Aim:

Facilitate an evidence-based discourse on certain critical elements of social, economic and environmental impacts of Indian investments in the mining and agricultural sector in a few countries, to identify common lessons for future Indian investment in these sectors in Sub Saharan Africa.

Objectives:

This project will seek to:

1. Identify lessons from the impacts that current Indian investments have had on the local community/host country and identify areas of improvement for future policy and practice changes.
2. Initiate civil dialogue on investment issues by actively engaging with key stakeholders (both host and home countries)
3. Underscore ways in which Indian investors can align their strategies/approaches for creating sustained impacts on communities/host countries.

Background and Rationale:

At the 2013 BRICS Summit in Durban, South Africa, leaders expressed their commitment to “stimulate infrastructure investment on the basis of mutual benefits to support industrial development, job-creation, skills development, food and nutrition security, poverty eradication and sustainable development in Africa.” In view of the increasing multilateral exchanges between BRICS and Africa, and the further injection expected to flow into the continent in coming years as a result of this BRICS mandate, this project will contribute towards identifying ways in which current and future investments can have greater and positive social, economic and environmental impacts. Case studies from a few Indian investments in agriculture and mining sectors would be used for this purpose. The study does not attempt to generalize any trend based on these case studies, but aims to examine common lessons from them.

The importance of civil society engagement in discussing impacts of Foreign Direct Investment cannot be understated given that the local communities in and around these areas of investment experience the most direct impacts of these investments. This project will help initiate a evidence-based discourse with key stakeholders including civil society and community organisations in the host countries to identify ways to make such investments more impactful in the long-term as well.

In recent years, the BRICS countries have emerged not only as major recipients of Foreign Direct Investment but also as important outward investors. According to UNCTAD’s 2013 World Investment Report, in 2000 BRICS’ outward FDI was US$7 billion; however, in just over one decade this figure has grown to US$145 billion. In a strong reflection of the growing importance of South-South cooperation, BRICS countries are increasingly becoming significant investors in Africa and although Africa receives
only four per cent of BRICS FDI outflows, BRICS countries have joined the ranks of top investing countries in Africa.

In 2010, the share of BRICS in FDI inward stock in Africa reached 14 per cent and their share in inflows reached 25 per cent. Their share in the total value of greenfield projects in Africa rose from one fifth in 2003 to almost one quarter in 2012 while greenfield investments from developed countries have shrunk by almost by half in recent years. In 2012 nearly 60 per cent of greenfield investment in least developing countries was from developing economies, led by India.

As a BRICS country, India has emerged as an economic power in the past two decades and this growth has been accompanied by an increasing demand and subsequent investment in primary resources such as minerals, agricultural products and most importantly fuels. Indian investment in African countries has a long history dating back to its early years of independence and has since increased significantly, notably in agriculture, infrastructure, telecoms and mining. According to the IMF, at the end of 2011, cumulative Indian investments across Africa were more than US$35billion.

The bulk of research that has been undertaken on Indo-African engagement has focused on this bilateral engagement from a business perspective however here is a need to better understand the different ways in which investment is impacting the local communities. Given the extractive nature of the mining and agriculture this project will focus specifically on these sectors given the significant impacts that they have been known to have on local communities.

Given that factors such as existing institutional arrangements, focal areas of funding and traditions of investment are likely to impact the thinking and practices of a future investment in Africa, this project will serve as a lesson for future policymaking and implementation at the national levels in the select ‘host’ African countries. This study will also attempt to create baseline knowledge for facilitating civil dialogue on investment issues. This will be achieved by actively engaging with local communities at various stages of the report development including in the dissemination of results.

The study shall look at one company in each country that has been selected for this project, namely Kenya, Uganda, Zambia and Ethiopia. These countries were selected based on the significant amount of FDI flows into these countries particularly in mining and agriculture. India is the largest investor in Ethiopia, and one of the top five foreign investors in Uganda and Kenya. Zambia was selected as an example of an LDC with which India has a burgeoning investment relationship that is likely to lead to further bilateral engagements. The study will critically examine the nature and role, institutional arrangements, methodology and impact of investment in the respective African countries, describing trends and challenges faced and debates taking place on the national level, with a view towards drawing broader lessons.

Draft TOR:
Scope and Structure of the Study

I. EXECUTIVE SUMMARY (+/-10 pages)

This section will include:

- Background; methodology; rationale for both country and sector selection; the overall survey results; commonalities in challenges and perspectives in the respective countries: common elements of economic, social and environmental impacts of the selected Indian investments, and implications for future investment strategy both for India and the host countries.
- A summary of the policy and practice level issues for the ‘host’ African countries as well as good practices adopted by individual companies.

