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India–East Africa A Not So Healthy Relationship?



Isabelle SAINT-MÉZARD
Françoise NICOLAS

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Ifri

27 rue de la Procession 75740 Paris Cedex 15 – FRANCE

Tel.: +33 (0)1 40 61 60 00 – Fax: +33 (0)1 40 61 60 60

Email: accueil@ifri.org

Website: ifri.org

Authors

Isabelle Saint-Mézard is a lecturer in the Geopolitics of Asia at the French Institute of Geopolitics, the University of Paris VIII, and an associate research fellow at Ifri's Center for Asian Studies.

She was formerly an analyst on South Asia at the Directorate for Strategic Affairs of the French Ministry of Defence (2006-2011). She was also a research fellow on the China-India Project at the Centre of Asian Studies/Institute of Humanities, the University of Hong Kong (2003-2006). She holds a PhD in international relations from the Institut d'Etudes Politiques de Paris.

Her research interests are mostly about South Asian geopolitics, with a special focus on India's strategic and security issues. She also teaches at Sciences Po (Paris), as well as INALCO.

Françoise Nicolas is the Director of the Center for Asian Studies at the French Institute of International Relations (Ifri). With Ifri since 1990, she teaches at INALCO, Sciences Po (Paris) and Sciences Po (Lyon), and is a consultant to the Directorate of Financial, Fiscal and Enterprise Affairs (DAF) of the OECD, focusing on non-member countries in Southeast Asia.

In the past she has been an assistant professor in international economics at the University of Paris-Est (Marne-la-Vallée, 1993-2016) and has taught at the Graduate Institute of International and Development Studies (GIIDS, Geneva – 1987-1990) and at the Ecole Nationale des Ponts et Chaussées (1991-95).

She holds a PhD in international economics (1991) and an MA in political science from the Graduate Institute of International Studies (Geneva, Switzerland). She has also studied at the University of Sussex (1980-81) and was a visiting fellow at the Institute of Southeast Asian Studies (ISEAS) in Singapore (1999) and at the Korea Institute for International Economic Policy (KIEP) in Seoul (2004).

Executive Summary

Due to historical as well as geographical reasons, India and East Africa have long been close partners. In the recent period however, and even more so since the early 2000s, these ties have tightened as a result of combined efforts by the government of India and its business community. The presence of communities of Indian origin in several East African countries has also acted as a catalyst.

East Africa is perceived as a valuable partner both by Indian authorities and by Indian private companies. Although the two types of Indian players may not explicitly coordinate their actions, their interests dovetail nicely in this particular region.

The health sector sticks out as one major sector on which Indian actors focus in East Africa. It provides a striking example of the multilayered complementarity between India and East Africa, on the one hand, and between public and private Indian players' interests on the other.

However, India's activism in the health sector is not necessarily perceived positively by the East African host countries. Despite some technology transfers and efforts by the Indian actors, be they public or private, to promote capacity-building, East African countries find themselves in a situation of dependence as a result of Indian companies exporting and producing drugs, building hospitals, improving hospital management and IT infrastructure, or digitalizing healthcare.

However, the major point of tension pertains to the promotion of medical tourism. Although offshore healthcare comes with many benefits, it is unlikely to be sustainable for the East African economies in the long run. Moreover, the money spent on medical tourism could arguably be used more usefully to develop local medical facilities and competence. The recent developments in the context of the pandemic have made the associated risk very clear.

The challenge in the coming years will be for the two parties to find a way to better balance their relationship and set it on firmer ground – in other words, to make it healthier.

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Introduction

Ties between India and the East African littoral date back to pre-colonial times. They were reinforced during the colonial period as the British transported many Indians as indentured laborers to work on plantations, mining or railroad construction in East Africa. Later on, in the 1950s and 1960s, India's support for East Africa's liberation movements provided a solid basis for developing friendly relations. From the 1960s to the 1980s, relations between India and East African countries were driven by shared ideological commitments to anti-colonialism, socialism, South-South cooperation and non-alignment.

As India and East African countries started to liberalize their domestic economies in the 1990s, the trade and investment dimensions of their relations assumed greater importance. To sustain its economic growth, India also grew anxious to tap into Africa's natural resources and to diversify its fossil-fuel providers away from the Middle East. West African countries, such as Nigeria and more recently Ghana, have become major sources of crude oil for India and have consequently been among India's largest trading partners in Africa. However, East Africa has remained an important traditional partner.

The objective of this paper is to assess the importance of East Africa in India's pan-African policies. In this paper, East Africa is defined along the same lines as the East African Community (EAC), a regional intergovernmental organization that dates to 2000 and currently comprises Kenya, Uganda, Tanzania, Rwanda, Burundi, and South Sudan as its members. An interesting dimension with the EAC countries lies in the fact that, despite South Sudan, they are not major fossil-fuel exporters.

Beyond assessing the importance of East Africa in India's pan-African policies, another objective of this paper is to identify and map the range of diverse actors (government, public companies, industry-led organizations and private firms, NGOs and Indian diaspora) that participate in India's interactions with East Africa. A related objective is to see whether these various actors interact in a coordinated manner or, at least, whether they converge in their approach to East Africa. To further explore this point, the second part of the paper will focus on the healthcare sector.

India's Policies Toward East Africa: Major Actors and Tools

For a long time, India's ties with Africa were primarily focused on Eastern and Southern Africa. However, over time India has expanded its approach to the whole African continent. Therefore, India's East Africa policy over the past two decades needs to be seen as part of its pan-African policy.

The Indian Government's Engagement with East Africa

Institutional Mechanisms at the Multilateral Level

India started to signal its interest in the African continent in 2002, when Murasoli Maran, Union Minister of Commerce & Industry, launched the *Focus Africa* integrated program, with a view to boosting India's trade with Sub-Saharan Africa. The program initially involved seven countries. Two East African countries – Kenya and Tanzania – were selected, as well as three other partners from Southern and Eastern Africa (South Africa, Mauritius, and Ethiopia), with which India had long-standing relations. Interestingly, the selection list also included Nigeria and Ghana, which indicated India's attempt to boost relations with the resource-rich countries of Western Africa.¹

From 2008 on, the India-Africa Forum Summit (IAFS) became the main platform to structure and promote relations between India and the continent. Three summits have been held so far (2008, 2011, 2015); the fourth, scheduled to take place in 2020, had to be postponed due to the Covid-19 pandemic.

With the EAC more specifically, India signed a memorandum of understanding (MoU) in 2003, three years after the treaty establishing this regional organization entered into force.² The MoU originally covered cooperation in the pharmaceutical sector, information technology,

1. Press Information Bureau, *Maran Launches Focus: Africa Programme*, March 31, 2002, available at: <https://archive.pib.gov.in>.

2. In those days, EAC included only its three founding members, Kenya, Tanzania and Uganda. It would be expanded four years later with the integration of the Republics of Rwanda and of Burundi (in July 2007), and with that of the Republic of South Sudan in August 2016.

agriculture, human resources development, tourism, industry and non-conventional energy. It was later expanded to include, among other things, capital markets, railways, and capacity-building in science and technology.

India also took steps to support the EAC's capacity-building. In July 2018, Prime Minister Modi announced financial support of nearly US\$1 million to promote capacity-building and supportive infrastructure for the EAC. As part of this financial support, 20 laptops and four SUVs were gifted in 2020 to Maj. Gen. (Rtd) Otafiire, Minister of East African Community Affairs, Govt. of Uganda.³ Interestingly, while the EAC suggested that India provide development programs across the whole sub-region, New Delhi expressed its preference for a bilateral approach to its development partnership. In other words, India's approach to East Africa is primarily seen in terms of bilateral partnerships with each member state of the EAC, rather than with the EAC as a regional organization.

Limited Range of Institutional Arrangements at the Bilateral Level

Among the member states of the EAC, Kenya, Tanzania and Uganda are the three countries with which India has institutionalized some dialogue mechanisms, such as joint trade commissions and joint committees for economic, technological, scientific and cultural cooperation. However, even with these three countries, the range of bilateral dialogue arrangements is rather limited as compared with other countries, such as those in South-East Asia.

India and Kenya established a Bilateral Joint Commission Meeting at ministerial level in 1999, but the convening of this mechanism has been sparse (with a first meeting in 2003 in Nairobi, a second in 2019 in New Delhi and a third in Nairobi in June 2021).⁴ The two countries have also had a Joint Trade Committee since 1983 and, more recently, a Joint Technical Committee on Housing since 2017.⁵

India and Tanzania formally interact through a Joint Commission Meeting, created in 1975 to cover the economic, technical, and scientific dimensions of their bilateral relations.⁶ The two countries also established a Joint Trade Committee in 2000, which has since met only occasionally (its fourth session was held in New Delhi in August 2017).

3. MEA, *Annual Report 2020-2021*, available at: www.mea.gov.in.

4. High Commission of India, Nairobi, *India-Kenya Relations*, available at: <https://mea.gov.in>.

5. India Africa Network, *India-Kenya Relations*, available at: <https://indiaafrica.net>.

6. The High Commission of the United Republic of Tanzania, New Delhi, *Bilateral Relations*, available at: www.in.tzembassy.go.tz.

Relations between India and Uganda were resumed in the late 1980s, with the end of the Idi Amin regime⁷ and the coming to power of Museveni in 1986. The institutional mechanism for bilateral cooperation has been limited to a Joint Commission Meeting at the Secretary level. The Joint Commission, which provides the framework for comprehensive discussions on all bilateral issues, had its first meeting in 1994 in Kampala.⁸

India's relations with Rwanda, Burundi and South Sudan have been more recent and have sometimes been minimal in terms of official institutional ties. In the case of Burundi, for instance, India is still in the process of completing the basic institutional setup allowing for normal state-to-state relations. As of late 2021, indeed, India had not yet opened a resident mission in Bujumbura and had its bilateral ties with Burundi dealt with by its mission in Kampala. As regards Rwanda, New Delhi and Kigali agreed to establish a Joint Trade Commission in 2012. However, India opened its mission in Kigali only in August 2018 (Rwanda opened its mission in New Delhi in 2001)⁹ and the first India-Rwanda Joint Commission Meeting took place in Kigali in November 2021.

