[3].

Real GDP growth is projected to rise to 3.7% in 2024 and will exceed the rate posted in 2022 by 2025, reaching 4.3% as most of the effects of the aforementioned factors fade.

The projected rebound in Africa's average growth will be led by East Africa, (up by 3.4 percentage points) Southern Africa and West Africa (each rising by 0.6 percentage points). Importantly, 40 countries will post higher growth in 2024 relative to 2023, and the number of countries with more than 5% growth rate will increase to 17.

This is remarkable, and as the pace of growth accelerates, Africa will retain its position as the second-fastest growing region after developing Asia, with a projected average real GDP growth higher than the global average of 3.2% in 2024. Furthermore, 10 countries in Africa will be among the world's top 20 fastest-growing economies in 2024, sustaining the trend of the past two decades[4].

> *40 countries will post higher growth in 2024 relative to 2023, and the number of countries with more than*
> ***5% growth rate***
> *will increase to 17.*

[3] African Economic Outlook 2024 – Driving Africa's Transformation
[4] African Economic Outlook 2024 – Driving Africa's Transformation

Table 1: Select Macroeconomic Indicators of African Countries

Country / Region	Real GDP Growth		Inflation		Current Account Balance		Fiscal Balance	
	2024	2025	2024	2025	2024	2025	2024	2025
Algeria	4.0	3.7	6.8	5.7	1.0	-0.2	-11.0	-12.0
Angola	2.7	4.3	18.1	12.4	5.1	3.5	-0.9	-1.8
Benin	6.5	6.2	2.2	2.4	-4.4	-4.2	-3.8	-3.3
Botswana	4.0	4.3	4.5	4.0	1.1	1.2	-1.8	-0.3
Burkina Faso	4.1	4.3	2.1	2.2	-6.5	-5.4	-6.0	-5.4
Burundi	4.6	5.9	22.0	12.6	-6.8	-6.2	-4.4	-3.2
Cabo Verde	4.7	4.8	2.2	2.0	-6.8	-6.2	-3.1	-2.3
Cameroon	4.1	4.4	6.3	4.3	-1.9	-1.6	-0.5	-0.2
Central Africa Republic	2.3	3.1	4.1	3.4	-9.0	-9.9	-2.8	-1.9
Chad	5.2	5.3	3.4	3.2	1.3	0.8	2.7	2.2
Comoros	4.0	4.6	3.1	2.0	-5.8	-5.3	-3.6	-2.7
DR Congo	5.7	5.6	17.0	10.0	-4.5	-3.6	-2.0	-1.1
Congo, Rep.	4.3	4.4	3.4	3.2	3.2	2.3	4.0	2.6
Côte d'Ivoire	7.1	6.9	3.5	2.8	-6.9	-6.1	-4.2	-3.0
Djibouti	6.2	6.6	1.7	2.0	20.0	19.6	0.4	-0.2
Egypt	3.3	4.5	35.8	22.7	-3.0	-3.2	-7.2	-6.3
Equatorial Guinea	-5.0	2.7	4.7	2.6	-3.5	-5.1	2.7	-3.7
Eritria	2.9	3.1	4.1	3.9	12.4	13.0	0.6	0.8
Ethiopia	6.7	6.7	21.0	15.8	-2.0	-1.2	-2.7	-2.5
Gabon	2.8	2.9	2.5	2.3	-0.9	0.5	-1.1	-0.7
The Gambia	6.1	5.8	15.9	11.1	-7.6	-5.6	-2.7	-2.9
Ghana	3.4	4.3	20.9	11.1	-1.9	-2.3	-4.9	-4.2
Guinea	4.2	5.4	10.8	10.4	-10.3	-9.6	-2.6	-2.4
Guinea-Bissau	4.7	5.2	5.4	3.2	-5.2	-3.3	-3.6	-3.1
Kenya	5.4	5.6	6.2	5.5	-4.6	-4.5	-5.9	-5.0
Lesotho	1.7	2.2	5.5	5.0	-4.2	-5.4	-0.4	-3.3

[5] World Economic Outlook of IMF April 2024

Country / Region	Real GDP Growth		Inflation		Current Account Balance		Fiscal Balance	
Liberia	5.2	6.2	8.4	5.7	-23.7	-24.6	-2.6	-3.3
Libya	7.9	6.2	2.8	2.6	24.5	22.3	4.2	8.7
Madagascar	4.5	5.3	8.1	7.5	-4.4	-4.0	-4.1	-4.6
Malawi	3.3	3.8	27.3	14.3	-8.2	-9.5	-8.7	-7.6
Mali	4.7	5.3	2.0	1.8	-6.4	-5.9	-4.3	-3.4
Mauritania	4.2	5.5	4.7	4.2	-8.5	-7.4	-2.0	-1.6
Mauritius	4.9	3.7	5.8	5.0	-4.2	-4.5	-4.5	-4.3
Morocco	3.5	3.8	4.1	3.8	-0.4	-0.9	-4.4	-4.2
Mozambique	5.2	5.2	5.0	4.6	-38.1	-43.0	-3.4	-1.3
Namibia	2.6	3.3	4.6	4.4	-9.6	-8.5	-4.2	-4.0
Niger	10.5	7.7	3.5	3.1	-7.8	-8.7	-4.2	-3.1
Nigeria	3.2	3.4	31.6	20.7	3.0	3.6	-4.3	-4.1
Rwanda	6.5	6.8	7.0	5.2	-10.9	-10.7	-6.4	-5.9
São Tomé and Príncipe	1.2	2.1	16.1	7.2	-11.4	-9.0	-3.3	-2.9
Senegal	9.3	10.2	4.9	3.3	-10.9	-8.3	-4.0	-3.2
Sychelles	4.0	4.3	1.4	2.2	-7.2	-7.2	-1.5	-1.3
Sierra Leone	4.7	5.2	33.6	20.2	-4.2	-2.1	-2.8	-2.4
Somalia	3.7	3.8	4.8	4.3	-10.4	-10.2	-0.3	-1.4
South Africa	1.3	1.6	4.8	4.5	-2.9	-3.2	-4.3	-4.2
South Sudan	-5.0	1.0	17.5	18.0	-7.0	-4.0	-6.0	-2.0
Sudan	-5.9	0.5	157.9	85.6	-6.5	-5.2	-6.3	-2.8
Eswatini	4.9	3.6	4.8	5.1	3.9	2.9	-2.2	-1.7
Tanzania	5.7	6.0	3.3	3.4	-4.0	-4.2	-2.5	-2.5
Togo	5.3	6.0	2.7	2.1	-3.1	-3.0	-6.6	-4.0
Tunisia	2.1	2.9	7.1	6.7	-3.3	-4.0	-6.5	-6.0
Uganda	6.0	7.0	4.5	5.0	-8.3	-8.8	-4.2	-3.6
Zambia	4.5	4.5	9.3	7.0	3.3	8.4	-5.2	-3.4
Zimbabwe	2.0	3.5	24.9	17.4	0.7	0.2	-1.7	-1.5

Source: World Economic Outlook of IMF, April 2024

The growth outlook is mixed across Africa’s five regions

East Africa is projected to remain Africa's fastest-growing region, with real GDP growth increasing from an estimated 1.5% in 2023 to 4.9% in 2024 and further to 5.7% in 2025, as per African Economic Outlook 2024 estimates.

The Central African region is anticipated to record slower growth, from 4.3% in 2023 to 4.1% in 2024, before rebounding to 4.7% in 2025. The 2024 forecast has been revised upward by 0.6 percentage points from the January 2024 Microeconomic Performance and Outlook (MEO) projections, driven by stronger-than-expected growth in the region, particularly in Chad and the Democratic Republic of Congo.

Growth in the West African region is expected to accelerate, increasing from an estimated 3.6% in 2023 to 4.2% in 2024 before stabilizing at 4.4% in 2025. This represents a 0.3 percentage points upgrade for 2024 compared to the January MEO 2024 projections, on account of stronger than anticipated growth in several economies in the region such as Côte d’Ivoire, Ghana, Nigeria, and Senegal.

North Africa is projected to register slower growth from an estimated 4.1% in 2023 to 3.6% in 2024, before rising to 4.2% in 2025. The 2024 projection has been revised downward by 0.3 percentage points from the January 2024 MEO forecast, except for Libya and Mauritania.

After a growth slowdown in 2023, Southern Africa's economy is expected to recover slightly, with growth expanding from an estimated 1.6% in 2023 to 2.2% in 2024, and further strengthening to 2.7% in 2025. The growth rates for 2024 and 2025 have been revised upward by 0.1 percentage point compared to the January 2024 forecasts, primarily due to a 0.7 percentage point increase in South Africa’s growth outlook. Given South Africa's significant weight in the region, this upgrade offsets the combined impact of downward revisions in the economies of Angola, Botswana, Lesotho, Zambia, and Zimbabwe.

Fiscal deficits in the region have improved, on account of post-pandemic recovery and fiscal consolidation measures. The continent's average fiscal deficit increased moderately from 4.9% of GDP in 2022 to 5% in 2023.

The performance of the region also reflected deceleration in the region’s three largest economies, including Egypt, Nigeria, and South Africa. Nevertheless, despite slower growth in the region in line with declining global growth trends, growth in the African continent remained resilient and was higher than the world average.

Africa Trade and Investment

Trade

Africa possesses a large domestic market, abundant natural resources, and is making continuous efforts to strengthen regional integration through the African Continental Free Trade Area (AfCFTA), presenting significant opportunities to enhance its position in global trade. While economic activity in Africa is recovering from the pandemic and geopolitical uncertainties, the pace remains modest. An anticipated rise in commodity prices could offer the necessary fiscal space by boosting export revenues. However, ongoing economic uncertainty keeps external demand and global investments subdued.

The continent's merchandise trade, which achieved an impressive growth of 16% to USD 1.4 trillion in 2022 was significantly affected by ongoing global uncertainties, contracting by 6.3% to USD 1.3 trillion in 2023. Africa's merchandise exports declined to USD 610.46 billion in 2023. Africa's merchandise imports stood at USD 676 billion in 2023[6].

Slow growth in China and in some major advanced economies dampened global demand for commodities and depressed the continent's merchandise exports. The combined share of China and India in Africa's total merchandise exports to Asia remained significantly high, stabilising around 85% in 2022 and 2023, though slightly down from the 86.9% recorded in 2021.

South Africa, Algeria, Nigeria, Egypt, Angola, and Morocco are the largest exporters in Africa, together accounting for as much as 63% of Africa's total exports in 2023. Other major exporters from the region include Libya, DR Congo, Tunisia, Côte d'Ivoire and Ghana.

As regards imports, South Africa, Egypt, Morocco, Nigeria, and Algeria are the leading importers in Africa, which together accounted for 56% of Africa's total imports in 2023. Other major importers in Africa during the year include Tunisia, Kenya, Côte d'Ivoire, Ghana, Libya, and Ethiopia.

Investment

FDI inflows to Africa declined by 3% in 2023, to USD 53 billion. The number and value of project finance deals fell, while outcomes for greenfield announcements were mixed across countries. Cross-border M&A sales, which accounted for about 15% of FDI inflows to Africa in recent years, remained flat at USD 8.5 billion.

European investors remain the largest holders of FDI stock in Africa, holding three of the top four spots - the Netherlands at USD 109 billion, France at USD 58 billion, the United States at USD 46 billion and the United Kingdom at USD 46 billion[7].

The value of greenfield projects announced in Africa fell to USD 175 billion, from USD 196 billion in 2022. However, most countries registered increases in project numbers, with the overall number of project announcements in the region rising by 7% to more than 800. If executed, these projects could generate an additional 200,000 jobs in the region.

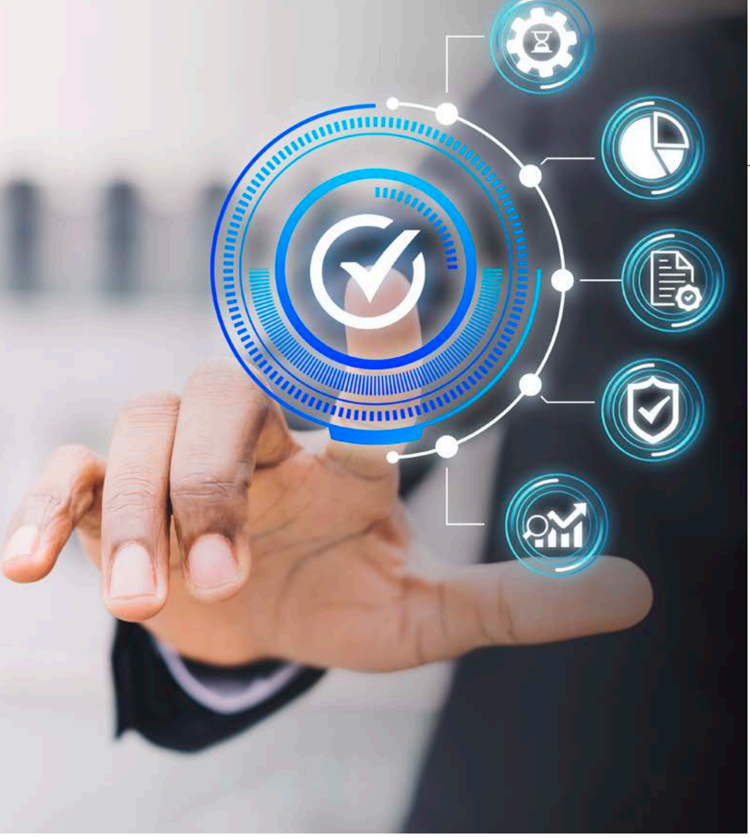
The largest increases in project value were in chemicals to USD 13 billion and electronics to USD 7.6 billion, while project values for electricity and gas supply projects dropped by USD 33 billion compared with 2022. This drop alone explains much of the overall decline in greenfield values.

The African Continental Free Trade Agreement (AfCFTA) Investment Protocol adopted in 2023 is expected to contribute to growing intraregional FDI. The share of intraregional projects, though still relatively low, is higher in services and selected manufacturing industries (with 20% of projects by investors from Africa) than in resource-based processing industries (with only 13% of projects originating from the region).

This indicates the pool of investors undertaking projects within the region is large for some sectors. Also, there is an opportunity to expand intraregional investment in processing industries as part of the general drive to increase value addition.

[6] Afreximbank – African Trade Report 2024
[7] UNCTAD – World Investment Report 2023

India's Initiatives with Africa



Traditionally, the African continent has played a central role in India's foreign policy. India has significantly enhanced its engagement with Africa, especially since the 1990s. One of India's primary goals since then has been to foster deeper and closer South-South cooperation and expand economic cooperation with all nations and regions of the Continent.

With Africa emerging as one of India's critical trade partners, the Government of India in collaboration with the Export-Import (EXIM) Bank of India launched the 'Focus Africa' initiative during 2002-03. The initiative was launched with the objectives of enhancing India-Africa trade and promoting greater interaction between the two sides through the identification of potential trade and investment opportunities. The Focus Africa initiative which initially focused on Sub-Saharan Africa with emphasis on seven major trading partners including Ethiopia, Tanzania, Nigeria, South Africa, Mauritius, Kenya and Ghana was later broadened to incorporate 17 more countries including those in North Africa.

During his visit to Uganda during April 2018, Indian Prime Minister Narendra Modi outlined 10 guiding principles for India's engagement with Africa, known as the Kampala Principles. The key pillars encompass:

- Intensify and deepen Indian engagement with Africa;
- Create local capabilities and opportunities;
- Greater market access to Africa and greater investments in Africa;
- Use of digital tools to support Africa's development;
- Enhance agricultural productivity;
- Address climate change challenges;
- Combating terrorism together and fostering peace and security;
- Free and open oceans for all;
- Cooperation on promoting the aspirations of African youth and
- Collaboration on establishing a just, representative and democratic global order.

Engagement with Africa has been a top priority for the Indian Government. During 2019, 18 new diplomatic missions were established in Africa and a revamp of the Indian Development and Assistance (IDEAS) scheme was suggested, under which Lines of Credit are extended to countries abroad at concessional rates.

> *The Government of India in collaboration with the*
> ***Export-Import (EXIM) Bank***
> *of India launched the 'Focus Africa' initiative during 2002-03.*

Development Partnership

India's development partnership with Africa has been multifaceted and evolved across areas including trade and investments, capacity building, technology transfer, grants and concessional finance and Lines of Credit.

Trade and Investments: India and Africa, with their shared colonial history were drawn together to collective address similar developmental challenges. The India-Africa Forum Summits were devised as structured mechanisms to strengthen the bilateral partnership between the two regions, while enhancing trade and investment partnerships. The Summits brought together leaders from both sides and focused on boosting economic and political ties and stepping up the development partnership. The first Summit was held in 2008 in New Delhi, followed by the second in 2011 at Addis Ababa and the third in 2015 in New Delhi.

Over the years, Indian investments in Africa have also expanded significantly. Indian firms invested a record-high of around USD 22 billion in Africa during 2022[8]. Indian investments are spread across diverse sectors including manufacturing, telecommunications, infrastructure and agriculture which in turn has encourage job creation, tech transfer and economic growth in the country.

Capacity Building Initiatives: India's development cooperation in Africa is based on the strong pillars of progressive capacity building initiatives that focus on skills, technology, and knowledge transfer. Over the years, India has extended Lines of Credit (LoC) to Africa that have supported infrastructure development, agriculture, healthcare and capacity building initiatives.

To foster cultural and educational initiatives with Africa, India has also established scholarships and training programmes.

Concessional loans and grants: India's foreign assistance in terms of concessional loans and grants to Africa are also significant. Close to 65 projects are being implemented across African countries under concessional loans with a total outlay of around USD 12.37 billion[9]. The projects are spread across diverse areas including drinking water, irrigation schemes, cement, sugar, textile, technology parks and railway infrastructure.

Technology transfer: Digital empowerment and technology has been a critical pillar of the India-Africa partnership. Indian engineers have been responsible in providing training as well as implementation of major African projects, in areas including irrigation, infrastructure, electrical power and railway management.

Indian private companies have made substantial investments in modern technologies in Africa over the years, including loans and which in turn has facilitated economic growth in the country. India's Digital Stack, that enables payments and biometric identification has been proposed for African nations for enhancing digital access and India is collaborating closely with many African nations on this.

[8] https://www.fdiintelligence.com/content/news/indias-ambitions-for-africa-trigger-mounting-fdi-wave-82958
[9] https://www.mea.gov.in/Speeches-Statements.htm?dtl/37907/Remarks+by+EAM+Dr+S+Jaishankar+on+the+occasion+of+Africa+Day+Celebrations

Sectoral Projects

Exim Bank LoCs: The EXIM Bank of India has been deeply engaged in promoting India's partnership in projects in Africa. It has offered over 200 Lines of Credit in Africa to 42 countries with a credit value of USD 12 billion. Under its Overseas Investment Finance Programme, it has provided finance to 77 ventures set up by over 50 companies as well as Trade Assistance Programme support to 22 Indian exporters, included MSME. It has covered sectors such as water sanitation, capacity building, road infrastructure, etc. The Bank recently opened an office in Nairobi, Kenya.

Agriculture & food processing: Agriculture has been a critical pillar of the India-Africa partnership. Indian expertise in the field along with agricultural technologies have played a crucial role in boosting productivity of the African agricultural sector and also supported the region's food security endeavours. Implementation of sustainable irrigation practices, knowledge and tech transfer are other aspects of India's development cooperation in the sector.

Healthcare: India and Africa have a long-standing development cooperation in the field of health. India has been a source of reliable medicines and vaccines at affordable rates for Africa. During the Covid-19 pandemic, India supplied medicines, vaccines and health-related equipment to 32 African nations[10].

Telemedicine is an emerging area of cooperation. The healthcare partnership extends to other areas including creation of health infrastructure and supply of equipment as well as local capacity building in areas such as drug production through joint ventures.

Education: India has been a long-standing partner in Africa's education initiatives. Around 40,000 African students have been beneficiaries of the Indian Technical and Economic Cooperation (ITEC) programme, under which training, and capacity building programmes are provided to students in India.

Since 2019, more than 15,000 African youth from 22 African countries have received scholarships under the e-Vidya Bharti and e-Arogya Bharti projects for tele-education to pursue online post-school courses from Indian universities across diverse disciplines including computer applications, business administration, commerce, social sciences, and humanities[11].

Indian teachers have also played a crucial role in the school education system in Ethiopia. India has also established education institutes in Africa including the Indian Institute of Technology in Zanzibar, the National Forensic Science University in Uganda, the Entrepreneurship Development Centres in Rwanda, among others.

Renewable energy and clean technologies: The focus on sustainable development and green energy has opened up several opportunities for collaboration in renewable energy and clean technologies between the two sides. India's expertise in solar energy, wind power, and energy-efficient solutions aligns well with Africa's quest for sustainable energy sources. This synergy has paved the way for joint initiatives aimed at promoting environmentally friendly energy solutions across the continent. India and Africa both are members of the International Solar Alliance (ISA).

[10] https://www.mea.gov.in/Speeches-Statements.htm?dtl/37907/Remarks+by+EAM+Dr+S+Jaishankar+on+the+occasion+of+Africa+Day+Celebrations
[11] https://www.mea.gov.in/Speeches-Statements.htm?dtl/37907/Remarks+by+EAM+Dr+S+Jaishankar+on+the+occasion+of+Africa+Day+Celebrations

Supporting harmonising policies and regulations across its member countries, ISA's current interventions include formulating the National Solar Energy Roadmap for Madagascar, Chad, Guinea, and Uganda, tailored to the country's priority interventions. The ongoing regulatory support to facilitate the growth of the solar energy sector ensures a supportive environment across Member Countries like Ethiopia, Nigeria, Uganda, Chad, Djibouti, Madagascar, Somalia, Gambia, and Liberia.

