Failing Aid? – India's Development Cooperation with Fragile States: the Case of Sudan

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Introduction

The phenomenon of emerging donors in international development cooperation is increasingly gathering attention in the practical policy arena as well as in the academic community. Despite their own status as recipients of international development aid, these countries became ever more active during the last years as donors of development and economic assistance to other developing countries and by that are challenging the traditional donor-recipient relationship (Chahoud 2008; Grimm et al. 2009). A highly sensitive part in the discussion around the emerging donors circles around the question of their influence on fragile states: while some commentators point to the potential dangers that donors like China or India are undermining the governance and human rights efforts of the international donor community with their unconditional cooperation initiatives (Chahoud 2008), others stress the additional opportunities for the impoverished population of the fragile partners (Manning & Tzeciak-Duval 2010). Yet, what both of these positions have in common, is that their arguments are rather intuitive, not at least because of the actuality and lacking scientific research on this topic.

Among these emerging donors India is an especially interesting case; although still standing in the shadow of China's massive engagement on the African continent concerning volume, complexity and public awareness, India could during the last years shape a significant developmental profile on its own (Naidu 2008). But other than China and due to its own, deeply rooted democratic tradition, India's development policies are generally considered less adversarial. 'This, indeed, enables India to take the moral high ground when it comes to advocating good governance and pushing the democratic agenda' (ibid. 2010: 47).

Hence, it is the aim of this paper to investigate whether India's inner democratic condition and the moral high ground can also be found when it comes to its development cooperation with fragile states. As there is hardly any research available on this issue, this paper tries to enrich the discussion with a pioneering single case study. Although in this manner a first insight and some preliminary conclusions might be gathered, such a case study should only be perceived as a first step on the way to a deeper understanding and a systematic elaboration of India's development partnership programmes.

As the case under investigation the development partnership between India and Sudan is chosen. Today, Sudan is in the focus of international attention because of the ongoing secession of the Southern part of the country that was decided upon by the people of Southern Sudan in a referendum in January 2011. This referendum was a major landmark in the peace process that was initiated in 2005 with the Comprehensive Peace Agreement (CPA) standing at the end of two long and cruel civil wars. But despite this ongoing peace process, Sudan is still concerned as one of the most fragile states in the world[1] with an exceptionally bad human rights record. During the last years, the precarious condition of the country found its peak with the conflict in Darfur – 'the first genocide of the twenty-first century' (Hassan & Ray 2010: 15) – breaking out in 2003, but also today, after this conflict, violence is widely spread.

But Sudan is furthermore a case of high interest as it is a resource-rich country. Although rigid sanctions limit its economic potentials, Sudan's oil attracts many, particularly Asian, investors and economic partners, one of which is India. During the last years India became a major partner for Sudan, also outside the energy sector, and is planning to increase its engagement even further in the course of the next years (United News of India 2010). Accompanying these efforts India also established a development partnership with Sudan, supporting a range of projects in different sectors. But, as these activities are occasionally criticised (see e.g. Woodward 2008; Biallas & Kneller 2006), this paper takes that as an opportunity to investigate impartially the question which role India's engagement plays in the fragile state of Sudan.

To answer this question, after a short methodical outline, India's profile as actor in African development cooperation will be described, before in the next paragraph, a picture of the fragile situation in Sudan will be drawn. In the following part, a very brief overview over Indo-Sudanese ties is given, followed by an outline of the current trends in development and economic cooperation in a wider sense between these two countries. Then, Indian strategic interests in Sudan and their translation into practice are analysed to draw in a last step conclusions about India's role in the Sudanese configuration of fragility.

Methodology

Analysing India's development engagement and its consequences for the fragile state of Sudan is a scientifically and methodically challenging task. The state of research on India's development cooperation is still rather low and publications on its relations to Sudan are hardly available. This paper wants therefore to add new systematic insights to the discussion on the way towards a deeper understanding of India's development programmes. To reach this goal, a case study seems to be the most suitable way. This method can be characterised as an 'empirical inquiry that investigates a contemporary phenomenon within real-life context, especially when the boundaries between phenomenon and context are not clearly evident' (Yin 2003: 13). It is especially helpful in research designs that ask 'how' and 'why' certain phenomena occur and where the researcher has only very limited influence (ibid.). It is the special strength of the case study method that it takes a holistic perspective, which makes it possible to incorporate many different aspects from the empirical context into the research setting. This allows

[1] According to the CIFP Sudan is ranked as the top fragile state; in the Failed States Index Sudan is on 3rd.

case studies to incorporate the complexity of a specific case and gives – better than any other method – room for interpretations in which certain influences might have different impacts (Jahn 2006: 321); an advantage that makes this method also highly adequate for the compilation of explorative case studies in areas with a low state of scientific knowledge (Zainal 2007; Sandvand 2007), which is especially relevant for the research object of this paper.

The analysis itself was conducted in a qualitative way with the help of a document and literature analysis. Unfortunately, due to budgetary and time constraints in the course of the compilation of this project, it was not possible to conduct research in the field. But still, the applied methods do also have their advantages as they are certainly useful to grasp different meanings, processes and the context of a phenomenon, which lets them fit rather well to the case study method with its holistic focus (Devine 2002; Hopkin 2002). In this way it becomes possible to conduct relevant research from afar, even if there is no access to other qualitative methods like interviews or observations (Yin 2003).

