

INDIA-AFGHANISTAN PARTNERSHIP

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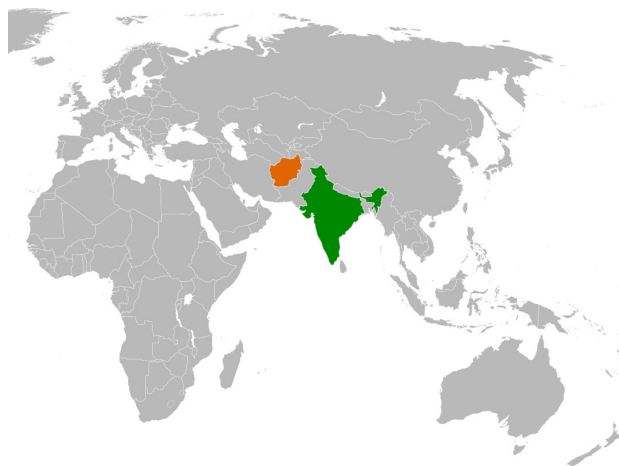
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ABSTRACT

Since the defeat of Taliban in 2001, India has drawn much closer to Afghanistan. Indo-Afghan bilateral ties have strengthened particularly since the 2011 signing of the strategic partnership agreement, with a noticeable rise in Indian development assistance to Afghanistan and India playing a significant role in Afghanistan's capacity building and development. With over US\$1 billion in development assistance India is the fifth largest donor country to Afghanistan and the largest regional donor. A strong partnership with Afghanistan is in India's interest not only for strategic reasons, but also because of the potential of trade with and through Afghanistan, as well as its wealth of untapped minerals and resources. With the withdrawal of international forces from Afghanistan in 2014, India's role in Afghanistan's stability and reconstruction efforts is expected to rise dramatically. Indian assistance to Afghanistan is also helping India to highlight its own model of development cooperation and growing regional influence. This brief, highlights the evolving India-Afghanistan relationship with a special focus on India's development cooperation.

OVERVIEW



Map indicating locations of India and Afghanistan

The Indian-Afghan relationship has drawn closer in the post-September 11, 2001 period. Building on a long history of bilateral relations, the Indian government reengaged with the Afghan government after the 2001 defeat of the Taliban, initially largely on a humanitarian basis.

Over the dozen years since then, the importance of Afghanistan to India has increased significantly for political and geo-strategic reasons, as well as for access to natural resources. With the 2014 withdrawal of international troops from Afghanistan looming and rising worries that security concerns might imperil the fragile Afghan democracy and with it India's carefully reconstructed strategic partnership with Afghanistan, India has augmented its already substantial development commitment to Afghanistan to a total of US\$ 2 billion. India has also increased its engagement with some of Afghanistan's immediate neighbors in order to cement its strategy of regional collaboration and economic investment in Afghanistan, thereby hoping to counteract centrifugal militant domestic and external forces.

Yet India's plans for an enhanced bilateral development partnership with Afghanistan are undermined by substantial delays in development projects and public-private investment initiatives. The success of the Indian-Afghan partnership will crucially depend on the ability of the Indian government to not only sign partnership agreements, but also to deliver on the ground.

INDIA AND AFGHANISTAN: A LONG HISTORY OF BILATERAL RELATIONS

Historically, Afghanistan has been the land bridge to India from the West. The two countries also have a common history, with several empires having encompassed areas

of present day Afghanistan, Pakistan and India. The anti-colonial struggles of British India had a champion in Afghan-Pakistani Khan Abdul Ghaffar Khan, also known as the “Frontier Gandhi,” and the close ties between the freedom movements of both countries carried over into the post-independence period.

