International Conference on
Africa-India Partnership in the 21st Century

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Africa – India Partnership in the 21st Century

S.R. Rao
Executive Director
Export-Import Bank of India
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Structure of Presentation

- Trends in Indo-Africa Trade and Investment Relations
- Exim Bank of India: A Partner in Africa’s Development
Trends in Indo-Africa Trade & Investment Relations
India’s Trade with Africa

Significant buoyancy in bilateral trade relation

- Synergy that exists between India and Africa can be gauged from the recent trends in Indo-African trade relations, wherein bilateral trade has risen to as much as US$ 25.0 billion in 2006-07 from that of US$ 967 million in 1990-91.

- India’s exports to Africa have reached US$ 10.3 billion in 2006-07 from a relatively low figure of US$ 394 million in 1990-91.

- Concomitant rise in imports from Africa during the comparable period attest to increased two-way trade relations.

Source: Ministry of Commerce & Industry, Govt. of India
Note: Data for 2006-07 include oil imports
# India’s Outward FDI in Africa Region

## India’s Approved Cumulative Investments in Africa

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<tr>
<td>Mauritius</td>
<td>618.3</td>
<td>133.4</td>
<td>175.6</td>
<td>149.4</td>
<td>332.7</td>
<td>741.4</td>
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<td>Sudan</td>
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<td>750.0</td>
<td>162.0</td>
<td>51.6</td>
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<td>---</td>
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<td>Libya</td>
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<td>---</td>
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<td>25.3</td>
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<tr>
<td>South Africa</td>
<td>21.6</td>
<td>0.1</td>
<td>0.8</td>
<td>2.9</td>
<td>10.4</td>
<td>16.6</td>
<td>52.3</td>
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<tr>
<td>Morocco</td>
<td>32.5</td>
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<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>32.5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>6.7</td>
<td>4.1</td>
<td>2.2</td>
<td>7.5</td>
<td>4.3</td>
<td>4.8</td>
<td>29.5</td>
</tr>
<tr>
<td>Senegal</td>
<td>22.2</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1.0</td>
<td>---</td>
<td>23.2</td>
</tr>
<tr>
<td>Maldives</td>
<td>21.0</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1.1</td>
<td>---</td>
<td>22.1</td>
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<tr>
<td>Kenya</td>
<td>12.8</td>
<td>0.6</td>
<td>1.8</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>15.8</td>
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<tr>
<td>Others</td>
<td>22.6</td>
<td>0.9</td>
<td>0.9</td>
<td>14.2</td>
<td>17.7</td>
<td>7.9</td>
<td>64.3</td>
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<tr>
<td>AFRICA TOTAL</td>
<td>788.0</td>
<td>889.0</td>
<td>343.3</td>
<td>225.7</td>
<td>610.8</td>
<td>889.0</td>
<td>3745.7</td>
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## % share in India’s total

| % share in India’s total | 10.4 | 60.4 | 23.6 | 8.0 | 21.4 | 14.8 | 16.9 |

- India emerging as an important global investor; and Africa is an important destination for India’s overseas investments.
- During April 1996 to October 2006, total investment by India, in Africa, amounted US$ 3.75 bn, which accounts for 16.9% of share in total.
- Major areas of investments: oil and gas sector, infrastructure development, telecommunications & rural electrification, transport sector, railways, educational and manpower development.

Source: Ministry of Finance, Govt. of India

Note: Cumulative data from April 1996 to October 2006
Exim Bank: A Partner in Africa’s Development
In line with Govt. of India’s strategy to enhance bilateral trade and investment relations with the African region, countries in the African region constitute a focus region for Export-Import Bank of India (Exim Bank of India),

Thus, a critical component of the Bank’s strategy is to promote and support two-way trade and investment flows.

As a partner institution to promote economic development in Africa, the commitment towards building relationships with the African region is reflected in the various activities and programmes which Exim Bank of India has set in place.
THE GENESIS

- SET UP BY AN ACT OF PARLIAMENT IN SEPTEMBER 1981
- WHOLLY OWNED BY GOVERNMENT OF INDIA
- COMMENCED OPERATIONS IN MARCH 1982
- APEX FINANCIAL INSTITUTION TO PROVIDE MEDIUM AND LONG TERM EXPORT FINANCE
Range of Products & Services

Presence Across All Stages of Business Cycle

- Pre-Shipment
- Export Marketing
- Export Production
- Export Product Development
- Advisory Services
- Import Finance
- Post-Shipment
- Investment Abroad

Value Based Services

- Advisory Services
- Knowledge Building

INFORMATION

SUPPLEMENTS FINANCING PROGRAMMES
Project & Service Exports

Supporting Infrastructure Development in Host Countries

- Exim Bank plays a pivotal role in promoting and financing project exports.