Of course, this method is not without limitations. The main problems arise out of the epistemology, upon which the case study method is based and which implies always certain subjectivity (see Bryman 2008; Devine 2002). Related to this is the "Degrees of Freedom" problem (George & Bennett 2005: 28), which means the difficulty or impossibility to take a definite decision between alternative explanations for one phenomenon. This means that the following explanations can only be interpreted as a suggestion, rather than an absolute truth.

India's emerging profile as Africa's partner in development

In February 2003 India announced its "Indian Development Initiative" and repositioned itself in the international development community:

> „a stage has come in our development where we should now, firstly, review our dependence on external donors. Second, extend support to the national efforts of other developing countries. And, thirdly, re-examine the line of credit route of international assistance to others" (MoF 2003).

In practice this meant that India cleared ahead of the schedule its bilateral liabilities and would itself accept development aid only from five donors with raised demands (Jobelius 2007; Price 2004). In this way, India emancipated rapidly from its role as a dependent recipient of aid and intensified its own partnership programmes with the countries of the South instead.

To understand this phenomenon of increasing developmental engagement, it has to be seen in relation to India's general foreign and economic policy, as, during most time since India's independence, development partnership with other countries of the South was a valuable part of the country's external relations. From the early days of emancipation and independence onwards, India's own desire for democracy and its democratic constitution had a strong influence on the national foreign policy, promoted especially by the first Prime Minister Jawaharlal Nehru, who drew the lines of the external affairs of the country (Mitra 2009). His commitment to democracy in the domestic sphere and his normative-institutionalist ideas in foreign relations led to a policy orientation that should be characteristic for India in the years to come: India became an advocate and supporter for the anti-colonial movements in Asia, Africa and the world and aimed at incorporating the weak states into an international system regulated by cooperative structures (ibid.; Wagner 2006). An important aspect in this foreign policy strategy was the *Non-Aligned Movement (NAM)*, in the creation of which Nehru played an important role. The members of this organisation tried to position themselves independently from the two big blocks – the USA and USSR – and to take an own stand in the Cold War crises (Wagner 2006). The ideas of this movement are still today an important source of continuity in India's foreign relations, especially concerning the countries of Africa (Naidu 2008; see also India Africa Summit 2008; Katti et al. 2009). They are formulated in the *Panchshell* principles, which were established in 1954 in Sino-Indian relations, and which became part of the ten Bandung Principles:

- mutual respect for each other's territorial integrity and sovereignty,
- mutual non-aggression,
- mutual non-interference,
- equality and mutual benefit, and
- peaceful co-existence (MEA 2004: 1).

In this foreign policy design, dominated by anti-colonialism and non-alignment, development and economic cooperation should soon become important and prominent instruments, in particular in India's relation with the emancipating countries of Africa. In accordance with the non-alignment paradigm it was India's aim to support the development of its partners in independence of the structural suppression of the industrial countries, and it therefore deployed different measurements of collective self-help and mutual assistance (Vohra 1980). A central tool in this respect was the *Indian Technical and Economic Cooperation (ITEC)* programme, which was already found in 1964. The rationale behind this programme was to enhance the developmental capacities and opportunities and by that the international position of the partners with the provision of technical aid in a variety of civil and military sectors like e.g. agriculture, industry, management, military affairs or even diplomacy. These efforts were accompanied by an extensive Indian participation in UN peacekeeping mission: India has a record as one of the longest and largest contributors to peacekeeping missions of the UN, particularly in Africa, starting with the involvement in Congo in 1960 and including the involvement in missions in e.g. Angola, Liberia, Rwanda, Mozambique or Sudan (Beri 2008). Hence, it can be stated that India's development cooperation was from the outset essentially normatively, ideologically and politically oriented (Bhattacharya 2010; Katti et al. 2009).

The beginning of the 1990s marked a major watershed in Indian development. Following the breakdown of the Soviet Union and a severe national balance of payments crisis in 1991, India started to transform its former economic system of a mixed economy and introduced liberalising reforms: the state stepped back as main economic actor and took a more passive role leaving most sectors to private enterprises. Further, India opened up its economy for foreign investors and international capital (Müller 2006).

This systematic change of the economy of course had also major implications for India's foreign policy. Principally, economic strength and capacity became the pivotal reference point for India's self-conception and an important indicator for the country's position in the international system and therewith replaced to a certain extend the former normative and institutionalist perspective. Also on a more practical level of the foreign affairs, occurred a reorganisation of priorities: economic measurements and activities became ever more central with world market integration and export orientation as main pillars of India's external activities (Wagner 2006). This brought new issues on the international agenda, like the rising demands for energy and natural resources. India is dependent upon steadily increasing imports of resources, especially oil and gas, if it wants to sustain it economic modernisation process with annual growth rates of 7 – 8 per cent (ibid.). Hence, energy security might be regarded as India's most important single economic concern (Mohta 2007).

