

ASIA AFRICA GROWTH CORRIDOR

Partnership for Sustainable and Innovative Development

A Vision Document

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RIS
Research and Information System
for Developing Countries

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली



ERIA
Economic Research Institute
for ASEAN and East Asia

IDE-JETRO Institute of Developing Economies
Japan External Trade Organization

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Executive Summary

The idea of Asia Africa Growth Corridor (AAGC) emerged in the joint declaration issued by Prime Minister Narendra Modi and Prime Minister Shinzo Abe in November 2016. The AAGC will envisage people centric sustainable growth strategy, details of which would be evolved through a process of detailed consultations across Asia and Africa, engaging various stakeholders.

The AAGC will be raised on four pillars of Development and Cooperation Projects, Quality Infrastructure and Institutional Connectivity, Enhancing Capacities and Skills and People-to-People partnership. The centrality of people to people partnership would be the unique feature of this initiative. The strengths of AAGC will be aligned with the development priorities of different countries and sub-regions of Africa, taking advantage of simultaneous homogeneity and heterogeneity among them. This would be undertaken to improve growth and interconnectedness between and within Asia and Africa for realizing a free and open Indo-Pacific region.

The AAGC will give priority to development projects in health and pharmaceuticals, agriculture and agro-processing, disaster management and skill enhancement. The connectivity aspects of the AAGC will be supplemented with quality infrastructure. The AAGC led growth in Africa and Asia will be responsive to the collective commitment for the Sustainable Development Goals (SDGs). The AAGC Vision Study will use Geographical Simulation Model (GSM) to bring out the economic gains for Africa through its integration with India, South Asia, Southeast Asia, East Asia and Oceania. The AAGC will contribute to develop institutional mechanisms and models for connecting businesses, people and think tanks that represent, and contribute to, the integration efforts in Asia and Africa.

The Research and Information System for Developing Countries (RIS), New Delhi, the Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta, and Institute of Developing Economies (IDE-JETRO), Tokyo, have developed the Vision Document based on consultations with Asian and African think-tanks.

Asia Africa Growth Corridor

Partnership for Sustainable and Innovative Development: A Vision document

I. Introduction

Historically, Asia and Africa share a wide degree of similarities. They share their past struggles, ongoing efforts for faster economic growth and development, and a strong desire for assuring a brighter future for their peoples. It is abundantly clear from their growing closer partnership at numerous multilateral bodies to find solutions to their common challenges. Since time immemorial, the Indian Ocean linking the two continents has always been a major source of closer trade, cultural linkages and people to people partnerships between Asia and Africa.

The Asian economy has showed strong resilience and provided robust drive for the global economy in the past, and continues to provide the tailwinds to global economy. Africa, on the other hand is on the growth path, and poised for a leap. Endowed with a young demography, its economy and social growth indicators are ascending every year. The next decade will be an opportunity for both regions to realise their economic and social potentials, as also to deepen their capacities, and institutional strengths. As developing regions, both continents are expected to place commitment to promoting strong, balanced, sustainable and inclusive growth, both at the national and the international levels, and to actively cooperate to narrow the development gaps and to address common economic and social challenges that are more important than ever.

However, there is still vast and untapped potential among, and in between Asia and Africa, which need to be explored for shared growth, development, peace, prosperity and stability of these regions. The opportunities and aspirations in the two regions can be connected through an Asia Africa Growth Corridor (AAGC). The AAGC would consist of four main components: development and cooperation projects, quality infrastructure and institutional connectivity, capacity and skill enhancement and people-to-people partnerships. These four components are complementary to promote growth and all round development in both the continents. The AAGC will be instrumental in creating new production channels, expanding

and deepening the existing value chains, ensure economic and technical cooperation for enhancing capacities, facilitate a greater flow of peoples between the two continents, and achieve sustainable growth over the longer term. The AAGC will be developed through quality infrastructure and complemented by digital and regulatory connectivity. Digital connectivity will also support the growth of innovative technology and services between Asia and Africa.

