ABSTRACT

India has strengthened its ties with Afghanistan since 2001. A crucial facet of the Indo-Afghan bilateral relationship has been India’s extensive initiatives directed towards the restructuring and rehabilitation of war-torn Afghanistan. Indian development support continues to play a pivotal role in Afghanistan’s overall socio-economic development through infrastructural, institutional, as well as human resource capacity building. This brief sheds light on India’s development assistance program to Afghanistan, which is the 5th largest bilateral aid program to Afghanistan and the largest program from any country in the region. The report includes a case study of the recently inaugurated ‘Afghan-India Friendship Dam’, as well as lessons from this case study on the delivery of Indian development cooperation projects.
Indian Development Cooperation with Afghanistan and the ‘Afghan-India Friendship Dam’

overall engagement with Afghanistan. It focuses on crucial aspects of the India-Afghanistan partnership, including provision of Indian assistance for rebuilding of Afghanistan’s infrastructure, institutions, long-term investment in Afghanistan’s natural resources, promotion of Afghan exports to India, and provision of education and technical cooperation in order to help Afghanistan achieve self-sufficiency in different sectors. In 2015, when Afghanistan was going through a transition on the political, economic and security fronts, the Indian government was quick to reassure Afghanistan of India’s long-term support towards its reconstruction and rehabilitation.4

Figure 1: Grants and loans committed (cumulative sum) by India towards Afghanistan

![Figure 1](image)

Source: Indian Development Cooperation Research (IDCR) program at the Centre for Policy Research.

Figure 2: Map of some of the Indian development corporation initiatives in Afghanistan

![Figure 2](image)

Map by Brian Barnisin
INDIA'S DEVELOPMENT COOPERATION WITH AFGHANISTAN

India’s well-directed development programs and financial support have played an instrumental role in Afghanistan's overall socio-economic development through infrastructural, institutional, as well as human resource capacity building. Moreover, this form of development cooperation has been further supplemented by humanitarian initiatives such as India’s food security assistance through the deliveries of wheat and nutritional biscuits for school children in Afghanistan.¹

Large and Medium Scale Projects

The Indian government, in its efforts to help stabilizing Afghanistan, has undertaken varied medium and large scale infrastructure projects in the country. These include some significant infrastructure projects, such as the construction of the Afghan Parliament in Kabul, the Indian-built and financed 218 km Zaranj-Delaram road (which links to Afghanistan’s ring road at Delaram and to the Iranian border at Zaranj, in turn linking at Zaranjto an Iranian highway which connects Zaranj to the Iranian port Chabahar), a 220kV DC transmission line from Pul-e-Khumri to Kabul, and the power generating Afghan-India Friendship Dam (also known as Salma Dam) in Herat province. Both the Afghan Parliament and the Afghan-India Friendship Dam have been completed in 2015, with the dam being inaugurated by Prime Minister Modi on June 4th, 2016. Furthermore, during his visit to Iran in May 2016, Modi also concluded discussions on expanding the Iran’s Chabahar port through Indian development financing. Afghan President Ashraf Ghani also traveled to Iran during the same time, solely for the purpose of signing a trilateral agreement with India and Iran for the development of Chabahar port. This port will serve as a hub of transit goods to Afghanistan and Central Asia and will connect India with Western Asia.²

Small Development Projects (SDPs) Scheme

A crucial feature of India’s development cooperation with Afghanistan has been its Small Development Projects (SDPs) scheme. Through this scheme, Indian government has undertaken (or committed to) more than 200 projects with short gestation periods in diverse fields including public health, education, community infrastructure development, agriculture, vocational training etc. The SDP scheme has been carried out in three phases, with the Indian Government approving 92 projects at the beginning of the 3rd phase during Afghanistan’s Chief Executive Dr. Abdullah visit to India from 31 January- 4 February 2016.³

Technical Cooperation and Capacity Building

Indian government has also been offering training to Afghan nationals in order to foster skill development and capacity building. Importantly, New Delhi’s cooperation in these avenues comprise primarily of extensive vocational training programs, scholarships, and other training incentives under its crucial training programs and schemes. These training program and schemes comprise primarily of India’s flagship Indian Technical and Economic Cooperation (ITEC) program, Indian Council of Agricultural Research (ICAR) scholarships under India-Afghanistan Fellowship Program, Indian Council for Cultural Relations (ICCR) scholarships etc. Approximately 675 training slots and 1,000 scholarships are offered annually to Afghan nationals under the ITEC and ICCR scholarships respectively. In addition, 674 ICAR scholarships have been offered annually by India since 2012-13 until 2020-21. During 2015, the Indian government also committed to extending its ICCR scholarship scheme until 2020 and offered another 500 scholarships for the children of the martyrs of Afghan Security Forces in school and colleges both in Afghanistan and in India. Altogether, India has currently committed to providing over 2,000 annual training slots and scholarships to Afghanistan, thereby making significant investments in technical cooperation and capacity building in the country.⁴

In addition to the mentioned training and scholarship slots offered towards Afghan nationals, India has also been actively involved in improving Afghanistan’s education sector through infrastructural development and also through active participation from both civil society and private sector as well. Crucial examples of this kind of participation include operation of Self-Employed Women’s Association (SEWA) which has been active in Afghanistan since 2008, providing training to more than 3,000 Afghan women in areas such as sewing and food processing along with Pune-based Sarhad which has sponsored educational exchanges including provision of scholarships for Afghan students to study in India.