In the case of South Sudan, India was quick to recognize the independence of this country and to send its then Vice-President, Mohammad Hamid Ansari, to attend the Independence Day celebrations in Juba on July 9, 2011. India also quickly transformed its consulate in Juba into an embassy (in March 2012).¹⁰ Moreover, India became deeply involved in this country through the UN peacekeeping mission that was established in July 2011. With over 2,200 Indian troops serving with the UN Mission in South Sudan (UNMISS), India has been one of the largest contributors. It lost seven men serving in this mission in 2013, but has remained committed to its mandate.

Enhanced political exchanges since 2016

Between 2016 and 2018, PM Modi sent strong signals to East Africa and had frequent high-level contacts with top leaders from the sub-region. He visited Kenya and Tanzania (as well as Mozambique and South Africa in the same tour) in July 2016. In Kenya, he invited President Uhuru Kenyatta to pay a state visit to India and, indeed, hosted him in New Delhi six months later (January 2017). In the same month of January 2017, Modi hosted President Kagame and, surprisingly, Rwanda and India announced a strategic partnership on this occasion.¹¹ Forging such a partnership with

7. Diplomatic relations had been suspended following Idi Amin's expulsion of people of Indian origin in 1972 – see sub-section below.

8. V. P. Dutt, *India's Foreign Policy In A Changing World*, New Delhi: S. Chand, 1999.

9. MEA, *India-Rwanda Relations*, available at: <https://mea.gov.in>.

10. MEA, *India-South Sudan Relations*, available at: <https://mea.gov.in>.

11. *Declaration on Strategic Partnership between India and Rwanda*, January 10, 2017, available at: www.mea.gov.in.

India was a diplomatic coup for President Kagame as Rwanda is the only country in Africa, along with South Africa, to have struck a strategic partnership with India. On the Indian side however, the establishment of a strategic partnership with Rwanda raised eyebrows among MEA officials and foreign policy experts. While some found it unbecoming that India concluded a strategic partnership with a country in which it did not even maintain a mission (the mission in Kigali would be opened in 2018 though), others did not see what kind of strategic interests India had in Rwanda.¹²

Nevertheless, Modi and Kagame's high-level engagement with each other continued in the following years. Modi made a trip to the small landlocked country in July 2018, thus becoming the first Indian premier to pay a visit to Rwanda. As for Kagame, he returned to India in March 2018 to attend the Founding Conference of the International Solar Alliance. All in all, he visited India five times between 2009 and 2018, and each of these trips gave him the occasion to woo Indian investors.¹³ In April 2021, he joined PM Modi for the virtual inauguration of the 6th edition of Raisina Dialogue, India's flagship conference on international affairs.

Along with Rwanda, Modi also visited Uganda in July 2018. His visit was marked by an address to the Ugandan parliament. In this speech, which was projected as a major public relation event and telecast live in India and many African countries, Modi enunciated the so-called Kampala principles guiding India's engagement with Africa. He stressed that Africa would have the highest priority for India, that India's activities and initiatives would be "guided by African priorities on terms acceptable to them" and that India would contribute to African capacity as much as possible, with a focus on digital technologies, agricultural productivity and climate-change adaptation and mitigation.¹⁴

Another telling example of India's strong interest in East Africa was the June 2021 visit to Nairobi of External Affairs Minister S. Jaishankar to co-chair the third meeting of the India-Kenya Joint Commission. The fact that he made a special trip to chair the meeting, despite the Covid pandemic, was a testament to the significance India has recently attached to its ties with Kenya. As for Minister of State for External Affairs and Parliamentary Affairs, V. Muraleedharan, he paid official visits to South Sudan on October 20-22, 2021 and to Uganda and Rwanda in November 2021.

As part of its recent outreach effort toward East Africa, India has initiated Foreign Office Consultations (FOCs) to enhance bilateral ties.

12. S. Haidar, "Strategic Partners' Are Now Dime a Dozen", *The Hindu*, January 11, 2017.

13. Kagame had visited India previously in 2009, November 2014 (for the India Economic Summit) and December 2016 (for the Vibrant Gujarat Summit).

14. *Prime Minister's Address at Parliament of Uganda during his State Visit to Uganda*, July 25, 2018, available at: <https://mea.gov.in>.

FOCs have been held with Tanzania (June 2016), Kenya (June 2016), Burundi (October 2017), Uganda (April 2018) and Rwanda (May 2018).¹⁵

Lastly, defense ties have also emerged as a growing sector of cooperation. In 2016, India and Kenya signed a defense agreement for staff exchanges, expertise-sharing, and equipment supply as well as a white shipping agreement (WSA). The two countries also concluded a deal in 2018 to boost maritime surveillance and share security intelligence on terrorism threats. Finally, they held their first Joint Defense Cooperation Committee in February 2019. India signed a defense agreement with Rwanda and an MoU on defense cooperation with Uganda in July 2018.¹⁶

More generally, India has recently positioned itself as a potential security provider not just in the Indian Ocean but also in Africa. It initiated the first Africa-India Field Training Exercises (AFINDEX), on its soil in March 2019 (with 17 African nations, including Tanzania and Uganda) and convened the first India-Africa Defense Ministers conclave in February 2020.¹⁷

LoCs and ITEC Programs as Major Tools of India's Development Partnership with East Africa

The scale of India's development cooperation with East Africa has also grown rapidly. India has a range of diversified tools to push its development partnership, such as lines of credits (LoCs), grant assistance, the Indian Technical and Economic Cooperation (capacity-building) Program (ITEC), as well as small development projects, technical consultancy, disaster relief and humanitarian aid.¹⁸

From 2003 onwards, India began to use **concessional LoCs** as one of its key development partnership instruments to fund the construction of railway lines, electrification and irrigation projects, and farm mechanization projects, among others. LoCs are all routed through the Export Import Bank of India (Exim Bank). However, their tendering process is assessed by the Ministry of External Affairs (MEA) and the Ministry of Finance, and their launch, execution and completion is handled by the Development Partnership Administration, a division that was created within the MEA in 2012 to ensure effective implementation, respect of timelines, and prevention of malpractice and corruption in managing the LoCs. India insists that its LoCs are demand-driven and are extended in

15. MEA, *Annual Report 2016-2017; Annual Report 2018-2019*, available at: www.mea.gov.in.

16. Ministry of Defence, *Annual report 2018-2019*, available at: www.mod.gov.in.

17. *Lucknow Declaration: 1st India Africa Defence Ministers Conclave, 2020*, 6 February 2020, available at: www.mea.gov.in.

18. O. C. Kurian, "India's Lines of Credit to Africa in Health: Opportunity to Build a Key Pillar to the Economy", *ORF*, October 5, 2020, available at: www.orfonline.org.

keeping with the priorities set by its partner countries. At the same time, the LoCs help create new markets for Indian companies,¹⁹ foster export growth, build good relations with countries that are important sources of food, energy and resources, and contribute to the country's image abroad.

LoCs, grants and ITEC capacity-building programs have been crucial tools in India's outreach to Africa. Any major high-level interaction between India and African leaders has generally been accompanied by the announcement of new LoCs. This is well illustrated by India's commitments during the IAFSSs.

- At the first summit in 2008, India committed to new credit lines of US\$5.4 billion and increased the number of scholarships for African students.
- At the second summit in 2011, India announced another credit line of US\$5 billion as well as grant assistance of US\$700 million for setting up new institutions in Africa. India also awarded 400 new scholarships for African students and 500 additional training places in the ITEC program.
- For the third summit in 2015, India announced an additional credit line of US\$10 billion for health and other sectors over the next five years, grant assistance of US\$600 million and 50,000 additional scholarships for African students.²⁰

India's LoCs in East Africa have concentrated on the two main sectors of energy and power (with projects in hydro-electricity in Burundi, power transmission lines in Kenya, and various power projects in Rwanda, such as the Nyaborongo power project which provides one fourth of the country's power), and agriculture (with projects for agriculture mechanization in Burundi and Kenya, irrigation in Rwanda, procurement of equipment in Tanzania) and food processing (Burundi). Some LoCs have also allowed for projects in the textile sector (the Rift Valley Textiles factory in Kenya), in water supply (Tanzania)²¹ and for the construction of the parliament and two ministerial buildings in Burundi.

As for the **ITEC program**, managed by the Indian MEA, it is another crucial tool for India's partnerships with East Africa. Tanzania, for instance, has been one of the largest beneficiaries under the ITEC Scholarship Program and the Indian Council for Cultural Relations (ICCR) Scholarship

19. The project funded by India's LoCs must be executed by an Indian company and at least 75% of goods and services needed for the project should come from India.

20. M. Chakrabarty, "Understanding India's Engagement with Africa", *Indian Foreign Affairs Journal*, Vol. 11, No. 3, July-September 2016, pp. 267-280.

21. Financing the extension of the Lake Victoria water pipeline to Tabora, Igunga, and Nzega, and refurbishing of the Upper Ruvu Water Treatment Plant which provides clean drinking water to more than 2 million people in the Dar es Salaam area.

Program, with about 500 trainees in 2018-19.²² Another way for India to contribute to capacity-building has been to fund vocational and IT centers in East African countries. Under a grant of the Indian government, two IT centers were set up at the Dar es Salaam Institute of Technology in 2011 and at the Nelson Mandela African Institute for Science & Technology in Arusha in 2016. Similarly, a Vocational Training Centre for youth employment was commissioned in January 2015, in Kigali, under assistance from the government of India. Also, Uganda was identified as the host country for setting up the India-Africa Institute of Foreign Trade, one of the five institutes offered by India to the African Union under the first IAFS.

