

India's role in the economic stabilisation of Afghanistan



Dr. Shanthie Mariet D'Souza¹

- India has emerged as Afghanistan's fifth largest bilateral donor country, having pledged more than US\$2 billion and invested in diverse areas including healthcare, education, infrastructure, social welfare, and in the training of politicians, diplomats, and police.
- The distribution of India's projects indicates a pattern of implementing high-visibility large-scale projects in relatively stable areas and low-visibility small development projects (SDP) in relatively remote and insecure areas in order to increase its sectoral spread and geographic reach. While the high-visibility large scale infrastructure projects are largely concentrated in the relatively stable north and west of Afghanistan, the SDPs were initially focused in insecure border areas before being expanded into other areas throughout the country.
- There are very little discussions among India's policymakers over whether India should shift emphasis from large-scale infrastructure projects to small-scale alternate livelihood projects to sustain if not expand India's economic engagement in Afghanistan. The debate in New Delhi, however, has focused more on the quantum of economic assistance rather than the modalities of its implementation on the ground.
- In the transformational decade (2014-2024), India's policymakers in Afghanistan have to navigate through the potentially challenging options of securing its interests, for which the economic stabilisation of Afghanistan remains critical.

Contents

Introduction	1
Challenges and opportunities for economic stabilisation: An overview	3
Agriculture	4
Irrigation	5
Minerals and natural gas	5
Manufacturing and industrial parks	5
Roads and infrastructure development	5
Understanding the nature of India's economic assistance	7
Large-scale high-visibility projects	8
Small development projects	9
Indian and Afghan discourse on the possibility of a shift from large-scale infrastructure projects to small-scale projects	11
Alternative approaches and recommendations for India in the economic stabilisation of Afghanistan	15
Acknowledgements	18
Notes	19
Bibliography	25

Introduction

Much of the discourse on Afghanistan has been dominated by its deteriorating security, political instability, conflict economy, and how these factors may lead to the reversal of the fragile gains made since the unseating of the Taliban regime in 2001. Pessimistic narratives have captured international media headlines, entered the policy discourse, and influenced public opinion in many western countries. International financial assistance in Afghanistan, which led to a boom in the Afghan economy, is now dwindling, leading to a constant flow of refugees out of Afghanistan, a rise in unemployment, and an increase in criminal activities, as well as in the recruitment pool for insurgents. Most of the development projects initiated by the international community in post-2001 Afghanistan are now either winding down or have been abruptly closed. Amid concerns over possible debacles, little attention has been paid to the window of opportunity available for the long-term economic stabilisation of the country. The time is ripe to shift the focus from quick impact projects (QIPs), which have done little in terms of institution-building, to alternative economic livelihood programmes, which are critical for employment, revenue generation, and Afghanistan's economic revival, particularly in the context of the ongoing *inteqal* ('transition') and international financial downsizing.

India has contributed to the economic reconstruction of war-ravaged Afghanistan since 2001. Avoiding a security-centred role, India adopted a 'soft power approach', re-establishing cultural and historical links between the two countries; providing development aid and assistance for economic, social, civilian, political, and administrative capacity building. India is also trying to create stability in Afghanistan to fulfil its own energy needs and trade interests in Central Asia in the long-term. Afghanistan's role as a 'land

bridge' is crucial for fulfilling these objectives. India has emerged as Afghanistan's fifth largest bilateral donor country, having pledged more than US\$2 billion and invested in diverse areas including healthcare, education, infrastructure, social welfare, and in the training of politicians, diplomats, and police.²

The withdrawal of International Security Assistance Force (ISAF) personnel from Afghanistan since 2014 has continued to be a source of anxiety and uncertainty in Afghanistan, as well as in the region. In New Delhi too there are concerns about an unstable Afghanistan yet again turning into a springboard for destabilisation and terrorism, with a direct impact on India's security. There are worries that a steady deterioration of conditions on the ground may limit India's long-term economic engagement with Afghanistan. The popular goodwill that has been generated for India through its development and economic assistance may not be enough to sustain India's economic engagement, reconstruction, and development activities. As New Delhi grapples with the rapidly changing dynamics inside Afghanistan and in the region, whether India can continue its present role in Afghanistan is a subject of growing concern in the strategic and policymaking circles in New Delhi. While being reluctant to increase its role in the security sector, New Delhi increased its volume of economic assistance by another US\$1 billion during President Ashraf Ghani's visit to New Delhi in September 2016. It appears that New Delhi perceives economic assistance as a useful tool in securing its interests in Afghanistan and is inclined to broaden its assistance.

This paper traces the trajectory and rationale behind India's economic assistance to post-2001 Afghanistan and analyses its role in Afghanistan's economic stabilisation in light

India has contributed to the economic reconstruction of war-ravaged Afghanistan since 2001. Avoiding a security-centred role, India adopted a 'soft power approach'.

The popular goodwill that has been generated for India through its development and economic assistance may not be enough to sustain India's economic engagement, reconstruction, and development activities.



of the challenges posed by the drawdown of international forces and the opportunities for long-term economic engagement available for India as a result of the significantly altered conditions on the ground. This paper is divided into four sections. The first section provides a brief overview of the challenges and opportunities for the economic stabilisation of Afghanistan following the international drawdown. The second section analyses the nature of India's economic and development assistance in Afghanistan, with a focus on the cost-benefit analysis of the impact of large-scale infrastructure projects and the potential for the expansion of small development projects (SDPs). The third section delves into the possibility of a shift from large-scale infrastructure projects to small-scale alternative livelihood projects and the nature of the debate in India and Afghanistan regarding such a shift. The concluding section provides alternative approaches and a set of policy recommendations for India's role in the long-term economic stabilisation of Afghanistan in general, and in initiating small-scale projects.