In India's post-independence period the bilateral relationship between India and Afghanistan built on this long historical foundation. Despite the Cold War and ensuing regional and geostrategic calculations of all neighboring countries, relations between India and Afghanistan remained friendly. The relationship only deteriorated when India was one of the first and few countries to recognize the Soviet-installed government in Kabul in the early 1980s. Yet India remained engaged with Afghanistan during the civil war that followed Soviet withdrawal in 1989, providing Afghanistan with several million U.S. dollars in grants and humanitarian assistance through the United Nations during the 1990s. Only with the rise of the Taliban in 1993 did India totally sever official relations with Afghanistan. Instead, from the 1990s up until 2001 India provided development assistance to Afghanistan through funding for United Nations (UN) agencies providing humanitarian assistance in the country. During this period India also provided intelligence and military support to the Northern Alliance, the main anti-Taliban force.

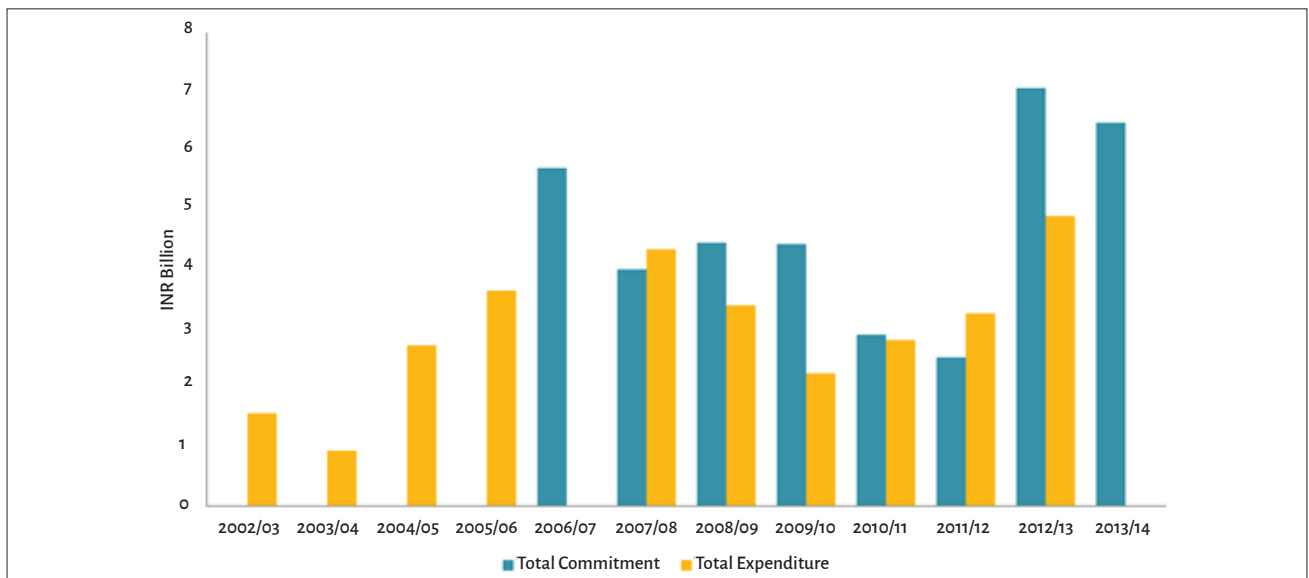
THE INDIA-AFGHANISTAN DEVELOPMENT PARTNERSHIP

India's development partnership with Afghanistan since 2001 should be understood against this historical context, as well as India's changing regional and global economic and geopolitical perceptions and needs. India is today the fifth largest provider of development assistance to Afghanistan with its total commitment for 2013/14 at approximately US\$ 120 million as seen in figure 1. Moreover, Indo-Afghan development cooperation is likely to increase in importance and volume after the withdrawal of most international forces in 2014.

HUMANITARIAN ASSISTANCE

The history of friendly bilateral relations has undoubtedly contributed to India's continued willingness to provide humanitarian assistance to Afghanistan since 2001. India currently supports a daily distribution of high protein biscuits through school feeding programs managed by the UN World Food Program for nearly two million Afghan children and has also periodically supplied emergency food assistance to tide over food shortfalls. Indian humanitarian assistance has also included medical services and equipment through the reconstruction of the Indira Gandhi Institute of Child Health in Kabul and the provision of free medical consultation and services to over 30,000 Afghans monthly through Indian Medical Missions in five Afghan cities.

