



The India-Africa Partnership for Sustainability

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India and Africa share common development goals in agriculture. / Photo: GettyImages/Boezie

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INTRODUCTION

Few partnerships will be as consequential in the 21st century as the one between India and Africa. Often dubbed as the ‘next growth frontier’,¹ Africa is in the midst of a resurgence—strengthened democratic processes and a surge in foreign investment has led to rapid and transformative economic growth in the last decade. Six of the top 10 fastest growing economies are in Africa.² With the fastest growing youth population in the world,³ and considerable natural resources and human capital at its disposal, Africa is poised to be a significant growth pole in the global economy. India has had a similarly remarkable growth story. With a consistent GDP growth of seven percent,⁴ India is on its way to becoming a five-trillion dollar economy.⁵ Its rapid economic expansion has allowed it become a key regional and global power.

Even as both, India and Africa have made considerable strides, the way these geographies navigate their development agenda in the coming decades will prove to be critical. They will remain the fastest growing regions in the world, but will also be the most vulnerable to climate change. This vulnerability is compounded by the energy needs required by both to sustain their growth trajectories.

India, for one, despite making serious headway into solar energy, remains heavily dependent on conventional sources for its energy needs and is the world’s fourth largest carbon emitter.⁶ In Africa, energy poverty costs the continent two to four GDP percentage points per year,⁷ and electricity demands are expected to triple by 2030.⁸ The natural progression of industrialisation – expansion of manufacturing bases, infrastructure development, and urbanisation – will further continue to burden the already strained energy resources.

Given these factors, it is clear that both India and Africa will have to conduct their economic transitions in an increasingly “fossil-fuel constrained world”.⁹ The commitment to climate action is reflected in India’s SDG commitments and Africa’s Agenda 2063, which envisions “a prosperous Africa based on inclusive growth and sustainable development”.¹⁰ Thus, the intersection between common developmental goals, and the need for a low-carbon transition creates avenues for a multi-sectoral, multi-stakeholder partnership that will be critical in determining the future of not only these two geographies, but of global growth and development itself.

It is within this context that the India and Africa Partnership for Sustainability was hosted on the sidelines of the United Nations Environment

Assembly (UNEA) on 15 March 2019 in Nairobi, Kenya. The series of roundtables were hosted by Centre for New Economic Diplomacy (CNED), founded by the Observer Research Foundation (ORF) and the United Kingdom's Department for International Development (DfID). As an initiative, amongst others, CNED also aims to explore avenues through which India can partner with its immediate neighbourhood and African nations in the implementation of the SDG goals. As summarised by Yolanda Chakava, Infrastructure Advisor, DfID Kenya, through initiatives such as the India and Africa Partnership for Sustainability, the DfID-ORF partnership "looks to further the possibilities for Africa to develop on its own terms".

The conference was attended by more than 40 stakeholders, half of whom were women. The participation reflected the vision of CNED with representation from eight African nations as well as India, France and Bangladesh. Over the course of the day, three key areas were deliberated upon: Fostering an India-Africa Partnership for Sustainability; Promoting Green Technologies and Sustainable Innovations; and Financing Green Transitions.

FOSTERING AN INDIA-AFRICA PARTNERSHIP FOR SUSTAINABILITY

The India-Africa relationship has grown exponentially in the last decade. India is Africa's fourth largest trading partner¹¹ with 21 percent of Indian foreign investment directed to the continent between 2008 and 2016.¹² India has also increased its visibility in recent years through high-level visits, increased diplomatic ties, and the creation of education and skill development schemes such as the Indian Technical and Economic Cooperation programme.¹³

Perhaps the most prominent sustainable development partnership between the two regions is reflected through the International Solar Alliance (ISA), an initiative launched by Prime Minister Narendra Modi at COP21 in 2015, for the "massive deployment of affordable solar energy".¹⁴ As ISA Secretary General Mr. Upendra Tripathy highlighted in his keynote address during the Nairobi conference, Africa has taken a leadership role in solar expansion with half of ISA member states coming from the continent. Through the ISA, India has pledged a concessional credit line of US\$2 billion to Africa over five years for the implementation of off-grid solar energy projects.¹⁵ The ISA has also partnered with the African Development Bank to develop 10,000 MW of solar power systems across the Sahel, which aims to provide electricity to approximately half of the 600 million Africans who remain off-grid.¹⁶

While the above partnerships are laudable, they are still too few in number and do not cover the spectrum of areas where India and Africa can potentially

become partners. Given the need for further avenues of cooperation, the first session deliberated on ways to create a holistic partnership between the two geographies.