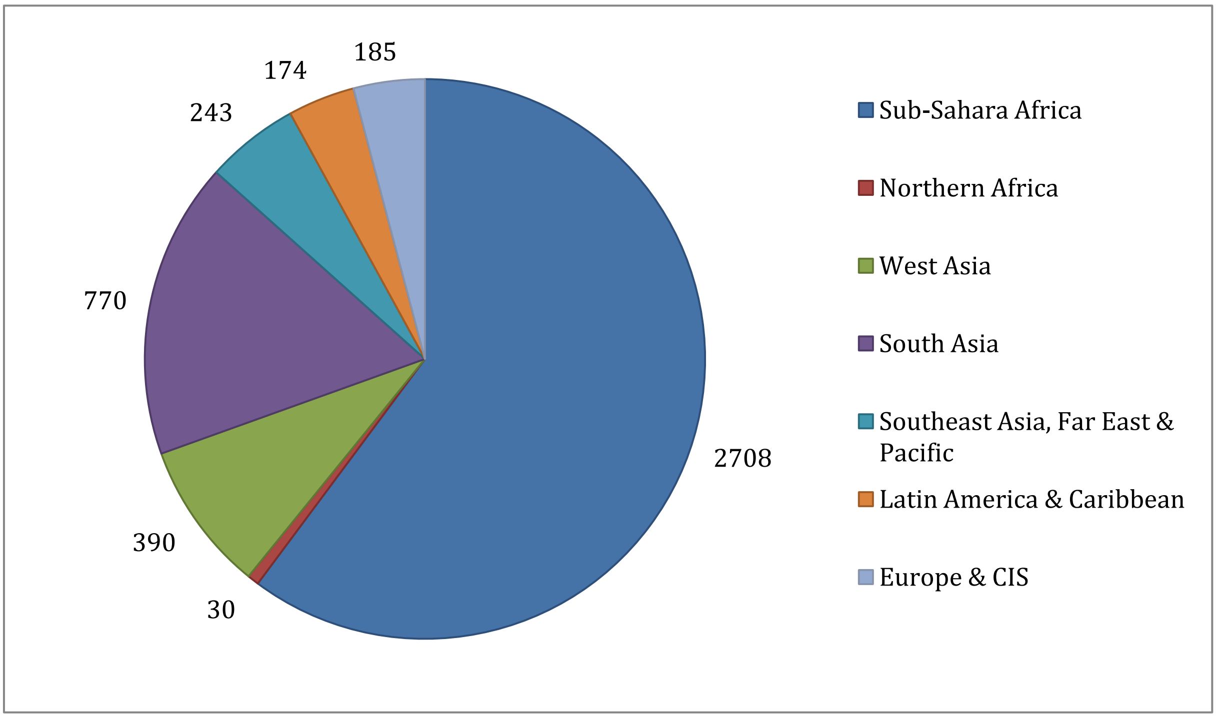
Together with this paradigm shift in economic and foreign policy, also the meaning of development cooperation changed, but without losing its relevance. The cooperation efforts now mirror to large extends India's economic and political aspirations (Bhattacharya 2010; Sinha 2010; Modi 2010). Yet, this does not mean that the former paradigms like the Panchsheel principles are now irrelevant, but they have to be reinterpreted: analogous to the economic orientation of the general foreign policy does also the economic dimension of these principles, namely the production of mutual benefits in South-South cooperation, come to the forefront (Bhattacharya 2010; Modi 2010). Development cooperation aims now more – and the Indian government states that openly – at the generation of mutual benefits (Naidu 2010; Jobelius 2007). It has become a pivotal instrument to gain access to new markets and to find new resource suppliers to deal with the rising demand of the domestic economy (McCormick 2008; Jobelius 2007).

In this function, India extended its international developmental cooperation during the last years massively, especially with the African countries: during the last four years, the amount of Indian aid for Africa that is annually publicised in the Union Budget has tripled from 50 Rs crore (US$ 11 million) in the financial year 2007-08 up to 150 Rs crore (US$ 33 million) in 2010-11 (MoF 2008, 2011). The bilateral cooperation programmes are usually agreed upon by the Indian Ministry of External Affairs and the particular partner country and are financed on a grant or credit basis. Their implementation is often carried out by Indian state enterprises and organisations like Rail India Technical and Economic Services (RITES) or the National Small Scale Industries Corporation (NSIC) in a number of smaller single projects (Sinha 2010). This is sometimes also done with the participation of local actors, which shall lead to sustained and effective results (Chaturvedi 2010; Chahoud 2008; ECOSOC 2008); but also large-scale projects play an important role in India's developmental strategy as these serve a representative function with a high symbolic value (Chaturvedi 2010).

Another important pillar of India's foreign aid profile is the already mentioned ITEC-programme. Today, this programme has an annual budget of 120 Rs. crore (US$ 27 million) (MoF 2011) and gives approximately 4,000 participants from 158 countries every year the opportunity to participate in different training programmes and measurements of technical cooperation (ITEC 2010; Sinha 2010: 83).

Yet, these numbers can only grasp inadequately the full extent of India's development cooperation. As the development programmes are in an instrumental relationship to the economic and foreign policy, India's international development strategy also includes measurements apart of these more established aid tools. Central in this respect is the distribution of lines of credit by the *Export-Import (Exim) Bank of India*. It is the aim of this programme 'to enable buyers in those [partner, N.J.] countries to import Indian projects, technology, equipment, and services, [...] on a medium to long term credit terms' (Dalal 2009: 5). These credit lines have a certain concessionary element[2] and therefore qualify as development aid (Sinha 2010). But even more important is their economic function: these credit lines are bound on the condition that 85% of their volume are spent for Indian products and services (ibid.; Manning 2006). Thus, they serve the function of a door opener for new markets and as a catalyst for India's foreign trade (Dalal 2009). As *Figure 1* illustrates this instrument is particularly used in Sub-Sahara Africa where almost two thirds of the overall US$ 4.5 billion are located (Exim 2010: 32).

