

**AFRICAN DEVELOPMENT
BANK GROUP**



A SHARED DEVELOPMENT AGENDA



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AKINWUMI ADESINA
President
African Development
Bank Group



Africa, like India, has a rich and compelling diversity. We share a similar landscape, colonial history, and comparable economic and demographic challenges. This paves the way for India and Africa to work well together. And indeed we have. Our cooperation to date has been a mutual privilege and priority.

Today, new and great opportunities are on the horizon for Africa-India relations, as a transformed Africa is taking shape. Despite a tough global economic environment, African economies, on average, grew by 2.2% in 2016, and are expected to rise to 3.4% this year. By 2050, Africa will have roughly the same population as China and India combined, with high consumer demand from a growing middle class and nearly a billion ambitious, hard-working young people. African cities will be booming, as the populations (and economic expectations) rise exponentially around the continent. And Africa's business environment keeps improving, with easier regulations and more conducive government policies to attract global investors.

This is the busy and bustling future that Africa and India must shape together, in a strategic partnership. Nowhere is this partnership more needed than in infrastructure. India has already shown its commitment, with a large proportion of Indian foreign direct investment already flowing into the infrastructure sector in Africa. This complements the initiatives of the African Development Bank such as the New Deal on Energy for Africa which we set up in 2016, to help achieve universal access to electricity within ten years; the Africa Renewable Energy Initiative, which has already attracted USD 10 billion in investment commitments from G7 countries; and Africa50, our new infrastructure entity, now capitalized by African countries at over USD 865 million. This all amounts to a more robust Africa in the making. We welcome India to stay with us, both as we build and as we enjoy the fruits.

My visit to India in March 2017 set the stage for even greater cooperation. Meetings with senior government officials, private sector executives and the African Diplomatic Corps helped the Bank and India determine how to scale cooperation and economic engagements, including through business investments, especially in infrastructure, energy and agriculture. This partnership is important if we are to jointly meet Sustainable Development Goals.

There are many opportunities around which we look to create productive and winning relationships with India, through investment and work on the synergies that exist between infrastructure, regional integration, the regulation of enterprises, skills development and employment, agriculture, health and innovation. In each of these areas I see the prospect for greater cooperation and collaboration with India, an inveterate and committed investor in Africa. May this investment continue to be lucrative, and may our mutual interests endure for years to come.



It is indeed a matter of privilege for us that the 52nd Annual Meetings of the African Development Bank (AfDB) Group are being held in India this year. India's association with the Bank is more than three decades old and signifies a great degree of mutual trust, partnership and cooperation.

India and Africa have had a shared history, and face a number of common challenges in their path to socio-economic growth and prosperity. At a time when the global economic environment is marked by uncertainties, there is a need to develop a greater synergy between India and Africa in order to achieve our shared goals of eliminating poverty and hunger, and improving the quality of life of our people.

India - Africa partnership is on a steady course. Our bilateral trade with Africa has grown manifold in the last decade, and India has also emerged as one of the largest investors in Africa. During the India Africa Forum Summit 2015, which was held in New Delhi, the Prime Minister of India announced a USD 10 billion line of credit for Africa, which reaffirmed our commitment to increasingly contribute to the economic growth of the African countries.

The Annual Meetings of the AfDB this year provide not just an opportunity for the Governors and other delegates to dwell upon the issues and challenges that we together face, it would provide a perfect occasion for India and Africa to deepen our economic cooperation and partnership. The Government of India is organizing an "India Africa Cooperation" event, and an exhibition on the side lines of the Annual Meetings, which are well aligned with the Bank's "High 5s" agenda and would go a long way in strengthening our cooperation framework.

I am happy to note that the theme of AfDB Annual Meetings this year is "**Transforming Agriculture for wealth creation in Africa**". As a country where a majority of population lives in rural areas, and is still dependent upon agriculture for its livelihoods, India attaches a great importance to rural development and agricultural transformation. With the harmony between the Bank's developmental priorities and India's engagement with Africa, there is a tremendous potential for collaboration in a number of areas.

Gujarat, the land of the Mahatma, presents a magnificent kaleidoscope of diversity, cultural heritage and economic progress. The State is best known for its spirit of enterprise and presents a confluence of tradition and modernity. We are leaving no stone unturned to provide our guests a great hospitality during the event.

I wish the Annual Meetings of the African Development Bank Group a great success.