- Exports of projects and services, broadly categorised into:
  - Civil engineering construction projects
  - Turnkey projects
  - Consultancy services
  - Capital goods and transport vehicles

- Over the past two decades, increasing number of contracts have been secured by Indian companies in West Asia, North Africa, Sub Saharan Africa, South & South East Asia, CIS and Latin America.

- Such projects have supplemented the efforts of the host country governments in achieving their developmental objectives.
Exim Bank: Facilitator in Project Execution

Facilitating and Supporting Infrastructure Development

- Turnkey contract for Gas Based Power Project in Tanzania funded by World Bank.
- Transmission Line Projects in Algeria, Tunisia, Ethiopia, Libya, Zambia
- Telecommunications Network Project in Ghana
- Turnkey contract for Multi-Product Pipeline Project & Road Construction Project in Sudan
- Power Station Project in Egypt
- Consultancy assignment in Cement Plant in Nigeria.
- Supplies for Urban Power Rehabilitation Project in Uganda.
- Construction of Cyber Towers & Conference Center in Mauritius
**Exim Bank Lines of Credit (LOCs)**

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**A Catalyst for Trade Promotion**

- Enables import of Indian equipment, technology and services on deferred credit terms
- Particularly relevant for small and medium sectors
- Extended to Overseas Governments, Government agencies overseas, National or regional development banks abroad, Commercial banks abroad
- GOI Lines of Credit also extended through Exim Bank
- 88 operative LOCs, covering 85 countries in **Africa**, Asia, Latin America, Europe and the CIS, with credit commitments amounting to US$ 2.88 bn
LOCs Extended to Africa

Facilitates import of project-related equipments and services

- 52 LOCs currently in operation in Africa amounting to around US$ 2.0 bn, covering more than 30 countries
- **Institutions** include:
  - West African Development Bank (BOAD)
  - ECOWAS Bank for Investment & Development (EBID)
  - Eastern and Southern African Trade & Development Bank (PTA Bank)
  - Eastern African Development Bank (EADB)
  - Afreximbank
- LOCs have created considerable goodwill and long term economic friendship between India and countries in Africa; have also helped overseas governments/financial institutions in implementing their developmental projects in key sectors of the economy such as agriculture, industry infrastructure, energy, telecom and transportation, using Indian technology and equipment.
LOCs Extended to Africa

Facilitates import of project-related equipment and services

West Africa

- **Burkina Faso** - Agricultural projects including acquisition of tractors, harvesters, agricultural processing equipment;

- **Cote d’Ivoire** - Project for renewal of urban transport system in Abidjan and for agricultural projects;

- **Gambia** - Setting up of tractor assembly plant;

- **Ghana** - Rural electrification, agriculture, communication & transportation projects;

- **Mali** - Rural electrification, setting up of agro machinery & tractor assembly plant;

- **Niger** - Acquisition of transport equipments, motor pumps and flour mills;

- **Senegal** - Development of rural SMEs, purchase of agricultural machinery and equipment, irrigation project and acquisition of railway coaches and locomotives
LOCs Extended to Africa

Facilitates import of project-related equipments and services

- Eastern & Central Africa
  - **Djibouti** – Cement plant;
  - **Ethiopia** - Energy transmission & distribution project;
  - **Chad** - Setting up of cotton yarn plant, Steel billet plant and rolling mill, plant for assembly of agricultural equipment;
  - **Congo DR** - setting up a cement factory, acquisition of buses, rehabilitation of manganese mine and acquisition of equipment;
  - **Mozambique** - Electrification Project;
  - **Sudan** - Transmission & Sub-Station Project, & Project for setting up Power Plant.