ISA's capacity-building and training efforts have made a significant impact, reaching 2,282 participants from the Africa region. The training programmes focused on solar pumping systems, solar mini-grids, solar rooftops, and solar parks, enhancing the region's expertise in solar technology.

The Solar Technology Application Resource Centre (STAR-C) initiative is helping build the required human capacity and skills within member countries to undertake energy transition independently. STAR-Cs have been successfully established in Ethiopia, Somalia, and Cote d'Ivoire. Progress is also underway in Tanzania, Uganda, Senegal, and Madagascar. Discussions are ongoing with Djibouti, Mauritius, and Guinea.

The SolarX Startup Challenge seeks innovative, cost-effective, and scalable local solutions to boost the solar startup ecosystem. The first edition focussed on Africa, receiving over 180 applications from 28 countries.

Under the G20 2023 India Presidency, ISA launched the virtual Green Hydrogen Innovation Centre (GHIC); this Centre of Excellence supports GH's production, utilisation, and trade, providing a platform for knowledge sharing and building competency across the GH value chain. GHIC serves as a dynamic one-stop gateway to provide access to the GH knowledge repository, GH value-chain insights mapped for 40 countries-including six African countries - Namibia, South Africa, Nigeria, Egypt, Ethiopia, and Algeria.

India-Africa Trade

Trade Relations

India and Africa share a longstanding and multifaceted economic relationship characterized by robust trade, investment, and development cooperation. India's cumulative investments in Africa during April 1996 to March 2023 amounted to USD 75.2 billion. As emerging economies with complementary strengths, India and African nations have engaged in various sectors, including agriculture, pharmaceuticals, technology, and infrastructure.

Bilateral trade expanded significantly by 9.26% in FY 2022-23 reaching a peak of almost USD 100 billion, although it has declined in 2023-24. India is one of Africa's top trading partners and the fourth-largest investor in the continent.

India is also a major employer in several African nations and works on skill development programs for local youth.

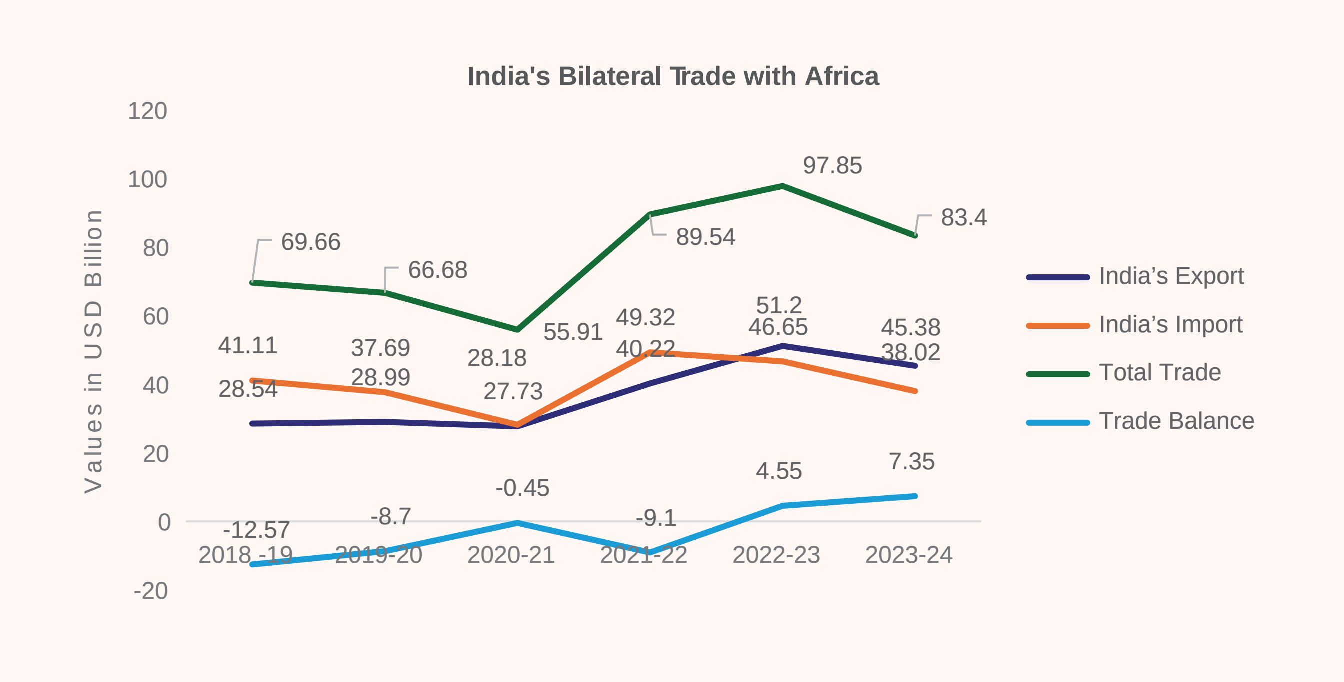
India's trade with the African region comprising 54 countries was USD 97.85 billion in 2022-23. During the period 2018-19 to 2022-23, trade increased at a CAGR of 8.87%.

India's exports to the African region stood at USD 51.20 billion and recorded a growth of 27.30% in 2022-23 vis a vis 2021-22. India's imports from the African region were USD 46.65 billion and registered a decline of 5.41% during the same period.

In 2023-24, world trade in merchandise fell by 5% due to geopolitical tensions, slowdown of major economies, disruptions in supply chain leading to high cost and delays in shipment. This was mirrored in trade between India and Africa which fell by 15% in 2023-24. While India's export to Africa declined USD 5.82 billion, India's import from Africa came down by USD 8.63 billion which resulted in increase in trade surplus of India with Africa.

> *India's exports to the African region stood at* ***USD 51.20 billion*** *and recorded a growth of* ***27.30%*** *in 2022-23 vis a vis 2021-22.*

Figure 1: India Africa Bilateral Trade in USD Billion



Source: Ministry of Commerce & Industry, Government of India

Table 2: Region Wise Indian Exports to Africa, USD billion

Region	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
West Africa	7.70	8.18	9.45	13.57	17.73	12.88
East Africa	7.38	6.64	5.79	8.26	11.07	11.40
Southern African Customs Union (SACU)	4.38	4.41	4.22	6.61	8.92	9.30
North Africa	5.89	5.44	4.81	7.13	8.35	7.21
Other South African Countries	1.86	2.87	1.94	2.97	3.57	3.09
Central Africa	1.34	1.46	1.53	1.68	1.57	1.49
India's Total Exports to Africa	**28.54**	**28.99**	**27.73**	**40.22**	**51.20**	**45.38**
India's Total Exports to World	**330.08**	**313.36**	**291.81**	**422.00**	**450.96**	**437.11**

Source: Ministry of Commerce & Industry, Government of India

While West Africa continues to be the highest recipient of Indian exports to Africa, exports have fallen by USD 4.45 billion. Exports to Togo, which was the largest export destination in 2022-23 fell by 46.61% in 2023-24. India's exports to other major West African countries including Nigeria, Senegal, Benin, and Cote D' Ivoire, fell sharply in 2023-24.

India's exports in 2023-24 increased with East Africa and SACU countries.

Table 3: Region Wise India's Imports from Africa, USD billion

Region	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Southern African Customs Union (SACU)	7.55	7.75	8.11	11.77	10.90	11.25
West Africa	20.08	17.24	11.73	22.16	18.20	11.22
Other South African Countries	5.64	5.34	2.64	4.73	6.32	6.13
North Africa	5.73	5.55	4.30	7.55	7.37	4.32
East Africa	1.55	1.44	1.28	2.81	3.06	3.93
Central Africa	0.55	0.38	0.11	0.29	0.80	1.16
India's Total Imports from Africa	41.11	37.69	28.18	49.32	46.65	38.02
India's Total Imports from World	514.08	474.71	394.44	613.05	714.04	675.43

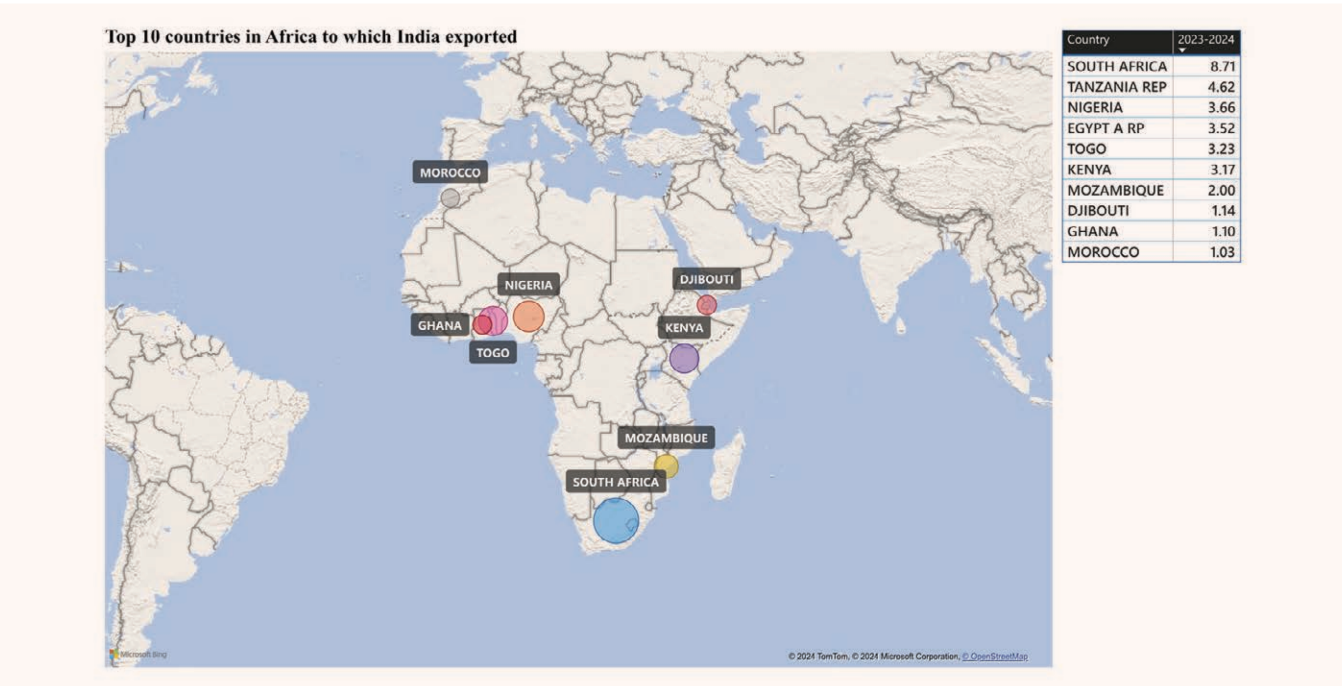
Source: Ministry of Commerce & Industry (Govt of India)

West Africa consistently used to be the largest source market within Africa for India's import requirements till 2022-23. However, this dropped by 38.46% in 2023-24. Within West Africa, imports from Togo and Cameroon increased to USD 850.39 million and USD 788.11 million respectively.

Imports from other top countries of West Africa fell including Nigeria, Ghana, Guinea, Senegal, Cote D' Ivoire, etc. SACU emerged as the largest source market for India in Africa. India imported USD 11.25 billion from SACU, mostly from South Africa.

Trade flow – Top 10 countries

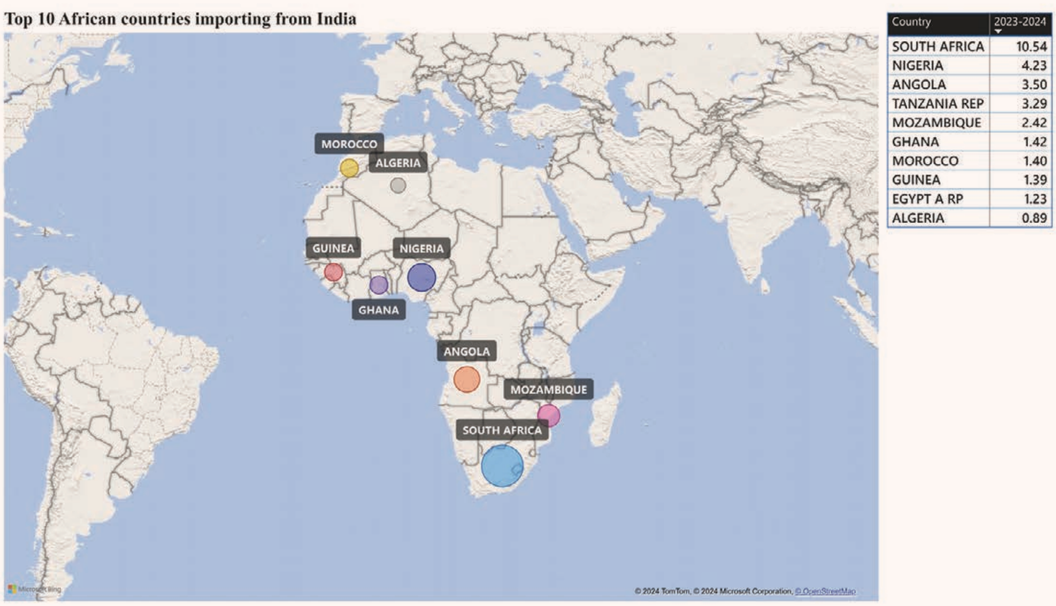
Figure 2: Top 10 export destinations for goods exported by India in Africa, USD billion



Source: Ministry of Commerce & Industry, India

South Africa is India's largest export destination in Africa and 18th largest trade partner in the world. India's other top export destinations in Africa include Tanzania, Nigeria, Egypt, Togo, Kenya, Mozambique, Djibouti, Ghana and Morocco. The top 10 export destinations constitute 71% of India's exports to Africa.

Figure 3: Top 10 source countries for goods imported by India from Africa, USD billion

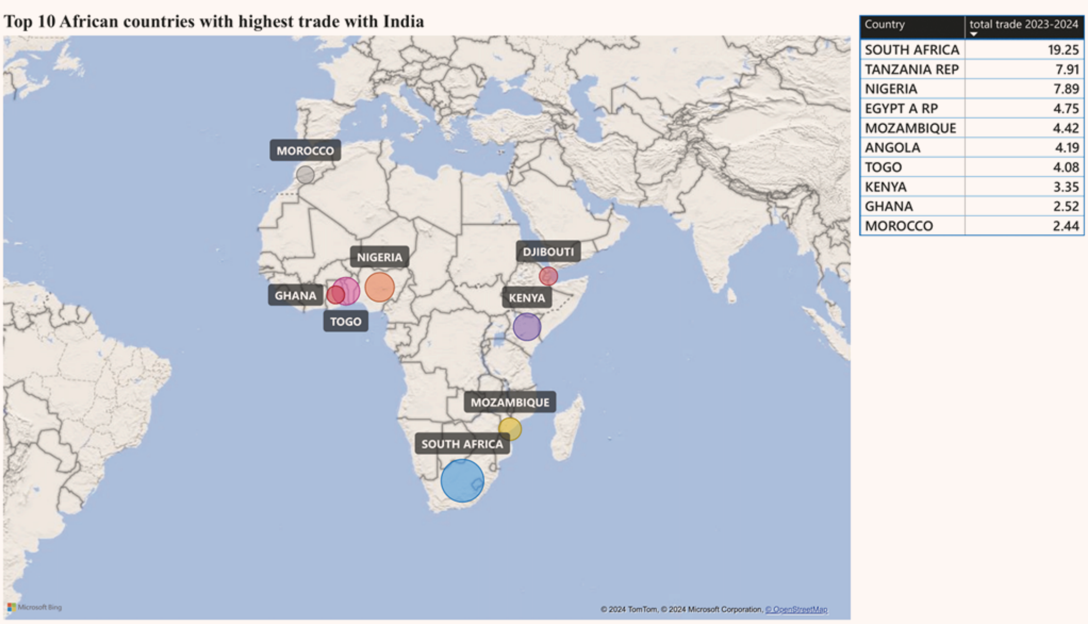


Country	2023-2024
SOUTH AFRICA	10.54
NIGERIA	4.23
ANGOLA	3.50
TANZANIA REP	3.29
MOZAMBIQUE	2.42
GHANA	1.42
MOROCCO	1.40
GUINEA	1.39
EGYPT A RP	1.23
ALGERIA	0.89

Source: Ministry of Commerce & Industry, India

India's top 10 African import source countries include South Africa, Nigeria, Angola, Tanzania, Mozambique, Ghana, Morocco, Guinea, Egypt and Algeria, representing 80% of India's imports from Africa.

Figure 4: Top 10 trade partners of India in Africa, USD billion



Country	total trade 2023-2024
SOUTH AFRICA	19.25
TANZANIA REP	7.91
NIGERIA	7.89
EGYPT A RP	4.75
MOZAMBIQUE	4.42
ANGOLA	4.19
TOGO	4.08
KENYA	3.35
GHANA	2.52
MOROCCO	2.44

Source: Ministry of Commerce & Industry, India

India's largest trading partner in Africa is South Africa with a total trade value of USD 19.25 billion in the fiscal year 2023-24. Other top trade partners in Africa include Tanzania, Nigeria, Egypt, Mozambique, Angola, Togo, Kenya, Ghana and Morocco.

Top Commodities

India's top ten exports to Africa

Mineral fuels and oils (HS 27) was India's top export to Africa during 2023-24, with overall exports amounting to USD 15.31 billion, followed by pharmaceutical products (HS 30) at USD 3.94 billion.

Other top export items belonged to the broad categories of cereals (HS 10), vehicles other than railway or tramway (HS 87), machinery and mechanical appliances (HS 84), among others. India's top ten exports account for more than 78% of India's total exports to the region.

Table 4: India's top 10 exports to Africa in 2023-24, USD billion

HS Code	Commodity	Exported Value in 2023-2024
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	15.31
30	Pharmaceutical products	3.94
10	Cereals	3.63
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	3.53
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	2.67
17	Sugars and sugar confectionery	1.83
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts	1.48
39	Plastic and articles thereof	1.15
73	Articles of iron or steel	0.96
52	Cotton	0.93

Source: Ministry of Commerce and Industry, India

India’s top imports from Africa

Mineral fuels and oils (HS 27) was India’s top imported item from Africa with an imported value of USD 15.45 billion in 2023-24, followed by gems & jewellery (HS 71), with imported value at USD 9.7 billion.

Other top import items were in the categories of copper and articles (HS 74), edible fruits and nuts (HS 08) and inorganic chemicals (HS 28). India’s top ten imports from Africa, with a cumulative value of around USD 35 billion, account for more than 91% of India’s total imports from Africa.

Table 5: India’s top 10 imports from Africa in 2023-24, USD billion

HS Code	Commodity	Imported Value in 2023-2024
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	15.45
71	Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin	9.69
74	Copper and articles thereof	2.42
08	Edible fruit and nuts; peel or citrus fruit or melons	1.51
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. elem. or of isotopes	1.33
26	Ores, slag and ash	1.12
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	1.00
12	Oil seeds and olea. fruits; misc. grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.87
07	Edible vegetables and certain roots and tubers.	0.80
31	Fertilisers	0.69

Source: Ministry of Commerce and Industry, India

Currently, Africa’s exports to India are dominated by 5 African countries, which account for over two-thirds of the total exports. There is a need for India to explore other sources of imports from Africa.

At the same time, India’s exports to Africa are heavily concentrated in a few large economies with the 5 top destinations of South Africa, Nigeria, Egypt, Togo and Kenya accounting for almost half the total exports to Africa.

A trade target of USD 200 billion can be set for 2030 at a modest compound annual growth rate of 12.08%.

African Continental Free Trade Area

The AfCFTA is one of the flagship projects of Agenda 2063: The Africa We Want, the African Union's long-term development strategy for transforming the continent into a global powerhouse.

The AfCFTA is the world's largest free trade area, bringing together the 55 countries of the African Union (AU) and eight Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market with a population of about 1.3 billion people and a combined GDP of approximately USD 3.4 trillion[12].

The long-term objectives include creating a single, liberalised market; reducing barriers to capital and labour to facilitate investments; developing regional infrastructure; and establishing a continental customs union.

According to a report by World Bank, AfCFTA presents a major opportunity for African countries to enhance growth, reduce poverty, and expand economic inclusion, with the following expected outcomes[13]:

- Increase intra-African trade by 52.3% by eliminating import duties, and potentially double this increase by removing non-tariff barriers.
- Raise the earnings of nearly 68 million people who currently make less than USD 5.50 a day and help 30 million Africans escape extreme poverty.
- Increase Africa's income by USD 450 billion (a 7% rise) by 2035, while boosting global income by USD 76 billion.
- Enhance manufacturing-related exports from Africa by USD 560 billion.
- Encourage greater wage increases for women (10.5%) compared to men (9.9%).
- Increase wages for both skilled and unskilled workers by 10.3% and 9.8%, respectively.

As part of its mandate, the AfCFTA is to eliminate trade barriers and boost intra-Africa trade. In particular, it is to advance trade in value-added production across all service sectors of the African economy.

The AfCFTA entered into force on May 30, 2019, after 24 Member States deposited their Instruments of Ratification following a series of continuous continental engagements since 2012.