Figure 1: Active Exim Lines of Credit, US$ million, as on March 1, 2010



Source: Exim 2010:32.

[2] Between 17.11 and 41.25 per cent (Sinha 2010: 89).

Due to this large range of different tools used, their lack of clear definition and the opaqueness of reporting, it is very hard to quantify India's overall development cooperation. A much cited study of the UN Economic and Social Council (ECOSOC 2008) estimated a value between 500 and 1,000 US$ million in 2006. Recent estimations assume, that India maintains more than 1,288 projects worldwide with a financial value of US$ 1.5 billion (Chaturvedi 2010: 31). This amount is comparable to the engagement of smaller OECD countries; but, as to be seen, it is not the rather small amount of aid that makes India's policy that internationally relevant but more its symbolic value and its catalytic function to reach the aspiring economic and political goals of the country (Jobelius 2007; Kragelund 2006).

The fragile state of Sudan

Sudan is considered as one of the most fragile states in the world; in eight of the nine widely used indices of state fragility the country is ranked among the 10 most severe cases (Fabra Mata & Ziaja 2009: 31). The reasons for this state condition are manifold and complex.

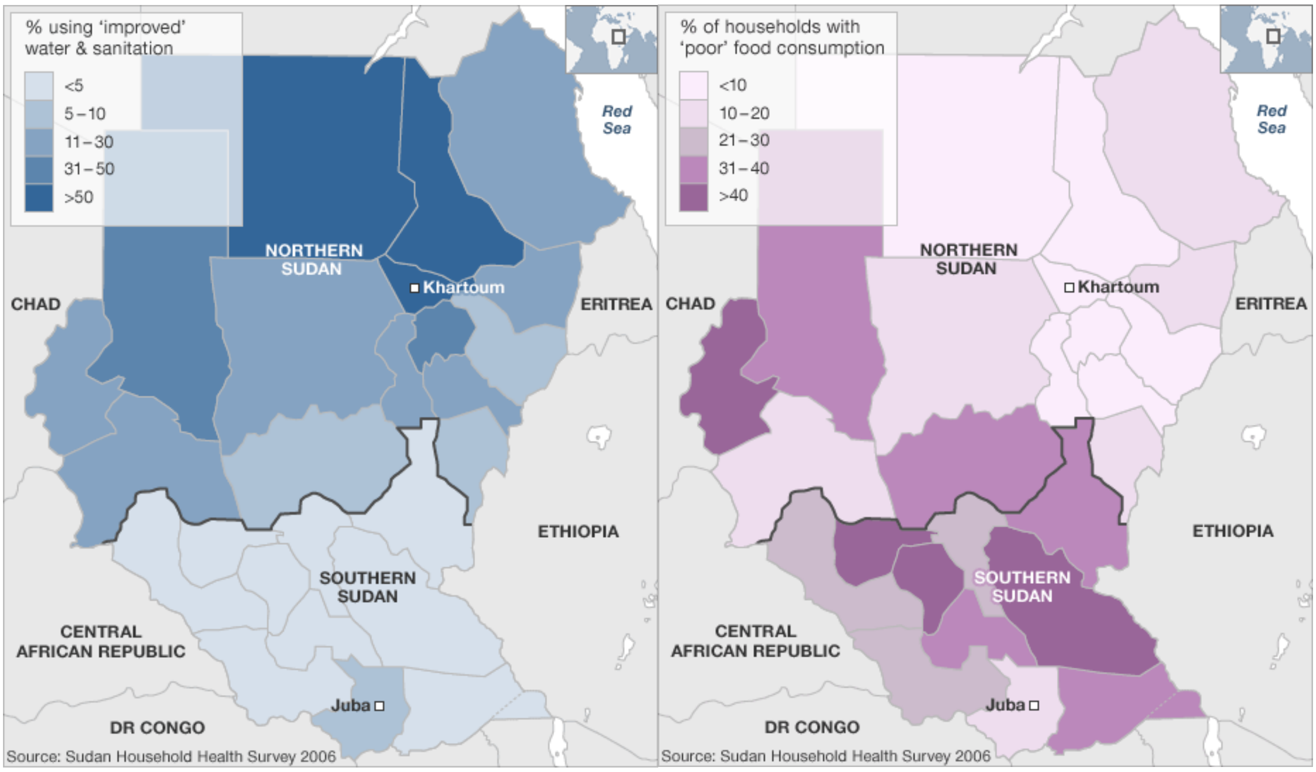
Sudan is composed of a large variety of different ethnical, linguistic, cultural and religious groups, stemming from different cultural and social contexts[3] that do neither share a unifying history, nor an independent state tradition, or a nationally accepted idea of what constitutes the country. But it is not this heterogeneity in itself that makes a state fragile, but how this diversity is incorporated in the societal systems. In the case of Sudan, 'a huge rift was created when the Sudanese Arabs decided that they embodied the truth, the heart, the core, the soul, and the reality of the Sudan, rendering all others second class' (Prunier & Gisselquist 2003: 110). Both cruel civil wars (1955-72, 1983-2005), the permanent situation of insecurity and violence, and consequently the fragility of the country can therefore be perceived as the result of this dualism between the 'Arab-identified' centre and the marginalised rest of the population living in the periphery, in particular in the South (Cockett 2010; Schmidinger 2006; Yongo-Bure 2009).