ARUN JAITLEY
Minister of Finance
India



India and Africa: a shared agenda

India has a long tradition of South-South cooperation and is continuously expanding its partnership with Africa. India's bilateral trade with the continent has risen five-fold in the last decade, from USD 11.9 billion in 2005-06 to USD 56.7 billion in 2015-16. By 2018 it is expected to reach USD 100 billion.

India's private sector is largely responsible for this remarkable trend due to strong interest in the continent's high-growth markets and mineral rich reserves. From 1996-2016, Africa accounted for nearly one-fifth of Indian overseas direct investments, with Mauritius, Mozambique, Sudan, Egypt and South Africa as the lead investment destinations.

India is the fifth largest country investing in the continent, with investments over the past 20 years amounting to USD 54 billion, 19.2% of all its total foreign direct investment.

Manufacturing accounts for more than half of the foreign direct investment ventured into Africa's telecommunications, energy, computer services, power and automobile sectors, in particular. Infrastructure, a priority for the Africa region, is also a major area of India's investment. Indian construction and telecommunication companies have financed roads, ports and telecommunication networks in several African countries.

India's trade with Africa (USD bn)

	2005-06	2009-10	2015-16
India's Exports to Africa (USD bn)	7.0	13.4	25.0
Africa's Share in India's Exports (%)	6.8%	7.5%	9.5%
India's Imports from Africa (USD bn)	4.9	25.6	31.7
Africa's Share in India's Imports (%)	3.3%	8.9%	8.3%
India's Total Trade with Africa (USD bn)	11.9	39.0	56.7
India's Trade Balance with Africa (USD bn)	2.1	-12.2	-6.6

Source: Ministry of Commerce and Industry (MOCI), Government of India; and Exim Bank Analysis.



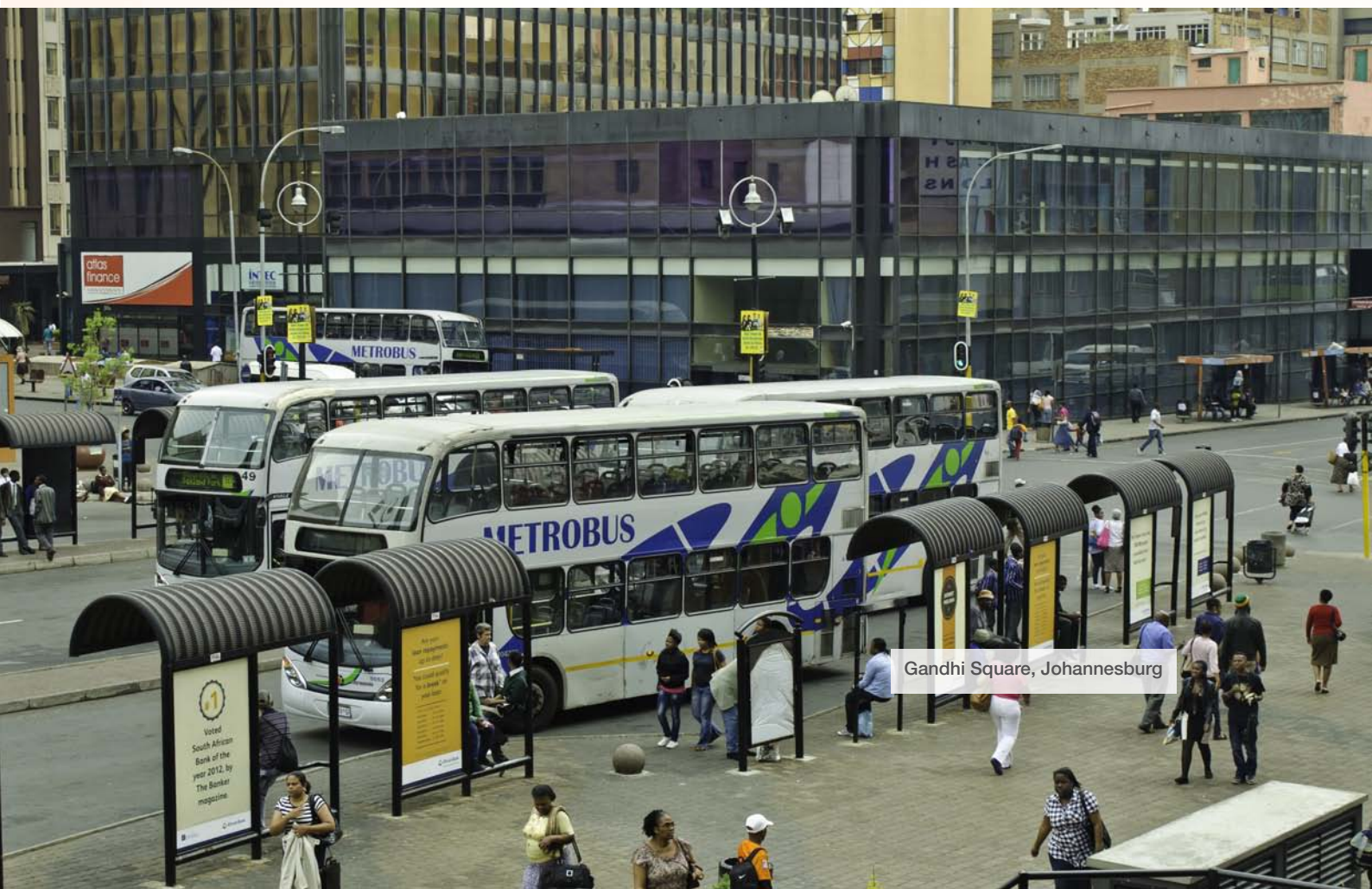
Top 15 Indian FDI destinations in Africa 1996 to 2016