The AfCFTA will progressively eliminate tariffs on intra-Africa trade, making it easier for African businesses to trade within the continent and benefit from the growing African market.

The establishment of AfCFTA presents a significant opportunity to foster economic integration, boost economic progress, reduce poverty, increase employment opportunities, and shift Africa's economic dependence on raw materials and natural resources towards more diversified economies. The Agreement was constructed around trade facilitation measures designed specifically for the African market and targeted at streamlining import, export, and transit processes.

The AfCFTA range is wide with inclusion of services, investments, competition law, digital trade, and intellectual property rights.

Realizing the full potential of AfCFTA requires a comprehensive approach that addresses policy harmonization, infrastructure development, regulatory frameworks, and capacity building.

The overall mandate of the AfCFTA is to create a single continental market with a population of about
1.3 billion people
and a combined GDP of approximately
USD 3.4 trillion.

[12] https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area
[13] https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area

India's Partnering Role

With the abolition of tariffs on 90% of trade items, the AfCFTA is expected to increase intra-regional commerce from the current 17% of all trade in Africa to an estimated 52% within five years[14]. To address this opportunity, Indian industry can consider establishing operations in the 230 special economic zones (SEZs) across Africa.

The long-term objectives of the Indian Government's Focus Africa project align with Africa's Agenda 2063, defining clear priorities for the Indian government's partnership with Africa in the short, medium, and long terms. Leveraging private investments and blended finance, these efforts could mobilize development aid to achieve the numerous objectives outlined in Agenda 2063.

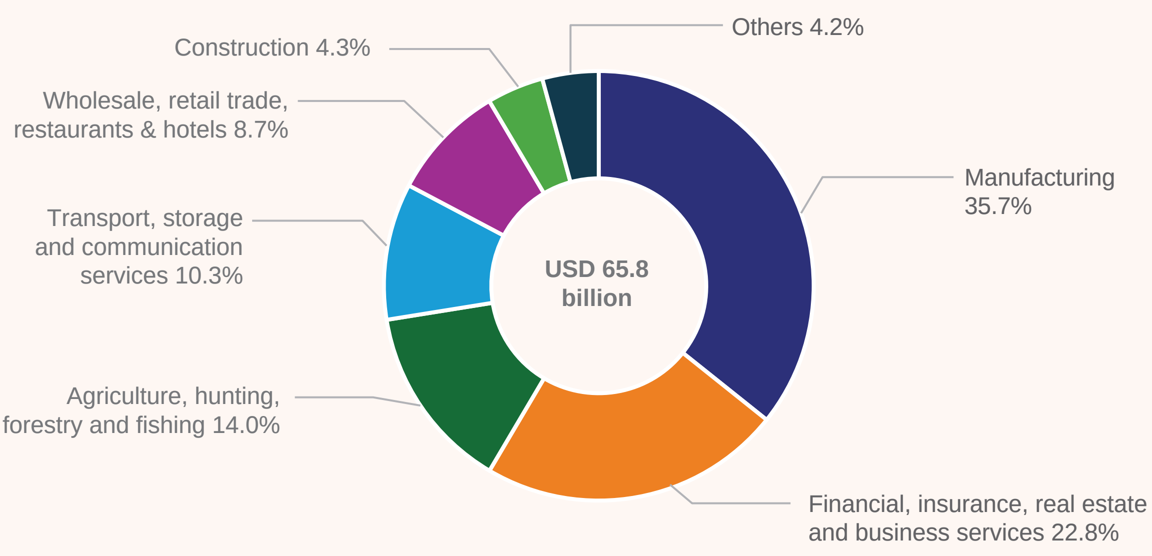
Support from India can help in the following areas:

- Regional production networks: India can consider conceptualising regional production networks based on the resources of African nations in consultation with them. This can be followed up with setting up India specific economic zones, to be developed in partnership with Indian industry, for products along with their inputs.
- Addressing job losses in affected industries by preparing governments to provide workers with appropriate safety nets and retraining programs.
- Supporting governments in implementing measures to enhance the workforce's capacity to seize new opportunities.

India can work with Africa to leverage AfCFTA through initiatives in renewable energy, transformative green industrialization, agriculture, and food security. Moreover, India can contribute to strengthening financial institutions, engaging in multilateral forums, and supporting technology development to enhance the effectiveness of AfCFTA.

Despite the youth bulge in Africa, there remains a noticeable gap between the current education and training offerings and the skills demanded by businesses. There is a pressing need to develop not only the skills required by today's businesses but also those needed for the future. Leveraging digital infrastructure can play a crucial role in bridging this gap in Africa's diverse education sector.

Figure 5: Sector-wise Indian Investments in Africa



Note: Legend is arranged based on the size of its share in total investments. Cumulative approved investments in Africa during April 2010 – March 2023 stood at USD 65.8 billion
Source: RBI and India Exim Bank analysis

[14] https://www.un.org/africarenewal/magazine/may-2023/afcfta-seizing-opportunities-prosperous-africa

Top 15 African Economies

To understand the opportunities provided by African nations, an in-depth study of the growing economies on the African continent is pivotal. The following countries, identified for their high exports, were studied to summarize their current economic scenarios. These scenarios form the foundation for business opportunities to enhance trade.

Egypt

Figure 6: % Share of GDP

GDP
USD 476.7 billion in 2022

Current Account Balance % of GDP
-3.5 in 2022

POPULATION
111 million in 2022

Population ages 15-64 (% of total)
62.3

Source: Country Brief-Egypt 2024; Africa Export-Import Bank

Source: World Bank; IMF Datamapper

Egypt is the 12th largest country on the continent and the 30th largest globally, with a population of approximately 114 million, making it the third most populous country in Africa[15].

In 2023, Egypt emerged as the top contributor to Africa's GDP, accounting for 13.9 percent. Egypt has also been a leading driver of trade in Africa, holding an estimated 10 percent share in 2023. Despite the challenges posed by the COVID-19 pandemic, Egypt's GDP expanded by 3.6 percent in 2020, while many countries experienced recession. Building on this momentum, the economy continued its upward trajectory, growing by 6.7 percent in 2022[16].

Egypt's inflation, driven by global supply chain disruptions from the Ukraine war, surged to over 23.5 percent in 2023 from 8.5 percent in 2022. Despite this, the fiscal deficit improved, narrowing from 7.5 percent of GDP in 2020 to 5.8 percent in 2022, supported by increased economic activity and higher exports, particularly liquefied natural gas to Europe.

In 2023, Egypt's total exports were estimated at USD 39.3 billion, down from USD 48.4 billion in 2022. India is among the top 10 import partners of Egypt, with a total trade balance of -USD 2.5 billion in 2023[17]. The top products exported from Egypt to India include mineral fuels, salts and sulphur, cotton, and

[15] Egypt Country Brief: https://media.afreximbank.com/afrexim/countrybrief_Egypt_2024.pdf
[16] Egypt Country Brief: https://media.afreximbank.com/afrexim/countrybrief_Egypt_2024.pdf
[17] ITC Trade Map

fertilizers, while the major imports from India are meat, mineral fuels, and machinery.

Between 2000 and 2023, India invested around USD 10.4 million in Egypt, focusing on sectors such as financial services, real estate, electricity, gas, and water[18].

Egypt's strategic location provides access to both African and Middle Eastern markets, with the Suez Canal being a crucial global trade route.
The economy is diversified, including key sectors like tourism, agriculture, natural gas, oil, and manufacturing. With a population exceeding 100 million, Egypt has a large domestic market that drives demand.

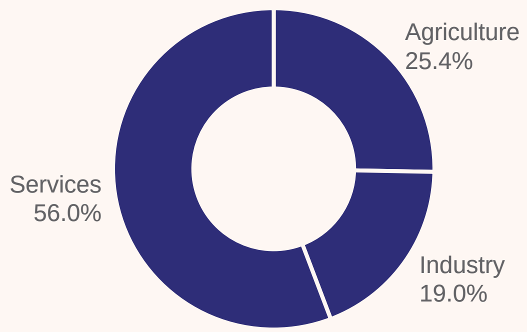
The country also has significant potential for renewable energy, with substantial investments in solar and wind projects, and a robust financial sector with ongoing reforms aimed at stability and growth.

Opportunities for Egypt include the potential revival and expansion of its tourism industry, economic reforms aimed at improving the business environment, significant infrastructure investments, regional trade agreements like the AfCFTA and increased foreign direct investment from Gulf countries and China.

Nigeria

Figure 7: % Share of GDP (Q1 to Q3)

% Share of GDP in 2022



GDP
USD 472.6 billion in 2022

Current Account Balance % of GDP
0.2 in 2022

POPULATION
218 million in 2022

Population ages 15-64 (% of total)
53.9

Inflation, Consumer Price (annual %)
18.8 in 2022 from 17 in 2021

Source: Macroeconomic Outlook 2023; IMF

Source: World Bank

The country's economic performance in 2022 was notably driven by the non-oil sector, which saw an average growth of 5.1% in the first three quarters[19]. Nigeria's economy achieved an estimated real GDP growth of 3.3% in 2024[20].

The services sector showed robust growth at 7.1%, and the agricultural sector expanded by 1.8% and the industrial sector posted a negative growth of 5.7%.

The structure of Nigeria's economy is evolving, with sectors like finance and insurance, mining and quarrying, water and waste management, and transport and storage showing notable growth, though their contribution to the overall GDP remains modest.

Nigeria's reliance on crude oil, which accounted for 79.2% of total exports and grew by 59.6%, continues to make the economy vulnerable to price fluctuations.

[18] DPIIT & RBI; and India Exim Bank Analysis
[19] Macroeconomic outlook 2023
[20] IMF: https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/NGA

Non-oil exports also increased by 41.8%, while imports were driven by refined petroleum products, machinery, and transport equipment[21].

India plays a significant role in Nigeria's trade landscape, being one of its top import partners. Major Nigerian exports to India include mineral fuels, oil seeds, edible fruits and nuts, and aluminium, while key imports from India comprise mineral fuels, machinery, vehicles, and pharmaceuticals.

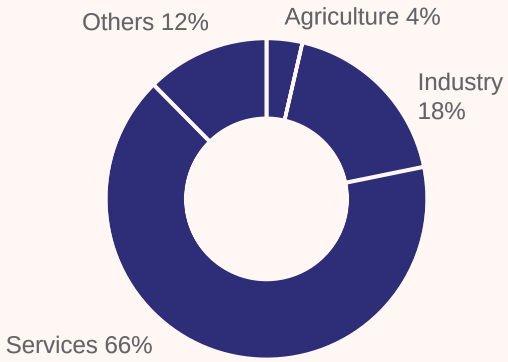
Indian investments in Nigeria span sectors such as construction, community, social, and personal services, and other miscellaneous areas.

Nigeria's large and growing population makes it one of Africa's largest consumer markets, supported by abundant natural resources, particularly oil and gas. The economy is diverse, encompassing agriculture, telecommunications, and services, and is buoyed by a strong entrepreneurial spirit and strategic location that offers access to West African markets and international trade routes.

South Africa

Figure 8: % Share of GDP

% Share of GDP in 2022



GDP
USD 405.27 billion in 2022

Current Account Balance % of GDP
- 1.6 in 2023

Population
60 million in 2022

Population ages 15-64 (% of total):
66

Inflation, Consumer Price (annual %)
6 in 2023 from 7.0 in 2022

Source: World Bank

Source: World Bank

South Africa is the second largest economy in Sub-Saharan Africa. South Africa’s real GDP growth decelerated from 1.9% in 2022 to 0.6% in 2023.

Growth in the key sectors of agriculture came down, while manufacturing picked up marginally owing to increased demand for petrochemicals and vehicles. The exchange rate of the South African rand weakened by 12.4% against the US dollar in 2023 due to declining terms of trade for South Africa’s main exports. The financial sector is resilient, well capitalized, and profitable.

During 2023-24, exports from India to South Africa were USD 8.70 billion. India’s imports from South Africa during the same period were USD 10.54 billion[22].

Major exported items from India to South Africa include petroleum products (USD 3.76 billion), motor vehicle/cars (USD 1.54 billion), drug formulations, biologicals (USD 0.57 billion), telecom instruments (USD 0.21 billion), industrial machinery for dairy, etc. (USD 0.14 billion), other construction machinery (USD 0.10 billion), inorganic chemicals (USD 0.09 billion), etc. in 2022-23[23].

[21] Economic Outlook 2023
[22] Ministry of Commerce: https://tradestat.commerce.gov.in/eidb/iecnt.asp
[23] https://www.ibef.org/indian-exports/india-south-africa trade#:~:text=In%202022%2D23%2C%20bilateral%20trade,from%20April%202000%2DSeptember%202023.

Major items imported by India from South Africa include coke, coal and briquettes (USD 3.48 billion), gold (USD 3.36 billion), pearl, precious and semi-precious stone (USD 0.84 billion), copper and products made of copper (USD 0.78 billion), bulk minerals and ores (USD 0.43 billion), pulp and wastepaper (USD 0.39 billion), iron and steel (USD 0.24 billion), etc. in 2022-23.

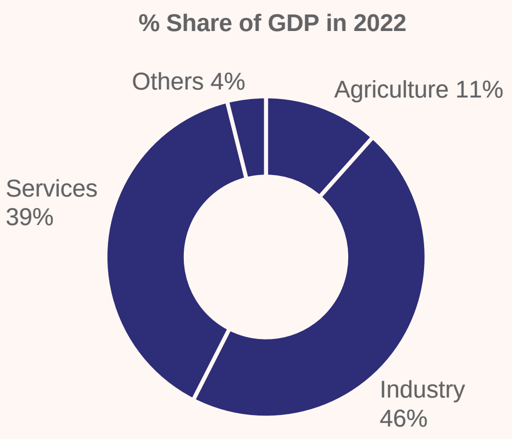
As per the Ministry of Finance, Government of India, during the last two decades (FY01 to FY 22), India's overseas direct investment to South Africa amounted to USD 949 million. From April 2010 – March 2020, South Africa attracted notable Indian investments in several sectors of Manufacturing (0.7%), Financial, insurance, real estate, and business services (1.8%), Agriculture, forestry, fishing, and mining (0.3%), Wholesale, retail trade, restaurants, and hotels (1.0%), construction (0.3%) and Community, social and personal services (1.5%)[24].

The potential sectors of interest for Indian industry in South Africa agriculture, agro-processing, agri-tech, ICT, healthcare, automotive, solar energy, education, and infrastructure.

Potential industries for suitable business opportunities for India are cold storage, beer & wine, medical plastics & disposable plastics, vehicles, machinery, textiles, and chemicals. The data from fDi markets of Financial Times suggests that India's announced investments have mostly been in the sectors like coal, oil and gas, renewable energy, automotives, metals, hotel and tourism and software & IT services.

Algeria

Figure 9: % Share of GDP



GDP
USD 195 billion in 2022

Current Account Balance % of GDP
8.6 in 2022 to 2.3 in 2023

POPULATION
45 million in 2022

Population ages 15-64 (% of total)
63

Inflation, Consumer Price (annual %)
9.3 in 2022 from 7.2 in 2021

Source: World Bank

Source: World Bank

Algeria's economic growth rate accelerated from 3.6% in 2022 to 4.2% in 2023, driven by the hydrocarbon sector, industry, construction, and services[25]. A new monetary and banking law was passed to stimulate financial innovation and inclusion and modernize financial supervision tools.

Economic growth depends heavily on the performance of the oil and natural gas sectors. Nevertheless, the share of hydrocarbons in GDP has been declining, from 44.3% in 2005 to 34.2% in 2012 and 19.5% in 2019, while that of services has been rising. Real non-hydrocarbon GDP growth accelerated in 2022, supported by private consumption[26].

[24] RBI; and India Exim Bank Analysis
[25] African Development Bank Group: https://www.afdb.org/en/countries-north-africa-algeria/algeria-economic-outlook
[26] World bank: https://documents1.worldbank.org/curated/en/099607506202340553/pdf/IDU029af6e650ac6404e170bc79062eb3b0de925.pdf

The trade between India and Algeria has rebounded by 24% in 2022 and reached USD 2.1 billion. Exports from India to Algeria during 2023-24 were USD 848.16 million. India's imports from Algeria during the same period were USD 885.54 million[27].

India's export to Algeria consists of rice, heterocyclic compounds, polyacetals, etc. India's import from Algeria consisted largely of oil and oils obtained from bituminous minerals, and crude oil.

Cooperation in the energy and mining sectors is the main interest for most Indian businesses, in view of the availability of oil, natural gas and mining products in Algeria.

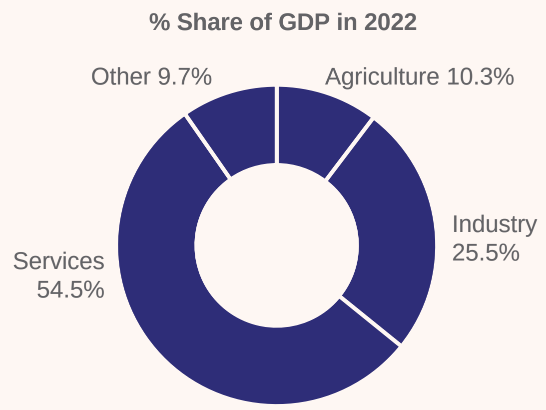
Significant opportunities exist in the segments of oil and gas, renewable energy, defence, cereals, dairy, power, ICT, and infrastructure.

FDI received from India to Algeria during FY 2001 to 2022 was USD 12 million. Investments are concentrated in the areas of business services, pharmaceuticals and industrial equipment.

The top Indian investing companies in Algeria include BLS International Services Limited, Vijay Electricals, Dodsal Engineering and Construction Shapoorji Pallonji, Zydus Cadila, Dabur, Sun Pharma and Cipla, among others.

Morocco

Figure 10: % Share of GDP



GDP
USD 130.91 billion in 2022

Current Account Balance % of GDP
-3.5 in 2022

POPULATION
37 million in 2022

Population ages 15-64 (% of total)
66

Inflation, Consumer Price (annual %)
6.7 in 2022 from 1.4 in 2021

Source: World Bank Open Data

Source: World Bank; IMF Datamapper

Morocco, situated in North Africa, has made significant economic progress over the last decade, driven by robust public investment and comprehensive institutional, macroeconomic, and sectoral reforms. However, the economic landscape has faced challenges recently. The GDP growth, which was a robust 8% in 2021, fell to 1.3% in 2022 as a result of global conditions.

The GDP is projected to recover, with an expected growth rate of 2.8% in 2023 and 3.1% in 2024[28]. Additionally, inflation is expected to trend downward, providing some relief to consumers and businesses alike. The country's ability to navigate the economic fallout from the COVID-19 pandemic and various geopolitical shocks underscores its economic

[27] Ministry of Commerce: https://tradestat.commerce.gov.in/eidb/iecnt.asp
[28] https://www.worldbank.org/en/country/morocco/publication/morocco-economic-monitor-fall-2023-from-resilience-to-shared-prosperity

resilience and adaptive capacity. A relatively stable currency has also been a cornerstone of Morocco's economic stability, helping to mitigate some of the volatility experienced in other sectors.

Morocco has been open to international trade since the 1980s. Morocco has FTAs already in force with UK, UAE, Türkiye, US, EU and EFTA countries.

Morocco's long coastlines have made it a major fish producer in Africa. To keep this industry healthy for the future, Morocco has adopted practices that are good for the environment and the economy. Its "Blue Strategy" focuses on creating areas of economic activity along the coast. Additionally, Morocco has the most extensive forest area in North Africa.

Apart from sharing close political relations, the trade ties between India and Morocco are also thriving. The total trade grew at 8.60 % CAGR between 2019-20 to 2023-24. India exported USD 1.03 billion, while importing USD 1.04 billion worth of commodities in 2023-24 from Morocco[29].

India is the 11th largest source market for goods imported by Morocco which includes mineral fuels, iron & steel, motor vehicles, medicaments, cereals etc. India is also the 7th largest export destination for goods exported by Morocco including fertilisers, inorganic chemicals, aluminium etc.

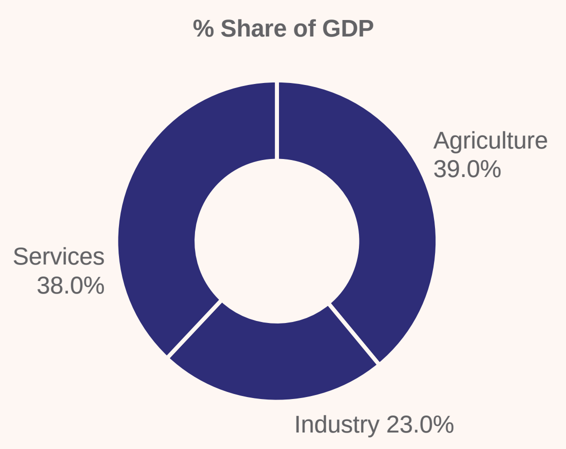
India received USD 141 million FDI equity inflow from Morocco from Apr 2000 - March 2024[30], while India's outward direct investment to Morocco is USD 238 million[31].

Morocco's government is working to create more jobs and bring in investment from other countries. Emphasis is placed on value added sectors: automotive, aerospace, textile, pharmaceuticals, outsourcing, and agro-food industry.

Morocco is extensively working on renewable energy, in 2019 share of renewable energy in total energy consumption in 11% while the target set for 2035 is 40%[32]. This provides an important avenue for Indian companies to invest in Morocco as the country is looking to reduce the energy cost and increasing the use of renewable and low carbon energy.