Focus on People and Quality Infrastructure

There is scope for Asia to share its experiences of growth and development with Africa. Many regions in Asia have augmented their economic and social potentials through enhanced partnership within and between regions. As Africa works on its growth trajectory, the AAGC will provide quality infrastructure – physical as well as institutional effectively. Quality infrastructure connects people, towns, regions and countries, and helps unleash their potential for growth. It consists of five remarkable aspects. These aspects are: (a) effective mobilisation of financial resources; (b) their alignment with socio-economic development and development strategies of partner countries and regions; (c) application of high-quality standards in terms of compliance with international standards established to mitigate environmental and social impact; (d) provision of quality of infrastructure taking into account aspects of economic efficiency and durability, inclusiveness, safety and disaster-resilience, sustainability as well as convenience and amenities; and (e) contribution to the local society and economy. Therefore, quality infrastructure would remain in harmony with the local environment, community, and people’s livelihoods.

This will enable better growth and development within, and between the two continents, with added spillovers into global peripheries of growth. Eventually, the AAGC aims to be an efficient and sustainable mechanism for linking economies, industries and institutions, idea and people among, and between Africa and Asia. Owing to their unique development experiences, and their contribution to development among countries and sub regions of Africa and Asia, India and Japan can play significant roles in developing the AAGC for sustainable growth among, and in between Africa and Asia.

The AAGC led growth in Africa and Asia will be responsive to the Sustainable Development Goals (SDGs) also. This integrates well with the idea of India’s current development philosophy based on *Sabka Saath Sabka Vikas* - Collective Action Inclusive Growth. India has been pursuing and fostering

Innovative development programmes and experiences of Africa, Japan and India may be pooled together for promoting cooperation within the AAGC.

regional and global partnerships in the implementation of the SDGs. The AAGC will have a strong influence of India's constructive role in shaping the global agenda for sustainable economic development and international cooperation based on the principles of solidarity, equity and sharing. For example, at the UN Climate Change Conference in Paris (COP-21) in 2015, India, along with France, initiated the launch of an International Solar Alliance, bringing together the sun rich countries for generation and use of clean energy at the global level. The AAGC could be a conduit of this cooperation among countries and regions of Africa and Asia.

Similarly, India's other development programmes in affordable clean energy (Pradhan Mantri Ujjwala Yojana (PMUY)), centralized identification programme (Aadhaar), to facilitate easier identification of potential beneficiaries of development programmes, as well as Jan-Dhan Yojna, the national financial inclusion scheme which ensures direct financial transfers into the beneficiary bank account, are examples for the developing world. In addition, India's Sagarmala Project, which promotes port connectivity for easier access to new developing regions, can play a vital part for the development of deep sea mining etc. and further deepen India's cooperation with the Indian Ocean Rim (IOR) region too. Some other efforts to accelerate economic development through innovative initiatives are "Digital India", "Skill India", "Smart City", "Swachh Bharat" and "Start-Up India". These development experiences of India can serve as excellent examples for cooperation with Africa, under the AAGC.

Complementary Role of India and Japan

India has a long history of development cooperation in Africa in capacity building and contributing towards development of social sector through several unique programmes like Pan Africa e-Network. Indian companies have sustainable presence in the African region. The EXIM Bank is the lead organisation for carrying out the development credit tasks. India has unique distinction in providing affordable, appropriate and adaptable technology. It is also working in project execution and in building technical capacities in many developing countries in the region.

India also organises India-Africa Forum Summit (IAFS) to develop a structured engagement between India and Africa. IAFS is a vital platform to engage with Africa at regional, sub-regional and bilateral levels, and understand their concerns in a better manner. It has contributed to improve the quality of partnership between India and Africa. Being a developing

country itself, India's development partnerships in Africa are, however, confronting the challenges of resource constraints.

Japan, in this context, can play a major complementary role to overcome these challenges. It has strong development assistance programmes in many developing countries, including Africa. Japan has expertise in designing, planning and delivering hardware infrastructure. It enjoys a leading edge in research and development areas. It also has the capacity to transfer capabilities for managing and strengthening supply chains in manufacturing sector and infrastructure projects.

Japan holds Tokyo International Conference on African Development (TICAD), which provides an open forum to generate innovative discussion among stakeholders participating in the African development programmes. Since its inception in 1993, TICAD has contributed in improving social and economic conditions in Africa mainly through aid grants and technical assistance.

Africa has tremendous scope for growth and requires development partners to achieve it. While its participation in regional and global value chains is important for its growth, the development priorities among countries, regions and sub-regions vary substantially. The development cooperation and infrastructure and connectivity development programme under AAGC would have to be aligned with these needs at national, regional and sub regional level.