Figure 1: India's Development Cooperation with Afghanistan: Commitments and Expenditures, 2002/03 – 2013/14



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

DEVELOPMENT COOPERATION

While humanitarian assistance has formed a continuous part of India's development engagement with Afghanistan, the vast majority of India's commitments between 2002 and 2013 is in the form of grants. These grants have spanned a variety of sectors identified by the Afghan government and the Afghan National Development Strategy as priority areas, particularly infrastructure, small and community-based development projects, and education and capacity building projects.

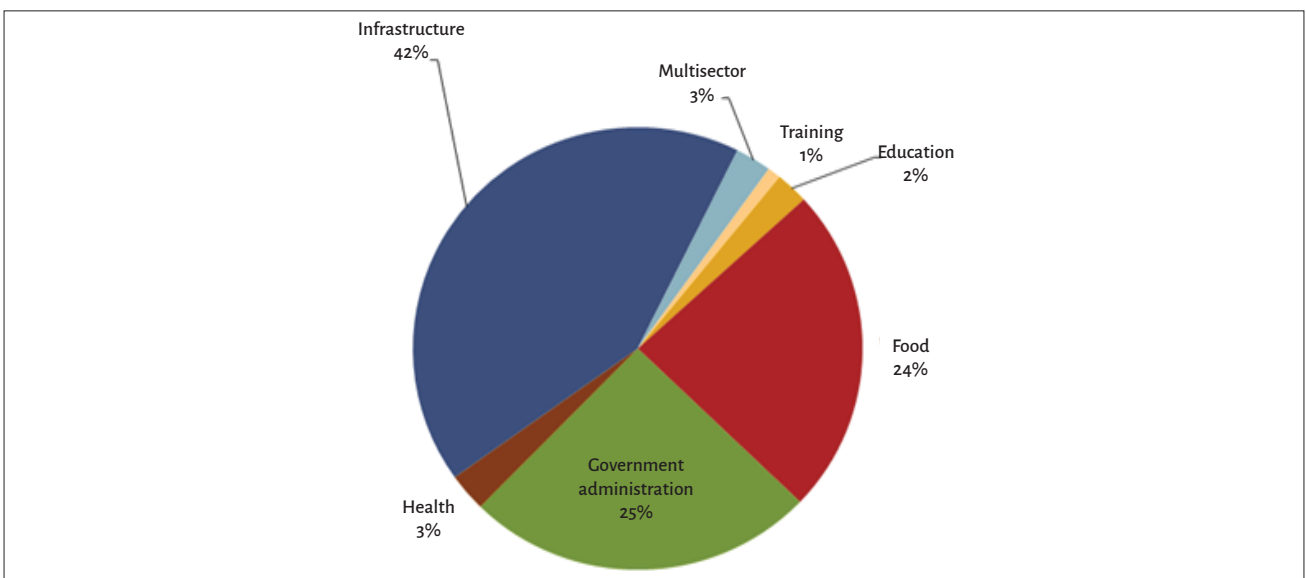
As seen in figure 2, the majority of India's development financing in Afghanistan is committed to infrastructure projects. Some high-profile projects have included construction of the Afghan parliament building in Kabul, the Zaranj-Delaram road which links Iran's Chabahar port and roads to Afghanistan, a power transmission grid to bring additional electricity to Kabul, the power-generating Salma Dam in Herat, and telecommunications infrastructure in 11 Afghan provinces. Small and community-based development projects have focused on socio-economic development in border areas, while education and capacity-building projects have included provision of 500 annual scholarships for Afghan students to study at universities in India, 500 annual scholarships for Afghan civil servants to receive training in India, and vocational training programs in Afghanistan.