Ethiopia

Figure 11: % Share of GDP



GDP
USD 126.7 billion in 2022

Current Account Balance % of GDP
-4.3 in 2022

POPULATION
123 million in 2022

Population ages 15-64 (% of total)
57.2

Source: Ethiopia Country Brief 2024; Africa Export-Import Bank

Source: World Bank; IMF Datamapper

29 Data cited from Ministry of Commerce, Govt of India
30 DPIIT
31 Dept of economic affairs, Govt of India
32 General report, The New Development Model of Morocco: https://www.csmd.ma/documents/CSMD_Report_EN.pdf

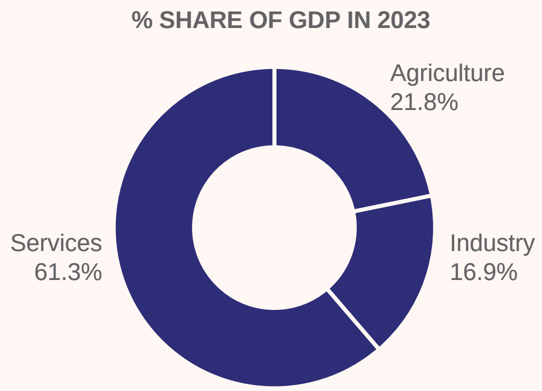
Ethiopia's economy, one of the fastest growing in the region, expanded by 6.1% in 2023 despite global and regional challenges[33]. Agriculture remains pivotal, contributing significantly to GDP and employing over 70% of the population. Projections indicate GDP growth of 5.8% in 2023 and 6.2% in 2024[34].

India is a key economic partner for Ethiopia, being the second-largest source of imports. Bilateral trade between the two countries amounted to USD 642.59 million in 2022-23. India's main exports to Ethiopia include vehicles, pharmaceuticals, sugar, cereals, and machinery, while Ethiopia exports oil seeds and vegetable oil to India.

Indian companies have made significant investments in Ethiopia, particularly in agriculture, floriculture, engineering, manufacturing, cotton and textiles, water management, and healthcare. Ethiopia's strategic location, diversified economy, robust trade with India, infrastructure investments, and educational cooperation are significant strengths. Opportunities arise from industrialization, economic diversification, regional trade agreements, renewable energy, and tourism.

Kenya

Figure 12: % Share of GDP



GDP
USD 113.42 billion in 2022

Current Account Balance % of GDP
-5.2 in 2022

POPULATION
54 million in 2022

Population ages 15-64 (% of total)
59.3

Inflation, Consumer Price (annual %)
7.1 in 2022 from 6.1 in 2021

Source: Kenya Economic Survey, 2024

Source: World Bank; IMF Datamapper

Kenya's economic outlook for 2024 shows both strengths and challenges. In 2023, Kenya's real GDP growth accelerated to 5.6%, up from 4.9% the previous year[35].

However, projections for 2024 indicate a slight slowdown to 5.0%. This deceleration is due to a challenging environment marked by elevated inflation, rising debt service obligations, high borrowing costs, and the sharp depreciation of the shilling. However, the current account deficit narrowed from KSh 694.2 billion in 2022 to KSh 603.7 billion in 2023[36].

Despite these hurdles, Kenya's economy has shown remarkable resilience, driven by strategic government policies aimed at bolstering macroeconomic stability.

[33] IMF Estimates: https://www.undp.org/ethiopia/publications/undp-ethiopia-quarterly-economic-profile-january-2024
[34] African Development Bank Group: https://www.afdb.org/en/countries/east-africa/ethiopia/ethiopia-economic-outlook#:~:text=Real%20GDP%20growth%20fell%20to,and%204.4%25%20in%202022).
[35] World Bank Data: https://www.worldbank.org/en/news/press-release/2024/06/05/kenya-afe-economy-exhibited-robust-growth-in-2023-despite-persistent-challenges#:~:text=Kenya's%20Economy%20Exhibited%20Robust%20Growth%20in%202023%20Despite%20Persistent%20Challenges,-Share%20more&text=Nairobi%2C%20June%205%2C%202024%20%E2%80%94,to%20slow%20down%20to%205.0%25.
[36] Kenya Economic Survey 2024: https://www.knbs.or.ke/wp-content/uploads/2024/05/2024-Economic-Survey.pdf

Notably, merchandise exports grew by 15.5%, significantly outpacing the 5.8% growth in merchandise imports in 2023.

India is among Kenya's top import partners, with key exports to India including organic chemicals, edible vegetables, coffee, tea, and spices, while imports from India include mineral fuels, pharmaceuticals, cereals, machinery, and vehicles.

Indian investments in Kenya have totalled around USD 286.8 million from 1996 to 2023, focusing on sectors such as transport, storage, and communication services, wholesale and retail trade, restaurants and hotels, and construction.

Kenya benefits from its strategic location as a trade hub for East Africa and has a diverse economy that includes agriculture, manufacturing, tourism, and services. Its strong financial sector and reputation as "Silicon Savannah" with a thriving technology industry further enhance its economic profile.

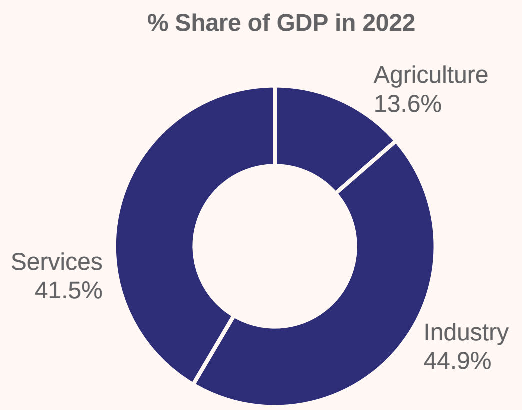
Kenya's power sector is one of the most developed in sub-Saharan Africa and is a global leader in the off-grid solar and geothermal markets, with over 90% of its power generated from renewable energy sources.

There are many opportunities for growth in Kenya, such as ongoing and planned infrastructure projects, tourism potential, regional trade integration within the East African Community, and investments in renewable energy.

The growing middle class boosts demand for goods and services, providing a substantial market for businesses. Kenya's leadership in renewable energy, particularly geothermal and wind power, positions it well for sustainable growth.

Angola

Figure 13: % Share of GDP



GDP
USD 106.78 billion in 2022

Current Account Balance % of GDP
9.6 in 2022

POPULATION
36 million in 2022

Population ages 15-64 (% of total)
52

Inflation, Consumer Price (annual %)
21.4 in 2022 from 25.8 in 2021

Source: World Bank Open Data

Source: World Bank Open Data & IMF Datamapper

Angola's economy exhibits concentration within the oil and gas sector. Oil production directly contributes approximately 29% to the nation's GDP. Its exports constitute a substantial 96% of Angola's total exports.

This reliance on a single industry highlights the potential vulnerability to external factors impacting global oil prices.

From 2014 to 2022, Angola experienced negative real GDP growth primarily due to a downturn in international oil prices. Despite the challenges, Angola's economy stabilized and grew at a rate of 3% in 2022, largely due to sustained high oil prices driven by geopolitical conflicts.

Additionally, Angola's current account balance is in surplus, amounting to USD 11.76 billion. However, inflation and unemployment remain high, at levels of 21.4% and 30%, respectively.

India and Angola share close trade relations. India is the 5th largest source market and 2nd largest export destination for Angola. Around 99% of Angola's export to India is constituted of oil & gas sector only. India's export to Angola is relatively diversified covering fuel, cereals, motor cars, medicine, etc.

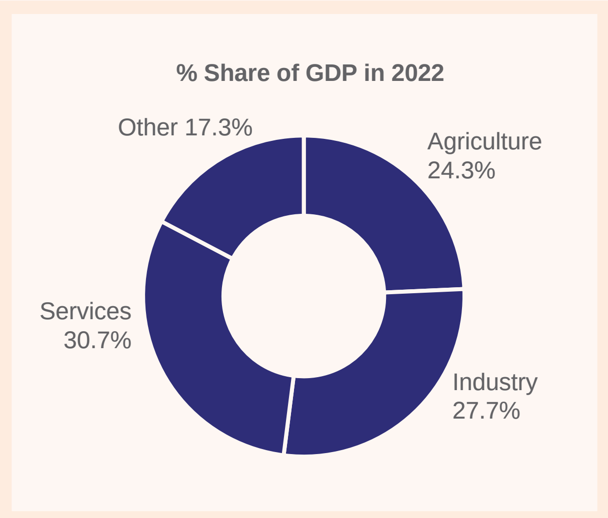
Angola has significant potential to diversify and expand its economy, particularly in the agriculture and services sectors. Water is abundant in Angola, with around 46% of the country's land being arable, highlighting the underutilized potential of agriculture. Investments in modern mechanized agriculture technology and storage facilities could significantly increase productivity.

Moreover, Angola has a hydropower potential of approximately 18 GW[37], which could meet both national and regional demand. The country also boasts diverse tourist attractions that have yet to be fully exploited.

Diversifying into agriculture and services can provide Angola with a more resilient economic foundation, reducing its dependence on the volatile oil and gas sector. By leveraging its natural resources and investing in infrastructure and technology, Angola can foster sustainable economic growth and development.

Tanzania

Figure 14: % Share of GDP



GDP
USD 75.73 billion in 2022

Current Account Balance % of GDP
-5.6 in 2022

POPULATION
65 million in 2022

Population ages 15-64 (% of total)
54

Inflation, Consumer Price (annual %)
4.4 in 2022 from 3.7 in 2021

Source: World Bank Open Data

Source: World Bank; IMF Datamapper

[37] https://www.afdb.org/en/countries-southern-africa-angola/angola-bank-intervention-strategy

Tanzania's annual average GDP grew by 5.9 percent between 2016 and 2020, surpassing East Africa's average of 4.2 percent[38]. Although Tanzania's GDP growth rate fell to 2% in 2020 due to the COVID-19 pandemic, it has shown resilience and bounced back to 5.2% in 2023.

This growth has been primarily supported by the services sector, especially tourism, financial and insurance services, transport and storage, and trade and repair subsectors. Agriculture remains one of the most critical sectors in Tanzania, providing employment to the majority of the working population. Key food crops produced by Tanzanian farmers include maize, wheat, rice, sweet potatoes, bananas, beans, sorghum, and sugar cane, while the country's cash crops include coffee, cotton, cashew nuts, tobacco, tea, and sisal. In addition to its agricultural prowess, Tanzania is rich in minerals, arable land, and wildlife, which form the backbone of its economic strength.

Tanzania and India share close, friendly ties, with a significant Indian community residing in Tanzania. As of October 2023, there are around 40,000 people of Indian origin and approximately 15,000-20,000 Indian nationals living in the country[39].

India is Tanzania's largest export destination and the second-largest source of imports. Tanzania imports goods such as mineral fuels, medicaments, motorcycles, cane or beet sugar, and semi-finished products of iron from India. In return, Tanzania's top exports to India include cashew nuts, gold, pulses, and gemstones.

India's outward FDI to Tanzania stood at USD 149 million from April 2000 to May 2024, with major Indian companies operating in Tanzania manufacturing tractors and farm equipment, buses, and automobiles. Indian industries are active in sectors like infrastructure, steel, mining, sugar production, power transmission, and insurance.

Given the agrarian nature of the country, food processing provides lucrative investment prospect for Indian industry. Tanzania offers vast arable land with favourable climate condition for farming. Tanzania also seeks to increase production to meet its unmet sugar demand. Aim is to increase average production of 460,048 tonnes in 2022-23 to 706,000 tonnes sugar by 2025-26.

Tanzania's rich natural resources provides investors opportunities in exploration, mining operations, and mineral processing. Tanzania has also graduated to lower middle-income country recently. The journey ahead would require investments in road, highways, ports, railways. Indian companies could invest in connectivity and infrastructure projects in Tanzania. Tourism, skill development, IT/ITeS are some of the other areas which could provide investment opportunity in Tanzania.

Tanzania's vast arable land, ideal climate, and recent economic growth present a wealth of investment opportunities for Indian companies. From establishing food processing plants to meet Tanzania's rising sugar demand, to capitalizing on the abundance of natural resources for exploration and mining, Indian expertise can flourish.

Furthermore, Tanzania's infrastructure needs in roads, railways, and ports create an entry point for Indian investment in connectivity projects, while tourism, skill development, and IT/ITES sectors offer additional avenues for mutually beneficial partnerships.

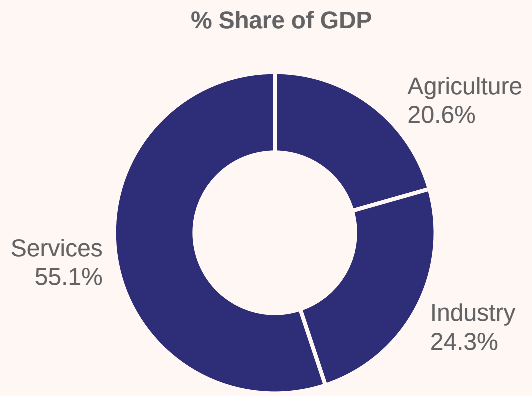
The mutually beneficial relationship between Tanzania and India can be further strengthened through strategic investments and partnerships. Indian companies, with their expertise and resources, can contribute significantly to Tanzania's development in agriculture, infrastructure, and various other sectors.

As Tanzania continues on its growth trajectory, these investments will not only support the country's economic advancement but also solidify the long-standing ties between the two nations.

[38] https://www.afdb.org/sites/default/files/documents/projects-and-operations/tanzania_-_anchoring_development_on_better_infrastructure_-_country_diagnostic_note_2021.pdf
[39] https://www.mea.gov.in/Portal/ForeignRelation/Tanzania-02-11-2023.pdf

Côte d’Ivoire (Ivory Coast)

Figure 15: % Share of GDP



GDP
USD 70.02 billion in 2022

Current Account Balance % of GDP
-7.7 in 2022

POPULATION
28 million in 2022

Population ages 15-64 (% of total)
56.1

Source: Côte D’ivoire Country Brief 2024; African Export-Import Bank

Source: World Bank; IMF Datamapper

Ivory Coast's economy is one of the fastest growing in Sub-Saharan Africa, with projected GDP growth rates of 7.2% in 2023 and 7.0% in 2024[40], reaching an estimated GDP of USD 79 billion in 2023[41]. This growth is driven by political stability and the implementation of the National Development Plan (NDP) from 2012-2015 and 2016-2020, which boosted public and private investments, domestic consumption, and the services sector.

Total trade rose to USD 59.8 billion in 2023, up from USD 52.8 billion in 2022. The political landscape has been stable since the 2020 presidential election, with the next election scheduled for October 2025.

India is one of Ivory Coast's top three import partners, importing cereals, vehicles, pharmaceutical products, and mineral fuels from India, while exporting edible fruits, rubber, and wooden articles to India.

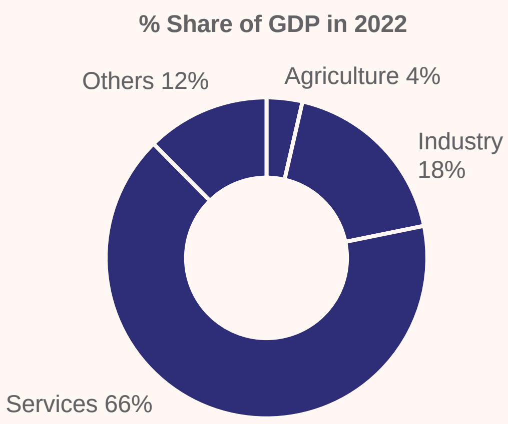
Ivory Coast boasts a strategic location along the West African coast, fuelling its robust economic growth driven by agriculture and mining. It is the world's leading cocoa producer and a significant exporter of coffee, palm oil, and cashews, bolstered by improved political stability.

Opportunities for economic diversification, regional trade integration, renewable energy development, and tourism expansion are promising.

[40] African Development Bank Group: https://www.afdb.org/en/countries/west-africa/cote-d%E2%80%99ivoire/cote-divoire-economic-outlook
[41] Côte D’ivoire Country Brief 2024: https://media.afreximbank.com/afrexim/Coted-Ivoire-Country-Brief-2024-1.pdf

Democratic Republic of the Congo

Figure 16: % Share of GDP



GDP
USD 64.72 billion in 2022

Current Account Balance % of GDP
-6.3 in 2023

Population
99 million in 2022

Population ages 15-64 (% of total)
51

Inflation, Consumer Price (annual %)
19.9% in 2023 from 9.3% in 2022

Source: World Bank

Source: World Bank

The Democratic Republic of Congo (DRC), about the size of Western Europe, is the largest country in Sub-Saharan Africa (SSA) and an LDC. DRC is endowed with exceptional natural resources, including minerals such as cobalt and copper, hydropower potential, significant arable land, immense biodiversity, and the world's second-largest rainforest.

The DRC's economy is largely dependent on the price of commodities, particularly copper, cobalt, tin, tungsten, and tantalum. Most of the country's mineral resources remain untapped and are estimated to be worth USD 24 trillion.

The economic growth rate was robust at 7.5% in 2023, due to lower performance in extractive industries[42]. Growth in non-extractive sectors rose from 3.1% in 2022 to 3.6% in 2023, driven by agriculture (up 0.45%), construction and public works (up 0.57%), and transport and telecommunications (up 0.61%).

Growth was also supported by exports (up 17.3%) and investment (up 9.2%)[43].

During 2023-24, exports from India to DRC were USD 580.69 million. India's imports from DRC during the same period were USD 209.44 million[44]. The top commodities exported by India are pharmaceutical products, automobiles, machinery & mechanical appliances, cereals and electrical machinery &equipment. The top imports on the other hand were of mineral fuels, cocoa and cocoa preparations, aluminium and articles, electrical machinery & equipment, iron & steel and copper & articles.

From India, during FY 2001 to 2022, DRC received FDI accruing to USD 23 million. The top sectors for investments have been building materials, communications, minerals, real estate and software and IT services with the leading companies being Bharti Airtel, TATA Motors, and Mahindra.

[42] https://www.trade.gov/country-commercial-guides/democratic-republic-congo-market-overview
[43] African Development Bank Group:https://www.afdb.org/sites/default/files/2024/06/06/aeo_2024_-_country_notes.pdf
[44] Department of Commerce: https://tradestat.commerce.gov.in/eidb/iecntq.asp

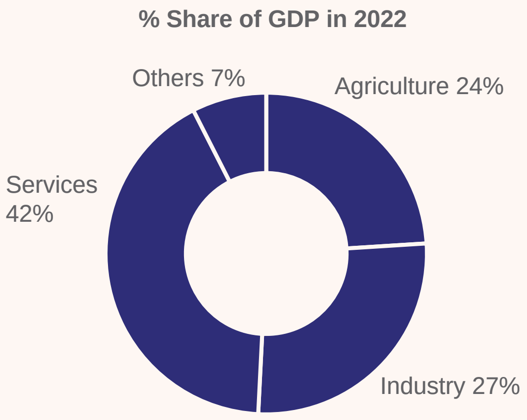
Investment opportunities are present for Indian businesses in the agriculture and mining sectors. With nearly 90% of its arable land unused, the DRC is promoting the establishment of agro-industrial parks, which can provide opportunities for Indian companies to invest in value addition of items like palm oil, rubber, cocoa, coffee, and more. Notably, maize, cassava, rice and soybeans along with fishing have been identified as high-potential sectors by the DRC.

The DRC is Africa's largest producer of copper and the world's largest producer of cobalt, a strategic metal used in battery production. This could be of high interest to Indian companies looking at moving towards EVs.

Furthermore, the DRC has great hydroelectric potential that can be leveraged for long-term investments. Energy is another focus sector where the DRC is looking to attract investments.

Uganda

Figure 17: % Share of GDP



GDP
USD 45.57 billion in 2022

Current Account Balance % of GDP
-8.4 in 2022

Population
47 million in 2022

Inflation, Consumer Price (annual %)
5.5 in 2023 from 7.2 in 2022

Source: Uganda Bureau of Statistics

Source: World Bank

A landlocked country located at the crossroads of East and Central Africa, Uganda is endowed with abundant agricultural, land, and mineral resources that form the backbone of its economy. Uganda's economy expanded 4.6% in 2023, lower than the 6.3% registered in 2022. Despite strong performance in mining, construction, and hospitality, lower manufacturing output and contractions in food production and public administration led to the slowdown.

Agriculture's contribution to GDP has declined from 53% in 1990 to 24% in 2022. Manufactured exports constituted 13% of total exports in 2022. Uganda receives USD 2 billion annually from development partners, with most of it directed to social sectors.

Uganda's exports surged with increased volumes of production and improvement in terms of trade, resumption of gold trade, and recovery of tourism. Imports grew stronger supported by demand from investments into the country's oil development program, hence weakening the current account.

Exports from India to Uganda during 2023-24 were USD 508.14 million. India's imports from Uganda during the same period were USD 880.83 million[45]. Uganda is a beneficiary of Duty Free Tariff Preference (DFTP) Scheme of India for Least Developed Countries.

[45] Ministry of Commerce: https://tradestat.commerce.gov.in/eidb/iecnt.asp

Major items of Indian exports to Uganda include pharmaceutical products, vehicles, plastic, paper and paperboard, organic chemicals. Major commodities of imports from Uganda to India are edible vegetables and certain roots and tubers, coffee, tea, mate and spices, wood and articles of wood, wood charcoal, cotton, essential oils, and cocoa and cocoa preparation.