Following the logic of capacity-building enhancement, India's Exim Bank is also associated with the Supporting Indian Trade and Investment for Africa (SITA) project that was launched in 2014 by the Department for International Development of the UK and is conducted by the International Trade Center (ITC) in Geneva. The SITA is a six-year (2014–2020) project that aims to promote exports from five Eastern African countries – Ethiopia, Kenya, Rwanda, the United Republic of Tanzania and Uganda – to India through investment and skills transfer from India.

Capacity-building and training have also been offered in the military fields. Uganda has been very responsive to India's offers in this area. An Indian Military Training Team has been deployed in the Ugandan Army's Senior Command and Staff College in Kimaka since 2010. The team, which consists of two colonels and a group captain led by a brigadier, is missioned to assist in the training of the senior officers of the Ugandan armed forces.²³ At the same time, members of Uganda People's Defense Force have been trained in various Indian Army training institutions in India under ITEC.

The Role of Non-State Actors in India's Engagement with East Africa

Apex Business Organizations as Crucial Partners of the Indian Government

The **Confederation of Indian Industry (CII)** is an industry-led organization that has played a major role in India's economic diplomacy since the 1990s. It has often acted in sync with the Indian government to promote economic ties with specific regions and/or countries. The annual CII-Exim Bank India-Africa Project Partnership Conclaves exemplify the intricate partnerships between Indian public and private actors to reach out to Africa. The conclaves are held at the initiative of CII, in partnership with

22. MEA, 2018-2019, available at: www.mea.gov.in.

23. High Commission of India in Kampala, India – Uganda Relations, available at: <https://hci.gov.in/kampala>.

the Exim Bank of India, and with the support of the MEA and the Ministry of Commerce & Industry.²⁴ Since their first edition in 2005, they have developed into a major event to promote and facilitate business partnerships between Indian and African enterprises, and have been attended by many leaders and high officials from Africa, including from East Africa. The latest two conclaves (held online in September 2020 and July 2021) were attended, respectively, by the Ministers of Trade of Uganda and Rwanda and by the Minister of Industry and Trade of Tanzania.

Since 2005, CII has also organized 15 Regional Conclaves, including one in Uganda and another in Tanzania.²⁵ The CII-Exim Bank Regional Conclave on India-East Africa, held in Kampala in November 2017, was attended by over 500 delegates from India, Uganda, Tanzania, UK, Ethiopia, Mozambique, South Sudan, Japan and other East African countries.²⁶

The **Federation of Indian Chambers of Commerce and Industry (FICCI)**, another apex business organization, has been heavily involved in Africa in partnership with the Exim Bank. Since 2013, it has organized the Africa–India Partnership Day on the sidelines of the AfDB’s annual meeting.²⁷ Six editions have been held so far, including one in Rwanda (May 2014).²⁸

FICCI has also organized *Namaskar Africa*, an initiative conducted in partnership with the Ministry of Commerce & Industry. It includes a Regional Business Forum that rotates in various regions of Africa, as well as three other forms of exchange (exhibition, conference and B2B discussions). These activities are meant to help Indian industry to connect with the private sector, government and related institutions in the African partner country as well as the neighboring countries that participate in it. A *Namaskar Africa* focused on East Africa was held in Nairobi in March 2019. The event was organized in partnership with the Ministry of Commerce and Industry and with the support of the Kenyan government.²⁹

Indian Private Sector in East Africa: FDI and Trade Ties

India’s relations with East Africa are one of the country’s oldest links, dating back thousands of years, but the economic dynamism of East Africa

24. CII, *About the Conclave*, available at: <https://cieximafricaconclave.com>.

25. The others were held in Zambia, Ethiopia, Ghana, Mozambique, South Africa, Côte d’Ivoire, Senegal, Namibia, Nigeria and Egypt.

26. MEA, *India–Uganda Relations*, available at: www.mea.gov.in.

27. Exim Bank, CII, *15th Exim Bank CII Digital Conclave on India Africa Project Partnership: Background Paper*, 2020.

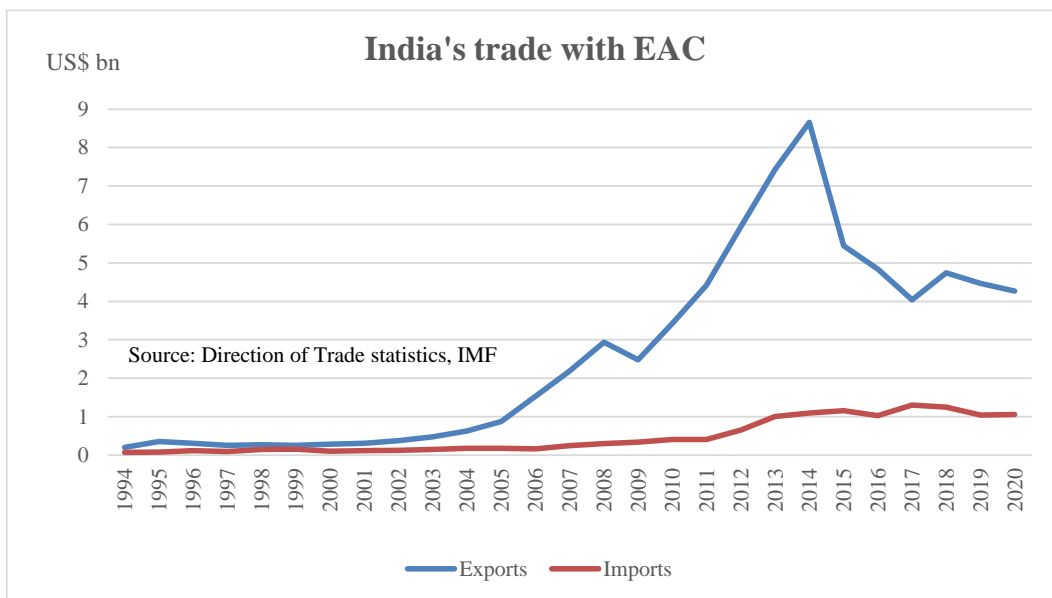
28. The first one was in Morocco, followed by Rwanda, Côte d’Ivoire, Zambia, India (Ahmedabad) and Equatorial Guinea.

29. High Commission of India in Nairobi, *Namaskar Africa 2019*, available at: www.mea.gov.in.

together with its proximity to India has recently provided additional momentum to trade and investment relations with India.

India’s economic engagement with East Africa began intensifying in the early 2000s. **India’s total trade with East Africa** grew from less than half a billion US\$ in 2001 to US\$10 billion in 2014 (when it reached a peak before dropping to US\$5 billion in 2020). From 2009 to 2015, India ranked as the number one supplier of the EAC (ahead of Saudi Arabia and China). It was overtaken by China in 2015 and has ranked as number two ever since.³⁰

Figure 1: India’s trade with EAC

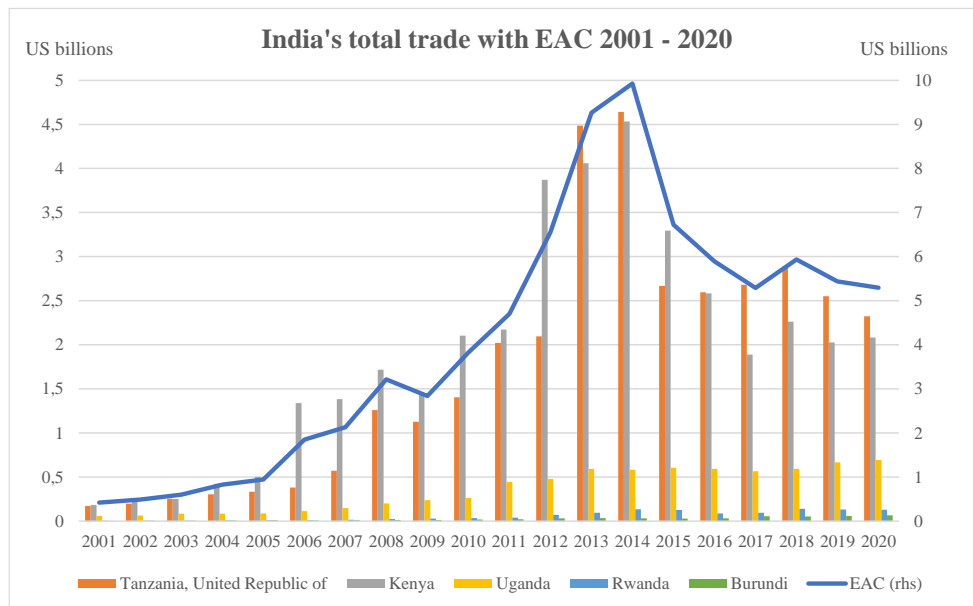


Source: Authors’ calculations based on IMF, Direction of Trade Statistics.

Not unsurprisingly, given the differences in size between the two partners and the nature of their trade, the trade balance between India and East Africa is heavily in favor of the former. Also, Tanzania and Kenya (in that order) are India’s two major trading partners in the region by far, though with different roles. While Tanzania is India’s number one source of imports in the EAC (exporting primarily fruit and vegetables, as well as semi-precious stones and copper), Kenya ranks as its first market.

30. India is, however, a distant second: Chinese exports to EAC are twice as large as Indian exports.

Figure 2: India's trade with EAC (by partner country)



Source: Authors' calculations based on UN Comtrade database.