Further, with respect to financing of Afghanistan’s educational infrastructure, Indian government has always been at the forefront. Among the initial few projects undertaken by India in the post-Taliban Afghanistan was the reconstruction of Habibia School in Kabul in 2003. These were further followed by multiple infrastructural projects in Afghan’s education sector including crucial large scale

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¹ Indian Development Cooperation with Afghanistan and the ‘Afghan-India Friendship Dam’
² Large and Medium Scale Projects
³ Small Development Projects (SDPs) Scheme
⁴ Technical Cooperation and Capacity Building
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undertakings such as the Afghanistan National Agricultural Science and Technology University, which opened in February 2014, with Indian investment of up to US$ 8 million along with the establishment of a Jawaharlal Nehru Chair of Indian Studies at Kabul University. Indian government has also shown commitment towards setting up of National Agricultural University (NAU), by initial construction and training assistance for the project.  

Figure 3: Composition of training programs and scholarship offered by Indian government to Afghanistan (2010/11-2015/16)

Figure 4: Percentage of Indian development assistance to Afghanistan allocated towards the Afghan-India Friendship Dam

Source: Indian Development Cooperation Research (IDCR) program at the Centre for Policy Research.
CASE STUDY: AFGHAN-INDIA FRIENDSHIP DAM

A significant undertaking on the part of the Indian government has been the construction of the Salma Dam on Heray Rud river in the Chishti Sharif District of Herat Province in western Afghanistan at a cost of INR 1,775 crore (US$ 290 million). The 107 meter high and half a kilometer long dam was renamed the Afghan-India Friendship Dam by the Afghan government in August 2015. It holds great significance for the transformation of Herat’s agricultural and industrial sector and for the overall economy of the Western Provinces due to its immense irrigation and electricity benefits.

It is expected that upon operation, the dam will generate around 42 MW of power, which will help in electrification of more than 2.5 lakh homes and provide self-sufficiency for powering of Herat’s growing industrial needs. It has also been designed to irrigate around 80,000 hectares of agricultural land, covering fields in 640 villages.

However, construction of this friendship dam, which was approved by the Indian government back in 2004 with a commitment of US$ 80 million, has not been a smooth sailing. It was constantly haunted by security issues, cost overruns, and transportation problems, which eventually resulted in multiple completion delays. The first big roadblock came within a few days from the initiation of the project when WAPCOS (project manager) report turned out to be incorrect and in contrary to the report, only 1/3 of the mentioned river-bed material was possible to be extracted. Thus, the only solution left with the contractor was to blow up the mountains for rock quarry. However, this again was plagued by the problem of transportation of the explosive materials into Afghanistan, as Iran declined the request for transportation of these explosives through their territory. It was only after assistance from the Herat’s powerful warlord and veteran Mujahedeen leader named Ismail Khan that India was able to bring these explosive through a local company from Central Asia.

In addition to this, there were also talks of opposition from Iran with regards to the construction of the Salma Dam, raising concerns as early as in 2005. Meanwhile, with the security situation deteriorating over the years, Indian project engineers, staff and the supervisors feared for their lives -- another issue which the Indian government had to deal with. However, security threats were not the only thing on the plate. Indian officials had to constantly engage with problems pertaining to rising costs and a shortage of funds arising from a lack of budgetary funds allocated to the Ministry of External Affairs by the Government of India in last few years. There were instances when the work came to a complete standstill, such as in 2013-14, when the project was stopped during the last two months of the year due to a three-year delay by the Government of India in giving approval to the revised project costs. This further led to multiple delays in the project completion date with deadlines being pushed from December 2008 to December 2010, then January 2015 to July 2015 and finally June 2016. In addition to this, the final costing of the project also turned to be more than 4 times its original cost estimate of INR 351.87 crore (approx. US$76.7 at July 2004 exchange rate).
The delivery of crucial Indian development assistance projects in Afghanistan, such as the Afghan-India Friendship Dam, has added prestige to India's reputation as a development partner. Yet, as this case-study illustrates, Indian development assistance needs to improve on the overall delivery of development assistance projects. The building of the Afghan-India Friendship Dam is a good case for analysis and learning, since other projects have been plagued by the same problems of cost overruns, inadequate MEA budgetary allocation, and overall project delays. There are also positive lessons to learn from this project, including India's engagement with the local community, understanding of the local politics, the project team's problem solving nature, and the dedication of the Indian government officials in working together with Afghanistan, as can be seen from the 1,500 Indian and Afghan official working on the dam project. The three year work undertaken on the construction of the dam by India's public-sector Water and Power Consulting Corporation to assist Afghanistan in developing its indigenous capability before handing over the dam to the Afghan government, is also illustrative of the expanded responsibilities Indian public sector companies are taking on by getting involved in the delivery of Indian development assistance projects. Indian development assistance to Afghanistan is significant for its size, its lower costs (especially when compared to traditional donors like the US, UK and Germany), its demand-driven approach, and because it builds on a close bilateral relationship between the two countries. It is, however, also important to take stock of India's development assistance engagement in Afghanistan in order to improve the overall costs and timely delivery of India's foreign aid.

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