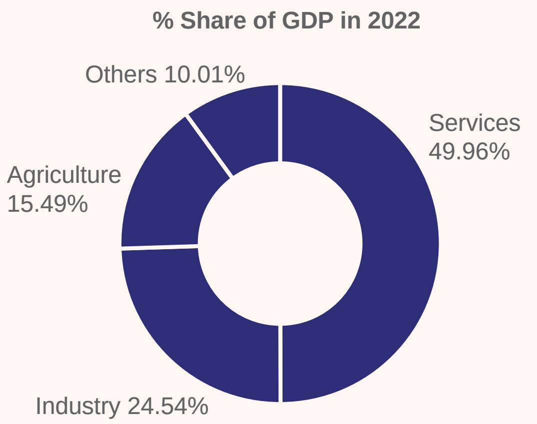
Regular engagement between the private sectors in India and Uganda has deepened the involvement of Indian businesses in Uganda. A Double Taxation Avoidance Agreement between India and Uganda is in effect since 2004.

From April 2000 to March 2023, India's FDI inflow from Uganda amounted to USD 10.2 million[46] which is 0.002% of share in India's Total FDI Inflows from Africa. From April 2010 – March 2020, Uganda attracted notable Indian investments in several sectors: Agriculture, forestry, fishing, and mining (0.2%), Wholesale, retail trade, restaurants, and hotels (0.5%), construction (0.1%), Community, social and personal services (0.2%)[47].

The potential sectors of interest and agriculture, agro-processing, agri-tech, ICT, healthcare, automotive, solar energy, education, and infrastructure.

Senegal

Figure 18: % Share of GDP



GDP
USD 27.68 billion in 2022

Current Account Balance % of GDP
-19.9 in 2022

POPULATION
17 million in 2022

Population ages 15-64 (% of total)
55

Inflation, Consumer Price (annual %)
9.7 in 2022 from 2.2 in 2021

Source: World Bank Open Data

Source: World Bank; IMF Datamapper

Senegal, a Western African country classified as a lower middle-income nation, is one of the fastest-growing countries in Africa. Despite its impressive growth trajectory, Senegal's real GDP growth dropped to 4.0% in 2022 from 6.5% in 2021. This decline can be attributed to several factors, including geopolitical tensions, a slowdown in the secondary sector, an unfavourable agricultural season, and sanctions imposed by the Economic Community of West African States (ECOWAS) against Mali, Senegal's leading customer for exports. Nevertheless, the Senegalese economy is expected to rebound, with a projected growth rate of 7.1% in 2024.

Inflation in Senegal reached a record high of 9.7% in 2022, driven primarily by soaring food prices. However, it has since declined to 5.9%, indicating a stabilization in the economy.

[46] Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India
[47] RBI; and India Exim Bank Analysis

India shares close economic and developmental relations with Senegal. Over the years, India has extended several lines of credit to Senegal for projects in agriculture and irrigation, transport, rural electrification, fisheries, women's poverty alleviation, IT training and equipment, medical infrastructure, and railways.

Bilateral trade between India and Senegal showed a rising trend before 2023-24, increasing from USD 946 million in 2019-20 to USD 2.51 billion in 2022-23. However, trade fell to USD 1.57 billion in 2023. In 2022-23, India exported goods worth USD 938.57 million to Senegal and imported goods worth USD 633.92 million, showing declines of 17.25% and 53.98%, respectively.

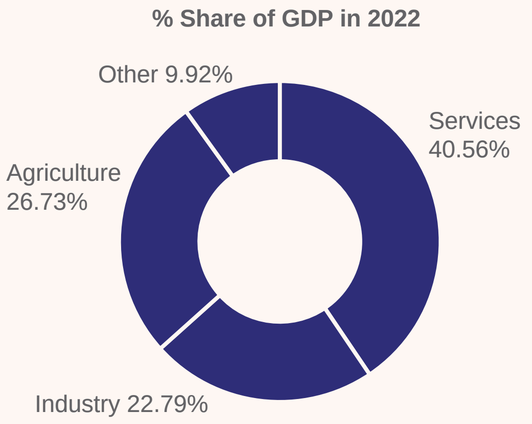
India's export basket to Senegal includes a wide range of products such as cereals, meat, automobiles, and more. Conversely, India imports critical raw materials from Senegal, including phosphoric acid and raw cashews.

Indian investments in Senegal span several sectors, including construction, tourism, retail, trading, phosphates, and pharmaceuticals.

The country's relationship with India, marked by significant trade and developmental cooperation, is a vital component of its economic strategy. As both nations continue to collaborate, their partnership is expected to yield mutual benefits and contribute to their respective economic advancements.

Mozambique

Figure 19: % Share of GDP



GDP
USD 18.41 billion in 2022

Current Account Balance % of GDP
-34.7 in 2022

POPULATION
33 million in 2022

Population ages 15-64 (% of total)
54

Inflation, Consumer Price (annual %)
10.3 in 2022 from 6.4 in 2021

Source: World Bank Open Data

Source: World Bank Open Data & IMF Datamapper

Mozambique is strategically located, sharing borders with Tanzania, Malawi, Zambia, Zimbabwe, South Africa, and Eswatini, four of which are landlocked countries. This geographic positioning makes Mozambique a potential gateway to several neighboring nations. The country boasts abundant arable land, a reliable water supply, substantial energy resources, rich mineral deposits, and significant natural gas reserves, constituting the foundation of its natural resource strength.

Mozambique's real GDP grew from 2.4% in 2021 to 4.4% in 2022, with an estimated increase to 6% in 2023[48]. This growth marks a consolidation of recovery from recent shocks such as the COVID-19 pandemic and other geopolitical events. The growth has been mainly driven by the extractive sector, particularly the start of Liquified Natural Gas (LNG) production at the Coral South offshore facility, along with the service sector on the supply side and private consumption on the demand side.

[48] https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/MOZ

Inflation, which was higher in 2022 due to increases in fuel and food prices, has been reduced to 7.1% in 2023, owing to a tighter monetary policy. Mozambique's import volume fell from USD 14.51 billion in 2022 to USD 10.09 billion in 2023, which has significantly improved the current account deficit from 34.2% of GDP in 2022 to an estimated 11.1% in 2023[49].

India and Mozambique share close economic and trade linkages. India is the 4th largest source country for goods imported by Mozambique and largest overall in terms of exported goods from Mozambique. It is also India's fifth-largest trade partner in Africa.

In 2023-24, India exported USD 1.99 billion worth of commodities to Mozambique and imported USD 2.42 billion. India's exports to Mozambique include fuel, medicine, cereals, bicycles, and books, while imports from Mozambique consist of coal, LNG, legumes, copper, and cashew nuts.

Indian companies have made substantial investments in Mozambique, particularly in natural gas, coal mining, consumer products, commercial agriculture, and automobiles. These investments constitute nearly a quarter of India's total foreign direct investments (FDIs) in Africa, with a significant focus on natural gas and coal.

Indian industry can leverage its expertise through targeted investments in key sectors to enhance cooperation between the two countries. In agriculture, India can invest in and supply farm mechanization equipment, tractors, farm trucks, and harvesting machinery to modernize farming practices and improve productivity.

The construction and infrastructure sector offers vast opportunities for building roads, railways, and water management systems, essential for Mozambique's development. The energy sector, especially renewable sources like solar and wind, is another critical area where Indian expertise can help Mozambique diversify its energy portfolio and achieve sustainable growth.

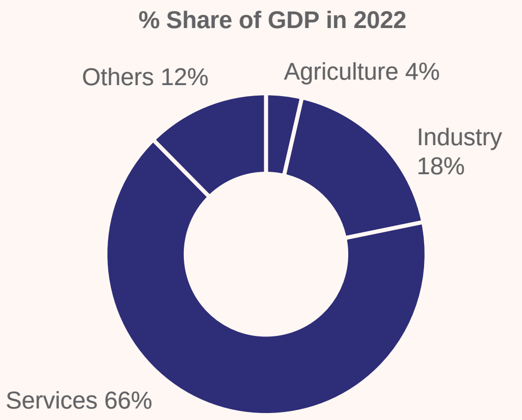
Indian expertise in Fast Moving Consumer Goods (FMCG) can cater to the growing consumer market in Mozambique. Investments in healthcare can enhance medical facilities, provide affordable healthcare solutions, and address critical health issues in Mozambique. Opportunities for exploration, extraction, and value addition in coal and LNG present lucrative prospects for Indian companies.

These strategic investments can further foster strong bilateral ties and mutual growth.

[49] https://www.worldbank.org/en/country/mozambique/overview

Mauritius

Figure 20: % Share of GDP



GDP
USD 12.95 billion in 2022

Current Account Balance % of GDP
- 5.1 in 2023

Population
1 million in 2022

Inflation, Consumer Price (annual %)
10.8% in 2022 to 7.0% in 2023

Source: World Bank

Source: World Bank

Real GDP growth remained robust at 7% in 2023, from 8.9% in 2022[50]. Growth was driven by services (construction and tourism) on the supply side and by consumption and investment on the demand side.

Mauritius is a beacon of economic success in Sub-Saharan middle-income country with a per capita income surpassing USD 10,000[51]. This remarkable transformation was rooted in a stable democracy and a relatively diversified economy that now includes tourism, manufacturing, fisheries, ICT, and financial services, the latter contributing 40% of GDP.

Since 2005, India has been among the largest trading partners of Mauritius. For FY 2023-2024, Indian exports to Mauritius was USD 778.03 million, while Mauritian exports to India stood at USD 73.10 million and total trade came in at USD 851.13 million[52].

Petroleum products have been the largest export item for India between 2007 to 2019 until MRPL supply contract was terminated in mid-2019. Other Indian exports to Mauritius include pharmaceuticals, cereals, cotton, shrimps, prawns and bovine meat. Main imports are vanilla, medical devices, needles, aluminium alloys, scrap paper, refined copper, men's cotton shirts, etc.

Cumulative FDI worth USD 161 billion came from Mauritius to India in the two decades from 2000 - 2022 (26% of total FDI inflows into India), largely due to the Double Taxation Avoidance Convention (DTAC). Mauritius is India's third largest source of FDI.

In Mauritius, Indian companies have invested over USD 200 million in the last five years. Mauritius accounted for 72.9% of India's investments in Africa due to its status as a low-tax jurisdiction during April

[50] African Development Bank Group:https://www.afdb.org/sites/default/files/2024/06/06/aeo_2024_-_country_notes.pdf
[51] World Bank: https://www.worldbank.org/en/country/mauritius/overview
[52] Ministry of Commerce: https://tradestat.commerce.gov.in/eidb/iecnt.asp

2010 – March 2023, in sectors like manufacturing, financial, insurance and business services and transport, storage and communication services, among others. With the given data, it is not possible to disaggregate the FDI data to know the volume of Indian FDI outflows that are routed through Mauritius to other countries.

From April 2010 – March 2020, Mauritius attracted notable Indian investments in several sectors: Manufacturing (93%), Financial, insurance, real estate, and business services (97%), Agriculture, forestry, fishing, and mining (6.8%), Transport, storage, and communication services (99.8%), Wholesale, retail trade, restaurants, and hotels (97.7%), construction (97.6%), Community, social and personal services (97.5), Electricity, gas, and water (44.4%), and miscellaneous (85.4%)[53].

The potential sectors of interest can be identified as agriculture, agro-processing, agri-tech, ICT, healthcare, automotive, solar energy, education, and infrastructure.

[53] RBI; and India Exim Bank Analysis

Sectors of Cooperation

Agriculture and Food Security

Overview

India holds the second place globally in terms of production of fruits, vegetables, tea, farmed fish, sugarcane, wheat, rice, cotton, and sugar. India's improved performance is evident in its increase in agri-exports, which reached USD 53 billion in FY23, surpassing previous records.

Nominal GDP of Sub-Saharan Africa amounts to USD 2.03 trillion[54] of which the agriculture, forestry, and fishing sectors contribute almost USD 350.11 billion, which implies that almost 17% of the GDP of Sub-Saharan Africa depends on the agriculture sector. However, the potential of the agricultural sector is substantial as it could potentially produce two to three times more agricultural output,[55] contributing significantly to the global food production and domestic and global food security.

African countries are keen to develop local agricultural capacity to feed their population. India already exports cereals and sugar in significant quantities to Africa and can invest in cultivation in Africa.

Potential Areas of Collaboration

Constraints in Africa's agricultural sector such as low agricultural productivity[56], lack of farmer education initiatives, and lack of access to inputs in areas such as water, fertilisers, and farm mechanisation reflect various collaboration opportunities between India and Africa. Indian Industry can augment Africa's farm mechanisation capacities by collaborating with the agro-processing firms in Africa by providing tractors, equipment such as plows and harrows along with irrigation techniques such as sprinkler and drip irrigation.

Further, extreme weather conditions impact the agriculture sector leading to severe storms and droughts in the sector. Indian and African industry can cooperate in research and development to develop mitigation measures such as developing early warning systems and utilising renewable forms of energy to promote sustainable farming practices. Further, organising training programmes for farmers on sustainable practices can further develop Africa's agricultural sector.

Cooperation in technology can also act as a key driver in Africa's rise to become a global food-provider. To maximise agricultural production in Africa, some possible technological interventions which can be adapted from India include seed technology, zero-till agriculture, and precision farming. Collaborative research initiatives can focus on developing drought-resistant and high-yield crop varieties, pest control methods, and others.

Increase in agri-exports, which reached

USD 53 billion in FY23

[54] https://data.worldbank.org/indicator/NY.GDP.MKTP.CD
[55] https://www.mckinsey.com/~/media/McKinsey/Industries/Agriculture/Our%20Insights/Winning%20in%20Africas%20agricultural%20market/Winning-in-Africas-agricultural-market.pdf
[56] https://www.fao.org/science-technology-and-innovation/increasing-agricultural-productivity-in-africa-can-sti-help-africa-to-make-a-quantum-leap-in-agricultural-productivity/en#:~:text=The%20productivity%20of%20Africa's%20agriculture,than%20half%20the%20global%20average.

To raise africultural productivity and strengthen Africa's value chains, promoting agricultural diversification and enhancing the food processing sector are critical. Indian Government has also collaborated with Africa to promote agri-business by launching Vocational Training Institutes, Soil Testing and Soil Health Card, among others.

Food-processing

Almost 60% of farmers in Sub-Saharan Africa are small farmers with a plot size that is less than 1 hectare. Establishing the food processing sector, while bringing small firms under the financial ecosystem in Africa, will help raise farmer incomes by improving access to finance.

Further, training food processing units will ensure that they adhere to quality standards for both local and international markets. India and Africa can help forge partnerships to promote Africa's food processing sector for local consumers and establish the brand value of Africa in the global market.

Recommendations

- Farm mechanisation is required by Africa. While several Indian tractor companies are selling Africa, smaller farm machinery can also be exported.
- Focusing on enhancing the agricultural startup ecosystem of Africa can help both sides address common challenges. An agri startup hackathon can be planned at regular intervals.
- Indian industry can invest in skill development of rural small and medium enterprises in Africa's agri-business industry.
- India can cooperate with Africa on seeds including hybrid seeds to expand access to high-yield seeds under High Yield, Resilient and Adaptive practices (HYRAP). India can work with local programs such as Program for Africa's Seed Systems and African Seed Investment Fund.
- India has been cooperating with African nations on leveraging India's digital public infrastructure to ensure availability of adequate finance to African farmers[57]. An established digital payment ecosystem in Africa will lead to lower transaction costs and ensure affordable access to capital for farmers.
- India and Africa can together work on strengthening the agriculture infrastructure of the region and collaborate on disaster management and climate change solutions.
- India's ICRISAT has been working on technologies for African agricultural transformation and phase II is underway with AfDB support. It is also working on strengthening seed systems through farmer research networks in West Africa. Such ventures should be expanded.
- Africa's food sector is one of its largest industries and can gain from cooperation with India in terms of machinery, inputs and skills. Indian industry can consider exploring the governmental initiatives in African countries for food processing as food security is vital to Africa.

[57] https://www.business-standard.com/finance/news/india-ghana-agree-for-operationalisation-of-upi-on-ghana-interbank-systems-124050500413_1.html

Digital Public Infrastructure

Overview

As a result of significant investment in digital infrastructure by the Government of India, the Indian fintech and telecommunications markets have expanded exponentially. India's telecom industry is the 2nd largest in the world with a subscriber base of 1.09 billion (April 2024)[58]. The fintech market size in India is significant as well with the number of digital transactions in FY 2023-24 exceeding 116 billion. It is estimated to reach USD 1.5 trillion in 2025[59].

Africa, on the other hand, expanded by 3.2%[60] in 2023 with its fintech and telecom markets yet to realise their full potential. The fintech market size of Africa is estimated to reach USD 65[61] billion by 2030, which reflects immense potential and collaboration opportunities between India and Africa. The tele-density of Sub-Saharan Africa remains approximately close to 1 per 200 inhabitants[62].

While there are about 500 fintech companies in Nigeria, South Africa, Kenya, and Tanzania, the other 50 countries in the African region have limited digital and physical infrastructure.

India's Digital Public Infrastructure (DPI) ecosystem has brought huge gains in areas such as fintech and financial inclusion, citizen identification, delivery of public benefits, and provision of government services. Applications such as DigiLocker for document storage, Co-WIN for vaccination, Jan Dhan Yojana, Shram portal for employees, among others, have made lives of citizens easier.

African countries can leapfrog by using India's DPI. India has expressed its willingness to share DPI tools free of cost with Africa and support skill development. There are many examples of DPI being used in Africa, for example, the 50-in-5 initiative shares learnings and best practices, Uganda's NBI/EGI project, Ghana's e-transform and digital governance plans in Kenya.

Potential Areas of Collaboration

India's fintech ecosystem includes payment gateways, UPI, QR-based payment system, digital wallets, digital customer lending, and bite-sized insurance products, among others. India can help Africa in setting up an adequate digital infrastructure to facilitate smooth transfer of funds within and outside Africa.

Indian telecom companies can further establish themselves in Africa with a special focus on rural areas to enhance connectivity and communication. Indian companies already have a footprint in Africa with one company being the second largest telecom operator with over 143 million active subscribers[63].

India's fintech market size is estimated to reach
USD 1.5 trillion in 2025

[58] https://www.investindia.gov.in/sector/telecom
[59] https://www.investindia.gov.in/sector/bfsi-FinTech-financial-services#:~:text=India%20is%20amongst%20the%20fastest,~%241.5%20Tn%20by%202025.&text=The%20Payments%20landscape%20in%20India,terms%20of%20revenue%20by%202030.
[60] https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/DZA?zoom=DZA&highlight=DZA
[61] https://web-assets.bcg.com/69/51/f9ce8b47419fb0bb9aeb50a77ee6/bcg-qed-global-fintech-report-2023-reimagining-the-future-of-finance-may-2023.pdf
[62] https://www.fao.org/4/x0295e/x0295e11.htm
[63] https://airtel.africa/assets/pdf/H1-2023/Airtel-Africa-plc_Factsheet_1Aug2023.pdf

Therefore, there is precedent for Indian telecommunications companies to continue to expand into African markets and set up adequate 5G infrastructure, especially in Sub-Saharan Africa, to improve telecommunications infrastructure in Africa.

Given that internet is the most important component for ensuring digital inclusion in an economy, undersea submarine cables in and around Africa can provide exclusive internet facilities to African citizens. The Asia Africa Europe-1 (AAE-1), a 25,000 km submarine cable, was launched in July 2017and the 2Africa project, one of the largest subsea projects globally connects India, Africa and other countries. India and Africa can increase the number of undersea cables to improve diversification and mitigate risks of dependence on limited cable lines.

Connectivity in the form of enhanced 4G/5G cooperation, smooth access to finance, and better internet connectivity can augment the digital infrastructure capabilities of Africa.

Recommendations

- Africa's digital prowess has yet to reach its true potential and initiatives such as the Pan African e-Network Project (PAeNP) are steps in the right direction. Indian industry with support from the Government should pursue similar projects to ensure deeper internet connectivity throughout the African region.
- The potential of the IT sector in Africa is huge and the focus should be on producing enough IT professionals in Africa with support from India's ed-tech industry. Indian industry can also offer support to the African industry in transitioning from labor-intensive technology to artificial intelligence and robotics to raise productivity and facilitate ease of doing business.
- Robust regulatory reforms, led by dedicated ministries, will create a conducive environment for increased FDI inflows into Africa's digital infrastructure, leading to improved financial inclusion and greater access to capital for businesses and individuals alike.

As per the (SDG) Sustainable Development Goals Industry Index, the top ranking countries included Egypt, Morocco and Tunisia, with Cote d'Ivoire and Senegal among the most improved economies between 2015 and 2021.

The manufacturing sector of India contributes around 16% to India's GDP and employs almost 11% of total employment with the sector poised to reach USD 1 trillion by FY 2025-26.

India aims to provide technologies and know-how that is appropriate, adaptable and affordable for African countries. Building local capacities is the objective, to ensure that the manufacturing relationship with Africa is supportive and based on Africa's needs.

Manufacturing

Overview

Africa's manufacturing sector is evolving, and the sector contributes approximately 10% to the economy of Africa while contributing 7.4% of employment. The manufacturing sector's contribution to GDP and employment reflects immense potential for India and Africa to expand cooperation in the various sub-sectors of manufacturing.

The largest manufacturing sector in terms of value added include food products, other non-metallic mineral products and beverages. Promising industries include vehicles and electrical equipment, which were the fastest growing in 2021. Other sectors which grew well included garments, furniture and fabricated metals.