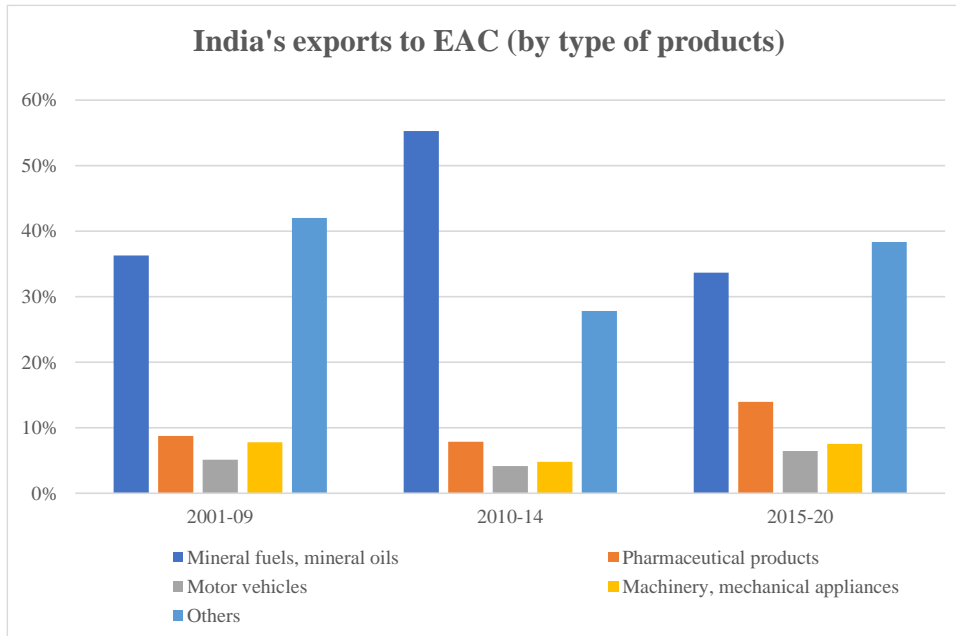
Over the period 2001-2020, Indian exports to the EAC have been mainly driven by one sector, namely petroleum oils other than crude (HS code 27), which account for 43.6% of total exports.³¹ The second largest export item is medicinal and pharmaceutical products (HS 30, 10.4%), well ahead of machinery and mechanical appliances (HS 84, 6.4%) and motor vehicles (HS 87, 5.2%). However, focusing on the most recent period (2015-2020), the share of pharmaceutical products rises to 14%, while the share of petroleum oils drops to 33.7%. Pharmaceutical products even rank number one as export items to Burundi (39%), Rwanda (24%), and Uganda (28.5%).³²

India's exports of pharmaceutical products to East Africa were valued at around US\$642.4 million in 2020 and represented about 4% of India's global exports of such products that year, while India's total exports to East Africa accounted for a mere 1.5% of its global exports.

31. India imports raw materials, refines them, and exports them back to East Africa as consumer goods, predominantly in the form of refined petroleum and pharmaceutical products.

32. All calculations are based on the UN Comtrade database.

Figure 3: India’s exports to EAC (by type of products)



Source: Authors’ calculations based on UN Comtrade database.

Although limited (given India’s restrictive policies imposed on domestic companies’ ability to invest abroad), **investment relations between India and Africa** can be traced back to post-independence years, when some large Indian companies invested in Eastern African countries in the 1960s. In 1956, the Birla Group became the first Indian company to invest in Ethiopia. In 1969, it entered a joint venture, Pan-Paper, with the Kenyan government and the World Bank. Investments in that era were typically led by a handful of large Indian firms and were far smaller than today’s flows.³³

The dynamic changed dramatically once foreign exchange restrictions were eased as a result of the 1990s economic reforms. Indian investments in East Africa have also grown rapidly in the last decade. The country is currently the seventh-largest investor in East Africa (according to Exim Bank). However, the EAC remains a marginal destination from an Indian perspective. Investments are in a wide variety of sectors spanning pharmaceutical manufacturing, agro-processing, construction, banking, information and communication technology, the hospitality industry and education services.

33. *Deepening South-South Collaboration: An Analysis of Africa and India’s Trade and Investment*, Cairo: Afreximbank and Exim India, 2018.

Based on RBI data, Tanzania was the major destination of Indian investments in the EAC over the period 2011-2017, ahead of Kenya and Uganda. But RBI data only captures the approved overseas investments rather than actual flow of funds and the ultimate destination of fund flows, thus potentially providing a distorted picture. According to the *Financial Times* database (fDi markets, which tracks cross-border greenfield investments), Kenya emerged as the major destination of Indian investments over the period 2007-2017, with a total of close to US\$2 billion (accounting for 54% of Indian investments in EAC). Tanzania is the second destination (21.7%), ahead of Uganda (18.3%), Rwanda, Burundi and South Sudan.

While Indian investments tend to be concentrated in natural-resource industries in West Africa, the situation is very different in East Africa, with the exception of South Sudan. In EAC countries, Indian investments can be found in agriculture, including tea production (Uganda and Rwanda) and floriculture (Kenya); manufacturing, including industrial machinery, equipment and tools (Tanzania), and pharmaceuticals (Rwanda); and in services such as telecommunications and healthcare (Kenya, Rwanda, Tanzania), banking (Kenya, Uganda), hotels and tourism (Tanzania, Uganda).

As the first destination of Indian investments, Kenya is the country with the most diverse range of investors. Over 60 major Indian companies have invested in Kenya, among which Essar Energy (petroleum refining), Bharti Airtel, Reliance Industries Ltd (petroleum retail); Tata (Africa) (automobiles, IT, pharmaceuticals, etc). Others include Mahindra & Mahindra, Thermax, Wipro, Jain Irrigation Systems Ltd, Emcure, Dr. Reddy's, Cipla, Cadila, TVS and Mahindra Satyam.

Indian companies seeking to venture abroad make their decisions based on their own interests and resorting to their own resources, but they may also get support from India's Exim Bank in the form of loans and guarantees as well as equity finance. In some cases, Exim Bank has direct participation in equity along with Indian promoters. In East Africa, this has been the case in Kenya, Uganda and Tanzania, across a range of sectors such as agriculture and food processing, agro-based products, auto and auto components, chemicals, construction, electronics, engineering goods, packaging, pharmaceuticals, software and IT-enabled services, and textiles, among others. These ventures serve to promote value addition and contribute to capacity-building and capacity-creation in host countries. As of January 31, 2018, Exim India, through its overseas investment finance program, has supported 48 Indian companies in 12 African countries to the amount of US\$745 million (Rs51.3 billion).³⁴

34. *Ibid.*, p. 74.

Overseas Indians in East Africa

East Africa has a long Indian diaspora heritage. With their business ties with India and a good knowledge of Africa, Indians in East Africa have played a significant role in attracting new investments from India. The population of Indian origin in Africa was estimated to be about 2.7 million in 2015. South Africa was home to more than half of them, and Mauritius to a third of them. Others were settled in several East African countries (Kenya, Tanzania and Uganda). In the latter countries, the People of Indian Origin (PIO)³⁵ constitute a small community in number, but with a general high socioeconomic level and relatively influential power. They can therefore contribute to a rather dense and intricate network of socio-ethnic and business relations between East Africa and India. Their contribution may not be calculated in quantitative terms, but it can be seen from a qualitative perspective, at the micro level of interpersonal relations and business connections, and in the evolution of some companies in the pharmaceutical sector (see section 2).

Moreover, since the 2000s, the Indian government has taken many initiatives to reconnect with the overseas communities, and this has borne some fruit. Indian missions in East African countries interact with the Indian overseas communities, including the PIO, especially in relation to cultural and religious events. India's central agencies also strive to reach out to the overseas communities. For instance, the Ministry of Overseas Indian Affairs and Overseas Indian Facilitation Centre (OIFC), in association with the High Commission of India in Nairobi, organized an Indian Diaspora Engagement Meet in East Africa, in April 2012.³⁶ Finally, Prime Minister Modi has been especially anxious to interact with overseas Indians, and made sure to engage with them during each of his East African visits.

Kenya is home to the largest Indian community in East Africa, with about 80,000 Indians of whom about 60,000 of them are categorized as PIO and 20,000 as Indian citizens.³⁷ In 2017, the Kenyan government recognized the people of Indian descent as the 44th tribe in the country. Several Kenyans of Indian origin have become prominent lawyers, judges, doctors and academics.³⁸ Some other members of the Indian diaspora have been among Kenya's wealthiest persons. Narendra Raval, the owner of the Devki Group of Companies, is one of Kenya's most successful entrepreneurs, with cement facilities in Kenya, Tanzania and Uganda. While he hails from Gujarat, he does not have business in India but is vocal

35. A PIO refers to a foreign citizen who held an Indian passport at any point in time or whose parents/grandparents/great grandparents were citizens of India.

36. MEA, *Annual Report 2012-2013*, available at: <https://indiaafrica.net>.

37. MEA, *Population of Overseas Indians*, available at: <http://mea.gov.in>.

38. High Commission of India, Nairobi, *India-Kenya Relations*, *op. cit.*

about his attachment to India, his personal connection to PM Modi (who also hails from Gujarat) and his will to support India's interests³⁹.

In Tanzania, there are about 50,000 PIO (referred to as Asians), as well as an expatriate community of 10,000 Indians.⁴⁰ Many PIO have been successful entrepreneurs, thus making the community a substantial force in the economy of Tanzania. In Uganda, Indians also had thriving businesses. Before their expulsion in 1972, they numbered about 75,000 and played a vital role in the economy.⁴¹ However, because of their outsized economic affluence, Ugandan Indians were accused of “milking” the country's money and, in mid-1972, under the rule of General Idi Amin, they were ordered to leave the country within 90 days. Around 60,000 Indians/PIO were expelled, and their properties were seized. Ironically, the expulsion of Ugandan Indians, who had formed the backbone of the economy, brought about the country's economic decline.