Total FDI outflow to Africa USD 54 bn		USD mn
1	Mauritius*	46881.4
2	Mozambique	2675.2
3	Sudan	1238.8
4	Egypt	989.3
5	South Africa	498.2
6	Libya	254.7
7	Tunisia	195.6
8	Liberia	192.3

These developments come alongside ongoing support that India provides to all developing partner countries. With the objective of sharing India's development experience through capacity building and skills transfer, trade, and infrastructure development, government extends concessional lines of credit through Exim Bank of India. To date, upwards of 150 projects across 45 African countries have benefited from more than USD 10 billion in lines of credit. Moreover, USD 500 million in grants have funded capacity-building projects, including setting up specialized institutions, scholarships and trainings, and implementing the Pan-African e-Network project. And in the past three years alone, 25,000 Africans have been trained or educated in India.

In a bid to influence research methods in Africa and open new markets for technology developed in India, the department of science and technology has planned a series of road shows to several African countries over 2017. In 2011, former Prime Minister Manmohan Singh led a delegation to the India-Africa summit in Addis Ababa where he pledged USD 700 million to education and skills development in Africa. Additionally, he sanctioned the largest number of fellowships (135), in a single year for researchers and students from Africa countries to pursue doctoral research at Indian institutions.

Reinforcing this cooperation are high-level meetings and platforms that prepare the terrain for cross-border partnerships. At the 2015 India-Africa Forum Summit, Indian Prime Minister Modi announced a USD 10 billion line of credit over the next five years for Indian companies wishing to invest in Africa. He also promised grant assistance of USD 600 million, an India-Africa Development Fund of USD 100 million, an India-Africa Health Fund of USD 10 million, and 50,000 scholarships for African students in India over the same period. The Confederation of Indian Industry-EXIM Bank Conclave on India Africa Project Partnership, has, since its launch in 2005, helped boost Indian exports to African markets and increased India's visibility amongst African decision makers and business leaders.



India and the African Development Bank Group: a shared agenda

India joined the African Development Fund (ADF) in 1982 and the African Development Bank (AfDB) in 1983, initiating a long history of cooperation spanning over 30 years. India's collaboration with the Bank Group is built around three main pillars: Contributions to the General Capital Increase (GCI) to ADF replenishment and a bilateral trust fund, and providing resources to support Highly Indebted Poor Countries and the Multilateral Debt Reduction Initiative. In addition to this, India has also engaged with the Bank through the Exim Bank of India in setting up a project development company for Africa. It is exploring cofinancing opportunities on the continent.

Since joining the Bank, India has contributed to all of its General Capital Increases. For the most recent African Development Fund replenishment, ADF-14, India pledged a total of USD 27.7 million. This includes a grant and a bridge loan of equal amounts.

This increased India's grant contribution by 7.6% over the previous replenishment.

India Africa Economic Cooperation Fund (INAFEC)

In addition to statutory contributions, India provides grants through the India Africa Economic Cooperation Fund, known as the India Trust Fund, which India and the African Development Bank signed in May 2015 for USD 9.5 million. Prior to this, India had provided USD 6 million in grants. Through the Fund, India shares expertise in implementing public-private partnerships with Africa.

