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India, EU connectivity initiative aims to tap private sector funding



The India-EU Connectivity Partnership Initiative is seen as one of the key outcomes of the India-Europe Leaders' Summit held virtually on 8 May.ptf

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Elizabeth Roche

India and the European Union (EU) aim to tap the private sector and financial institutions to fund projects in third countries under their newly announced Connectivity Partnership Initiative, an Indian official said



India and the European Union (EU) aim to tap the private sector and financial institutions to fund projects in third countries under their newly announced Connectivity Partnership Initiative, an Indian official said.

The Connectivity Partnership has bilateral and multilateral elements with the latter seeking to provide an alternative to China's ambitious Belt and Road Initiative. The partnership, announced on 8 May, is seen as one of the key outcomes of the India-Europe Leaders' Summit.

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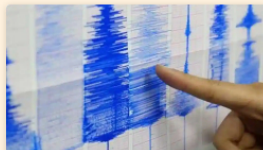
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This is a declaration of intent with the two sides yet to work out details, said Sandeep Chakravorty, joint secretary in charge of Europe west, in the Indian foreign ministry.

However, "both sides have agreed to encourage private sector

investment”, Chakravorty said at a post summit event last week. “We would leverage all kinds of financing, private sector, export credit agencies, institutional financing, the European Investment Bank, and other financial agencies,” he said. “We will encourage countries and corporates to use this framework and see where we go,” he said.

The two sides will promote “a transparent, viable, inclusive, sustainable, comprehensive, and rules-based approach to connectivity”. Projects that conform “with international norms, rule of law, respect for international commitments, and are based on mutually agreed principles of sustainable connectivity” will be undertaken.

India and the EU “recognize that alignment with expressed interests of concerned communities and respective social and environmental impact assessments are of pivotal importance for all connectivity policies and actions,” according to the text of the EU-India Connectivity Partnership.

All this is seen as being in direct contrast to China’s multi-billion Belt And Road Initiative (BRI) outlined in 2013 that envisages trade corridors across Asia, Europe and Africa. The BRI has been criticized for being seen as a venture for increasing Chinese influence in the world besides saddling countries with unsustainable debt and environmental costs.

The India-EU document talks of supporting regional connectivity in the Bay of Bengal area, which is also India’s periphery where China’s presence is seen as pronounced. It talks of India-EU cooperation in third countries delivered through partnerships with the EU member state national development agencies, between the EIB and the International Solar Alliance, the Coalition for Disaster Resilient Infrastructure and private sector counterparts such as the Serum Institute of India.

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Previously, too, India had joined hands with Japan to outline the Asia Africa Growth Corridor that envisaged “people centric sustainable growth strategy” that was to be evolved through a process of consultations across Asia and Africa.

New Delhi was also in talks with the US government led by then President Donald Trump, which had signed the Better Utilisation of Investments Leading to Development (BUILD) Act in 2018 aimed at extending development assistance to countries in the Indo-Pacific region.

Sachin Chaturvedi, director general at the New Delhi based Research and Information System for Developing Countries think tank said that joint India-Japan projects were taking off in Africa.

Former foreign secretary Kanwal Sibal was of the view that the India-EU initiative and others need to be seen in the context of China’s BRI “and the need to provide an alternative so that space is not left free to the Chinese.”

“This has been the sense of proposals with Japan and the US and now with the EU,” he said.



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