There is significant diversity in manufacturing across African economies, with the more competitive industrial economies being South Africa, Morocco, Egypt, Tunisia, Botswana and Eswatini. These economies consistently achieved high ranks in the Competitive Industrial Performance Index over the last 10 years[64].

Potential Areas of Collaboration

Textiles and apparel

India exports a large amount of cotton to Africa with exports in 2023-24 amounting to USD 932.12 million. However, India's textile exports to the world include jute, raw wool, woollen yarn, handicrafts, and silk, among others[65] and India can provide incentives for domestic producers of such products to further develop the textile markets in Africa. This will not only lead to exchange of technologies between India and Africa but will also enhance Africa's textiles manufacturing capabilities.

While Africa has a rich history of colourful textiles and apparel, it is important to engage with small manufacturers. Countries like Ethiopia, South Africa, Mauritius and others have developed successful apparel industries. Ghana and other countries are working on more environmentally friendly and sustainable manufacturing with waste management and air quality improvement.

> *India exports a large amount of cotton to Africa with exports in 2023-24 amounting to*
> ***USD 932.12 million***

[64] https://www.unido.org/sites/default/files/unido-publications/2023-12/documents_Yearbook_2023_UNIDO_IndustrialStatistics_Yearbook_2023_Africa.pdf
[65] Ministry of Commerce and Industry, Government of India

African countries have instituted policies to drive the growth of textile and manufacturing sectors including the establishment of industrial zones and parks. They also offer lower costs of energy, labour supply and land.

India can undertake efforts to develop the entire value chain in Africa, ranging from sharing expertise in cotton cultivation to spinning and yarn, to weaving and knitting as well as design and fabrication. Taking a regional production network approach, Indian industry can explore synergies between cotton-producing countries and upstream value chains.

Electronics

In today's modernized world, the semiconductor industry holds great importance for the electronics industry in the world and Africa (Kenya, Nigeria, Rwanda and Ghana) exports critical minerals that can be intensively utilized in the production of such technologies. The two sides can collaborate to enhance the potential of Africa in the semiconductor industry by utilizing India's manufacturing capabilities and leveraging the natural resource stock of Africa.

Further, India should establish manufacturing units in Africa to promote Indian brands in African markets. India can also aid Africa in setting up a customer support ecosystem for repair and maintenance, offering infrastructure financing options for African manufacturing firms, and supporting and developing electronics manufacturing in Africa.

Automotives

In 2024, the African automotive market size was estimated at USD 20.5 billion, which is expected to reach USD 26.30 billion by 2029, growing at a CAGR of 5.1%. With an aim to produce its first EV by 2026, South Africa launched its policy for electrification of transport under the Just Energy Transition (JET) plan, with an estimated investment of USD 6.84 billion from 2023 to 2027 to support decarbonisation commitments.

Over the years, India and Africa have enhanced their cooperation in the automobile sector. Many Indian companies have a strong presence in African countries, including manufacturing and services.

- **Electric vehicles:** African companies have expanded production of electric vehicles as 2-wheelers, 3-wheelers and 4-wheelers have witnessed increasing demand across the continent. Cooperation in EVs between India and Africa is a two-way exchange as India would be keen to source Africa's essential raw materials for batteries and manufacturing.

  Nigeria was the largest market in Africa for EVs in 2021. While Africa's EV revenues were estimated at less than USD 100 million, EV and battery manufacturing and related services can be areas of cooperation. India can begin by exporting relatively low-cost EVs to African countries and as per African road conditions. African governments like South Africa also offer incentives for local manufacturers.

  Critical minerals like lithium drive the energy transition, as they are essential for clean energy technologies, including wind and electric vehicles. India relies on imports for its critical mineral supply, hence providing further opportunities of collaboration with Africa, as lithium production from Africa is projected to almost triple in 2024 compared to the previous year.

- **Automobile Manufacturing:** Indian automobile companies are increasingly investing in setting up of local assembly and manufacturing units across Africa, moving up from being exporters. Indian companies have invested in training mechanics in repairs and maintenance and also provided customer assistance, while building distributor networks in the continent. India is also shipping ready to assemble products.

  Such efforts have enabled Indian companies to take the lead in 2-wheelers. This model can be replicated in auto components manufacturing as well. This will ensure domestic manufacturing, affordability and sustainability of vehicles for terrains suited to Africa.

Chemicals and Petrochemicals

In Africa, the petrochemical industry has significant potential for growth and is a key player in the continent's economic development. Countries like Nigeria, Angola and Algeria have been major producers of crude oil for many years and have recently been investing in the development of their petrochemical industries.

Lack of infrastructure and poor transportation network causes hurdles while transporting raw materials and finished products. It is important for companies in the industry to invest in technologies that reduce emissions and improve environmental performance, to address environmental concerns associated with the petrochemical industry.

By recognising the potential for mutual benefits and economic growth, India and Africa have been strengthening their collaboration in the chemical and petrochemical sector.

- **Manufacturing Facilities:** Focus on value-addition forms a key factor driving the growth of the petrochemical industry in Africa. Many African countries are investing in developing petrochemical plants, which provides a plethora of opportunities to Indian firms. Investments by Indian companies are enabling the establishment of chemical and petrochemical plants, which in turn help in reducing costs, improving supply chain efficiency, and creating local employment opportunities.

- **Digitalisation:** To address the challenge that is faced by increase in global demand while keeping environmental impact at a minimum, there is a need for sustainable transition driven by greentech and digitalisation. The sector can enhance environmental performance and achieve long-term economic viability by adopting these innovative approaches. Digital technologies such as AI, IoT, and advanced analytics facilitate real-time monitoring, data-driven decision-making, and automation, leading to improved operational efficiency and reduced resource consumption.

- **Sustainable Development:** Greentech plays a crucial role in reducing greenhouse gas emissions, minimising waste generation, and conserving resources, and providing alternative feedstock in the petrochemical and chemical sector. India's Greentech solutions will enable African industries to adopt various sustainable alternatives which would include biomass, bio-based feedstocks, and carbon capture amongst others.

Skill Development

Overview

Africa is at the cusp of a population boom with the continent's population projected to grow from 1.4 billion people to over 2.5 billion people by 2050[66]. Furthermore, Africa, like India, has a predominantly young population with nearly 60% of it's people under 25 years of age.

However, while Africa has a significant demographic dividend, lack of education and training programmes pose significant challenges. It is estimated that 20% of primary school aged children and 58% of middle school aged children are out of school, with landlocked countries in Central Africa having the highest numbers of children out of school[67].

To reap the benefits of its demographic dividend, Africa will have to invest significantly into primary, secondary, and tertiary education and skilling programs to train and equip young Africans with requisite skills for employment and boosting all-round development. Therefore, India could be a potential partner and resource that African countries, companies, and citizens could rely upon for support in upskilling the population.

Potential Areas of Collaboration

India has already made strides in partnering with African educational institutions. The Indian Institute of Technology – Madras (IIT-M) established its first international campus on the island of Zanzibar, Tanzania offering B.Tech and M.Tech degrees in fields such as Data Science and AI[68] and has commenced operationalization with 45 students joining in October 2023. The establishment of an overseas campus not only diversifies the learning experience of Indian students and familiarises them with the African continent, it also provides opportunities for African students to receive education and training in emerging and integral sectors to Industry 5.0 like Data Science and AI.

Indian businesses have also invested significantly on the African continent and into educating and upskilling the African workforce that they have employed on the continent. Specifically, businesses have invested in fields including agriculture, pharmaceuticals, energy, and information and communication technology (ICT). These skilling initiatives range from workshops to training programs, and partnerships with local African primary, secondary, and tertiary educational institutes. These initiatives in turn enhance employability and help in closing skill gaps of African youth while preparing them for roles within Indian organisations.

Additionally, through Corporate Social Responsibility (CSR) initiatives, areas like community development, education, and technological transfer are in focus, which improve living standards and familiarisation of technologies and new skillsets.

Africa, like India, has a predominantly young population with nearly 60% of it's people under ***25 years of age.***

[66] https://www.imf.org/en/Publications/fandd/issues/2023/09/PT-african-century#:~:text=Fueled%20by%20a%20combination%20of,reach%20close%20to%202.5%20billion.
[67] https://www.orfonline.org/expert-speak/india-africa-education-partnership-holds-the-key-to-a-prosperous-future#:~:text=Education%20and%20capacity%20building%20has,in%20the%20school%20education%20system.
[68] https://www.business-standard.com/india-news/iit-madras-establishes-first-international-campus-in-tanzania-s-zanzibar-123110600630_1.html

Finally, joint ventures between Indian companies and African companies can facilitate technology transfer to the African continent and improve cross cultural knowledge and skill transfer between Indian and African employees. Therefore, continued expansion and presence of Indian businesses in Africa will improve upskilling of young Africans through corporate training workshops, CSR upskilling initiatives, and technology and knowledge transfer through joint ventures.

Recommendations

Some potential steps that India and Africa can both take to improve skilling of African youth could be:

- India should support the development of a bilateral or multilateral education and skilling policy on the African continent, which would monitor and measure learning outcomes and improvement in employability in African youth.
- India should partner with African primary, secondary, and tertiary educational institutions to improve awareness on opportunities for youth who complete schooling and incentivise African youth to attend and stay in schools to lower the African out-of-school rate
- Indian businesses should increase the frequency of skill development programs on the African continent and partner directly with African businesses or skill focused NGOs to improve employability of African youth and close the skill gap on the continent.
- Indian businesses should focus on Corporate Social Responsibility (CSR) programs on women's skill development to improve female participation in the African workforce.

Healthcare and Pharmaceuticals

Overview

Government of India initiatives such as Make in India, Startup India, Digital India, National Health Stack and National Digital Health Blueprint highlight it's role in prioritising innovations and incentivising the use of digital technology across all sectors, including health. The African pharmaceutical industry is valued at approximately USD 60 billion and is projected to reach USD 70 billion by 2030[69].

Despite its vast market, the industry currently meets only a fraction of the continent's pharmaceutical needs, with over 70 per cent of drugs being imported. South Africa, Nigeria, and Egypt are the largest pharmaceutical markets, collectively accounting for nearly half of the continent's total market value.

About 50,000 African *patients visited India on medical visa in 2021.*

There is a growing trend towards local production of pharmaceuticals, with governments implementing policies to promote local manufacturing through tax incentives and import restrictions on certain medications.

India has also been a preferred destination for medical value travel from Africa. About 50,000 African patients visited India on medical visa in 2021.

Potential Areas of Collaboration

Digital health solutions are becoming increasingly prevalent across Africa, ranging from telemedicine platforms to mobile apps for disease management. This digital shift is facilitating better access to healthcare services and information, presenting immense investment potential supported by both public and private funds.

Investing in local manufacturing plants and distribution networks provides a direct path to meeting the increasing demand for pharmaceuticals. Drug manufacturing capabilities can be developed in Africa, by training Africans in India through internships in Good Manufacturing Practices (GMP). India can collaborate with Africa to establish joint manufacturing facilities through the supply of Active Pharmaceutical Ingredients (API). Indian companies can invest and set up manufacturing units in Africa.

Further, building or upgrading healthcare infrastructure, including hospitals and clinics, presents an opportunity to improve healthcare delivery and access to medicines. With India's robust growth in the infrastructure sector, it can assist Africa in building and developing its healthcare infrastructure too. Indian companies can assist with the setting up of telemedicine centres in Africa under e-VidyaBharti and e-ArogyaBharti (e-VBAB) and set up a chain of Indian hospitals in African countries.

Immense opportunities exist in funding R&D for diseases prevalent in Africa, such as malaria, HIV/AIDS, and tuberculosis, as well as non-communicable diseases. There is also a growing market for herbal medicines and alternative therapies.

[69] https://www.linkedin.com/pulse/investment-opportunities-africas-pharma-sector-cristian-david-yik6f/

The Indian industry can undertake collaborative research on infectious diseases with a focus on developing vaccines. India can also provide support for improving diagnostics for neglected tropical diseases in Africa.

India and Africa can organise annual industrial conventions between pharmaceutical companies and business leaders from both regions to improve trade opportunities and collaboration; and set up a common e-marketplace for healthcare innovations between India and Africa. Investing in education and training for healthcare professionals and pharmaceutical scientists can help address the skills gap in the sector.

Recommendations

- Participation of the private sector is essential for the development of health infrastructure; Indian and African government can offer incentives facilitating greater investment from private investors and multilateral development banks. India can also offer support to Africa in creating effective strategies for healthcare data collection which can be further used for policy making and real time data monitoring.

- Members of the industry can work with the Government in creating a healthcare fund by forging partnerships with institutions such as the World Bank, African Development Bank, etc. The fund can help augment healthcare infrastructure and can be used to finance the development plans of small and medium sized enterprises. India can offer even greater assistance to Africa under India-Africa Development Fund.

- Indian Industry can join hands with the industry in Africa in promoting research and development in the healthcare sector which can facilitate greater collaboration in development of new treatments, improved diagnosis, healthcare policy and developing capacities in the sector.

- Indian healthcare companies should consider helping in hospital management and training of doctors and nurses in African countries.

Green Economy

Overview

The Indian Government at the 26th session of the United Nations Framework Convention on Climate Change (COP 26) in 2021 pledged to achieve net zero emissions by 2070. India’s low-carbon development strategies depend on innovation in the form of electric vehicles and low-carbon electricity systems, smart cities, and development of low-carbon emissions strategies. India ranks 7th globally in Climate Change Performance Index (CCPI, 2024) among the G20 countries, and has made great strides in achieving its commitments.

Africa contributes just 3.8% to global greenhouse gas emissions. However, countries in Africa are extremely vulnerable to climate change. Low levels of economic development in Africa coupled with extreme weather events such as floods and drought impact the poor in Africa much more intensely as they lack funds to insulate themselves from such adverse impacts.

Potential Areas of Collaboration

India launched its National Green Hydrogen Mission in 2023 with a financial outlay of USD 2.38 billion, to develop a comprehensive green hydrogen ecosystem encompassing production, electrolyser manufacturing, financing opportunities and promoting research and innovation. Realising the importance of green hydrogen, six African nations, namely, Egypt, Kenya, Mauritania, Morocco, Namibia and South Africa launched the Africa Green Hydrogen Alliance (AGHA) to expand the development of green hydrogen projects in the African region.

Smart Cities are another way to reduce the dependence on fossil fuels and augment innovative solutions to mitigate the impact of climate change. Smart cities include core infrastructure such as adequate water supply, assured electricity, sanitation, sustainable environment, among others. The Smart Cities Mission of India launched in June 2015 aims to develop innovative solutions to increase the standard of living while aligning with India's net zero emissions target. Cairo, Algiers, Rabat, Cape Town and Nairobi were among the top 10 Smart Cities in Africa as per the Smart City Index 2024. Cairo was ranked as the Smartest City in Africa, with a global rank of 114.

India and Africa can therefore collaborate in green hydrogen, electric vehicles, and smart cities to reduce dependence on fossil fuels and meet rising energy demands through advanced tech-driven solutions.

> *India launched the National Green Hydrogen Mission in 2023 with a financial outlay of*
> ***USD 2.38 billion***

Recommendations

- Raising finance for sustainable solutions to climate change is the need of the hour and the India Africa partnership can offer innovative financing solutions such as green bonds, blended finance, and others. Further, Indian industry can organize awareness programs among MSMEs to educate them on environmentally friendly solutions, such as energy-efficient practices, and waste reduction techniques.
- Formation of a specialized climate change authority in Africa is suggested, bringing together government and industry experts, to plan and execute tailored policies and programs for mitigating and adapting to climate change.
- Indian companies can share green product manufacturing in Africa. For example, Confederation of Indian Industry (CII) has already certified close to 9000 building products as green and these can be produced in Africa as well with shared technologies.

Critical Minerals

Overview

As environmental challenges fundamentally shift economic activity towards clean and green technology, critical minerals will play a pivotal role in this transition. The African continent has significant global reserves of critical transition minerals. Africa accounts for 48.1% of cobalt, 47.7% of manganese, 21.6% of natural graphite, 5.9% of copper, and 5.6% of nickel[70].

On a national level, the Democratic Republic of Congo (DRC) accounts for over 70% of global cobalt production and half of global reserves. Gabon, Ghana, and South Africa account for over 60% of global manganese production[71]. Zambia is the largest copper ore exporter in the world with over USD 6.6 billion in exports in 2022[72]. Finally, Zimbabwe holds the largest known deposit of lithium with a capacity of 11 million tonnes[73].

Therefore, Africa currently plays a significant and crucial role in the sourcing of these transition minerals, but it could become a significant component of the entire value chain itself.

While Africa has significant resources to build a robust critical minerals industry, estimates show that African countries only generate 40% of the potential revenue they could receive from these abundant resources[74]. Most of the mineral processing and production of goods with a significant share of critical minerals is done outside of Africa.

African nations should seek to develop native mineral processing capabilities or diversify their export partners to not only increase the revenue these nations receive but to also reduce dependability on one market.

Potential Areas of Collaboration

One potential area of collaboration could be between India's leading mining conglomerates and African state-owned mining operations to jointly develop onsite mineral processing capabilities. India is reliant on its supply chains of critical transition minerals to develop technologies like solar panels. In 2023, the Government of India identified 30 critical transition minerals which include cobalt, copper, and lithium.

Another significant area of collaboration could be in the form of dedicated critical minerals pacts between India and Africa to ensure equitable access to mining blocs for Indian companies.

Recommendations

- India should pursue mineral exploration agreements and critical minerals pacts in resource rich African countries to secure its mineral supply chain.
- Indian mining businesses should launch independent exploratory missions in African countries to assess and harness the critical minerals present in these countries.
- The Indian government should sponsor the joint development of mineral processing facilities in African countries and on the sites of critical mineral mines to improve supply chain efficiency and African participation in the critical mineral supply chain.
- Indian and African research groups on critical minerals can be formed to facilitate knowledge transfer on mining and refining of critical minerals for industrial use.

[70] https://unctad.org/news/unlocking-africas-critical-mineral-wealth-energy-transition-can-pave-path-new-prosperity#:~:text=Africa%20is%20home%20to%20sizeable,0.6%25%20of%20iron%20ore%20globally.
[71] https://www.imf.org/en/News/Articles/2024/04/29/cf-harnessing-sub-saharan-africas-critical-mineral-wealth
[72] https://oec.world/en/profile/bilateral-product/raw-copper/reporter/zmb
[73] https://www.aljazeera.com/features/2024/6/12/as-china-scrambles-for-zimbabwes-lithium-small-miners-are-left-behind#:~:text=Located%20in%20the%20Bikita%20hills,largest%2Dknown%20deposit%20of%20lithium.
[74] https://unctad.org/news/unlocking-africas-critical-mineral-wealth-energy-transition-can-pave-path-new-prosperity#:~:text=Africa%20is%20home%20to%20sizeable,0.6%25%20of%20iron%20ore%20globally.

Power and energy

Overview

Energy security and renewable energy are two integral components of national and international security. Some African countries are both net exporters and importers of energy and will be significantly impacted by climate change. Therefore, the development of secure supply chains of clean energy sources is a critical and important initiative for the continent in the coming decades.

Presently, Africa lacks consistent access to electricity with over 600 million people, or 43% of the African population lacking consistent access to electricity[75]. Africa is also one of the lowest consumers of energy with the continent contributing just 6% to global energy consumption with a per capita energy consumption of just 180 kilowatt hours (kWh)[76].

However, African countries are some of the largest energy producers in the world with Algeria, Angola, Nigeria, and Libya being four of the top 20 oil producers globally. Fundamentally, this is due to the export-oriented nature of Africa's oil and gas industry, where over 80% of Africa's oil production is exported from the continent. Therefore, given the high concentration of individuals without access to electricity and forecasted growth in Africa's young population, African countries must work to improve the supply and reliability of energy transmission systems to power development projects.

Renewable sources of energy could be a potential opportunity to democratise energy access on the African continent. The continent has significant potential in renewable energy with 10 TW of solar capacity, 100 GW of wind capacity, and 15 GW of geothermal energy[77]. Despite being less than 3% of the global renewable energy market, Africa's utilisation of renewable energy has more than doubled since 2012.

Solar energy is the fastest growing form of renewable energy in Africa with solar accounting for 57% of investments in renewable energy between 2010 and 2021[78]. Furthermore, wind energy is expected to rise by over 900% based upon already announced projects in the sector. Therefore, African countries should continue to support the development of renewable energy projects on the continent to offset negative impacts of climate change and increase energy accessibility and security.

> *African countries are some of the* ***largest energy producers in the world***

[75] https://www.iea.org/reports/africa-energy-outlook-2022/key-findings
[76] https://www.csis.org/analysis/achieving-universal-energy-access-africa-amid-global-decarbonization
[77] https://www.cppr.in/articles/future-prospects-of-india-africa-energy-ties
[78] https://zerocarbon-analytics.org/wp-content/uploads/2023/11/GSCC_Africa_Final_V3-1.pdf

Potential Areas of Collaboration

India has supported energy security efforts on the African continent through the ISA. Currently, 33 African countries are members of the ISA, which allows India to tap Africa's latent potential in solar energy and provide technology, build capacity, and employ Africans in the sector through various ISA initiatives.

Additionally, in 2020, the National Thermal Power Corporation (NTPC) won a contract to develop solar capacity in Mali and Togo, and is currently investigating similar opportunities in Sudan, Malawi, Gambia, and Mozambique. Under the aegis of the ISA, India has been able to expand to Africa and capture share in the promising solar industry on the continent.