Ugandan Indians were given an opportunity to return to their country after General Museveni came to power in 1986. As president, he not only invited PIOs back, but also took steps to restore their properties and help them start new business. As a result, some Indians have returned to Uganda. The community of PIO is currently estimated at about 6,500, while Indian passport-holders number 23,500.⁴² Like in Kenya, some PIO can be found among Uganda's richest people. This is the case of Sudhir Ruparelia, who has over 17 companies under his Ruparelia Group, with interests in hospitality, real estate, finance, media, insurance, education, agriculture, and labor export among others. This is also the case of Karim Hirji, who has built his fortune in real estate. Some influential members of the community have formed the Indian Association in Uganda (IAU). The association seems to have maintained close links with President Museveni, as illustrated by the fact that it openly supported him during the 2021 elections.⁴³ The IAU also works with the Indian high commission in Kampala for “furthering Indian interests”, organizing various cultural events and celebrating Indian festivals.⁴⁴ Another good illustration of the IAU's capacity to act as a bridge between India and Uganda was given in 2020 in the military field. The IAU coordinated with the Indian Military

39. B. Yagnik, “Gujarati ‘Guru’ Poised to Become the Cement King of East Africa”, *Times of India*, October 13, 2019. Raval is also known as an expert palmist and astrologer sought after by Kenyan presidents.

40. The High Commission of the United Republic of Tanzania, New Delhi, *The Special Report “What Tanzania Wants: A Fresh Look at Tanzania-India Relations”*, September 26, 2021, available at: www.in.tzembassy.go.tz.

41. G. B. Asiimwe, “Migrations and Identity of Indian-Pakistani Minorities in Uganda”, in: G. Oonk, *India and the Indian Diaspora in East Africa Past Experiences and Future Challenges*, 2015, available at: <https://books.openedition.org>.

42. MEA, *India-Uganda Relations*, *op. cit.*; MEA, *Populations of Overseas Indians*, *op. cit.*

43. N. Agaba, “Indians Hails Museveni for Transforming Uganda from ‘Darkness to Light’”, *Kampala Post*, December 15, 2020: <https://kampalapost.com>.

44. MEA, *India-Uganda Relations*, *op. cit.*

Advisory and Training Team in Uganda to hand over a state-of-the-art military training facility to the Uganda People’s Defense Force. The center was conceived by the Indian Military Team and funded by IAU through voluntary contributions from Ugandans of Indian origin.⁴⁵

45. “India Builds State-of-the-Art Training Facility for Ugandan Defence Forces”, *The Hindu*, May 24, 2020.

India's Health Diplomacy in East Africa

The health sector broadly defined is a sector where India and East Africa's interests converge. East African countries are faced with a high disease burden, and find it a challenge to ensure the availability, quality and affordability of medicines and medical services. As one of the world's largest producers of affordable drugs, India is well positioned to help East African nations meet some of their health challenges. As shown in the above analysis, India has emerged as a predominant provider of drugs in East Africa, but its engagement in the region's health sector is multifaceted and multilayered, involving national and subnational actors as well as private and public players. Beyond exports of low-cost generics, it includes building health infrastructure, providing aid through grants and donations, technical assistance, and hosting medical tourists.

However, East African countries would rather have Indian pharmaceuticals firms and healthcare groups increase their investments locally and operate more technology transfers. This underlying tension between India and East Africa has been exacerbated by the outbreak of the Covid-19 pandemic.

Promoting India-East Africa Healthcare Cooperation: State Actors and Tools

Healthcare Cooperation as a Priority

The Indian state has played a leading role in promoting healthcare cooperation with East Africa. All its major initiatives toward Africa since the early 2000s have had a focus on healthcare. For instance, the Focus Africa initiative launched in 2002 identified drugs and pharmaceuticals as "target commodities for export focus". As part of this program, lifesaving drugs and pharmaceutical products were exported to Kenya and Tanzania (as well as Ethiopia, Ghana, Mauritius, Nigeria and South Africa).

Similarly, the third India-Africa Forum Summit (IAFS) in October 2015 categorized health as part of India's development cooperation.⁴⁶ On this occasion, India announced an Africa Health Fund of US\$10 million,

46. V. Vaidyanathan, "Indian Health Diplomacy in East Africa: Exploring the Potential in Pharmaceutical Manufacturing", *South African Journal of International Affairs*, Vol. 26, No. 1, 2019, pp. 113-135.

which is operated by the Exim Bank and aims to provide affordable medicines while creating opportunities for collaboration in research, building capacity in health systems with Indian expertise, and extending 50,000 scholarships to African students to attend Indian universities, among other provisions. As of late 2021, it was not clear whether this fund had been used to reach its stated objectives.

In the health sector, Pharmexcil (Pharmaceuticals Export Promotion Council of India), which is under the Ministry of Commerce and Industry, has also been actively promoting Indian drugs in East Africa. This agency organized Indian Pharmaceuticals and Healthcare Expos (Iphex) in Africa in 2016 (Nigeria), 2017 (Tanzania, Zambia and Ethiopia) and 2019 (Uganda, Nigeria).⁴⁷ These expos provided a platform for Indian drugs manufacturers to interact with East African government procurement agencies, drug regulatory authorities and local pharma companies.

Donations, Grants and Humanitarian Initiatives

Each time he visited an East African country, Prime Minister Modi announced major grants and donations in relation to the health sector. The package of grants and gifts usually included a tele-cobalt cancer therapy machine (the machine, made in India, costs an estimated US\$1 million) and essential medicine worth US\$1 or US\$2 million.

47. Pharmexcil, *Annual Reports 2018-2019 and 2017-2018*, available at: <https://pharmexcil.com>.

Table 1: India’s grants and donations to East African countries since 2016

East African countries	Indian grants/donations	Delivery
Kenya (Modi’s visit, July 2016)	a tele-cobalt cancer therapy machine	all delivered by May 2020
	essential ARV medicines worth US\$1.54 million	
	30 field ambulances	
Tanzania (Modi’s visit, July 2016)	a tele-cobalt cancer therapy machine	machine delivered to Bugando Medical Centre, Mwanza
Uganda (Indian Vice-President visit, Feb. 2017) (Modi’s visit, 2018)	donation of US\$ 2 million worth of medicines	delivered
	a tele-cobalt cancer therapy machine	machine commissioned at Uganda Cancer Institute, Kampala in Feb. 2020
Rwanda (Modi’s visit, 2018)	a US\$2 million grant for the purchase of medicines (against HIV AIDS, Hepatitis B & C)	medicines worth US\$2 million handed over in April 2019
	a US\$1 million cash grant for the purchase of medical equipment	
Burundi	a gift of medicines worth US\$1.1 million	medicine handed over in Feb. 2019 ⁴⁸

Sources: MEA annual reports and websites of Indian embassies in East Africa.

In South Sudan, India set up a field hospital as part of UNMISS. The facility, which has been operational since December 2016, has over 70 Indian nationals, including 12 specialists.⁴⁹ It provides medical services to UNMISS staff, internally displaced persons and the residents of the larger community.

48. High Commission of India in Kampala, *Gift of Medicines by Government of India to Government of Burundi*, available at: <https://hci.gov.in>.

49. A. Jha, “India to Send Additional Medical Teams in DR Congo and South Sudan in Response to UN Call”, *DDNews*, September 5, 2020, available at: www.ddnews.gov.in.

The MEA has also partnered with Indian NGOs to conduct some humanitarian operations.⁵⁰ One such NGO is the Jaipur Foot Organization, which is one of the world's largest organizations providing free prosthetic aids and appliances. In October 2018, the MEA launched the India for Humanity initiative to commemorate the 150th birth anniversary of Mahatma Gandhi. It featured year-long series of artificial limb fitment camps the world over, in partnership with the Jaipur Foot Organization.⁵¹ As part of the program, an Artificial Limbs Fitment Camp was organized for one week in July 2019 in Dar es Salaam, and another in Kampala in December 2020.⁵² In Dar es Salaam, 513 people were fitted with artificial limbs during the camp.

Capacity-Building in the Medical Sector: The Pan-African e-Network

In 2009, India launched the Pan African e-Network Program (PANe-NP), a one-of-a-kind initiative that seeks to connect hospitals in the 55 member states of the African Union to Indian medical institutes through a satellite and fiber-optic network. The objective is to enable access to, and sharing of, expertise in the areas of tele-education and telemedicine in particular.

The government of India fully funded and supported the operation of the network from its formal launch until July 2017, for an annual budget estimated at US\$200 million.⁵³ India's MEA was the nodal ministry, with TCIL (a government of India undertaking) as the implementing agency.

The e-Network allowed African countries, including all EAC members, to link with some of the best hospitals and educational institutions in India, to ensure quality virtual consultation and treatment for patients as well as virtual medical training and medical education for students. For instance, tele-medicine centers were set up as early as 2009 in Kigali, and at the Ocean Road Cancer Institute in Dar es Salaam, in Mulago Hospital in Kampala and in Bujumbura in 2010.

As of March 2017, under the PANe-NP, 70 tele-medicine consultations and tele-expertise sessions were carried out annually and 6,700 continuous medical education (CME) sessions were held for doctors and nurses.⁵⁴ The PANe-NP not only offered low-cost healthcare, but also contributed to local

50. In India, this NGO is also known as Bhagwan Mahaveer Viklang Sahayata Samiti – BMVSS.

51. MEA, *External Affairs Minister launches India for Humanity*, October 9, 2018, available at: <https://mea.gov.in> .

52. MEA, *Annual Report 2021-2021*, available at: <https://mea.gov.in>.

53. African Union, *First Progress Report of the Chairperson of the Commission on the Pan African e-Network on Tele-Education and Tele-Medicine*, March 29, 2018, available at: www.peaceau.org.

54. *Ibid.*

capacity-building in the medical sector. The latter initiative was especially welcome as Africa faces a serious shortage of healthcare professionals.

The program has also paved the way for enhanced cooperation in the pharmaceutical and medical sector. Indeed, some of the hospitals that participated in the project, such as Apollo, Narayana Health, Moolchand and Fortis, have since become major trademarks in East Africa.

In October 2019, India launched a revamped version of the program, under the name e-VidyaBharti (Tele-education) and e-ArogyaBharti (Tele-medicine). The objective was to provide free tele-education to 4,000 African students each year for five years and to continue medical education for 1,000 African doctors, paramedical staff, and nurses. The program is fully funded by the Indian government. As of late 2021, Uganda seemed to be the only East African country to have implemented the e-VBAB Project.