Yet while the Indian commitment to development cooperation with Afghanistan is large and encompasses a variety of areas identified as priorities by the Afghan government, Indian capacity to deliver on these commitments appears to be lagging. The Government of India has recently stated that its development cooperation commitment to Afghanistan has been increased to US\$ 2 billion,[1] yet our analysis of data on official commitments to date puts this figure closer to US\$1 billion. While disbursement rates always lag behind commitments and the security environment in some areas of Afghanistan has led to understandable delays (for example, in road construction), other delays in projects, such as only partial delivery of 200 mini buses promised several years ago, point to capacity constraints on the Indian side. If these project management and implementation capacity issues are not addressed, they will likely hamper India's potential for acting as a key strategic and development partner.

STRATEGIC FACTORS UNDERGIRDING INDIA'S PARTNERSHIP WITH AFGHANISTAN

India's growing engagement in development cooperation with Afghanistan reflects its increasing regional and global ambitions. In addition to the significant humanitarian assistance India has provided to Afghanistan, Indian development cooperation has several underlying goals that are in line with India's dictum of development cooperation as mutually beneficial partnership.

Figure 2: Sectoral breakdown of India's development cooperation with Afghanistan



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

SECURING ACCESS TO ENERGY AND NATURAL RESOURCES

The development assistance India provides to Afghanistan increasingly has an underlying goal of facilitating India's access to the natural resources within Afghanistan and through Afghanistan in Central Asia (see figure 3 for potential mineral mining locations in Afghanistan). For example, India's support for hydroelectricity generation and power transmission in Afghanistan's Herat province has largely benefitted the local Afghan population. However, a secure source of electricity in Herat, along with India's investment in the Iranian port and container terminal at Chabahar, investments in the Delaram-Zarang highway connecting Iranian roads from Chabahar port across the border with Herat and other major cities in Afghanistan through the A01 ring road, and proposed investments in a railway linking Chabahar with Bam on the Iranian-Afghan border and into Afghanistan, all help India in accessing land-locked Afghanistan. India is also working to connect Iran and Afghanistan with Tajikistan and other Central Asian countries via these roads, thereby increasing regional trade as well as creating a route for India to access the rich gas and oil reserves of Central Asia.

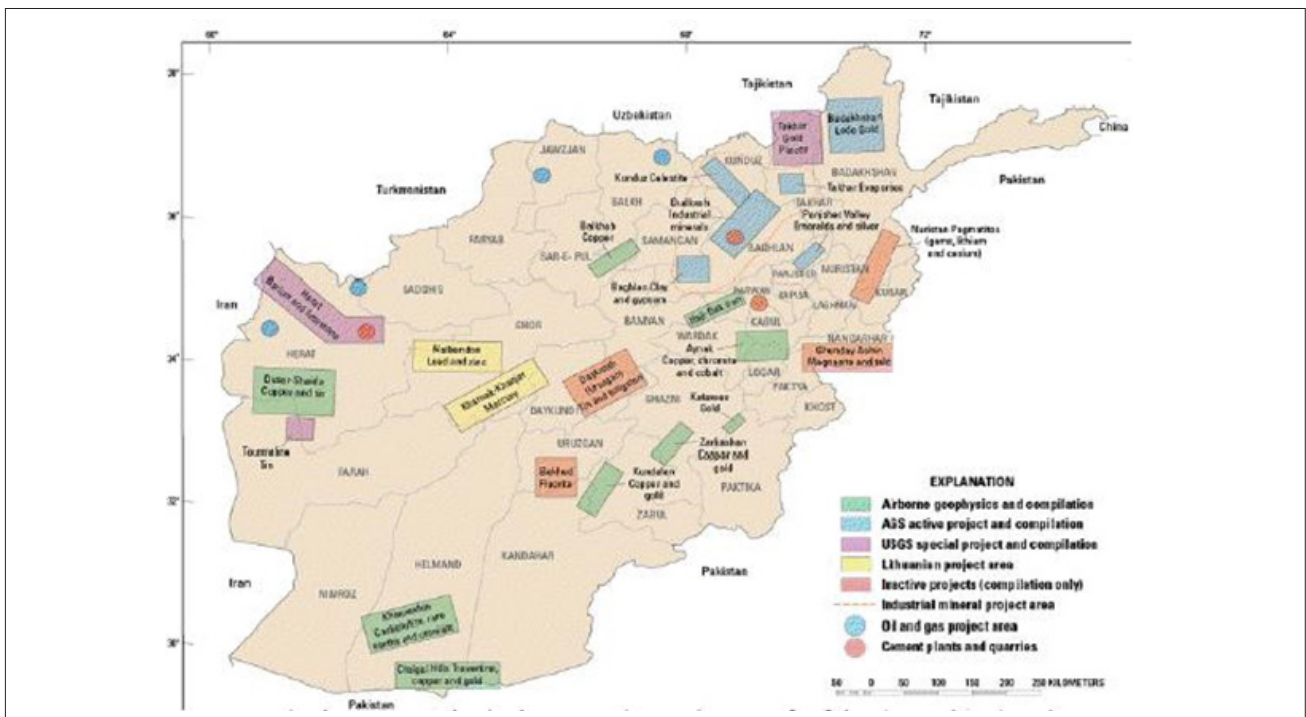
This infrastructure will provide Indian private and state-owned companies, like the Indian consortium that has