Recommendations

- India should expand ISA initiatives to support and develop solar capacity on the African continent such as green bonds for solar panel projects.
- Indian renewable energy companies should invest and develop solar and wind renewable energy projects in Africa to diversify India's energy supply chains and improve energy accessibility and security.
- Indian companies can consider offering favourable rates on refined oils for African countries with significant import dependency for energy. Therefore, these countries will be able to provide energy to their citizens more easily.

Infrastructure Development

Overview

Infrastructure is a central component of facilitating economic collaborations between India and Africa. Africa is situated along major shipping routes and plays an integral role in global supply chains. The Tanger Med Port in Morocco is the largest port in Africa with a processing capacity of 9 million twenty-foot equivalent units (TEU)[79]. The largest port in Southern Africa is the Durban Container Terminal, which has a combined capacity of 3.6 million TEUs and handles 65% of Southern Africa's container volumes[80]. The Port Said is a critical port because of its geostrategic location along the Suez Canal, which facilitates the transport of goods between Asian and European markets and has a container traffic of 800,000 TEUs[81]. Finally, the Port of Lome in Togo is the largest one in West Africa with a capacity of 2.2 million TEUs[82]. Therefore, across the continent, there is significant port infrastructure to facilitate global maritime trade and these could serve as critical outposts in a dedicated shipping corridor between India and Africa.

Potential Areas of Collaboration

The India Middle East Europe Economic Corridor (IMEC) is a recently announced joint initiative to facilitate the transport of goods securely and efficiently between India and Mediterranean countries. North African states like Egypt and Djibouti could play an important role in Indo-Mediterranean trade due to their strategic locations in the Red Sea and Gulf of Aden respectively. Therefore, India should invest significantly in port infrastructure in these countries to strengthen and secure its commercial vessels headed to the Mediterranean region.

Recently, there has been a significant uptick in the volumes of shipments around South Africa and the Cape of Good Hope. India could jointly establish and invest in a dedicated corridor with eastern and southern African nations like Mauritius, Tanzania, South Africa, and the Seychelles to facilitate commercial trade around the southern tip of the African continent between India, Africa, and the rest of the world.

Railways are another potential area of collaboration between India and the African continent. India has the fourth largest railway system in the world with a route length of 42,000 miles and carried over 8 billion passengers in 2022[83]. Furthermore, India has developed its rail infrastructure sustainably with projections of 100% electrification by the end of 2024-25[84].

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[79] https://www.tangermed.ma/en/ports-and-logistics/port/#:~:text=Tanger%20Med%20Port%20includes%204,of%209%20million%20TEU%20containers.
[80] https://www.transnetportterminals.net/Ports/Pages/Durban_Container.aspx
[81] https://dlca.logcluster.org/212-egypt-port-port-said
[82] https://energycapitalpower.com/top-5-ports-to-watch-in-west-africa/
[83] https://www.trade.gov/market-intelligence/india-railways
[84] https://www.financialexpress.com/business/railways-indian-railways-on-track-to-achieve-100-electrification-with-rs-6500-cr-dedicated-budget-in-2024-25-says-officials-3447207/

Indian companies have already taken steps to develop rail infrastructure on the African continent, with Rail India Technical and Economic Service (RITES) winning a contract to supply locomotives for the Mozambique rail network[85]. Therefore, India can share its expertise in the sector with African nations to develop railway infrastructure on the continent.

An estimated 80% of goods are transported by road; however, Africa's road density has declined over the past two decades. Consequently, the lack of navigable roads inhibits trade and transnational linkages within the continent. It is estimated that Africa needs approximately USD 130-170 billion per year over the next decade to correct this infrastructure gap[86]. India could be a reliable partner as the country has built over 92,000 kilometres of highways over the past ten years, roughly averaging 25 km per day in roads constructed[87].

Therefore, India could support Africa's infrastructure development through equitable loans or grants for road construction and sharing knowledge on transportation infrastructure. Additionally, Indian infrastructure businesses could assist and invest in developing highway infrastructure on the African continent.

Recommendations

- Indian Government and Indian businesses should prioritise procuring ports along Africa's Cape of Good Hope to facilitate trade around the continent and secure transnational supply chains.
- The Indian Government should enhance partnerships between the Ministry of Railways and African Railways Ministries to increase Indian involvement in the development of rail connectivity on the African continent.
- The Indian Ministry of Roads and Highways should sponsor technology transfer programs between India and Africa to improve road connectivity and support the development of a more interconnected AfCFTA.

[85] https://macaonews.org/news/lusofonia/rites-mozambique-railways-india/#:~:text=India's%20state%2Downed%20rail%20company,rail%20network%2C%20according%20to%20reports.
[86] https://www.cgdev.org/project/designing-roads-africas-future#:~:text=Yet%20Africa%20currently%20trails%20the,roads%20are%20in%20South%20Africa.
[87] https://timesofindia.indiatimes.com/city/delhi/nh-construction-set-to-touch-95000-km-in-10-years/articleshow/108122318.cms

Defence and Space

Overview

The Defence sector is a critical component of India's economy with an estimated 3.3% of India's GDP spent on the sector and over USD 2.63 billion of exports in 2023-24[88]. The Government of India has taken significant initiatives to promote, protect, and develop domestic defence production through policy measures such as Defence Production and Export Promotion Policy (DPEPP) and Defence Acquisition Procedure (DAP 2020). The DPEPP is a planned initiative by the Government of India to promote self-reliance in defence manufacturing, integration into defence supply chains, and scaling the Indian defence industry to USD 25 billion in turnover and USD 5 billion in exports[89].

Similarly, DAP 2020 prioritises indigenous defence manufactured goods for the Indian military, which, in turn incentivises the domestic military industrial complex. Finally, to further promote the defence industry, the Indian Government has allowed up to 74% Foreign Direct Investment (FDI) in the automatic route and up to 100% FDI through the government route[90].

India is also one of the key space countries in the world, with major successes to its credit such as missions to the Moon, Sun and Mars along with satellites and launch facilities. It has opened up the space sector to private investments and several Indian companies are participating in space component manufacturing.

The African Union has set up the African Space Agency (AfSA) and aims to leverage digital applications for development. The space industry is estimated to grow by over 16% to USD 23 billion by 2026. About USD 5 billion has been invested by 15 African countries in satellite projects. Over 300 companies are expected to work on areas such as satellites, spacecraft components and emerging technologies in space[91].

The South African National Space Agency (SANSA) is also in place and has built several satellites. The African Union aims to develop services and products aligned to its socioeconomic needs, indigenous capacity to operate and maintain core space capabilities and industrial capabilities to translate R&D into commercial use.

Potential Areas of Collaboration

There are significant opportunities and incentives for Indian companies to develop products for African markets. Africa accounts for 15% of India's total defence exports with the three largest net importers of Indian made defence products being Seychelles, Mauritius, and Mozambique[92].

Additionally, India is sharing expertise in defence manufacturing and research and development, with African nations in line with international norms and ethics. Therefore, continued capital support and financing for indigenous development of military hardware could be a promising area of collaboration between the continent and subcontinent.

The African industry is estimate to grow by over **16% to USD 23 billion** *by 2026*

[88] https://www.investindia.gov.in/sector/defence-manufacturing
[89] https://pib.gov.in/PressReleasePage.aspx?PRID=1643194
[90] https://pib.gov.in/PressReleasePage.aspx?PRID=2004475#:~:text=Foreign%20Direct%20Investment%20(FDI)%20limit,in%20access%20to%20modern%20technology.
[91] https://www.stimson.org/2023/who-woke-the-sleeping-giant-africas-emerging-space-programs-take-off/#:~:text=Grand%20Strategy,-November%2015%2C%202023&text=As%20Africa%20looks%20to%20close,in%20the%20future%20space%20economy.
[92] https://www.icwa.in/show_content.php?lang=1&level=1&ls_id=9533&lid=6189

Another potential area of collaboration is the space sector. India and Kenya recently formed a strategic partnership on space to develop and expand Africa's space capabilities for monitoring weather events[93]. India's ISRO could partner with additional African countries to launch and improve weather monitoring and satellite capacity.

India should also increasingly prioritise closer cooperation on defence with African nations through Memorandums of Understanding (MoU) to increase security in both geographies and the Indian Ocean. India and South Africa signed an MoU on Defence Cooperation in 2000, which established the India-South Africa Joint Defence Committee (JDC) which has held eight meetings since. India and Nigeria signed an MoU on Defence Cooperation in 2007 that established the Joint Defence Coordination Committee (JDCC) between both countries that will hold a meeting later this year.

Additionally, India and Egypt signed an MoU in September 2022 to enhance bilateral defence cooperation and increase the frequency of joint exercises and exchange of personnel.

Further, India is negotiating a defence cooperation agreement with Ethiopia that will focus on providing training for Ethiopian troops as well as credit restructuring for the Ethiopian military.

Finally, India and African nations have conducted joint maritime military exercises to promote regional security in the Indian Ocean including the IMT TRILAT 24 (India-Mozambique-Tanzania Trilateral Exercise) and LAMITIYE-24 exercise between India and the Seychelles.

Therefore, both geographies have extensive histories of defence cooperation across all regions of the African continent, which should continue to be encouraged by India and African nations to promote security of both regions and the ocean between them.

India and Africa could cooperate closely on cyber security and secure telecommunications. India is a global leader in ICT and the Government of India has taken several initiatives to protect the country's digital infrastructure and industry including the National Cybersecurity Policy (NCP). Under the aegis of the NCP, India ranked 12th in cybersecurity resources and 13th in organisational capacity in the 2022-23 edition of the MIT Cyber Defence Index. Therefore, deeper cooperation between India and African nations on cybersecurity could facilitate technology transfer and the development of native cybersecurity capabilities within these partnered countries.

Recommendations

- India should establish and share knowledge on cybersecurity with African countries to maintain the integrity of digital infrastructure and connectivity in the African region.
- India's ISRO can invest and partner with African countries to improve monitoring of weather events and transfer technology for low-cost satellites.
- India's military industrial complex should increase exports and promote indigenous development of military hardware on the African continent.

[93] https://www.downtoearth.org.in/africa/india-and-kenya-forge-alliance-to-expand-africas-space-capabilities-in-response-to-climate-crisis#:~:text=India%20and%20Kenya%20forge%20alliance,in%20response%20to%20climate%20crisis&text=India%20has%20expressed%20interest%20in,and%20monitoring%20extreme%20weather%20events.

Recommendations

Country strategies

With the vast diversity in economies, industrial strengths and resources in Africa, India needs to take a differentiated strategy towards African countries, depending on 3 factors.

First, the differentiation should be based on economic development level of the partner country. Least Developed Countries (LDCs) would need higher support in terms of development partnerships, aids, grants and Lines of Credit. The aim should be to work with them towards their developmental goals. At the same time, it needs to be seen how the partner country can increase its trade to India. This would require capacity building and investments.

On the other hand, low and middle income economies need a separate strategy involving greater private sector investments. These countries not only have markets that can be tapped internally, but would also enjoy capabilities of exporting to India as well as exporting to third countries with Indian business investments.

Second, the strategy needs to take into consideration the size of the consumer market in a partner country.

Third, the strategy would need to look at the particular strengths of the partner country in terms of agriculture, industry, services, fintech and digital inclusion, and mineral and other natural resources.

The differentiated strategy should be developed by the Indian Government along with specific sectors that can be addressed in the partner economy. Private sector can be attracted to participate through various options including funding, marketing and investment support, among others.

Africa is set on a new trajectory of growth and India must be a close partner and friend in its developmental journey. Given the huge synergies between both sides, ample opportunities exist for Indian industry to explore opportunities in Africa's growth. Many Indian companies have succeeded in establishing a strong footprint in Africa and have seized leadership positions across sectors such as telecom, automotives and FMCG.

The need of the hour is for more Indian businesses to leverage growth opportunities in Africa. A private investment-led economic cooperation model can yield best results, including being highly profitable and successful for businesses willing to be in for the haul. To do this, there is need to bridge the information gap and the cultural gap. Indian companies should also leverage the many governmental initiatives to enhance cooperation with Africa.

Least Developed Countries (LDCs) would need higher support in terms of ***development partnerships,*** *aids, grants and Lines of Credit.*

From aid to investment

In 2019, before the pandemic struck, Africa was moving to a balance between aid received and benefits of trade and investment. According to the World Investment Report 2022, Africa received a record FDI of USD 83 billion in 2021. This was double the FDI for 2020 but barely 5% of global FDI.

Among Africa's five regions, Southern Africa, East Africa and West Africa saw higher FDI flows. Central Africa remained flat, and North Africa registered a decline. Greenfield investments were at a low ebb but renewable energy attracted new investments with nearly 71 new projects in 2021.

Africa provides great potential to attract international investment in the green and blue economies besides infrastructure. The challenges are to improve the investment ambience and enhance African capacity to absorb investment.

From 2022 onwards, FDI started declining and was only USD 45 billion in 2022 and 3.5% of global FDI; this was on account of the diversion of global interest due to the pandemic and emerging international crisis.

In 2024, African growth is expected to be 3.7% rising to 4.3% in 2025, indicating African resilience. If these are matched by improved global economic conditions, and African policy measures, Africa would be the second fastest growing region globally with 40 countries out of 54 set to achieve higher growth rates compared to 2023.

The impact of COVID, the lagging implementation of SDGs and imperceptibility of climate finance all make Africa anxious that its domestic budgets will be strained for social sector spending. Therefore, the countries are[94] reluctant to borrow more and suffer debt stress. This impacts India's LOC led model.

The preferable model therefore would be an FDI led model including PPP projects to achieve SDGs and infrastructure development in Africa.

Trilateral partnerships

India and Japan had agreed on a trilateral partnership initiative, the Asia Africa Growth Corridor, that was designed to bring together Indian and Japanese expertise and funds for tapping opportunities in Africa. This has not taken off as expected due to various reasons such as lack of information, cultural gaps and others.

India and Germany have worked on projects in Ghana, Cameroon and Malawi, expanding farming opportunities for women and technology for potato production. The two would like to expand this partnership to provide sustainable, viable and inclusive projects for addressing development challenges and meeting SDG targets for climate.

Similarly, the UK and India Prime Ministers have announced the Global Innovation Partnership to accelerate SDG in Africa. They have also worked on Supporting Indian Trade and Investment for Africa (SITA).

Trilateral cooperation converges strengths of India in management and project development with the resources of advanced partner countries to undertake specific projects in Africa. Such trilaterals are excellent solutions for further expanding India's engagement in Africa to meet common goals.

Trilateral partnerships can be entered into for a range of sectors such as agriculture, industrial development, skill development, women's empowerment, and trade. The key is to build a huge scale for these partnerships so that they can be effective at large.

These should also bring in industry, academia and civil society organisations to partner in Africa.

Access to finance

Access to finance is cited as a key constraint for industry wishing to expand horizons in Africa.
To address this, several initiatives need to come together.

[94] Contributed by Amb Gurjit Singh, Author of The Harambee Factor

It needs to be understood that due to debt situation of many African countries, Lines of Credit are not preferred by them as it could lead to further expanding their debt. Therefore, alternative solutions should be considered.

First, there is need for more Indian bank branches in Africa. Finance is the key lubricant of trade finance, and a sound banking network is the key to finance[95].

- Whether a trade transaction is in letter of credit terms, or on open account, the key documents of title flow through the banking system. For this purpose, banks use their own branch network, or enter into correspondent banking relationships with other banks (advising, collecting, guarantees etc).
- In places where a bank has no branch of its own, especially overseas, it is critically dependent on banks in that territory to provide the correspondent banking services. Since most of the banks with wide networks and robust trade finance systems tend to be OECD country banks, the costs of such correspondent banking tend to be high.
- Prior to 2016 when bank NPAs in India started rising, Indian public sector banks such as State Bank of India, Bank of Baroda and others had a large network of on-the-ground presence in Africa via their own branches, or by way of their banking subsidiaries or joint ventures.
- As African branches were less profitable, many branches had to be closed for strengthening banks.
- Private sector banks take a short term view of profit, while PSU banks take a long view. With the public sector banks now back in good health, it is time for them to rebuild their reach in Africa and this may be considered by the Indian Government.

Two, political risk insurance in foreign currency needs to be addressed.

- While short term trade finance has excellent political risk insurance (PRI) cover from the Export Credit Guarantee Corporation of India (ECGC), this is not the case for medium / long term trade finance / project finance and investments. Investment into Africa is of particular importance as the debt absorption capacity of these countries is low.
- ECGC denominates its risk cover in INR, rather than the currency of finance or investment (usually USD).
- As a result, even with ECGC PRI cover, the Indian exporter / investor is exposed to an open USD-INR exchange risk, and since the INR tends to depreciate against the USD more than it appreciates, the PRI cover steadily deteriorates over time.
- Consider an investment of USD 20 million for (say) a cotton yarn project, made by an Indian company in an African country in January 2020. The USD-INR in January 2020 was INR 70.96 per USD, so the ECGC would extend PRI for a sum of INR 127.73 crore (being 90% of 141.92 crore at that rate of exchange).

  Now assume that in December 2023 (just 4 years later) there is some unfortunate natural crisis or war like situation in that country. ECGC would pay the sum of INR 127.73 crore to the Indian Investor; however, at the December 2023 exchange rate of INR 83.21 per USD, the Indian Investor would realise only USD 15.35 million, suffering a loss of USD 4.65 million (23.25%) purely on account of the rate of exchange. The amounts in the example are small, but the disincentive to invest, especially for a small or medium company, is very severe.
- It should be noted that India is the only country in the world, whose PRI agency (ECGC) provides cover only in INR, rather than in the currency of credit or investment. China, Japan, Korea, Turkey and the US all provide PRI in their home currency or the investment / credit currency at the option of the investor/ exporter.

India Africa Rupee Trade

Africa is a fast-growing market with significant potential for economic expansion and development. Recognising the benefits of rupee trade, India instituted the mechanism for trade settlement in Indian rupees. In July 2022, the Reserve Bank of India (RBI) authorised Indian banks to open and maintain Special Rupee Vostro Accounts (SRVAs) for partner trading countries' banks. Thereafter, banks of 6 African and 12 other countries were granted approvals for opening SRVAs.

[95] This section is provided by Mr David Rasquinha, former Managing Director, EXIM Bank of India

India currently has functioning SRVAs in Kenya, Mauritius, Seychelles, Tanzania, Uganda, and Botswana with possibility of South Africa, Nigeria and Lesotho joining the list very soon. This action will help Indian traders make payments in rupees for all imports, which will be credited to Vostro accounts (special rupee accounts in Indian banks) of the corresponding banks of the partner countries, while Indian exporters will be paid from the balances in the designated Vostro accounts. Any surplus rupee balances in Vostro accounts may be used for investments, including Government of India securities.

Furthermore, India and Africa also share a huge expatriate population. Therefore, an INR trade settlement initiative between African economies and INR will further enrich the centuries old trade relation between the economies and will allow both Indian and African markets to grow.

The benefits are substantial, encompassing reduced transaction costs, mitigated risks from exchange rate volatility, and bolstered currencies for participating nations.

Additionally, this endeavour paves the way for currency diversification, increased significance of Indian payment systems globally, and improved price discovery mechanisms for Indian businesses. However, issues such as exchange rate volatility, partial rupee convertibility, and limited international acceptance warrant careful consideration and concerted efforts to overcome.

Focus on services

Traditionally, India has focused on East and Southern Africa due to maritime proximity and a large diaspora. The Indian Technical and Economic Cooperation (ITEC) programme, which has expanded engagements to over 44 countries, supporting capacity building, project assistance, scholarships, and institution-building has trained over 200,000 civilian and defence professionals from 160 countries, predominantly in Africa and Asia.

Projects like the Pan African e-Network connect Africa's 54 countries to India and each other, sharing expertise in telecom, medicine, health, resource mapping, and e-governance. Continuing and expanding such programmes is crucial for developing skilled professionals and strengthening bilateral ties. To generate and incubate more ideas, both India and Africa should look to engage with one another in more programmes and platforms.

In a challenging global environment, services trade is increasingly seen as vital for job creation, national growth, and the exchange of ideas, knowledge, and technology. The services sector significantly supports goods trade through supply chains and e-commerce. Notable synergies exist between services and manufacturing, such as telecom services with equipment manufacturing, and electronic hardware with software. Other key areas include IT, healthcare, pharmaceuticals, shipbuilding, R&D, and biotech.

Efficient transport, distribution, finance, utilities, telecommunications, and business services are crucial for cost-effective production and marketing of goods. Tourism with focus on medical value travel is another key area.

Therefore, it is essential to enhance advocacy and awareness in both public and private sectors, and to mobilize policy attention and resources to boost the sector's competitiveness. A services-driven regional development strategy, integrated into a comprehensive policy framework, is crucial for linking services to broader national development goals.

Role of Indian and African Missions

Indian missions and posts are India's presence on the ground and are doing excellent work in deepening and strengthening the partnership with India. Similarly, African missions in India have an extensive engagement and deep connects with all stakeholders in the country. A greater focus on economic diplomacy and support to private sector from missions of both sides could support investments and specific projects from India to Africa.

Embassies can consider working on the following areas:

Enhancing private sector engagement: Missions can work on setting up regular B2B meetings, undertaking physical business delegations in both directions, identifying issues to be taken up with respective governments, providing information on areas of investment and supporting and working with businesses to bid for projects.

Skill development: CII has an intensive skill development and training and placement programme, which can be replicated in African countries.