- Southern Africa
  - **Angola** - Railway Rehabilitation Project and acquisition of Tractors;
  - **Lesotho** - Export of tractors, pump sets, consultancy services & irrigation equipment;
  - **Mauritius** – Construction of Sewerage Project;
Supporting two-way investment

- Comprehensive assistance:
  - Pre investment advisory services
  - Finance through debt and equity

- Exim Bank finance available for:
  - Greenfield projects; Brownfield expansion
  - Overseas acquisitions directly or through special purpose vehicles

- Exim Bank also undertakes direct equity participation in Indian ventures abroad to enhance credibility and acceptability of Indian ventures overseas

- Exim Bank also facilitates joint investments by Indian and overseas company in third country markets in addition to facilitating investments into India.
Exim Bank: Facilitating Indian Investment in Africa

- Indicates presence of Indian companies in some of the countries in Africa in the form of joint ventures, supported by Exim Bank.

- Mauritius: Power Sector, Irrigation
- Egypt: Caustic soda
- Nigeria: Packaging products
- Kenya: Precured Tread Rubber
- Morocco: Fertilisers & Chemicals
- Uganda: Pharmaceuticals
- South Africa: Computers
- Zambia: Precious stones, castings
- Tanzania: Metal manufacturing
Exim Bank has launched an ‘Export Marketing Services’ programme. Proactively identifying requirements in overseas markets and meeting them with Indian capabilities - through Exim’s overseas offices and institutional partner network. Helps Indian SMEs in their export efforts by proactively assisting in locating overseas buyers/partners for their products/services. No upfront fees, but operates on success-fee basis. In Africa, Exim Bank has assisted Indian companies to find markets for:

- Tiger Prawns
- Cotton fabrics
- Safety matches
- Incense sticks
Small and Medium Enterprises

Innovative Programme for SMEs

- Cooperation arrangement with the ITC Geneva, for implementing a unique Enterprise Management Development Services (EMDS) Program:
  - IT based facilitator to enable small enterprises to prepare business plans with the international market in focus.
  - Pioneering initiative for supporting SMEs and for providing term loans and exports finance facilities to identified units to help them in their globalisation efforts.
  - Learning from the programme to be transferred to other developing countries; capacity creation and institution building in the global arena

Programme particularly relevant for Developing Countries, including countries in the African region

- Encouraging Indian Overseas Investments – leveraging linkages with Multilateral Institutions
  - Organising delegation’s visit to Kenya and Zambia to participate in UNCTAD’s Investors’ Forum in ICT & Pharma sectors
Promotional Activities

Value Based Services

Advisory Services

Knowledge Building

INFORMATION

SUPPLEMENTS FINANCING PROGRAMMES
Exim Bank - A Partner Institution to Promote Economic Development in Africa

Provides Information, Advisory & Support Services to facilitate participation of Indian companies in Africa in projects, supply & services contracts funded by multilateral agencies such as African Development Bank, Afrexim Bank, PTA Bank, East African Development Bank, World Bank.

Examples of Funded Projects in Africa executed by Indian companies:

- Supply of Pharmaceuticals; Ghana
- Sewerage Study; Ethiopia
- Transmission Lines; Kenya
- Telecom Project; Malawi
- Supply of Earth Moving Equipment; Tunisia
- Sugar Plant; Nigeria
- Railway Restructuring Project; Tanzania
Consultancy Support Services: Tie ups in Africa

Tie-up with

- International Finance Corporation, Washington
- Eastern & Southern African Trade & Development Bank (PTA Bank)
- African Management Services Company (AMSCO)
- Under Government of India-African Development Bank Cooperation Agreement
Consultancy Assignments in Africa

Facilitate private sector development in host countries

Botswana ↔ Auto parts
Nigeria ↔ Poultry
Kenya ↔ Financial Training
Madagascar ↔ Software
Zambia ↔ Gems & Jewellery
Ghana ↔ Refrigeration
Tanzania ↔ Accounting
Namibia ↔ Investment Promotion
Mauritius ↔ Software
Gambia ↔ Paper
Zimbabwe ↔ Printing Press
Uganda ↔ Nutri-Product Factory

- Indicates assignments completed by Indian Consultants in Africa
**Exim Bank as a Consultant**

**Partner in Institution Building in Africa**

- Establishing the Afreximbank
- Design and implementation of Export Finance Programmes of Industrial Development Corporation, South Africa
- Consultancy assignment for the Government of Mauritius on "Mauritius as an Investment Hub for Indian Firms"
- Export Credit Guarantee Company/ Blueprint for Setting up of Export Import Bank of Zimbabwe
Institutional Linkages in Africa