II. INTRODUCTION (+/-10 pages)

This section will provide:

- A description of the structure of the study; methodology; research questions
- The aims of the study; an overview of the role and importance of investments in developing regions, particularly Africa; a perspective on policy space autonomy with reference to institutional resources, capabilities, and the political economy.
- An overview of the BRICS call for increased investments in Africa and an analysis of individual BRICS country current investment in Africa, trends, shifts, etc.
- A summary of Indo-Africa investment: how it compares to Brazil, Russia, China and South Africa

III. INDO – AFRICAN INVESTMENT (+/- 10 pages)

This section will provide:

- Comprehensive analysis of India’s investment in Africa: historical context, sectorial, country/region-wise breakups, size of investments
- An overview of India’s National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), as set up by the Ministry of Corporate Affairs to assess whether these companies are meeting their social, economic and environmental responsibilities.
- An assessment of other regulations governing Indian MNCs such as the Companies Act
- Issues highlighted in review of other countries’ investments in African countries in these sectors – and what lessons can Indian investors derive

IV. CASE STUDIES (+/-100 pages: +/- 25 pages/case study)

This section will look one company in each selected country in a separate section and provide a comprehensive analysis of the survey results. Below is a general outline for each case study:

- Introduction; economic overview; national investment climate environment; national laws, rules and regulations governing foreign investment; country’s bilateral relations with India
• Company selected: overview of sector, operation, size, employment (foreign/local), backward/forward linkages, infrastructural investment, account of any campaigns/media on the country, inclusivity, accountability and transparency
• Comprehensive analysis of local community survey results and perspectives as provided by companies
• Assessment of each company as per relevant principles of the NVGs that provide Indian multinational companies with a framework for responsible business behavior when operating in other parts of the world

IV. KEY FINDINGS AND RECOMMENDATIONS (+/-30 pages)

The concluding section will draw from the previous assessments to provide useful insights on the impact of the increasing BRICS investments in Africa. Drawing from the Indian experience, it will look at:

• Findings from the case studies – common lessons for future Indian investments (long-term)
• What policies by BRICS countries could facilitate sustainable investment in Africa? What policies by BRICS countries could help ensure that investment in Africa is conducive to inclusive and sustainable development?
• Way forward – suggested policy and practice changes in host and home countries
**Brief Methodology:**

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<tr>
<th>Phases</th>
<th>Objective</th>
<th>Expected outcome</th>
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<tr>
<td>Preliminary</td>
<td>• Setting up a Project Advisory Committee</td>
<td>Select group of experts to advise on the project and content of the subject matter</td>
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| Literature review and global analysis | • Review of documents on the impacts of investments in African countries particularly within the mining and agriculture sector.  
   • Identify trends of increasing BRICS investments within Africa.  
   • Draw up analysis of current Indian companies in Africa  
   • Identification of Indian and non-Indian companies in four different countries (two in agriculture sector and two in mining sector) | Comprehensive analysis of existing literature on BRICS investments and other Indian and non investments mining and agriculture in Africa |
| Country-level Analysis                | • Assessment of regulatory system in each ‘host’ country: current laws and regulations (mandatory, non-negotiable) | An understanding of the legal framework governing national investments in each ‘host’ country |
| Gap Analysis                          | • Assessment of identified companies as per the nine principles of the National Voluntary Guidelines governing all Indian MNCs as set up by the Ministry of Corporate Affairs | Identification of whether these companies are meeting their social, economic and environmental responsibilities as per the NVGs. |
| Questionnaires and Surveys            | • Obtaining local perspectives on the social, economic and environmental performance of the four selected companies.  
   • In light of the goals of the BRICS Declaration it will focus on the extent to which these companies have succeeded in fostering (i) job-creation, (ii) skills development, (iii) food and nutrition security and (iv) poverty eradication and (iii) sustainable development in the countries.  
   • Interactive session with selected companies | Garner local community perspectives on the impacts that the selected Indian companies have had on their social, economic and environmental sustainability.  
Obtain the views of selected companies on the socio-economic and environmental factors of their operations |
| Policy Recommendations and flanking policy measures | • Draw lessons learnt and good practices from the each company as well as other Indian and non-Indian companies and provide recommendations on future policy-making and implementation for BRICS countries | Determine areas where policy instruments can be evolved and/or strengthened. |

**Time period:** December 2013 to October 2014
Citation system to be used: Harvard style, author-date, e.g.: “(Kumar and Miller, 2006)” plus bibliography.