Capacity-Building in the Medical Sector: India's Training Programs

In addition to the ITEC programs of the MEA, two other Indian agencies offer fellowship and training programs, which are open to African health scientists:

- ▀ the Ministry of Science and Technology, which grants the CV Raman Fellowships, and
- ▀ the Indian Council of Medical Research (ICMR), a government organization under the Department of Health Research, Ministry of Health & Family Welfare, which has an International Fellowship Program for scientists from developing countries.

To enhance its Africa outreach, the MEA has partnered with the ICMR to design training programs specially dedicated to the continent. Following the 2015 IAFS, the MEA and ICMR organized the First India-Africa Health Sciences Meet in September 2016 in New Delhi. Four other ministries contributed to this initiative (the Ministries of Health and Family Welfare, of Science and Technology, of Commerce and Industry, and of Chemicals and Fertilizers), thus making the event “a unique inter-ministerial initiative”.⁵⁵ The proceedings were attended by cabinet ministers, policymakers, technocrats, industry leaders, scientists and experts from both India and East Africa, and the International AIDS Vaccine Initiative (IAVI) and Pharmexcil.

55. *Memorandum of Understanding between the Indian Council of Medical Research and the African Union on India-Africa Health Sciences Cooperation*: <https://main.icmr.nic.in>.

Following this meeting, ICMR took the initiative of establishing an India-Africa Health Sciences Collaborative Platform (IAHSP) and signed a MoU with the African Union in March 2019 to promote cooperation in R&D, capacity-building, health services, pharmaceutical trade and manufacturing capabilities for drugs and diagnostics. It offered specialized training courses in India to 95 African researchers in 2019, including four from Tanzania and two each from Kenya, Uganda and from Burundi.⁵⁶

Indian Pharmaceutical Companies and Technology Transfers

In parallel with the Indian state, the Indian private sector has shown a strong interest in the East African pharma and medical sector. In 2015, the Confederation of Indian Industry started the annual India-Africa Health Forum, to help Indian healthcare providers to interact with government leaders and business representatives from Africa, and prospect for collaboration projects. The 2016 India-Africa Health Forum, for instance, had over 200 delegates including government officials, policymakers and private healthcare providers from India, Tanzania, Rwanda and Uganda (as well as Nigeria, Zambia, Senegal, Niger, Gabon, Congo and Mauritius).⁵⁷

East African Imports of Indian Pharmaceutical Products

Indian pharmaceutical companies – Dr. Reddy's, Cipla, Cadila Pharmaceuticals – have a large presence in East Africa. They entered the East African market in the early 2000s by forging partnerships with European NGOs such as Médecins sans Frontières and UN agencies like UNICEF. Through these partnerships, Indian companies managed to increase the visibility of their products locally. Once their image had been established, they engaged with East African health authorities and started directly exporting to the countries of the sub-region.⁵⁸

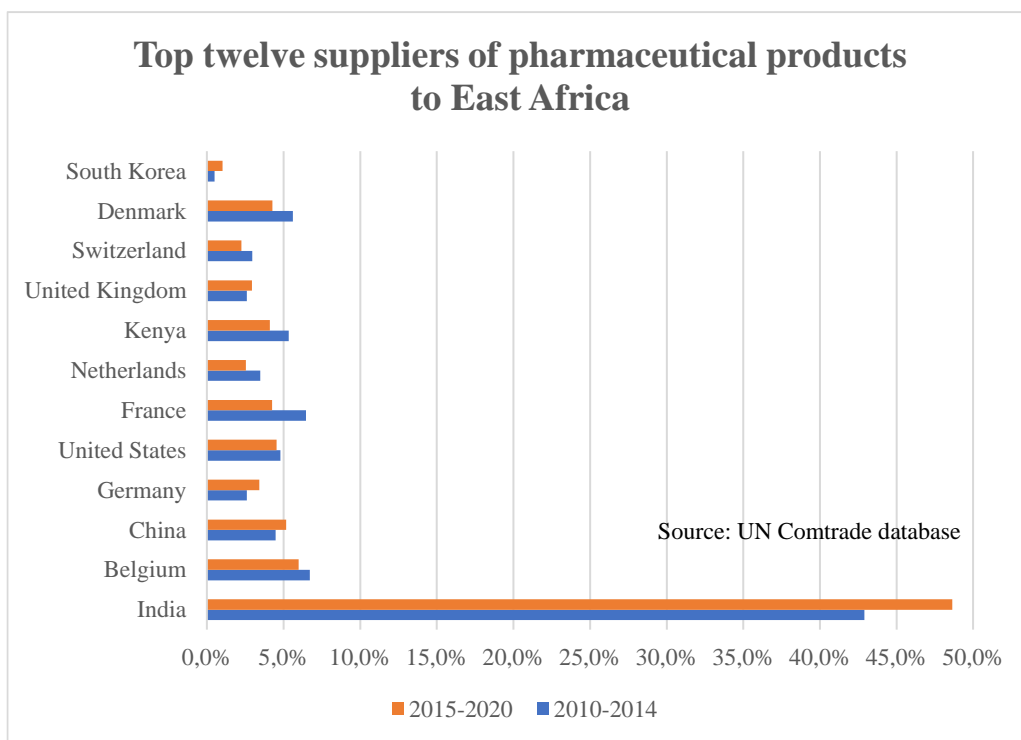
India's exports of pharmaceutical products (HS 30) to East Africa increased from US\$419 million in 2011 to US\$716 million in 2020. India has been the number one supplier of pharmaceutical products to East Africa at least since the early 2000s, but has become increasingly prominent over time. While its share accounted for a mere 17.2% in 2001, ahead of Germany (13.2%) and the Netherlands (10.1%), in 2020 it reached 48.8%, ahead of Belgium (6%), and China (5.2%).

56. PWC, Nathhealth, *Unlocking the Potential of India-Africa Collaboration for Healthcare Innovation*, 2020, available at: <https://main.icmr.nic.in>.

57. CII, *2nd Edition India-Africa Health Forum*, April 21, 2016, available at: <https://eoi.gov.in>.

58. P. Burton, "Africa: The Launchpad for Indian Pharma", Pharmaboardroom, July 10, 2018, available at: <https://pharmaboardroom.com>.

Figure 4: Top 12 suppliers of pharmaceutical products to EAC



Source: Authors' calculations, based on UN Comtrade database.

India's major pharmaceutical exports to Africa include medicaments for therapeutic or prophylactic purposes (HS 300490 – 72.1%), vaccines for human medicine (HS 300220 – 9.5%), medicaments containing antibiotics (HS 300420 – 4.9%) and medicaments containing penicillin (HS 300410 – 2.9%), among others.

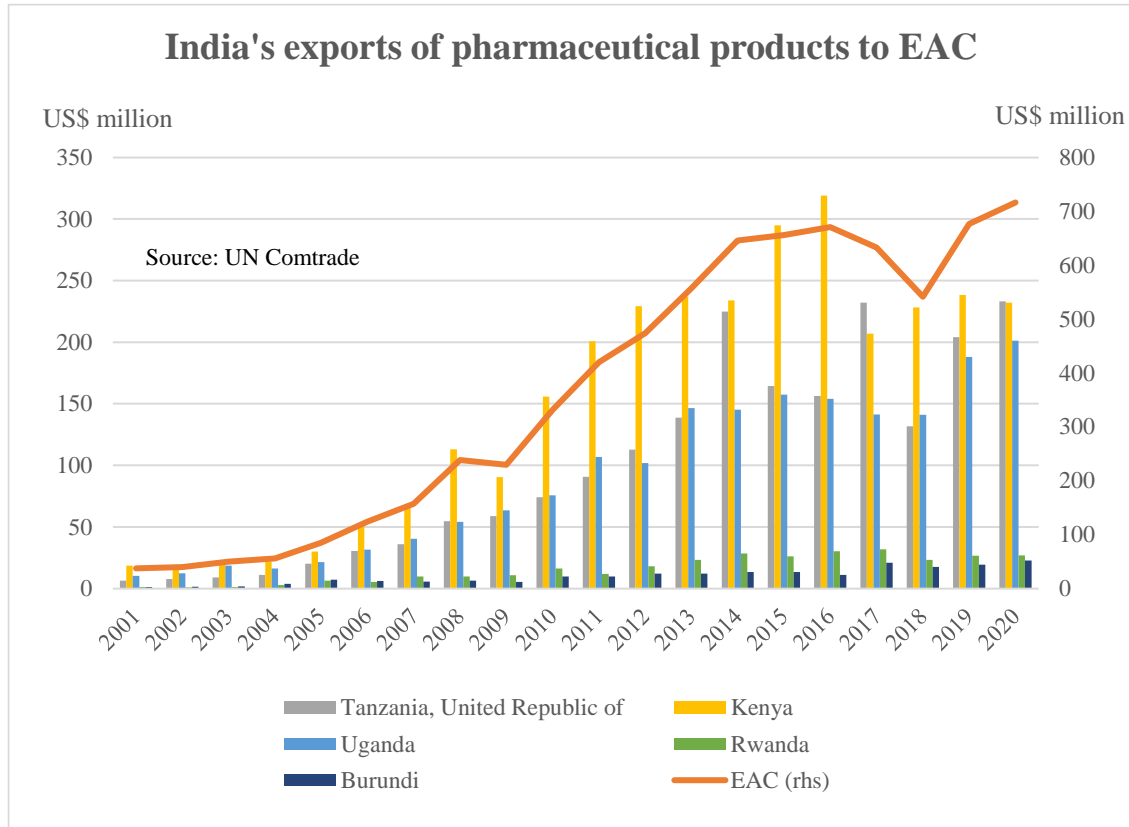
According to UN Comtrade data, Kenya has been the third largest importer of Indian pharmaceutical products in Africa since 2015, after South Africa and Nigeria (Table 2). Tanzania and Uganda rank as number four and five. Altogether, the six countries of the EAC imported US\$802 million of Indian pharmaceutical products in 2020, accounting for 4.3% of India's total exports of such products.

