



Economic Assistance and Strategy: The Case of India's Aid to Africa

Event Summary

Wednesday, September 28, 2022

- The Centre for Social and Economic Progress (CSEP) hosted the tenth edition of its Foreign Policy and Security Tiffin Talk series with **Mr. Chirayu Thakkar**, Doctoral Candidate, National University of Singapore and King's College London, on his research on **Economic Assistance and Strategy: The Case of India's Aid to Africa**.
- The lead discussants were **Amb. (Dr.) Mohan Kumar**, Chairman, Research Information System for Developing Countries (RIS) and Professor and Dean, Office of International Affairs and Global Initiatives, O.P. Jindal Global University, and **Dr. Emma Mawdsley**, Professor of Human Geography, Cambridge University and Director and Fellow, Margaret Anstee Centre for Global Studies, Newham College.
- The discussion was moderated by **Dr. Constantino Xavier**, Fellow, Foreign Policy and Security, CSEP. The participation included representatives from the Ministry of External Affairs and the military, scholars from leading think tanks and universities from India and the United Kingdom (UK), and members of the media.
- The Tiffin Talk Series features scholars presenting their recent, evidence-based research to peers and practitioners. This series of closed-door seminars seeks to facilitate dialogue between researchers and policymakers on India's foreign and security affairs.

Quantifying India's Economic Assistance to Africa

How are emerging donors different from traditional donors? Do the interests of the donors drive aid allocation or the needs of the recipient country? Placing his research in the context of existing literature on development aid, Chirayu Thakkar presented his findings from a new dataset to analyse the interests that drive India's economic assistance to Africa.

While India's aid and assistance has often been presented in "moralising terms" over realpolitik, his research does not "pursue a line of binaries." It instead

showcases "blended interests," accounting for both altruism and national interests. Despite India receiving vast attention regarding its economic assistance projects in Africa, Thakkar noted that there is a dearth of project-level datasets which could provide a window into donor-recipient dynamics between India and the various countries in Africa. To fill this lacuna of knowledge, Thakkar has developed his own dataset. Through a multi-channel institutional framework, he has identified six channels of aid provisions and presents a quantifiable dataset of the total economic assistance extended to Africa by India between 2003 and 2020 comprising over 350 projects worth 14 billion USD. Using this dataset, he statistically analyses India's

three main interests in Africa – political and diplomatic goodwill, trade opportunities, and energy security, while controlling for recipient needs and susceptibility. Thakkar finds that while imports and energy do not have significant impacts on Indian aid allocation, UNGA voting dissimilarity and prior export relations do. Simultaneously, recipient needs, good governance and susceptibility to influence also have a significant impact. Making a case for the importance of India as an emerging donor, Thakkar noted that “when traditional donors pull back, India comes in”.

Aid and Diplomacy

According to Thakkar’s research, if a country “does not vote in line with India’s interests” [at the UNGA], then it will “try to win [it] over through aid.” One participant suggested that analysing the data before the decline of the Non-Alignment Movement (NAM) and post-NAM would improve the correlation because during the former, aid was provided to Africa on highly altruistic terms. It was also the era when the “visible symbols of Indian aid” to Africa were the “Kirloskar water pump and the Tata buses.” This also exemplifies the difference between Indian and Chinese aid to Africa, wherein the latter focuses on larger infrastructure projects.

In the post-NAM era, as one participant argued, India shifted gears and became a more strategic donor, reasoning lack of support in forums such as the WTO despite providing aid. Additionally, Africa was also seen as a potentially large global market. Another participant suggested assessing the voting patterns before and after receiving Indian aid to analyse whether these countries shifted their vote in line with Indian interests. It was also mentioned that looking at UNGA voting patterns as a factor would be relevant only if India was on the cusp of becoming a United Nations Security Council member which seems unlikely. Another participant pointed to the possibility of understanding the relations of aid and voting patterns in line with India’s “friends versus friends-to-be.” Thakkar noted that presently “support for multilateral voting” stands as the “closest proxy” to assess diplomatic interest in aid assistance.

Aid to Africa and South Asia

Various participants emphasised on the need to differentiate India’s aid to Africa as opposed to the neighbourhood in South Asia. India’s aid to its neighbourhood may have a less intense link with the UNGA voting patterns and may be more reflective of India’s regional strategic and security interests. One participant mentioned that India’s “aid budget is still concentrated in the neighbourhood.” Regarding Thakkar’s dataset, a participant questioned if there was “any Africa specificity” or if Africa was the part of “a global residual category of not ‘near-abroad’” where aid to Central America would be categorised as the same for Africa. Another participant noted similarities in patterns of aid dispersal to African countries and Myanmar.

Modalities and Diversification

As assistance ties are often established by “drivers beyond the state,” several participants brought forward the importance of engaging the private sector as an important stakeholder for economic assistance and aid. Another participant suggested the importance of understanding the need to institutionalise and integrate development assistance mechanisms, further expanding and capacitating the Development Partnership Administration at the Ministry of External Affairs. Participants also acknowledged the changing nature of aid with the emergence of “blended finance.” Pointing to India’s engagement on multiple projects related to “technical assistance and transfer” – such as unified payment transfer (UPI), Co-Win platform, vaccines, as well as ‘in-kind’ aid. Triangular corporation, such as the India-UK cooperation in South Asia and Africa, has also emerged as an avenue of economic assistance that is “substantial for India’s aid program.”

Critical assessment of the dataset also steered the discussion towards the dearth of accessibility of government aid data, as well as the lack of public policy-relevant research in the field of India’s development assistance.

All content reflects the individual views of the participants. The Centre for Social and Economic Progress (CSEP) does not hold an institutional view on any subject.

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