But other than often supposed, this dualism, that became characteristic for post-independence Sudan, is less about ethnic exclusion but aims rather at the political and social marginalisation of large parts of the population (Khalid 2003; Schmidinger 2006). Political and economic power is hence cumulated around the capital Khartoum and the political and national elites that are situated there, thereby leaving the other parts of the country mostly neglected (Yongo-Bure 2009). *Figure 2* visualises this power pattern in an exemplary way, illustrating access to 'improved' water and sanitation and food insecurity across the different regions of Sudan. Regarding the distribution of 'improved' water and sanitation facilities, the developmental gap between the North and the South of Sudan becomes clearly evident. Whereas in the capital of Khartoum, the River Nile,

[3] The Beja tribe even claims to have its origins in India (Bhattacharya 2010).

and the Gezira states two-thirds have access to pit latrines and piped drinking water, the situation in South looks much different: unprotected wells and boreholes are the main sources of drinking water and 80% of the people there have no toilet facilities (BBC 2011). The right figure, illustrating food insecurity, further adds to the picture by highlighting that it is not only the Southern part that is severely lacking development opportunities. Apart from the states there also the highly conflict-affected areas of Darfur in the West are greatly dependent on food aid; far more than the North, that is also in general more developed, urbanised and less reliant on agriculture (ibid.).

Figure 2: Indicators of social development in Sudan



Source: BBC 2011.

Religion serves in this respect as a powerful instrument to legitimise and consolidate the hegemony of the centre; the national and political elites often deploy religious-Islamic motives and practices – an 'Islamic Symbolism' (Sidahmed 1996: 219ff., cited in Prunier & Gisselquist 2003: 120) – that is used in a spirit of ethnical control rather than religious purity (Prunier & Gisselquist 2003). In a strategy of 'divide and rule' the ruling cadres try through the overemphasis of religious and ethnical identities to intensify local and regional conflict configurations to split and suppress oppositional groups in the periphery (Khalid 2009; Yongo-Bure 2009; Woodward 2008). This destabilisation strategy is moreover supported by the central government's military initiatives, the armament of rival parties and even state terror tactics (Sidahmed & Sidahmed 2005; Khalid 2009; Prunier & Gisselquist 2003), which altogether aim at weakening the Sudanese state structures and opposition potentials to enlarge the power basis for the ruling elites.

Since 2005, with the Comprehensive Peace Agreement (CPA) ending the civil war between the North and the Southern part of Sudan, an at least gradual transformation of the dualistic political and social power structures has set in. The CPA goes beyond a simple peace agreement: ‘it is a peace deal, which has paved the way for changes to the underlying power relations – both political and economic – and, as a result, altered the state structure in Sudan’ (Ahmed 2009: 134). Even though there are severe lacks in the implementation of the CPA provisions (Economist Intelligence Unit 2010) the dualism between the North and the South of Sudan seems weakened. Because of the introduction of mechanisms of power and wealth sharing between the two parts and particularly since the successful referendum in January 2011 that paved the way for an independent Southern Sudanese state, the centre in the North lost its pivotal role as the sole hegemon over Sudan (Ahmed 2009).

Yet, it is too early to see Sudan as recovered from its fragile state status. As the latest political developments and incidents have highlighted (see e.g. BBC 2011), the principle of divide and rule and the tactics of destabilisation are still applied in the country reproducing the traditional power patterns over again.

Historical Background of Indo-Sudanese relations

India’s relationship with Sudan dates back many centuries to the civilisations of the Indus valley and the Nile (Beri 2010). During the medieval period already strong economic and cultural ties across the Arabic Sea and the Indian Ocean have been established (Mohammad 2005). But also in recent history, India and Sudan share considerable connections, especially because of their joint struggle for emancipation, self-determination and independence from the colonial rulers. It is in particular this fate as former colonially suppressed states as well as the common measurements to overcome this status that still today brings about a sense of common identity and hence facilitates the relations between India and Sudan (Chand 2007). Still today in many official statements Indian and Sudanese representatives stress the historical bonds between their countries mentioning e.g. the anecdotes of Gandhi’s short stop in Port Sudan (Mohammad 2005) or of Nehru reserving Sudan – that at this time did not have a flag yet – a place in the international community at the Bandung Conference in 1955 by writing “Sudan” on his handkerchief (Embassy of India Khartoum, no date). These shared historical experiences with their high symbolic value serve as an important aspect of the official diplomatic discourse between the two countries and by that compensate for the lack of common ideological orientation beyond the principles of South-South cooperation catalysing the present relations (Large & Patey 2010).