Other priority areas include: technical assistance in infrastructure and railway development; information and communication technology; science, technology and non-conventional energy; and knowledge sharing of India's development experience.

Varanasi, India

India's contributions to the African Development Fund (1974-2019)

	UA
Initial (1974)	5,526,312
ADF II and ADF III (1976-86)	9,717,098
ADF IV (1985-87)	10,223,677
ADF V (1988-90)	11,757,229
ADF VI (1991-93)	7,739,351
ADF VII (1996-98)	4,212,238
ADF VIII (2000-01)	4,212,238
ADF IX (3 installments)	4,124,340
ADF X (3 installments)	5,923,753
ADF XI	6,434,447
ADF XII	9,427,031
ADF XIII	12,364,333
ADF XIV	21,310,000

2016: 1 UA = 1.3 USD

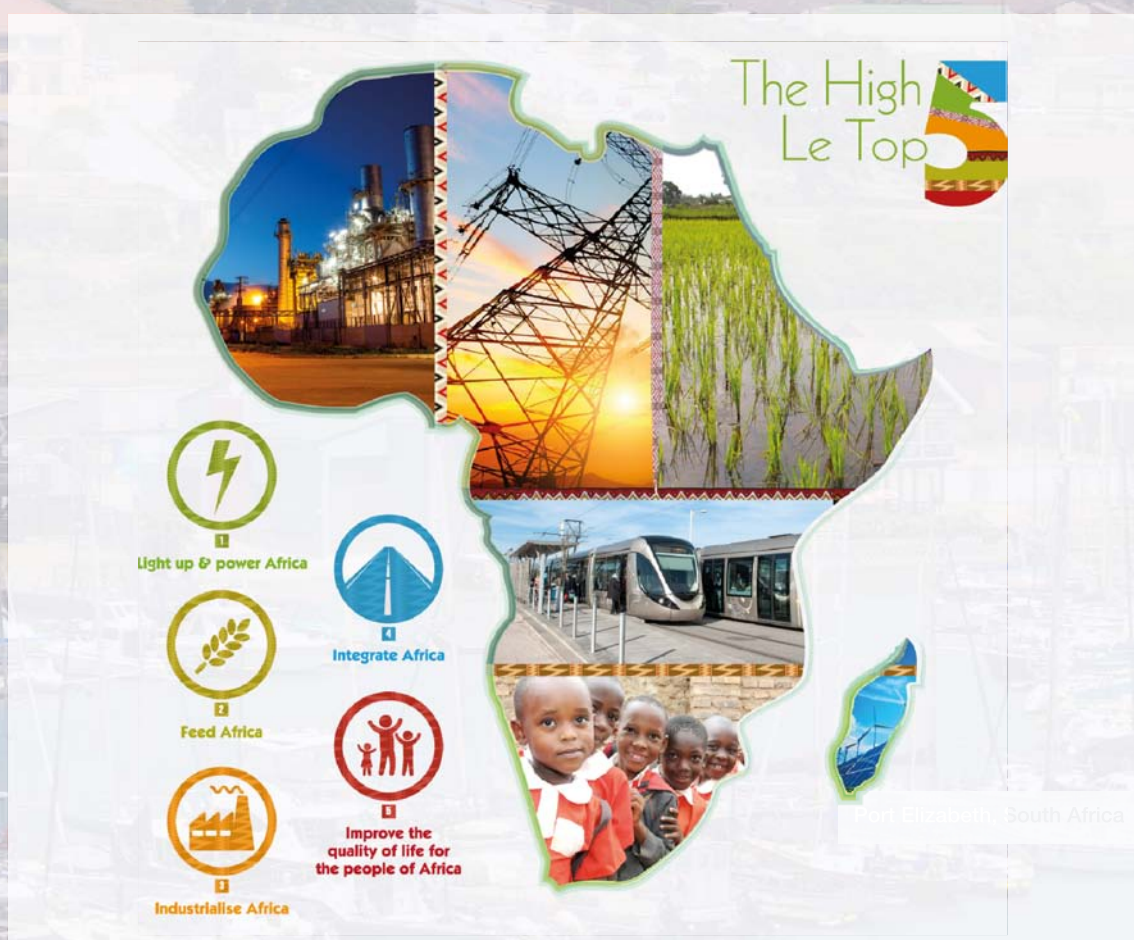


India is providing much needed technical assistance to African countries in a number of areas. As at April 2017, 11 activities are ongoing for a total of about USD 4 million. These include support to Chad's Private Sector, and technical assistance to support the East African Community railways enhancement programme. In addition, building on India's expertise on Public Private

Partnerships (PPPs), the trust fund is providing much needed support to strengthen the capacity of PPP Units in African countries. The majority of this support has been channelled through the African Legal Support Facility (ALSF) which is hosted by the AfDB. As, well, in line with the Bank's High 5 priorities, the trust fund has supported capacity building activities in the area of renewable energy.