India and Japan bring a shared repertoire of development cooperation strengths for Africa. The strengths of India and Japan development programmes need to be fine tuned with development needs of Africa, and also its development priorities. The Special Strategic and Global Partnership between India and Japan adds further value to this vision.

AAGC may be based on four pillars:

1. Enhancing Capacity and Skills.

2. Quality Infrastructure and Institutional Connectivity.

3. Development and Cooperation Projects.

4. People-to-People Partnership.

II. Asia Africa Growth Corridor

In view of the above-mentioned background, the AAGC will deliberate on the following aspects:

- The existing mechanisms for cooperation between Asia and Africa.
- The broad based agenda for synchronised growth of Asia-Africa for sustainable and innovative development.
- Establishment of optimum linkages and cooperation among the sub-regions of Asia and Africa.
- Establishment of industrial corridor and industrial network.

Figure 1: Elements of Asia Africa Growth Corridor



Source: Conceptual model developed from Track 1.5 discussions on AAGC.

- Improved partnership for infrastructure development between the two continents, and their sub-regions to address the current demands of trade, investment, and services in a sustainable manner.
- Complementary ways through which infrastructure and connectivity complement the development of industrial corridor and industrial network.
- Coordination between institutional and infrastructure partnerships.
- The role of people-to-people partnership to strengthen the Growth Corridor.
- Ways to ensure better and freer institutional and people-to-people partnerships between Asia and Africa.
- Identification of priority projects, which can be optimized and which are economically and financially feasible.
- Mechanisms that can result in exchange of best practices of growth, governance and partnership between Asia and Africa, including their sub-regions.
- Technical, economic, and institutional barriers.
- Specific recommendations for AAGC, and for the larger global periphery around Asia and Africa for sustainable and innovative development.

A conceptual design of the AAGC is at Figure 1.

V.1 AAGC Vision Study

It is evident from the joint statement that the two Prime Ministers underscored the importance of expanding and deepening the partnership between Asia and Africa, working jointly with international community. The AAGC is to be undertaken to improve growth and interconnectedness between and within Asia and Africa, through realizing a free and open Indo-Pacific region for the comprehensive development of the region. The current efforts need to be expanded to become more efficient and sustainable. These efforts are not feeding back enough into the stakeholders, to become a critical mass of partnership between the two regions. Increased ties between Asia and Africa will contribute to economic growth and sustainable development. They will promote freer and seamless movement of people and goods, industry and trade, investment, energy, information, knowledge and ideas, and greater institutional linkages. This, in turn, requires various other dimensions to be taken into account.

The elements of linkages and partnership between Asia and Africa can be identified in the AAGC. A working partnership

The AAGC would also seek active cooperation from, and joint work among international community to participate in the AAGC Programme where increased and improved ties will bring about economic prosperity as well as encourage sustainable and innovative development.

mechanism to safeguard these linkages and bring about qualitative change in cooperation is expected to be put in place. Specific strengths of countries like India and Japan can be identified for sharing with Africa. Region specific strengths and demands can also be explored in order to synergise them. Mechanics to improve institutional, infrastructural and people-to-people partnership between Asia and Africa should also be framed. This also requires identifying and intensifying the extent of involvement of all stakeholders in partnership initiatives between Asia and Africa to direct it towards a renewed direction for sustainable and innovative development. The role of youth and women in this partnership between Asia and Africa is also significant.

In addition, the economic, socio-cultural and political-security platforms for such initiatives are also very crucial. Taking into account these aspects, the four components of the AAGC are important for this vision. Due to growth and interconnectedness, and interdependence arising out of these, the AAGC might also influence and eliminate inter-state conflicts in Africa through cooperation, which is one of the visions of Agenda 2063. Raised on the India-Japan bilateral cooperation framework, the AAGC would require active cooperation from, and joint work among international community for its success.

V.2 Organisation of the AAGC Vision Study

For the AAGC vision study, Economic Research Institute for ASEAN and East Asia (ERIA), Research and Information System for Developing Countries (RIS), and Institute of Developing Economies (IDE-JETRO) will organize a joint study team with other think tanks and organisations in Asia and Africa. The preparations for the vision study entails contributions from trans-regional academics and practitioners. The activities of multilateral banks and development cooperation programmes of individual and groups of governments will also be taken on board when this study is launched. The contributors will be from Asia, Africa, and from other parts of the world.

