Africa and India
A Shared Past, A Common Future

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In the dying days of the immediate post-war period, India led the way in the fight for decolonization. Much of Africa followed suit a decade later. It is no exaggeration to say that India’s struggle for emancipation was a major influence in Africa and the rest of Asia.

Professor Ali Mazrui, a leading Kenyan academic speaking at a UNESCO seminar commemorating Nehru’s hundredth anniversary in 1989, observed how Gandhi’s "satyagraha" inspired African political activists while Nehru’s ideas about positive neutralism helped to shape African foreign policy in that post-colonial era. But Mazrui also observes the reverse influence.

Gandhi’s political philosophy evolved as a response to the evil that was apartheid South Africa while Nehru’s firm position on non-alignment was much shaped by the East-West superpower confrontation, especially in wake of the 1956 Suez War in North Africa. In short, the struggle for emancipation on both sides of the Indian Ocean was very much a shared one. For both Africa and India, the post-independence era was one of high hopes and expectations.

Unfortunately however, the subsequent trajectory was not quite as promising, especially in the initial years. The economic fortunes of African countries faltered under the combined effect of the predatory, rent seeking state economics, political instability and, truth be told, the impact of the Cold War. The 1980s in Africa were even labeled "the lost decade".

You know India’s trajectory much better than I. I recall nonetheless Gunnar Myrdal’s book The Asian Drama and the host of literature citing India as the model of "how not to do development".

Africa and India watched with impatience the take-off by the Asian Tigers in the 1970s, China in the 1980s while, in the case Sub Sahara Africa, many countries were battling it out with Washington Consensus-inspired structural adjustments. I am told that for India the 1980s were still dominated by residual central planning, a heavy dose of Fabian socialism and a stifling hand of the state.

This is not the place to analyze exhaustively what the impact was of those policies or speculate on the counterfactuals. It has been done elsewhere. Suffice to say that, come the early 1990s, both the Indian economy and those of much of Africa had reached a fork in the middle of the road.
For Africa, the dominant thesis amidst unsustainable debt, deepening poverty, large macroeconomic imbalances and chaotic transitions to externally imposed multi-party politics was Afro-pessimism. However, as we will see shortly, change was in the air.

India on the other hand, after years of socialism and faced with an acute balance of payment crisis in 1991, embarked on far-reaching opening and reforms. Within only four years foreign direct investment inflows had increased from 132 million US dollars in 1991 to 5.3 billion dollars in 1995. As they say, the rest is history.

By 2007, India, with GDP growing at 9%, was the second-fastest economy in the world. I know there has been a relative slow down since and, like us in Africa, India is battling with issues of inclusion, inequalities, jobs for the young, etc. There can be no doubt, however, that India is now on a different trajectory. The rapid decline in massive poverty, existence of first class global companies and a member of the G20 are reasons to be proud about how far India has come.

Insofar as Africa is concerned, the real turning of the corner began at the end of the last millennium and the emergence of a new one around 2000. The factors behind this new dynamism were:

- A combination of sound macroeconomic policies;
- Debt reduction initiatives;
- Strong international demand for commodities;
- Demographic dynamics, including fast urbanization;
- Advent of the mobile telephone, lowering costs of doing business and service delivery.

There was a general positive reassessment of the "Africa risk" due to improving governance and politics.

I am quite aware of the many sceptics out there. They look at the infrastructure deficit, shortage of skilled people, small fragmented markets, re-occurring political crises and conclude, perhaps too hastily, that Africa is not yet out of the woods.

To the contrary, many of the African countries have continued to exhibit a dynamism which even the post-Lehman period has not reversed. As we speak today, trade between India and Africa has grown six times in only the past five
years to almost 70 billion dollars at a time when the global economy is looking for the new impetus to growth.

I am persuaded, after my discussions with officials and business people here, that we can take this to the next level. Sub-Saharan Africa has now 10 major net oil exporters. Indeed, oil is Africa’s leading export to India, accounting for about 50% of all exports.

But Africa is more than oil, gas and other natural resources. Our dynamic, our future and promise, our collective strength is our young population. India’s population and that of Africa are almost equal and their demographic structures are the same. India’s per capita GDP is 1800 dollars, nearly the same as Africa. However, India’s strength – a federation with 28 states – is Africa’s weakness with 54 countries. There is much to learn on how that has worked on the subcontinent here. Just look at these numbers: in Africa only 11 countries have a GDP above 30 billion. Three of these are above 200 billion dollars; four of them are above 100 billion dollars; two are above 50 billion dollars; two are above 30 billion dollars. Forty-three countries are below 30 billion dollars.

That is Africa’s structural weakness – our balkanization into small economies often with little integration among themselves.

India’s experience in this regard is, of course, different. The workings of a federal structure, especially a democratic one like India, may sometimes be complex and frustrating, but that unit is a force to reckon with.

In my discussions here I sense opportunities to work together on infrastructure, rail, roads, energy and IT and especially food security. Above all I see also knowledge sharing on the development challenges and experience.

For far too long imported models delayed our economic transformation. As we like to put it at the Bank, there are now no economic models; there are only various experiences from laissez-faire capitalism to state-led capitalism (or what some call the developmental state), to welfare capitalism and to simply the experience of muddling through, period.

There is no escalator to development; each country has to search for that which works for them. It is a hard slog up the stairs, you may fall and rise, you may make mistakes, but these are your own mistakes, you learn from them; however at the end of the stairs you are fitter. That is the reality of development.
The 1998 Africa-India Summit provided a framework for that kind of sharing, including a capacity building initiative under the "Support Africa" rubric for human capital development. Much is going on here already.

Together with the government, business people and Exim Bank we have identified ways of further enhancing opportunities for investment and trade. The African Development Bank is playing a leading role.

The Indian Government has also put at the Bank’s disposal a trust fund available for such areas as knowledge sharing. Perhaps this is an area this Centre and the Bank could explore further together to identify additional areas of cooperative endeavour.

Much has happened in Africa and in India in the past 25 years of far reaching implications in the development discourse. There is much to share here on what makes development happen, on dealing with inclusion, job creation, inequalities, management of natural capital, etc.

We have experience to share on talent management, including the diaspora, and all this in the context of a search for a new paradigm of endogenous solutions, liberating our potential as two additional growth poles in the world.

At this point the global economy is suffering from recession or weak growth pulses. The additional growth which the world economy now requires can only come largely from the emerging countries and Africa. Our challenge is to make that happen.

Let me thank you again for the opportunity to speak at this center. I hope this is a beginning of much closer collaboration with the African Development Bank and Africa as a whole.

Thank you for listening.