Sustainability projects: CII through its centres of excellence supports Indian industry with capacity building, assessments and audits in the areas of green buildings, energy efficiency, water management, waste and plastic waste management and ESG compliances, among others. It can undertake such projects in Africa with the help of industry members.

Other Areas of Cooperation

- Establishing a Free Trade Agreement (FTA) or a Preferential Trade Agreement will facilitate trade, investment, and economic cooperation.
  - The AfCFTA is a promising grouping that could promote increased cooperation and improved ease of doing business on the African continent. Therefore, a free trade agreement with the AfCFTA would improve trade and connectivity between the continent and sub-continent and increase the ability for Indian companies to engage with the continent. Additionally, individual free trade agreements between India and key African nations could also be pursued to improve trade linkages between the two regions.
- Lower transaction costs, including high shipping and insurance costs to facilitate trade.
  - High shipping costs and high cost of insurance in exports to African countries have led many Indian exporters to sell on a 'free on-board' basis rather than 'on-delivery' basis. Due to high transaction costs and perceived risks, Indian exporters often avoid taking risks. So, reducing these costs is important for boosting trade between India and Africa. Addressing these costs will reduce risk perceptions and encourage Indian exporters to engage more freely with African markets.
- Improve the dissemination of market information and knowledge about each other's markets.
  - The knowledge asymmetry created due to the lack of proper dissemination of information, and the incomplete understanding that India and Africa have about each other's markets creates major hurdles. It is necessary to create platforms in India for marketing and promotion of opportunities in African countries with specific sectoral and regional sub-groups.

Conclusion

The strong partnership and mutual aspiration of both India and Africa to establish new economic engagements across emerging dimensions are evident and define their relationship. However, a limiting factor is the availability of funds to fulfil these aspirations.

The private sectors of both sides can play a crucial role as active participants and partners in promoting bilateral linkages, with the private sector standing to benefit the most from these initiatives. Interest from the private sector is increasing, as evidenced by growing trade and investment relations.

Under the current government-led agenda, the Indian industry faces challenges related to limited knowledge and information about opportunities in Africa. Additionally, there is apprehension about risk factors on the continent.

A collaborative effort between government and industry is essential to stimulate interest in Africa and facilitate accurate information flow.
Active support from embassies on both sides in highlighting upcoming investment opportunities would be beneficial for Indian industry to explore potential options.

The proactive agenda-setting by African governments and leaders indicates investment opportunities across various sectors that Indian industry should capitalise on. In turn, governments and leaders in Africa must provide tangible on-the-ground support and frameworks. This includes ensuring transparency, actionable policies, and measurable outcomes to attract Indian companies and reassure investors. Business growth in Africa is crucial to establishing a sustainable ecosystem that promises a brighter and more developed future for millions of Africans.

The India-Africa partnership is mutually beneficial, with both regions fostering each other's growth and development. Indian companies investing in Africa are creating jobs and boosting economic growth in African nations. Conversely, African countries offer opportunities for Indian companies to expand and diversify their businesses.

Africa presents a substantial market for Indian goods and services, featuring a growing consumer base and investment opportunities in sectors like manufacturing, infrastructure and agriculture. Additionally, Africa's abundant natural resources and youthful demographic offer Indian companies the chance to invest and develop new markets.

This is truly a mutually beneficial, mutually productive partnership for both sides.

> *Indian companies investing in Africa are creating jobs and* ***boosting economic growth*** *in African nations.*

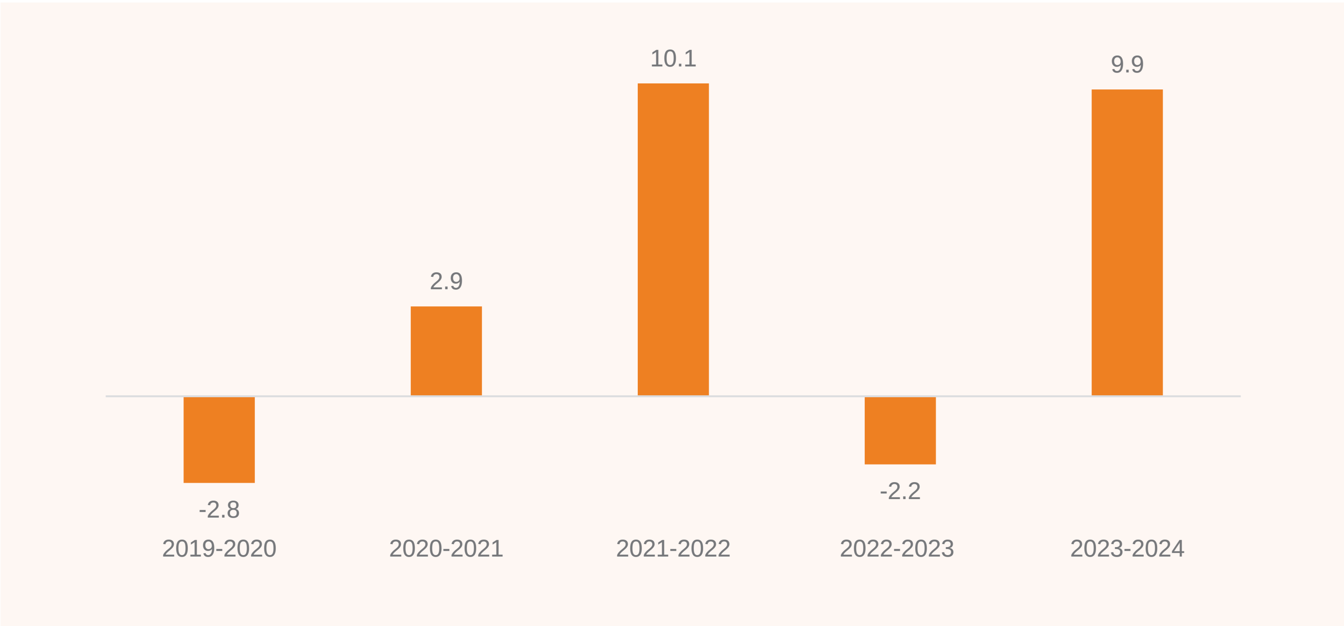
Annex:

Indian Economy: Rising Growth Trajectory

In the last couple of years, the world has gone through multiple crises which has added to the long list of existing flashpoints. Despite these challenges, global growth is seen to sustain its momentum in 2024 supported by a rebound in global trade and an anticipated soft landing in advanced economies. The International Monetary Fund (IMF) in its latest World Economic Outlook projects the global economy to grow at 3.2% in 2024, the same rate as in 2023.

Amidst the global flux, Indian economy stands on a firm economic footing buttressed by a strong performance across sectors, which has imparted its resilience. The intrinsic strength of India's macroeconomic fundamentals was reaffirmed as it registered a healthy growth rate of 8.2% in 2023-24, making it the third consecutive year of above 7% growth. The resilience in the domestic economic activity came on the back of strong investment demand and manufacturing sector activity, coupled with upbeat business & consumer sentiments.

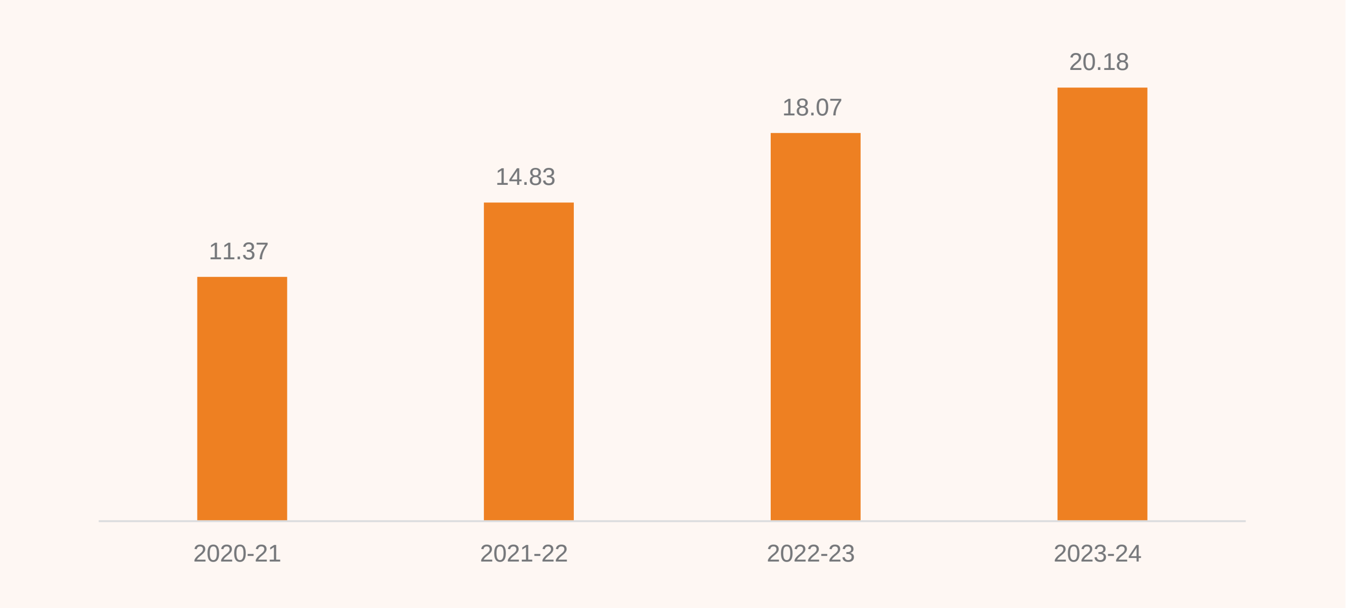
Figure 21: Manufacturing sector activity strengthens in 2023-24 (y-o-y%)



Source: CSO

Moreover, there has been a continued uptrend witnessed in a slew of high-frequency indicators such as GST revenue collections, bank credit, auto sales and air passenger traffic among others since the start of the current fiscal year. Manufacturing and Services PMI have also maintained buoyancy. The revival in rural demand has also been encouraging, with rural FMCG growth, which was lagging the urban demand having picked up since Q2 2023-24, overtaking the urban demand in Q4 2023-24.

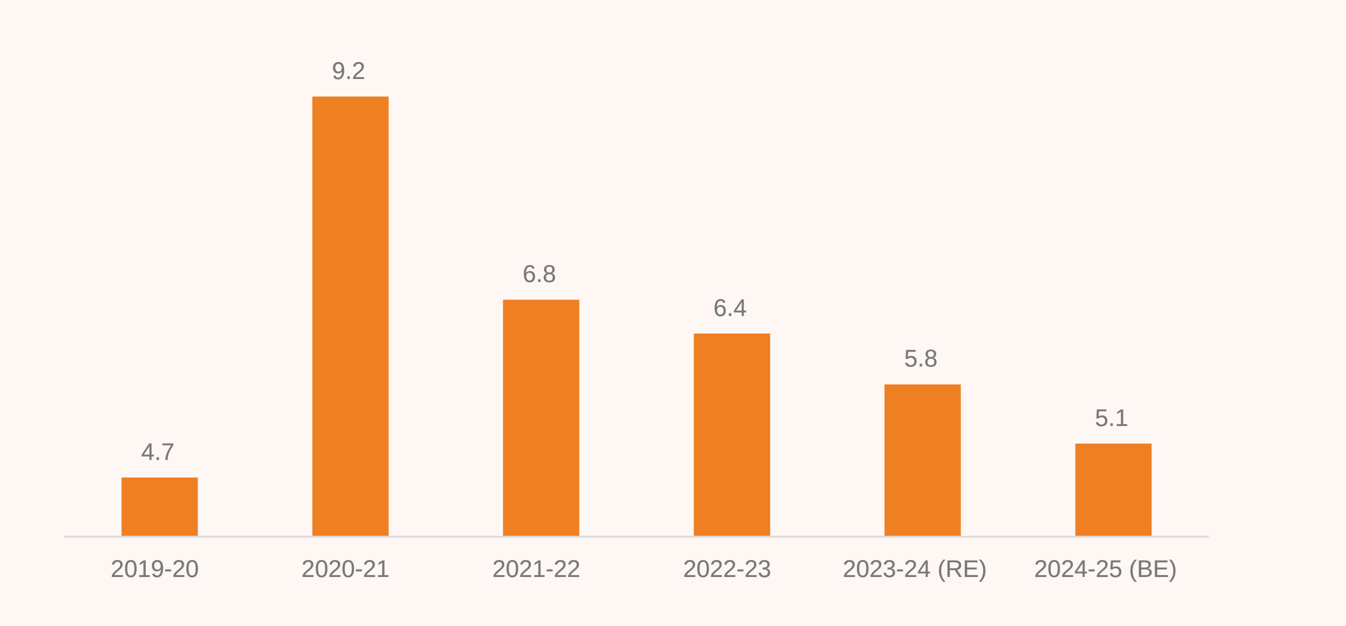
Figure 22: GST Revenue collections have been robust over the years (Rs lakh crore)



Source: PIB

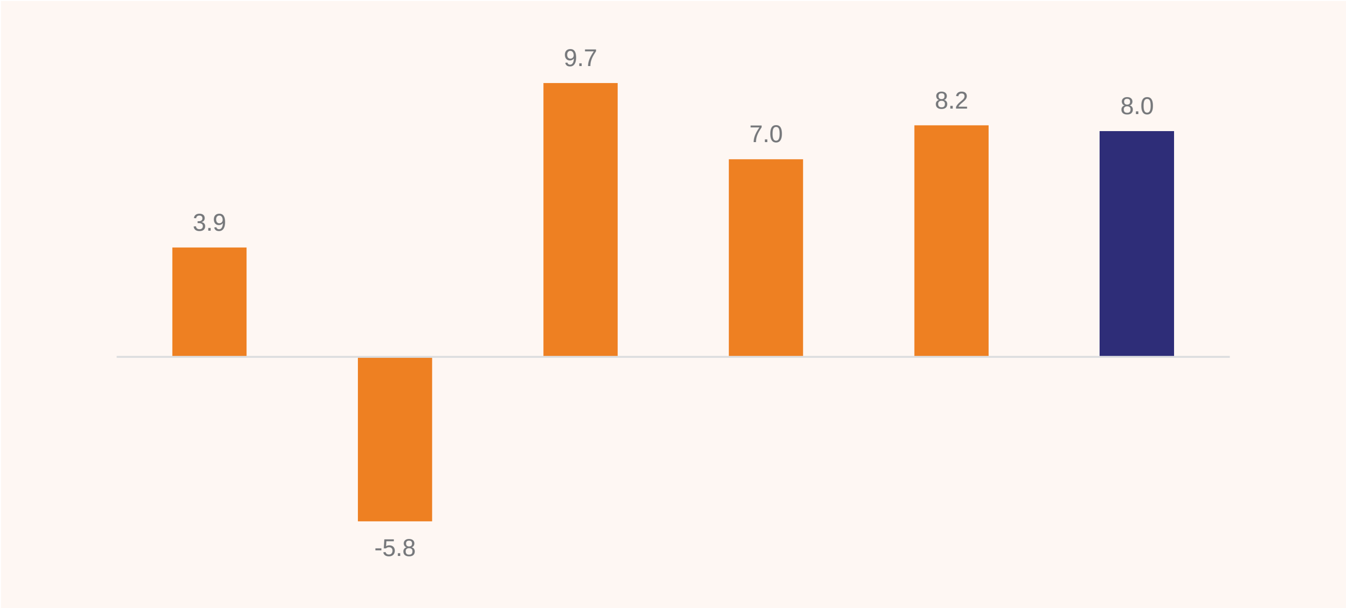
With this background, CII expects India to grow at a healthy rate of 8% in 2024-25, higher than the estimates of the RBI (7.2%) and IMF (6.8%) for the current year. Our optimism stems from expectations of next-gen reforms pertaining to the factor market, being carried forward in mission mode. Apart from these next-gen reforms, the expectations of an above-normal monsoon, the government's continued thrust on capex while maintaining fiscal prudence, continued softening of inflationary pressures, and improvement in global trade prospects are the other key factors, which would support growth in the current fiscal. Having said that headwinds from geopolitical tensions, volatility in international commodity prices, geoeconomic fragmentation, and elevated food prices pose risks to the outlook.

Figure 23: Budget on track to adhere to the fiscal glide path (Fiscal deficit as % of GDP)



Source: Budget documents

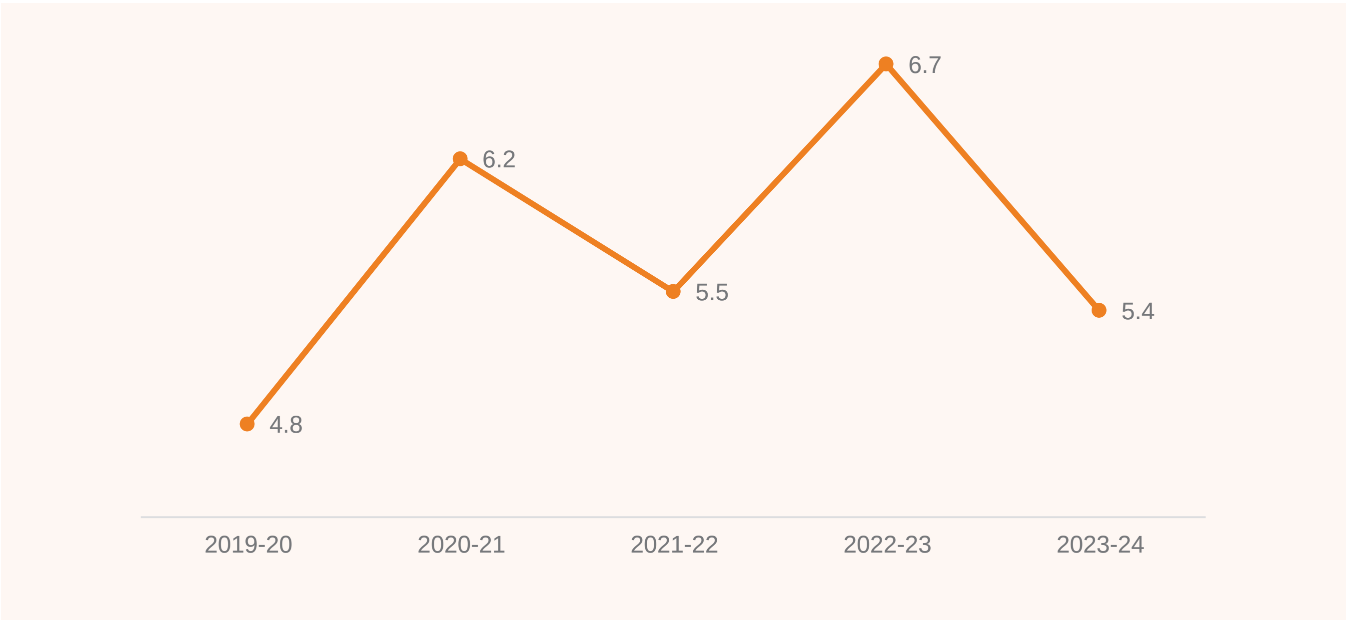
Figure 24: India's real GDP growth trajectory over the years (y-o-y%)



Note: 2024-25 is CII forecast
Source: CSO

Headline inflation as measured by the Consumer Price Index, which had been a cause of worry in the last fiscal, has been showing signs of softening lately. CPI inflation continued to stay above the RBI's target of 4% as it averaged 5.4% in 2023-24 as compared to 6.7% in 2022-23 mainly on the back of high food prices. Even as food prices continue to stay stubbornly high, non-food categories have exerted a downward push on the headline print since the start of the current fiscal. A slew of supply-side developments announced by the government coupled with lagged impact of the RBI rate hikes have also contributed to moderation in inflation.

Figure 25: Annual CPI inflation print (y-o-y%)



Source: CSO

Going forward, expectations of a normal monsoon this year will help to soften food prices, thus aiding in bringing down the headline print near the RBI's target of 4%. RBI, on its part, which has maintained a status-quo on the key interest rates since February 2023 is expected to pivot to cutting rates in the second half of the year in tandem with improvement in transmission of the past rate hikes to the money market rates.

On the external front, despite persistent global challenges, overall exports (merchandise + services) stood at USD 778.4 billion in 2023-24, surpassing last year's highest record of USD 776.3 billion. Even as merchandise exports contracted by 3.2% due to slower external demand as India's key export destinations saw a slowdown, healthy outbound shipments of services were the main drivers of overall exports. Going forward, the recent healthy export momentum seen since the start of the current fiscal coupled with forecasts of better trade growth by the key multilateral organisations are encouraging and will help to support India's external demand.

Further, regarding external financing, India has seen robust Foreign Direct Investment (FDI) inflows in the recent years, supported by government's enabling policy reforms and attractiveness of robust economic fundamentals of the Indian economy. In the fiscal year 2023-24, India attracted gross FDI inflows amounting to USD 70.9 billion, as compared to USD 71.4 billion recorded in the previous year. Foreign Portfolio Investments (FPI), too, have remained strong, aiding the emergence of a booming domestic capital market.

To conclude, despite the challenges emanating from the global environment, we are optimistic that India's rich economic fundamentals and strong performance across the sectors will continue to impart resilience to the economy and take it to a higher growth trajectory.

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 294 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2024-25, CII has identified "Globally Competitive India: Partnerships for Sustainable and Inclusive Growth" as its Theme, prioritizing 5 key pillars. During the year, it would align its initiatives and activities to facilitate strategic actions for driving India's global competitiveness and growth through a robust and resilient Indian industry.

With 70 offices, including 12 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 300 counterpart organizations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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