On envisioning a successful sustainable development partnership, Wanjiru Rutenberg, Director, African Women in Agricultural Research and Development, Kenya, highlighted the necessity of acknowledging and understanding the power dynamics of the stakeholders involved. Historically, both India and Africa have entered partnerships with unequal bargaining power, and these one-sided partnerships have proven to be detrimental to their growth. Successful partnerships, therefore, must be created between interdependent actors who have equal agency, characterised by trust and mutually beneficial outcomes.¹⁷ She further stressed that any partnership that hopes to be successful must ensure that those who are the most vulnerable have a seat at the table and are able to shape and drive the partnership forward. An inclusive, cross-sectoral partnership, is key to not only fulfilling the aspirations of Agenda 2063 but also the wider SDGs.

Dr. Rutenberg also argued for increased collaboration between research institutions, particularly with regards to sharing knowledge on technology and innovations. India and Africa both share the same development challenges and are both driven by similar imperatives. This allows for knowledge, capital and skills to flow from both regions, and provides the impetus for meaningful research collaborations. This is particularly pertinent in agricultural research where she highlighted that 40 percent of African researchers are women compared to 18 percent of Indian researchers; Africa can help India overcome such shortcoming. This reciprocity reflects the interdependence which is crucial in ensuring moving away from the one-sided partnership paradigm.

Although civil society participation is key in ensuring sustainable development, the private sector must not be forgotten, especially in driving growth in the developing world. According to the United Nations Conference on Trade and Development (UNCTAD), achieving the SDGs by 2030 will require US\$5-7 trillion per year in financing, and current projections show a funding gap of US\$2.5 trillion in major sectors in developing countries.¹⁸ While government and public sector commitment is important, it is ultimately the private sector that has the resources to bridge this gap. As aptly stated by Koketso Thlabanelo, Senior Manager, AT Kearney, South Africa, the private sector can achieve the scale of investment needed that governments may not be able to. Beyond funding, employment creation for two of the youngest labour markets is critical in creating sustainable growth, to ensure that “no one [is] left behind”. It is estimated that nine of every 10 jobs in the developing world are

generated through the private sector,¹⁹ and India and Sub-Saharan Africa, need 100 million²⁰ and 136 million jobs²¹ by 2026, respectively, to successfully accommodate their growing labour markets. With this in mind, Kolluru Krishan, Chairman, Climate Change Committee, FICCI, India, emphasised creating strategic partnerships with the private sector, on all levels, from MSMEs to financial institutions themselves, to bridge not only the investment gaps but labour gaps as well.

Prof. Barwa Kanyane, Senior Research Director, HRSC, South Africa, through his analysis of Agenda 2063, advised that while the private sector is important, ultimately, governments should be the “champions and facilitators” of these partnerships. Additionally, public involvement must be on local, regional and national levels to ensure grassroots development. It is the government that must ensure that any private sector activity ultimately works for the populace, and reciprocally, the government must create policies to attract investment.

As summarised by Fahmida Khatun, Director, Centre for Policy Dialogue, Bangladesh, the India-Africa partnership has a strong future in terms of global representation of countries tackling Climate Change on the intergovernmental level. Both geographies can leverage the partnership not only to contribute towards emission reduction, but to promote South-South partnerships for sustainable development across the globe, like in the case of the International Solar Alliance.

PROMOTING GREEN TECHNOLOGIES AND SUSTAINABLE INNOVATIONS

Promoting green technology forms the core of both India and Africa’s climate change agenda – India has placed special emphasis on climate change technology transfer in its climate pledge, and has an annual Research and Development (R&D) budget of US\$ 15 billion.²² In Africa, the African Climate Technology Centre, co-created by the African Development Bank, is spearheading climate change research projects across the continent.²³ Both regions have also entered technology cooperation partnerships – under the India-Africa Science and Technology initiative, the Indian Department of Science and Technology has provided “technical assistance to African institutions engaged in research and development by... sharing technological know-how”.²⁴ Additionally, India has signed agreements with South Africa, Tunisia, Egypt and Mauritius, funding 74 joint projects which address common development goals including renewable energy and agriculture.²⁵ As Arun

George, Founder and CEO, Avant Garde Innovations, India, stated during his intervention, emerging economies are no longer lagging behind in the green energy revolution, and the above partnerships are a testament to that.