the majority rights to mine the Hajigak iron-ore mines in Bamiyan province, with a route for exporting this natural resource from Afghanistan through Iran back to India. These resources of course also represent huge potential income for Afghanistan. Finally, this infrastructure provides India with a route for Indian exports (and continued aid) to Afghanistan. This sea and land route to and from Afghanistan through Iran is all the more important to India given the continued intransigence of Pakistani government in not allowing India access to the quicker and cheaper land route across their country, even for the transport of humanitarian goods.

ECONOMIC DIPLOMACY

India's development cooperation with Afghanistan increasingly has a second goal of economic diplomacy. Indian companies and services are significantly cheaper than their western counterparts and entry into the Afghan market thus offers opportunities for the Indian private sector. For example, India has provided significant development assistance in the field of health care: India funded the construction and upgrading of Afghanistan's only children's hospital, and supplied the hospital's infrastructure and training of its medical personnel along with a telemedicine project that links it with Indian hospitals.[2] India also provided ambulances to the Afghan Ministry of Public Health and built numerous basic health clinics in border areas.

Figure 3: United States Geological Survey (USGS) Map of Afghanistan showing 24 Areas of Interest identified by USGS on mineral locations, compiled between 2009-2011



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

The government's development assistance has helped pave the way for India's private sector to find a market for its goods and services in Afghanistan. As Afghanistan seeks to shift the foundation of its economy from aid to trade, this economic diplomacy angle of India's development cooperation will further increase in significance.