Table 2: Top 15 importers of Indian pharmaceutical products
(in US\$ million and %)

	2001 – 2010		2011 – 2020	
	US\$ million	%	US\$ million	%
United States	6,303	20.3%	45,737	35.5%
South Africa	950	3.1%	4,760	3.7%
United Kingdom	1,374	4.4%	4,500	3.5%
Russia	2,124	6.8%	4,488	3.5%
Nigeria	1,195	3.8%	3,631	2.8%
Kenya	582	1.9%	2,420	1.9%
Germany	760	2.4%	2,171	1.7%
Brazil	713	2.3%	2,135	1.7%
Australia	297	1.0%	2,039	1.6%
Canada	219	0.7%	1,833	1.4%
Philippines	264	0.9%	1,728	1.3%
France	351	1.1%	1,656	1.3%
Sri Lanka	668	2.2%	1,796	1.4%
Netherlands	515	1.7%	1,725	1.3%
Tanzania	309	1.0%	1,689	1.3%

Source: Authors' calculations based on UN Comtrade database.

Figure 5: India’s exports of pharmaceutical products to EAC



Source: Authors’ calculations, based on UN Comtrade database.

East Africa’s substantial imports of pharmaceutical products from India reflect the huge demand and inadequate domestic supply. While this highlights India’s contribution to bridging the gap between supply and demand, the flipside of the coin is East Africa’s persistent dependence on India.

With the African Continental FTA potentially integrating the African continent of 1.3 billion people (2.5 billion people by 2050), the scope for further expansion of Indian companies looks very promising.

However, Indian pharmaceutical companies also have a substantial presence in EAC, with firms such as Cipla and Ranbaxy having signed JVs with local manufacturers, enabling the two regions to fulfil the dual objectives of developing local capacities by establishing manufacturing bases in Africa and tapping the investment advantage that the African markets offer.

CiplaQCIL in Uganda⁵⁹

Cipla, one of India's largest generic firms, left a deep mark in African healthcare in the early 2000s as it was the first pharmaceutical firm to provide three-segment antiretroviral (ARV) medication treatment to Africans at a cost of only US\$350 a year per person, a quarter of the market price. Cipla has also embarked on a successful transfer of technology in Uganda. In the early 2000s, Uganda's pharmaceutical sector was still underdeveloped; it produced only basic drugs, with low-quality standards. However, in 2004, Quality Chemicals Ltd (QCL), a Ugandan firm specialized in pharmaceutical distribution, along with the Ugandan state, convinced Cipla to forge a joint venture and to create a drug-making plant locally. The Ugandan state's long-term commitment to buy the drugs to be produced by the plant proved to be a decisive factor in Cipla's agreeing to the project. The factory, named QCIL, was commissioned in 2007 and started manufacturing antiretroviral and antimalarial medicines under a license from Cipla, with a capacity of six million pills daily. The active ingredients still come from India and China but the tablets are made and quality-tested in Uganda.⁶⁰

What makes QCIL unique in the Ugandan context is the fact that it has received WHO prequalification for antiretrovirals and artemisinin-based combination therapies and can sell drugs to donor agencies, including the Global Fund".⁶¹

In addition to selling its drugs to the Ugandan state and donor agencies, QCIL exports them all over East and Central Africa. QCIL has become a leading manufacturer of drugs for HIV, malaria and hepatitis B in the region. In the Ugandan context, QCIL stands as an exception. However, the success of the company has also been tarnished by suspicion of corruption.

Overseas Indians and East African Pharmaceutical Firms

In Uganda, as in Kenya and Tanzania, many pharmaceutical manufacturing firms are in the hands of PIO. Through their overseas networks, they have been well positioned to collaborate with Indian pharmaceutical companies. In Kenya for instance, companies owned by PIO, such as Beta Health Care, have long dominated the import business of generic drugs, especially from

59. CiplaQCIL for Cipla Quality Chemical Industries Limited, available at: <https://ciplaqcil.co.ug>.

60. L. Taylor, "Import Substitution Makes a Comeback in Africa", *African Business*, November 6, 2020.

61. N. Chorev, *Give and Take: Developmental Foreign Aid and the Pharmaceutical Industry in East Africa*, New Jersey: Princeton University Press, 2020.

India.⁶² More to the point, some of these PIO-owned firms have been able to negotiate transfers of technology with Indian laboratories. This has proved to be critical for their survival and expansion.

Rene Industries, for example, a Ugandan company that makes basic medical products, was able to grow in the Ugandan context because its founders, Rishi and Meera Vadodaria, have kept buying machines and hiring skilled workers from India. Another Ugandan company, KPI (Kampala Pharmaceuticals Industries), founded by Aziz Damani, was jointly acquired in 1996 by IPS (Industrial Promotion Services, an entity of the Aga Khan Development Network) and Kopran, a leading Indian drug manufacturer. While IPS was responsible for management support, Kopran provided technological transfer from India.

The Involvement of India's Private Hospital Groups in East Africa

Alongside the provision of drugs, treatments and technology, India has also invested substantial amounts of money in Africa's healthcare infrastructure. Under the Madiba-Mahatma Initiative for instance, the Exim Bank set up an India-Africa Health Fund of US\$10 million, and an additional US\$10 billion as LoCs. This fund has been created to primarily develop and build tertiary hospitals in six to eight African cities, but Indian hospitals and healthcare service providers are already very active in East Africa.

Indian Private Hospital Groups in East Africa: Creating Healthcare Infrastructure Facilities Locally

FDI can play a strong role in filling the healthcare infrastructure gaps. This is where a country like India can partner with countries in Africa in addressing healthcare challenges. Indian companies with expertise in executing health infrastructure development projects, such as building hospitals, health centres and digitally connected medical facilities, may leverage these opportunities in Africa.

According to *Financial Times* data, as of December 2019, Tanzania and Mauritius accounted for the largest share of foreign investment received in the healthcare sector from India (26% each), followed by Uganda (22%), Rwanda (16%), Nigeria (4%), Ghana (2%), Burundi, Kenya, Egypt, Zambia and Ethiopia (1% each). According to the same source, during 2007-2016, India invested US\$2.9 million in Burundi's healthcare industry in the area

62. M. Adam, "From the Trading-Post Indians to Indian-Africans", in: M. Adam, *Indian Africa: Minorities of Indian-Pakistani Origin in Eastern Africa*, Dar es Salaam: Mkuki na Nyota, 2015.

of tele-medicine to enable Burundian doctors to consult their Indian counterparts and ensure high-quality medical consultation for patients.⁶³

Some Indian hospital chains have invested in East Africa and established medical facilities locally. They have usually opted for Kenya, and more particularly Nairobi. For instance, Shalby Hospitals, a group from Gujarat, launched Shalby Clinic in Nairobi in 2008.⁶⁴ In the same fashion, Medanta, a large hospital group headquartered near New Delhi, established Medanta Africare, a modern medical center, in Nairobi in 2012. Interestingly, the project was promoted by Medanta, along with RJ Corporation, (a multimillion-dollar conglomerate based out of India) and Intex Africa, which is one of the largest infrastructure groups in East Africa and which is led by a PIO, Kishan Singh Gehlot. Medanta has also created outpatient clinics centers in Tanzania, Rwanda and Uganda (as well as Sudan and Ethiopia). Finally, in 2017, Healthcare Global Enterprises (HCG), a cancer care provider in India, invested US\$4.1 million to acquire a majority stake in Cancer Care Kenya and to establish the first private comprehensive cancer care center in the East African region.⁶⁵

Not all Indian hospital groups have opted for Nairobi. Fortis, for instance, linked up with Regency Medical Centre (RMC) in Dar Es Salaam, Tanzania, through one of its subsidiaries, Fortis Escorts Heart Institute (FEHI). As for the Indian group Dr. Agarwal's Eye Hospital, it has established facilities in four of the six EAC countries (Kenya, Tanzania, Rwanda and Uganda, as well as Madagascar, Mauritius, Mozambique, Nigeria and Zambia). It began its operations in Rwanda in 2012, providing specialized treatments such as retinal and cornea transplant; but, other than domestic patients, the hospital serves foreign patients from Burundi among others.

Public-Private Partnerships for Medical Training: Apollo and the MEA

In 2017, the MEA entered a public-private partnership with the Apollo Hospitals Group to provide specialized medical training for African doctors and paramedics.⁶⁶ The first leg of the partnership started in 2017, with Apollo offering a four-week mid-career specialized medical training program for African doctors. Over 100 doctors from 24 African countries could avail of the program. Among them, nine Kenyan doctors were trained by India as

63. D. Sinate *et al.*, "India-Africa Healthcare: Prospects and Opportunities", *Exim Bank Working Paper*, No. 102, India Exim Bank, March 2021.

64. "Shalby Hospitals Launch 'Shalby Clinic' in Nairobi", *One India*, August 11, 2008.

65. CDC Group, *Healthcare Global (Africa)*, available at: www.cdccgroup.com.

66. Apollo Hospitals, *Specialized Medical Training for African Doctors at Apollo Hospitals, India: Public Private Partnership initiative for Healthcare, Ministry of External Affairs, India & Apollo Hospitals Group*, available at: www.cgijoburg.gov.in. Apollo Hospital Group is headquartered in Chennai (Tamil Nadu) and is a leading medical service provider in India.

part of this initiative. In 2018, the Apollo Hospitals Group started the second leg of the program and offered specialized training for paramedics from nine African countries, including Kenya, South Sudan and Tanzania (as well as Malawi, Nigeria, Sao Tome & Principe, Seychelles, Sudan, and Zambia). For the MEA, this training program is a convincing example of the efficacy of public-private partnership to strengthen the health system of participating countries in Africa. For the Apollo Hospitals Group, this is also a good opportunity to further enhance its image in Africa.