Portfolio overview of the India Africa Economic Cooperation Fund in the High 5 priority areas

Activities	Sector	Approved amount (USD)
Harmonization of communication tariffs (ECOWAS)	Private Sector	285,000
SME development in Chad	Private Sector	198,850
East African railway sector support	Infrastructure	418,000
Enhancing private sector support Namibia	Private Sector	138,000
Enhancing procurement procedure (Africa)	Knowledge Sharing	68,600
Seychelles infrastructure study	Infrastructure	152,500
Malawi framework PPP	Private Sector	490,600
Capacity building for PPP units (Africa)	Private Sector	360,000
Building road safety capacity (Africa)	Infrastructure	336,158
PPP support Mozambique	Private Sector	200,000
PPP Unit support Tanzania	Private Sector	200,000
Study: Indian lessons for African transformation	Knowledge Sharing	150,000
PPP for Health (Africa)	Private Sector	750,000
Models for renewable energy in Lesotho	Infrastructure	443,931
Trade Finance support (Africa)	Private Sector	285,130



AfDB/India - Present activities

Indo-African Knowledge Exchange workshops

To gain insight into economic transformation and integration among BRICS countries, in 2011, the Banks launched an India-Africa knowledge-sharing program. The program comprised an event to promote financial inclusion, integration, and mobile payments; and an event to explore value chain financing in agriculture.

The Bank Group also partnered with Yes Bank, India's fifth largest private sector Bank, for an Indo-African Knowledge Exchange workshop on Regulation of Cross-Border Mobile Payments and Regional Financial Integration in Mumbai. The meeting created a forum for Indian and African policy makers to discuss the challenges of regulating mobile financial services across borders.

The second workshop, Enhancing Export Competitiveness through Agricultural Value Chain Financing, was organized by the African Development Bank and the Association of African Development Finance Institutions in Johannesburg. It provided a forum for exchange on the development of agricultural value chain finance, its various models and methods of financing, as well as the roles that various stakeholders play. Advances in value chain finance made by some African and Asian countries – India in particular as a major global market player – provided the basis for experience sharing.

Africa India Partnership Day

Since 2013, Exim Bank of India has organized an Africa-India Partnership Day as part of the Bank's Annual Meetings. The sharing of India's development experience has focused on models of Private-Public-Partnership. A high level 20-member delegation from Indian industry attended the 2016 event.





Kukuza Project Development Company

In 2015, the Bank - in partnership with the India Exim Bank, the State Bank of India and Infrastructure Leasing & Financial Services Ltd. - established the Kukuza Project Development Company (KPDC). KPDC will help develop and support public-private partnership infrastructure development projects in Africa. India is already actively involved in infrastructure projects in Africa, including Bank funded projects. This is a reflection of its immense expertise in a range of areas from engineering to education, ICT to railway development, skills development to regional integration, manufacturing to industrialisation.



AfDB/India - Future directions

Given the alignment between the African Development Bank's priorities and India's growth experience and engagement with Africa, there is scope to innovate and discover new synergies. The possibilities are great, including these potential themes and initiatives, which would generate more and greater shared benefits for the Bank, for India – and for Africa.

Collaboration to support infrastructure projects and energy projects in Africa

The infrastructure development needs of Africa are in the range of USD 100 billion per annum. Further, about 635 million Africans still live without electricity, and demand for energy is rising rapidly. Economic growth cannot occur without access to reliable supply of energy. Through the **New Deal on Energy for Africa**, the AfDB is working to unify efforts to achieve universal access to energy. Its new Energy Strategy aims to increase energy production and access, and improve affordability, reliability and energy efficiency. India has pioneered the International Solar Alliance (ISA). The Bank has also launched the African Renewable Energy Initiative (AREI).