But apart from these highly symbolic events India started soon to engage in Sudan in developmental and economic ways. As early as 1954, India, represented by the Chief of its Election Commission, Sukumar Sen, helped to conduct Sudan’s first parliamentary elections. These efforts were in the follow backed by financial and technical support for the development of Sudan’s state capacity (Chand 2007; Embassy of India Khartoum, no date). Further, Indian engineers played a major role in the setting up of the sugar industry in Sudan as well as in the advancements of the national railway system (Beri 2010).

In the decades to come, especially during the long years of civil war in Sudan, the relationship between the two countries became less intense. India engaged in these times mainly through its ITEC programme (Vohra 1980) and sporadically through humanitarian measures by granting food aid or medical supplies as it did e.g. during the mid-eighties (Embassy of India Khartoum, no date). But the Indo-Sudan historical ties should soon be revitalised as the interior as well as the international political conditions changed during the 1990s.

India's present engagement in Sudan

After a decline in India-Sudan economic relations and a major decrease in the volume of development cooperation during the 1980s, (Ray 1990), the relationship between these two countries should soon – at the threshold of the new Millennium – regain momentum. A vital symbol for this deepening relationship was the visit of India's President A.P.J. Kalam to Khartoum in October 2003, where he praised the 'time-tested relations' (Large & Patey 2010: 6) between the two countries and where he signed a bilateral agreement for an intensified cooperation (ibid.). Today, India and Sudan are connected through far-reaching economic and developmental relations that go widely beyond cooperation in the oil and energy sector.

An increasing role in India's cooperation profile is played by its developmental engagement. By now, Exim Bank of India made six lines of credit operational in Sudan with an overall value of more than half a billion US$ (see *Table 1*, Exim 2011), which makes Sudan one of the biggest Indian development partners in the whole of Africa. The focus lies thereby clearly on energy and infrastructure development, which receives the largest share of funds. The most important project in this respect is the construction of a 500MW power plant at Kosti, White Nile state, worth US$ 500 million, of which India covers US$ 350 million; the plant is built by the Indian state-owned company Bharat Heavy Electricals Ltd (BHEL) (Africa Quarterly 2005) and shall after its completion in early 2011 (Large & Patey 2010) supply electrical energy to the region and its inhabitants. Other areas of cooperation are railway refurbishment or electrification and transmission projects (Beri 2010; Exim 2011).

But also beyond, India diversified its development profile in Sudan and is active in a number of sectors other than infrastructure and energy. Further significant segments of cooperation are agriculture, health and especially capacity building. Sudan is today one of the main beneficiaries of the ITEC programme as its slots increased from 40 in 2004/05 (MEA 2005) up to 150 (Embassy of India Khartoum, no date). Other projects in this respect are the completion of feasibility studies, the deployment of experts or the invitation of 15 officials from South Sudan for a special course held at the Indian Foreign Service Institute (MEA 2004, 2007, 2009).

Table 1: Operative Lines of Credit in Sudan, as as on April 15, 2011

	amount	purpose
1.	US$ 50 million	general purpose (Indian goods and services in power, solar energy, railways and laboratory equipment (Embassy of India Khartoum, no date))
2.	US$ 350 million	Project for setting up a 4x125MW Kosti Combined Cycle Power Plant in Central Sudan
3.	US$ 41.90 million	Singa-Gedarif transmission and sub-station project, Central Sudan
4.	US$ 48 million	(1) supply of agricultural inputs for Sudanese Agricultural Bank; (2) technical and laboratory equipment to Higher Education Institutions; (3) scientific equipments for Ministry of Science and Technology; (4) solar electrification; and (5) meeting requirement of Sudan Railways
5.	US$ 52 million	Singa-Gedarif transmission line extension to Galabat; micro-industrial projects and development of livestock production and services
6.	US$ 25 million	Eldeum Sugar Project at White Nile state, Central Sudan

Source: Exim 2011.

Another aspect of India's development strategy for Sudan is its humanitarian and post-conflict engagement. In 2004 India donated 20,000 tons of wheat as a reaction on the tragedy in Darfur and later offered US$ 100,000 as relief material for the victims of the severe flood that occurred in 2007 (Embassy of India Khartoum, no date). As a steady supporter of the UN peacekeeping missions India also contributed to the UN mission in Sudan (UNMIS) which started in 2005. According to UN reports, 2,483 Indian soldiers are currently participating in this mission (UN 2011) and help to support the implementation of the CPA and to secure the country.

Although its scope and amount is rapidly increasing, development cooperation is only a smaller part of India's overall relations to Sudan. The trade volume between the two countries has risen since the CPA in 2005 almost threefold to over US$ 900 million in 2009/10 (Large & Patey 2010) with oil being the core sector of engagement. India entered the Sudanese oil sector in 2003 when the Canadian oil company Talisman abandoned its quarter stake of the *Greater Nile Petroleum Operating Company (GNPOC)*. *ONGC Videsh (OVL)*, the overseas of India's national oil company, acquired then these 25 per cent for US$ 750 million, which was by that time the greatest international investment an Indian company ever made (Beri 2010; Biallas & Knauer 2006). Later the same year, OVL also bought stakes in the blocks 5A (24.1%) and 5B (23.5%)[4] in Southern Sudan, which give India altogether approximately 2.4 million tons of crude oil annually (Beri 2010). This engagement is accompanied by large scale infrastructure investments in the oil sector: OVL invested US$ 194 million in the construction of a 741km-long pipeline linking the Khartoum refinery with the export terminals at Port Sudan (Ray 2007; Beri 2010; Large & Patey 2010). For the years to come further expansion of the ties in the oil and gas sector is planned as both sides assured each other again on the 2009 India-

[4] OVL relinquished in 2009 from block 5B after controversies about the exploration rights between OVL and Ascom emerged; other sources point to the fact that OVL quit the block after it realized that its potential was low compared to the required investments (Sudan Tribune 2009).