Other Indian medical institutions have decided to establish a branch locally in East Africa. This is the case of the Maharaj Vinayak Society, an NGO, which has developed various learning institutes in the medical sector and hospitals in Rajasthan since the late 1990s.⁶⁷ This NGO established the Indian Institute of Health and Allied Sciences (IIHAS), a privately owned training institution created in 2016 in Kampala, with a view to building capacity in Uganda's health systems by training doctors, nurses and midwives. Similarly, the Bangalore-based Vigyan Educational Foundation set up an International Medical and Technological University (IMTU), the first private university in Tanzania.

Indian Private Hospital Groups as Major Actors of Medical Tourism

Each year, thousands of Kenyans, Tanzanians, and Ugandans travel to India for medical tourism.⁶⁸ These people, who mostly belong to the East African middle class, require a specialist treatment that is either not available locally or too expensive for them (often to treat heart and kidney diseases, and cancer). For them, travelling to India stands as the best option as they can avail of good specialist care at a lower cost than in their own country or in Europe. In 2018 for instance, over 8,000 Kenyans and 5,200 Tanzanians visited India with a medical visa.⁶⁹ In Kenya in particular, India has become the number one destination for overseas medical services.

On their part, India public and private actors have encouraged medical tourism from Africa. The Indian government in 2002 proposed the new category of medical visa for those seeking medical services in India. It has also marketed India as a healthcare hub overseas. At the same time, Indian major hospital groups like Apollo Hospitals, Narayana Health and Medanta have attracted foreign medical tourists with packages specially conceived for them. The package usually includes consultations, luxury air-conditioned hospital accommodation, food for the entire duration of the patient's stay in

67. IIHAS, *Introduction of IIHAS*, available at: <http://iihas.org.in>.

68. Medical tourism is defined as “the travel of people to a place other than where they normally reside for the purpose of obtaining medical treatment in that country”. See P. Rao, “India's mMedical tourism gets Africans' attention”, *AfricaRenewal*, December 2016-March 2017.

69. Ministry of Tourism (GoI), *India Tourism Statistics 2019*.

hospital, airport pickup and drop-off. The package can also include boarding for one accompanying attendant and even a tourist tour to the Taj Mahal. Some hospital groups, such as Narayana Health and Apollo, have also established permanent information centers in Nairobi to cater to East African patients and facilitate medical travel to their facilities in India.⁷⁰

Apollo Hospitals has been particularly inventive in attracting East African medical tourists. In 2014, the group partnered with Emirates Airlines to propose special fares for round-trip flights to medical tourists from the Middle East and Africa.⁷¹ In 2016, the group partnered with Indian mobile operator, Airtel Africa, to launch the mobile platform “Ask Apollo” in Kenya. The platform allows Airtel African subscribers to have access to personalized advice from specialists at any Apollo hospital in India in real time, with discounted consultation and easy payment options.⁷²

Friction between India and East Africa in the Health Sector

East African Frustration with Overdependence on Foreign Providers

Medical tourism can be a sensitive topic in East Africa. Some leaders and health experts in the sub-region have seen this phenomenon as detrimental to the proper development of a local health system, and regret that their nationals prefer to spend large amounts of money overseas rather than locally. This frustration was aired by the Kenya Network of Cancer Organizations, which went as far as accusing Kenyan doctors of receiving kickbacks of up to US\$987 per patient for referring them to Indian hospitals.⁷³ At the political level, President Kenyatta has repeatedly called for India’s help in augmenting Kenyan healthcare since his first visit in 2015. He has also publicly invited Indian pharmaceutical firms to set up manufacturing units in Kenya, as well as a distribution hub for generic drugs for the region.

The requests made by Kenya are representative of the other EAC countries’ frustration with overdependence on overseas drug and health providers, including Indian ones. The 2nd EAC Regional Pharmaceutical Manufacturing Plan of Action 2017-2027 has among its goals:

70. Apollo Hospitals, *Information centers*, available at: www.apolloinformationcentre.com.

71. Apollo Hospitals, *Apollo Hospitals Teams Up with Emirates Airlines!*, July 21, 2014, available at: www.apollohospitals.com

72. ICT & Health, Apollo Hospitals, *Airtel Africa Bring Remote Healthcare Access to Africa*, July 14, 2016, available at: <https://ictandhealth.com>.

73. C. Mitchell, “Indian Healthcare Taps the African Market”, *African Business*, May 20, 2017, available at: <https://african.business>.

- to decrease dependency on pharma imports from outside EAC from more than 70% to less than 50%;
- to have at least 50% of purchases by EAC national medicines procurement agencies sourced from EAC pharma manufacturers.⁷⁴

The Disruption Caused by the Covid-19 Second Wave in India

In the first months of the Covid-19 pandemic, India sought to enhance its position as the world’s largest drug and vaccine manufacturer. It organized the Vaccine Maitri⁷⁵ initiative and sent millions of doses of AstraZeneca across the world, including across East Africa. India’s vaccine shipments were operated through various channels, including:

- gifts,
- commercial exports, and
- under the multilateral Covax alliance (an initiative launched by the World Health Organization and Gavi, the Vaccine Alliance).

In March 2021, Kenya, Uganda, Rwanda and South Sudan were handed over India-made vaccine supplies as grants or under the Covax alliance.

**Table 2: Made-in-India Covid-19 vaccine supplies
(as of 29 May 2021)**

	Grant		Commercial		Covax		Total supply
	Quantity	Date of dispatch	Quantity	Date of dispatch	Quantity	Date of dispatch	
Kenya	100,000	10-03-2021	/	/	1,020,000	2-03-21	1,120,000
Rwanda	50,000	2-03-2021	/	/	240,000	2-03-21	290,000
Uganda	100,000	7-03-2021	/	/	864,000	4-03-21	964,000
South Sudan			/	/	132,000	22-03-21	132,000

Source: www.mea.gov.in.

However, as the outbreak of the second wave of the pandemic wreaked havoc in India during spring 2021, New Delhi had to redirect all Covid-19 vaccine exports domestically. It was estimated that India left the Covax alliance with a shortfall of 190 million doses by the end of June 2021. This

74. K. Langhauser, “Global Dose: Focus on Uganda”, *PharmaManufacturing*, May 24, 2021: www.pharmamanufacturing.com.

75. MEA, *Vaccine Supply*: www.mea.gov.in.

disruption greatly exacerbated the challenge of vaccine access in Africa, in addition to triggering shortages of generic medicine across Africa.

Some high-level African officials explicitly expressed their frustration, as illustrated by Nigeria's Ngozi Okonjo-Iweala, director-general of the World Trade Organization, who said:

“We have now seen that over-centralization of vaccine production capacity is incompatible with equitable access in a crisis situation (...) regional production hubs, in tandem with open supply chains, offer a more promising path to preparedness for future health crisis”.⁷⁶

The disruption provoked by the second wave of Covid-19 in India led African leaders not only to air their frustration with the continent's overdependence on India's vaccines producers, but also to reaffirm their resolve to create manufacturing hubs in Africa itself. In April 2021, the African Union (AU) and the CDC (Africa Centres for Disease Control and Prevention) launched the Partnership for African Vaccine Manufacturing (PAVM) initiative. The PAVM aims to create five regional vaccine manufacturing hubs on the continent over the next 10-15 years, and to “manufacture 60% of Africa's routine immunization needs on the continent by 2040”.⁷⁷ The European Union has announced plans to invest €1 billion (US\$1.2 billion) in the hub-development projects. The countries expected to host regional vaccine manufacturing hubs are South Africa, Senegal, Rwanda and Nigeria.

76. “WTO Head Says South Africa, Senegal, Rwanda and Nigeria Considered as Vaccine Production Hubs”, *Reuters*, June 21, 2021, available at: www.reuters.com.

77. *African Union and Africa CDC Launches the Partnerships for African Vaccine Manufacturing (PAVM), Framework to Achieve It and Signs to MoUs*, April 12-13, 2021, available at: <https://africacdc.org>.

Conclusion

Due to historical as well as geographical reasons, India and East Africa have long been close partners. In the recent period however, and even more so since the early 2000s, these ties have tightened as a result of combined efforts by the government of India and its business community. The presence of communities of Indian origin in several East African countries has also acted as a catalyst.

What sets this relationship apart is that the two parties are capitalizing on a different form of complementarity than what is observed in other regions of Africa, which are rich in mineral resources and tend to export these in exchange for Indian manufactured goods, as well as finance.

More importantly, however, East Africa is perceived as a valuable partner both by Indian authorities and by Indian private companies. Although the two types of Indian players may not explicitly coordinate their actions, their interests dovetail nicely in this particular region.

The health sector sticks out as one major sector on which Indian actors focus in East Africa. The promotion of health is critical in the development of human capital, which drives socio-economic growth, and this is why it has been identified as a priority objective in India's development assistance effort *vis-à-vis* Africa. Since East Africa has been traditionally a close partner, it should not come as a surprise that this sector has been prioritized.

Interestingly, the health sector, broadly defined, provides a striking example of the multi-layered complementarity between India and East Africa, on the one hand, and between public and private Indian players' interests on the other.

India's activism in the health sector is not necessarily perceived positively by the East African host countries, despite some technology transfers and real efforts on the part of the Indian actors, be they public or private, to promote capacity-building. East African countries find themselves in a situation of dependence as a result of Indian companies exporting and producing drugs, building hospitals, improving hospital management and IT infrastructure, and digitalizing healthcare.

However, the major point of tension pertains to the promotion of medical tourism. Although offshore healthcare comes with many benefits, it is unlikely to be sustainable for the East African economies in the long run. Moreover, the money spent on medical tourism could arguably be used more usefully to develop local medical facilities and competence. Recent

developments in the context of Covid-19 have made the associated risk very clear. In particular, the international air travel bans on account of the pandemic have made it increasingly difficult for medical tourists to avail of such health services.

The challenge in the coming years will be for the two parties to find a way to better balance their relationship and set it on firmer ground – in other words, to make it healthier.



27 rue de la Procession 75740 Paris cedex 15 – France

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