The initial step is to comprehensively survey the existing cooperation and partnership mechanisms between Asia and Africa, including those between their sub-regions. The study will list out the current demands, and challenges of economic, socio-cultural and political partnership and overall growth. The vision study will bring out the existing challenges and barriers to AAGC. The vision study will spell out the cooperation aspects of sustainable growth and development, and the mechanisms for

exchange of best practices. Based on all these aspects, the AAGC Vision Study will make recommendations to the governments of India and Japan, and to governments in Africa, South Asia, Southeast Asia, East Asia and Oceania on the way forward for deepening Asia Africa Partnership.

The AAGC Vision Study will lay down next steps for sustainable and innovative development, as well as partnership between Asia and Africa, through AAGC. This will support the leaders, and other stakeholders, to lay down their policy and action plans in the coming decade.

Structural Assistance for Asia Africa Growth Corridor Study

A Research Support Unit (RSU) comprising of RIS, ERIA and IDE-JETRO will be set up in RIS, New Delhi. The RSU will conduct the preparation of Asia Africa Growth Corridor Study between 20017-2018, and present it to the Governments of India and Japan, and other Leaders and policy makers of Asia and Africa in 2018. The RSU will seek the support of partners in Asia and Africa in preparing the AAGC vision document.

V.3 Expected Outcome and Policy Implications

The study on Asia Africa Growth Corridor will support the leaders, and other stakeholders, to lay down their policy and action plans in the coming decade.

- The study will lay down the next steps for sustainable growth and development, and enrich exiting mechanisms of cooperation between all the important stakeholders of Asia and Africa.
- The study will lay down steps for development of institutional and industrial corridor within and between Asia and Africa.
- The study will bring forth institutional mechanisms and models for connecting businesses, people and think tanks that represent, and contribute to, the integration efforts in Asia and Africa.

About RIS

Research and Information System for Developing Countries (RIS) is a New Delhi-based autonomous policy research institute that specialises in issues related to international economic development, trade, investment and technology. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues.

The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. RIS is engaged across inter-governmental processes of several regional economic cooperation initiatives. Through its intensive network of think tanks, RIS seeks to strengthen policy coherence on international economic issues and the development partnership canvas. For more information about RIS and its work programme, please visit its website: www.ris.org.in



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About ERIA

The Economic Research Institute for ASEAN and East Asia (ERIA) was established at the 3rd East Asia Summit (EAS) in Singapore on 21 November 2007. It is an international organisation providing research and policy support to the East Asia region, and the ASEAN and EAS summit process. 16 member countries of EAS: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam, Australia, China, India, Japan, Republic of Korea, and New Zealand are members of ERIA.

ERIA works closely with ASEAN Secretariat and 16 Research Institutes in the EAS countries. ERIA's research and policy work are aimed to stimulate economic growth, deepen regional integration and strengthen partnerships within East Asia, and beyond. Since 2011, ERIA has been officially mandated by the EAS leaders to support the activities of the chair country of ASEAN and EAS for the summit meetings and related activities.



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About IDE-JETRO

The Institute for Developing Economies was set up in 1958 in Tokyo, Japan, to make intellectual contributions to the world as a leading center of social-science research on developing regions. The institute carries out research on issues that are pertinent to developing regions and disseminates the results, both in Japan and abroad, for a better understanding of issues of developing economies. IDE's activities provide an intellectual foundation to facilitate cooperation between Japan and the international community for addressing development issues.



“Deeper economic engagement, growth of trade, manufacturing and investment ties, focus on clean energy, partnership to secure our citizens, and cooperation on infrastructure and skill development are among our key priorities.”

-- Mr. Narendra Modi

Prime Minister of India during his visit to Japan, November 11, 2016



“Now it is Asia, and it is also Africa, more than anywhere else, where you find the spirit of growth in the breeze, together with the rich soil of dynamic growth potential. Asian and African nations are Japan’s partners for growth.”

-- Mr. Shinzo Abe

Prime Minister of Japan at the Asian-African Summit 2015
April 22, 2015, Jakarta



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