Africa Hydrocarbon Conference of their willingness for a deepened relationship (Beri 2010; United News of India 2010).

But Indian companies, encouraged by their government, have gone beyond the oil sector and are increasingly active in the infrastructure sectors, but also in agriculture and pharmaceuticals (Large & Patey 2010; Ray 2007; Beri 2010). All kinds of vehicles – Tata buses and trucks, Maruti cars, Bajaj auto-rickshaws – out of Indian production have entered the Sudanese streets (Embassy of India Khartoum, no date; Large & Patey 2010). In 2006, at the 'Indian Enterprise, Sudan Advantage' business fair 78, Indian small and medium companies explored their business opportunities in a range of sectors, closing at the end deals worth US$ 150 million (MEA 2007). And even, more recently, following the CPA agreement, a small Indian business community became active in South Sudan (Large & Patey 2010).

This leads to a total of US$ three billion of Indian investment and loans in Sudan, of which the energy sector is accounting for around one billion (Embassy of India Khartoum, no date), making Sudan one of the top directions for Indian investment and development activities.

Discussion

Which role does India's engagement now play in the fragile state of Sudan? This was the original question of this paper that shall be approached in the next paragraph. Informed by the influences of its general foreign policy strategy outlined above, India is following a multi-pronged approach in Sudan; on the one hand it aims at gaining benefits of enhanced market and resource access, but on the other hand also at assisting Sudan to be a viable and stable political and economic actor. Because of this complex and partly ambivalent setting of interests it may lead to conflicting objectives between India's economic and normative demands that need to be balanced to not aggravate the situation in Sudan.

Regarding its development activities in Sudan, both of these Indian foreign policy goals are traceable. Yet, the most prominent influence is clearly its economic self-interest in Sudan for which India established a complex system of intertwined projects and activities comprising its developmental, trade and investment approach. The role of its development cooperation with Sudan in this wider economic programme becomes immediately obvious as most measures serve the purpose of gaining market opportunities and resource access for the Indian economy and its companies. Already the choice of the main cooperation instrument makes this apparent: by providing the Sudanese government with generous Exim Bank lines of credit worth more than half a billion US$ and earmarked for the purchase of its own goods and services India – as its Exim Bank publicly states (Dalal 2009) – wants to improve the position of its own companies in the foreign and international markets. The construction of the 500MW power plant in Kosti serves as a pivotal example for this pattern; India's state-owned enterprise BHEL won the contract for building the US$ 500 million turnkey project and by that more than regained the US$ 350 million line of credit supplied by the Exim Bank for this project. Similar patterns can be observed in other places, e.g. in the restoration activities of the Sudanese railway carried out by RITES. These measurements are accompanying India's actual trade and investment policies and are supposed to work as a catalyst for those. Since the country stepped actively into the Sudanese oil sector in 2003, Indian exports to Sudan have risen four-fold from US$ 107 million in 2003/04 up to US$ 461 million in 2009/10 (Department of Commerce 2011) making India the second largest exporter to Sudan (MEA 2007). Especially the development projects in the infrastructure sector serve, hence, as further improvements of the Sudanese economic conditions by deploying Indian technologies and, in a second step, provide new market and trading opportunities for Indian products and interests. A similar rationale is behind the large scale investments like the construction of the pipeline, connecting the Khartoum refinery and the export terminals at Port Sudan that can be interpreted as measurement to facilitate India's access to the Sudanese resources. This whole system of multiple steps of engagement in different sectors functions as a holistic instrument to enhance India's economic opportunities in Sudan and by that help its own development.

But also the other objective of India's foreign policy – the normative strand – is recognisable in Sudan, even though to a lesser extent. In particular the activities in capacity building can be understood in this way as they aim at enhancing the stability of the country and the potentials of its inhabitants. As an example might serve here the special course held for 15 officials from Southern Sudan at the Indian Foreign Service Institute that should help the South to build up a diplomatic corps. Even more obvious are the normative goals in the deployment of Indian troops to the UN peacekeeping mission UNMIS. As one of the leading nations in this operation (India used to provide the force commander (Ray 2007) and still now holds high positions in the operation) India actively supports the CPA-process and helps to increase the stability of Sudan.

As it becomes obvious from these findings the goal of economic self-interest seems to be much stronger in India's strategy in Sudan. But this does not necessarily mean that India's engagement is detrimental for the development and stability of Sudan and aggravates the fragility situation. To come to conclusions about this, one has to differentiate between the diverse Indian activities – development cooperation, trade, investment – to access their impact.

