



Flags fly on the provisional headquarters of the African Development Bank on September 8, 2014 in Abidjan after a ceremony marking the effective return of the operations of the Bank to Abidjan. The Bank had moved to Tunisia over 10 years ago due to political instability in the Ivory Coast. AFP PHOTO / SIA KAMBOU | Photo Credit: [SIA KAMBOU](#)

India will extend concessional loans to African nations during Prime Minister Narendra Modi's visit to the region starting July 7, official sources said. The PM's delegation will also hold talks to host the African Development Bank's annual meeting in Gujarat next year, the sources added.

Mr. Modi is slated to visit South Africa, Kenya, Mozambique and Tanzania, perceived to be the gateway to several landlocked African countries, during his five-day trip aimed at boosting economic and diplomatic ties. India's premier export finance institution Exim Bank will extend Lines of Credit (LoC — or concessional loans) worth \$240 million to Kenya and Tanzania, sources said. Discussions will also focus on India hosting for the first time the AfDB's annual meeting during May 22-26, 2017, they said.

### **Food security**

These LoCs are part of India's plan to disburse \$10 billion to Africa within the next three years. The objective is also to enhance India's cooperation with Africa in food security as well as to boost exports from India's Small & Medium Enterprises (SME) to Africa

especially to promote rural development.

Besides, India — having become a member of the African Development Fund (ADF) in 1982 and of AfDB in 1983 — will be looking to host the AfDB annual meet in 2017 to ensure that, among other things, there are opportunities between Exim Bank of India and AfDB to co-finance large projects.

India is keen to host the AfDB's (52nd) annual meet in Ahmedabad (Gujarat) especially because the Vibrant Gujarat investor summits had attracted several African businesspersons and companies for doing business with Indian firms.

### **South co-operation**

Exim Bank Chairman and Managing Director, Yaduvendra Mathur told The Hindu: "Africa will continue to be a major focus area for Exim Bank under the guidance of the ministries of commerce, external affairs and finance, and as part of the Prime Minister's direct engagement with African countries to improve South-South cooperation (or ties between nations in the developing world)." He said Exim Bank is keen to support African banks and financial institutions so that Africa can import more from India.

Of the \$240 million, \$92 million will be for a water supply project in Zanzibar (a semi-autonomous region of Tanzania in East Africa), while \$30 million will be for the Kenyan government to upgrade and modernise a textile factory — the Rift Valley Textile (Rivatex) East African Limited.

Another \$15 million will be for Kenya's IDB Capital Limited for supporting small and medium enterprises in that country. The remaining over \$100 million will be to boost agricultural projects in Kenya through export of agricultural equipments, machinery and tractors from India to improve Kenya's farm productivity. LoCs already extended to Kenya include \$51 million for power transmission and \$50 million for IDB Capital.

### **New LoCs**

India's currently active LoCs to Africa are worth around \$18.65 billion. Mathur said this includes agreements already been signed and contracts awarded for around \$15 billion to African nations under as many as 203 LoCs.

After the NDA government assumed office, 34 LoCs worth about \$3.65 billion have been approved to Africa, he said, adding that the contracts were yet to be awarded under these LoCs. Exim Bank's LoCs to Mozambique were worth \$639.44 million.