Africa's health sector

Further collaboration is envisaged with India to build on the India Trust Fund study which explored coordinated public-private partnerships and health financing in Africa. In particular, future work would aim at replicating successful public-private collaboration in other African countries while applying lessons learnt to design tools that facilitate replication. In addition, the Bank could promote South-South cooperation by sharing knowledge from advanced African countries with India on other relevant themes.

Support to SMEs and young people

The Bank has embarked on a mission to create 25 million jobs and positively impact 50 million young people. To accomplish this goal, the Jobs for Youth in Africa Strategy 2016-2025 aims to increase inclusive employment and entrepreneurship, strengthen human capital, and create durable labour market linkages in three key areas: Integration, Innovation, and Investment. The Bank has therefore set up a fund that promotes start-ups, small and medium enterprises, and skills building among youth and disadvantaged communities (e.g. women entrepreneurs, fragile communities) in Africa. India has demonstrated success in these areas notably through initiatives such as Startup India, which promotes bank financing for start-up ventures to boost entrepreneurship and encourage startups with jobs creation; and Skill India, a campaign to train over 400 million people in India in different skills by 2022.





ICT training

To harness the digital dividends across Africa, the African Development Bank's ICT Flagship program within its Jobs for Youth Strategy seeks to tackle youth unemployment by equipping young people with digital skills that translate into jobs. Opportunities exist for the Bank to learn from India's success in the ICT sector, of which the GDP contribution has grown from 1.2% in 1998 to 9.5% in 2016. India has a global reputation as a leader in the software industry, information technology enabled services, and business process outsourcing, and, over time, the sector has employed more than 10 million people. The high demand for ICT services in India has also created demand for education, especially for engineering and computer science. This in turn has positioned India as a key ICT knowledge exporter.

Agricultural technologies

Agriculture is a major source of income in Africa. However, untapped agricultural potential has contributed to persistent poverty and deteriorating food security, resulting in a projected increase in the number of undernourished people from ~240m in 2015 to ~320m by 2025. As part of its Feed Africa strategy, the Bank plans to eliminate extreme poverty in Africa by 2025, end hunger and malnutrition in Africa by 2025, make Africa a net food exporter, and move Africa to the top of export-orientated global value chains where it has comparative advantage.

India is a leading global producer of livestock, cereals, cotton and sugarcane, and the Bank could benefit from its experience in these value chains. There is also scope for India to co-finance the Feed Africa investment pipeline of about USD 1 billion from 2017-19. The African Development Bank and India could partner in agricultural technologies, especially farm mechanization, crop insurance, promotion of youth employment in agriculture and agricultural value chain development.

AfDB at a glance

The African Development Bank Group is a multi-lateral development finance institution established in 1964 to fight poverty and promote sustainable economic growth and social progress in Africa. By the end of 2016, it had cumulatively made USD 134.33 billion of approvals and disbursed USD 80.88 billion. The Group has three component parts: the African Development Bank, African Development Fund, and the Nigeria Trust Fund.

The Bank's 2013-2022 Strategy commits to promoting inclusive growth and the gradual transition to green growth in Africa. Building on that strategy, in September 2015, Bank President Akinwumi Adesina identified five Bank Group priorities: Lighting up and powering Africa; Feeding Africa; Industrialising Africa; Integrating Africa; and Improving the quality of life for the people of Africa.

The Bank has 80 member countries – 54 from Africa and 26 from outside the continent. It is headquartered in Abidjan, Côte d'Ivoire with country and liaison offices in 37 African countries; development, integration and business delivery hubs in Nairobi, Pretoria and Tunisia; and a representation office for Asia in Tokyo, Japan.

India at a glance

The Republic of India is the world's seventh largest economy by nominal GDP and third largest by purchasing power parity, claiming a 6.4% share of global GDP. In 2015-2016, India's economic growth stood at 7.6%, and it is estimated at 7.2% in 2016-2017 and 7.6% in 2017-2018. India is the world's seventh largest country by area (3.2M km²) and its second most populous country (estimated 1.3B). It is the most populous democracy in the world.

India is a federal parliamentary constitutional republic. It is a pluralistic, multilingual and multi-ethnic society. India has developed a competitive advantage in fields such as renewable energy, agriculture, and services such as information and communication technology. Its place is firmly established in the global value chain.

The country is a founding member of the New Development (BRICS) Bank together with China, Brazil, Russia and South Africa, as well as the Asian Infrastructure Investment Bank, AIIB. India graduated from the International Development Association in 2014 and is poised to take on a bigger role in development finance.