In particular the measurements of development cooperation, that aim at capacity building and the improvement of the humanitarian situation in Sudan have the potential to fill some of the severe developmental gaps that persist in Sudan. But also the infrastructure and energy projects that are, led by an informed self-interest are likely to offer the people of Sudan new opportunities for human development. Again, to quote the example of the 500MW Kosti power plant: while constructed from Indian companies and by that improving India's economic record, the plant secures the energy supply of the local communities which benefit from this project and that might gain better living standards and economic possibilities from this project. If BHEL would follow the pressure of some US funds and retire from this project, the loss would mainly be for Sudan (Beri

2010). In an analogous way might the reconstruction of the railway system lead to positive impacts for the Sudanese population as these might have improved mobility and market access by the means of a more efficient transportation system.

Yet, it is important that India further aims in its development strategy for an inclusive development pattern which was also identified as a thrust area in its energy engagement in Africa (Government of India 2009). By now, most of its development projects, especially the ones on a larger scale, are situated in the centre of the country (e.g. BHEL power plant; transmission lines; sugar industry projects; railway projects). In continuing this mode of activities, India runs the risk of widening the developmental gap between the centre and the periphery and by that reproducing the inherent dualism that is also responsible, as outlined above, for the fragility of the country. Thus, it appears important that India also incorporates the other parts of the country in its programmes. The same holds true for non-oil investments and trade. As these activities might theoretically increase the economic opportunities of the Sudanese population, it is important to make these benefits available for as many as possible not to aggravate certain configurations of social exclusion.

The situation looks different and more complicated in the case of the oil sector. Oil was a decisive variable that led to the current crisis in Sudan and its permanent state of fragility. The Sudanese regime deployed a tactic of land clearance by systematically manipulating local conflicts in oil regions and armed local militias to push the war zones further to the South and by that gaining access to the oilfields. Later the Sudanese government used the assets and the infrastructure gained from the oil to enhance its military profile and to conduct military operations further violating the human rights of its population (Woodward 2008; Ray 2007). This was the situation in which OVL stepped in and it therefore has to be confronted with the criticism of tolerating the violent circumstances that are attached to the Sudanese oil sector. This criticism becomes the more severe as the investment occurred at a time when in the West of Sudan a severe crisis, coined as the "the first genocide of the twenty-first century" (Hassan & Ray 2010: 15) took place that India regarded as a domestic conflict and therefore out of its concern (Large & Patey 2010). Therefore, it seems important that India takes a more proactive stand in the oil sector to prohibit violent incidents in the future and to increase the stability of the country. This is also in its own interest as an insecure and violent environment also endangers its own investments as the kidnapping of the Indian oil worker Adeeb Shaikh in 2008 highlighted (Beri 2010).

But it can be argued that oil is not only a basic component of the Sudanese conflict but that it might also be a part of its pacification, at least concerning the tensions between the North and the South. The governments of both parts of the country, or soon to be both countries, are highly dependent upon the oil revenues: oil currently accounts for over the half of the Northern and even 95 per cent of the Southern national budget (Beri 2011). But both governments are not only reliant on oil but also on each other: as *Figure 3* shows, most of the oilfields, producing 80% of Sudanese oil, are located in the Southern part (BBC 2011), whereas almost all oil infrastructure – refineries, ports – is in the Northern part of the country, connected by pipelines. Hence, both countries need each

Figure 3: Oilfields and infrastructure in Sudan

Source: BBC 2011.

other to gain access to the oil revenues, as it is also prescribed in the oil clause of the CPA that regulates the oil and wealth sharing mechanisms. India and OVL as its main actor in the oil sector should try to support these mechanisms and encourage creating a more cooperative environment. Therefore it is important that India keeps up good relations with both parts of Sudan and contributes to an improved Sudanese oil sector.

Moreover, India should in the medium-term also in its relations with the North seek a way to engage beyond oil; the aim should be to assure the security of their livelihood to the government and the people there, and lessen their dependence from the oil wealth extracted from the Southern territory (Beri 2011). This would be an important step on the way to two politically and economically sovereign countries on the territory of today's Sudan, that do not need to engage in cleptocratic tactics against their neighbours to assure their survival.

Conclusion

In the course of its enlarging presence on the African continent, India established during the last decade or so a comprehensive developmental and economic relationship with the fragile state of Sudan. It engages there in many projects in the infrastructure and energy sector, in capacity development, humanitarian aid and peacekeeping, but is also a large exporter and an active investor in the oil sector which gives reason for the severe criticism of India tolerating or even silently supporting human rights violations and never ending violence in Sudan. Therefore this paper tried to answer the question how Indian development assistance and its broader economic policy impacted on the fragile state of Sudan and came to a more nuanced picture: development have the potential to help in the mitigation of severe gaps that the Sudanese population faces; while the same might be applied for India's non-oil economic activities, the picture looks rather different in the case of its oil policy. Here India tolerated, by entering into the Sudanese oil sector, the human rights violations that are accompanying Sudanese oil; yet, oil has today the potential to lead to a further pacification of North-South relations as both parts of Sudan depend upon each other to gain access to the oil revenues. India should therefore try to further engage in the deepening of this interdepending peace process which leads, finally, to some policy recommendations:

- to avoid the risk of reproducing the dualism that is inherent to the country, India should try to make its development and economic efforts more inclusive towards the people in the periphery;
- India should keep up diplomatic and economic ties with both parts of Sudan and try to support the wealth sharing mechanisms between the North and South;
- to assure the North of its livelihood also beyond oil, India should further enlarge its economic profile there.

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