Creating Enabling Environment

- Strong Relationship with African Development Bank (AfDB)
  - Co-financing Agreement with AfDB
  - Seminars organised with AfDB in major cities in India

- Institutional Linkages in Africa
  - Industrial Development Corporation of South Africa Limited (IDC)
  - Foreign Investment Promotion Agency, Tunisia
  - Board of Investment of Mauritius
  - Industrial Development Bank, Sudan

- Equity Stake in Afreximbank, West African Development Bank, Development Bank of Zambia

- Member of Association of African Development Finance Institutions (AADFI)
Research Studies & Publications

Knowledge Building & Technology Transfer

- Research studies on India’s Trade and Investment Potential with:
  - Select COMESA Countries; Southern African Customs Union (SACU);
  - Southern African Development Community (SADC);
  - Select West African Countries; Maghreb Region;
  - Snap Market Survey for Indian Pharmaceuticals Products in South Africa;
  - Strategy for Quantum Jump in Exports: Focus on Africa, LAC and China

- Publication titled “Market Maker: Technology Aided Business Solutions”
  - contains project profiles in food processing sector appropriate for SMEs

- Quarterly bilingual (English & French) publication “Indo-African Business”
  - addresses the business information needs of companies
At the joint initiative of the Bank and UNCTAD, a Global Network of Exim Banks and Development Financial Institutions (GNEXID) was launched in March 2006 in Geneva.


Annual Meetings to deliberate upon measures to foster long-term relationship, share experience and strengthen financial cooperation to promote trade and investment.

2nd Annual Meeting, held in Geneva on March 22, 2007, witnessed the technical launch of G-NEXID’s official website (www.gnexid.org); G-NEXID has been granted ‘observer’ status by UNCTAD.
Exim Bank is a key partner in the Conclaves on India Africa Project Partnership, initiated in March 2005.

The Conclaves have achieved credibility as business-to-business platforms between India and the countries in Africa, and have created benchmarks for the engagement of Industry and Governments from India and the African region - platform for information, dialogue and better understanding to propagate and build long-term sustainable economic relations.

Building upon the achievements of the past Conclaves, the India-Africa Project Partnership Conclave 2008, held during March 19-21, 2008 in New Delhi, focussed on, among others, catalysing Indian participation as a key partner in Africa’s developmental processes. The Conclave brought together economic interlocutors between African countries and India, aimed at cementing ever-growing economic ties between them.

Exim Bank’s Line of Credit of US$ 30 mn to Afreximbank was signed during the Conclave 2008.
Enhancing Two-Way Flow of Trade and Investments

Some Suggestions and Observations

Measures and endeavours to enhance bilateral commercial relations between India and countries in Africa could encompass an integrated approach comprising, among others:

- **strategic investments and linkages** by Indian companies with counterpart agencies and partners in Africa;

- increased cooperation for contributing to the development of natural and mineral resources, with bilateral arrangements such as buy-back arrangements, with a view to achieving sustainable development, value addition and employment generation;

- **enhancing linkages with banks and financial institutions** in Africa to foster increased bilateral trade and investment flows;

- **broadening linkages with trade promotion institutions** in the region to enhance bilateral trade flows;

- **strengthening linkages with investment promotion agencies** in Africa to enhance Indian participation in potential investment sectors;
Some Suggestions and Observations

- enhanced cooperation in agriculture sector development in the African region to foster sustainable and equitable development;

- contributing towards entrepreneurship and human capability development in Africa, particularly in the SME and agri-related sectors;

- setting in place institutional mechanisms and support systems to facilitate trade and investment related activities from Africa into India.

Such endeavours could be supplemented by measures such as:

- focus on IT development; increased participation in multilateral funded projects;
- institutional building; setting up regional business hubs in line with regional trading arrangements in Africa; cooperation with chambers of commerce and industry in the region
Exim Bank: Partner in Globalisation

- Technology
- Capital
  (Foreign Investment)
- Raw Materials
- Capital Goods
- Final Products
- Capital Goods
  (Overseas Ventures)
- Product Development
- Production
- Marketing
- Pre shipment
- Post shipment

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