Despite extensive collaboration on knowledge sharing, green technology continues to remain on the fringes of a market dominated by traditional energy technologies. As highlighted by Kunal Upadhyay, Co-founder and Managing Partner, Bharat Innovation Fund, India, green technology is still a high-risk, low-return technology with a long gestation period, thereby limiting private investment in the sector. This is apparent in solar energy, as even though the cost of photovoltaic panels in India and Africa has been reduced considerably, implementation and maintenance costs remain high. This observation was echoed by Rajiv Garg, Regional Manager, Climate Technology Centre and Network, India, who added that old and obsolete battery storage systems add to the capital costs and lead to undependable technology transitions. However, despite these challenges, there is still great momentum in green technology – Ana Hajduka, Founder and CEO, Africa GreenCo, South Africa, used the example of the off grid solar sector where exponential growth over the last 10 years has brought clean energy to over 360 million people.

To maintain this momentum, a two-pronged strategy must be employed: co-creation of innovations by incubators and civil society, and the formation of public-private partnerships that can facilitate the large-scale adoption of these technologies. For the innovations themselves, as stated by Diana Mbogo, Founder and CEO, Millenium engineers Enterprises Ltd., Tanzania, creators and implementers see their utility differently – incubators often work in silos and are unable to accurately gauge the potential impacts, negative or positive, of work done by entrepreneurs. By inviting civil society organisations to consult and participate in the design, the results will inevitably be more sustainable and relevant for the beneficiaries.

Ritu Lal, Vice President - Business Development, Amplus Solar, India, aptly argued for public-private partnerships which, through deliberation and cooperation, can create better regulatory and policy frameworks to ensure that innovations are not only promoted, but gain larger market share. Through initiatives such as the CII-EXIM Bank Conclave on India-Africa Project Partnerships, which recently concluded its fourteenth edition, India has already made progress in creating partnership opportunities for policy makers and private firms from both geographies²⁶. These initiatives must be leveraged to create structures for sustainable projects that can in turn, disseminate these innovations on a larger scale.

FINANCING GREEN TRANSITIONS

In a historic declaration at the equally historic COP21, the developed world promised to mobilise US\$100 billion per year by 2020²⁷ to help developing countries lower greenhouse emissions and mitigate the effects of climate change. However, three years later, it has become apparent that this was an empty promise – as of 2016 the UN has estimated that only US\$37 billion was being received.²⁸ Moreover, as argued by Mihir Sharma, Senior Fellow and Head, Economy and Growth, ORF, the transition to sustainable development paths needed “is not cheap”: while estimates vary, roughly US\$75-90 trillion spending is required in infrastructure investment by 2030 alone.²⁹ Moreover, this transition will be largely funded through institutional investment, as aid budgets and Multilateral Development Banks are significantly under-financed.

This roundtable examined the challenges and opportunities for sustainable investment for financing green transitions in India and Africa.

On barriers to market entry in Africa, Raghunath Mahapatra, Head, Solar Business, Hero Future Energies, indicated a lack of credible investment information as the primary reason for hindering potential investment in the continent. Africa is often treated as a homogenous market, but it is far from that, with each country having its own economic complexities. A lack of data for country-wise financial risk analysis creates an information gap with investors unable to gauge where best to direct their finance. Miriam Omolo, Director of Programmes, Africa Policy Research Institute, Kenya, added that lack of clarity on policies and regulations on intellectual property (IP) rights is a further hindrance to creators attempting to take their innovations to the continent – current systems are riddled with bureaucratic red tape and legal enforcement of IPR is generally weak. Increased access to investment data and improving IP frameworks are critical to creating a conducive environment for financing green projects and directing the flow of capital towards energy transitions in Africa.

In the case of India, unpredictable policies and a misalignment between policy frameworks and regulatory measures in the energy sector have led to increased institutional uncertainty impeding renewable energy investment.

To build confidence amongst potential investors, Kunal Upadhyay, pointed towards governments as key actors who must take a more proactive approach. Public support in financing, acts as a risk mitigating tool, where measures such as first loss protection build confidence amongst creditors to go into these geographies, thereby creating potential to unlock large amounts of private capital. In addition to their unease in entering African markets, creditors are

still reluctant to invest in renewable energy projects. As highlighted by Gwendoline Abunaw, CEO, EcoBank, Cameroon, banks are still focused on low-risk, high-profit areas, and often, incorrectly, do not view renewable energy and climate action projects as viable investments.

To conclude, CNED hopes to continue to engage with African stakeholders on the subject of climate change and further the conversation at events such as the upcoming Kigali Global Dialogue in July 2019. [ORF](#)

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