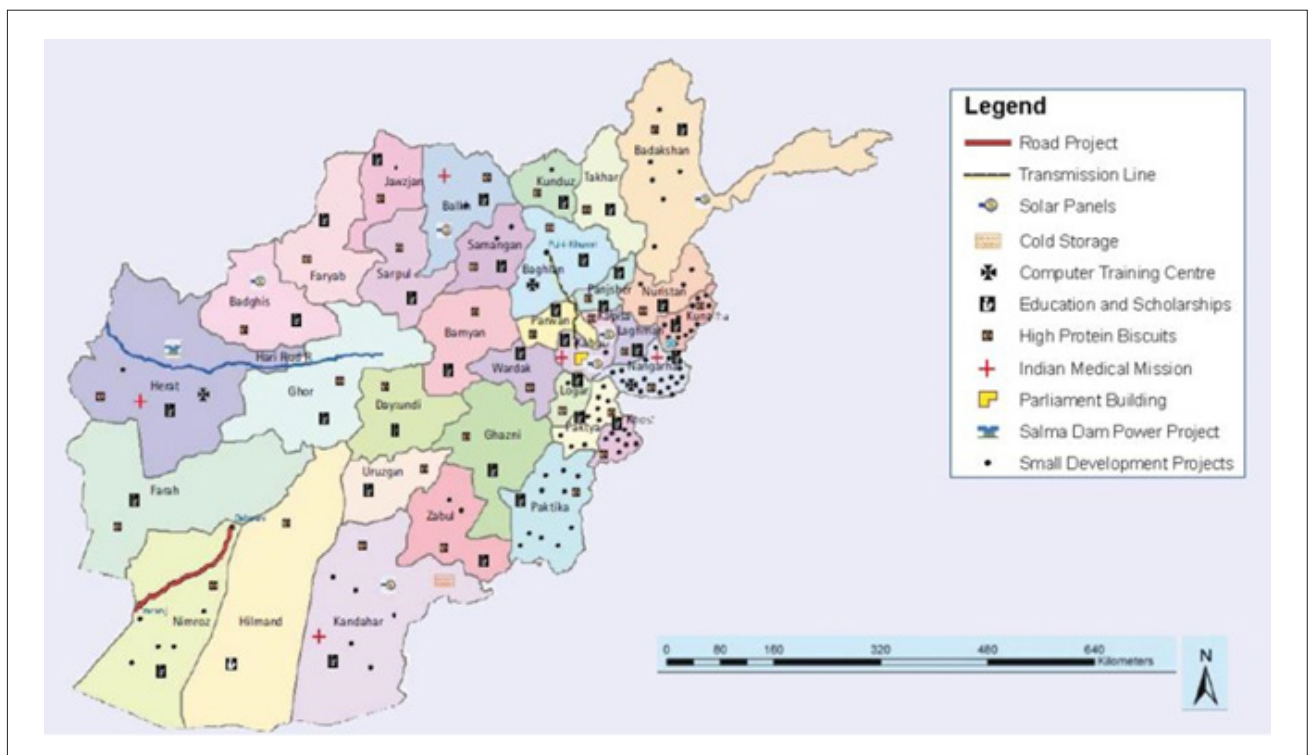
THE PARTNERSHIP BEYOND 2014

Since the turn of the century, Afghanistan has been the second largest recipient of Indian development assistance, with its official US\$ 2 billion dollar commitment far exceeding Indian commitments to any other country except Bhutan. India's development cooperation with Afghanistan has spanned a wide range of sectors. In addition to humanitarian reasons, India also provided assistance in order to establish access to natural resources, use economic diplomacy to spearhead the entry of Indian private sector companies and services, and support larger geo-strategic objectives of investing in a democratic Afghanistan as a counter-weight to extremist forces in Afghanistan or neighbouring countries. The Afghan government has requested India to make more and tangible commitments to Afghanistan's long-term stabilization and reconstruction,

including specifying planned investments in the country and being a more vocal supporter of Afghanistan against regional threats common to both countries. However, the current Indian government is a fragile coalition government preoccupied with a looming national election, while the Indian bureaucracy charged with formulating and implementing development cooperation policies is notoriously understaffed. Both of these factors do not bode well for a more engaged and holistic development cooperation policy by India towards Afghanistan during the critical next year of transition. And yet India's ability to step up and deliver on its commitments to Afghanistan and to do so in a more timely manner will be crucial to determining the extent to which India's development cooperation objectives are achieved.

Disclaimer: The values quoted in this article are based on initial calculations by IDCR from publicly available data sources and/or from IDCR's interactions with officials from the Government of India. These values are believed to be accurate, but not guaranteed. They may change as IDCR identifies and addresses discrepancies in the publicly available data. When quoting from this article, please indicate the date it was last updated.

Map1: India's development cooperation projects in Afghanistan



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

ENDNOTES

1. Ministry of External Affairs, Government of India. Annual Report 2012 - 2013. New Delhi: Ministry of External Affairs, 2013, p.3, Accessed April 25, 2013, http://www.mea.gov.in/Uploads/PublicationDocs/21385_Annual_Report_20122013_English.pdf.
2. See for example: Tripti Lahiri, Delhi Journal: Of Hospitals and Afghan Restaurants, The Wall Street Journal, November 11, 2011, Accessed April 24, 2013, <http://blogs.wsj.com/indiarealtime/2011/11/11/delhi-journalofhospitalsandafghanrestaurants/>.

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