This paper uses a historical, comparative, and analytical approach to study the nature of India's economic and development assistance. It traces the genesis and rationale behind India's economic assistance in Afghanistan

since 2001 and examines the workings of such a policy. By examining several specific Indian projects in Afghanistan – both small and large-scale development projects – the paper provides a broad assessment of the policy pursued thus far and suggests alternatives. This paper is based on primary data and first-hand information collected through interviews and discussions during a field visit to the provinces of Afghanistan from July to August 2016, with a host of government officials, ministers, academics, think tanks, business groups, women's groups, civil society organisations (CSOs), UN officials, personnel from international non-governmental organisations (INGOs) and non-governmental organisations (NGOs), media persons, security officials, cooperatives, wildlife conservation officials, journalist unions, dairy unions, and farmers' and journalists' associations.³ The field research also included visits to project sites and the collection of official documents from various Afghan ministries and provincial offices. This paper's qualitative as well as quantitative basis is sourced from these primary data and documents. The paper is also based on inputs and conversations with members of the Afghanistan Policy Group – a Track-2-Diplomacy group consisting of former and current politicians, researchers, journalists, and civil society activists from Afghanistan.

Challenges and opportunities for economic stabilisation: An overview

Foreign governments' hasty announcements about foreign troops leaving Afghanistan, the setting up of arbitrary timelines for the implementation of development projects, the actual withdrawal of security forces by several countries, accompanied by dwindling international financial assistance and the closure of projects has heightened anxieties over the dwindling international interest and financial assistance in Afghanistan. Despite a decade-long attempt by the international community, stability remains an elusive goal.⁴ Quick fix solutions, which formed the core of the strategy to deal with instability, may now be a real danger to the fragile gains made as the international community transfers authority to Afghans in the on-going transition. To a large extent, the method of aid delivery and project implementation in Afghanistan could be responsible for the state of affairs.

Firstly, the entire process involving a host of countries and a huge amount of resources remained largely uncoordinated and dissipated. As a result, aid was flushed disproportionately to areas, irrespective of the needs of the population. Most of the aid being directed to insecure areas under the WHAM ('winning hearts and minds') strategy did not reach the population in need. In many places, it filled the coffers of the regional commanders, corrupt government officials, and in some instances, insurgents, thereby strengthening the conflict economy. No unified counter narcotic efforts were made to break the vicious cycle of the conflict economy with poppy production continuing to be a source of funding for the insurgents. In the absence of alternative livelihoods, poppy cultivation was more lucrative than traditional agricultural produce. With much international focus and aid being directed to insecure areas as part of the counter-insurgency strategy, the

relatively stable areas in the north and west also became unstable.

Secondly, the majority of international development projects were implemented through a process of contracting and sub-contracting. Delivery was made through 'alternate mechanisms', using international organisations and NGOs, or even direct delivery through embassies and community-based groups. These development projects were useful in addressing the humanitarian crisis during the early years of post-conflict stabilisation (2001-2003), but did little to extend the reach of the state to provide basic service delivery or build long-term institutions. Moreover, flooding the country and economy with unaccountable money instead of channelling it through the Afghan government created parallel structures negatively impacting the state's capacity, credibility, and accountability. The government's limited ability to deliver basic services further eroded its legitimacy; the outpouring of aid money, on the other hand, further reinforced a culture of aid-dependency.

Thirdly, aid was used as an 'instrument of influence' – delivered with the stamp of the donor's flag to meet the donor's agenda, and not always in harmony with the needs of the community. For example, the primary need of the residents of a village near Mazar-e-Sharif was to have a source of drinking water, they were instead provided with a school.⁵ In some places where schools were built, there were no teachers to teach at the schools. In addition, many of these projects were delayed, failed to institute any quality control mechanism, or in some cases became ghost projects.⁶

Fourthly, the operationalization of projects, some of which were successful, was problematic due to the absence of an

The question is whether India can consolidate or build on its decade-long gains by continuing its present policy, or whether there is a need for policy realignment in order to sustain and expand its role.

The government's limited ability to deliver basic services further eroded its legitimacy; the outpouring of aid money, on the other hand, further reinforced a culture of aid-dependency.



The lack of capabilities in domestic production has compelled Afghanistan to open its domestic market to nearly tariff-free imports from Pakistan, China, and Iran. This further hinders the country's attempts to rebuild the job-creating manufacturing sector.

integrated business plan or the building of a greater interface with the Afghan government. For instance, women's livelihood programmes in Bamyan and Badakhshan have enabled women to produce handicrafts and hand-woven textiles, but have not been linked to access to markets.⁷ As a result, women find it difficult to sell their products. In some districts of Badakhshan, donors have initiated poultry and farming projects for women, without addressing the issue of availability of land or a transport network to access markets.⁸ In other instances, the lack of donor coordination has led to duplication of efforts, particularly at the district level,⁹ where different donors have initiated multiple projects of the same nature in the same area.

The increasing gap between short-term projects (also known as QIPs), which heighten people's expectations but with limited follow-up action or integrated plan in terms of job creation or building an industrial base is fuelling despair and discontent among the local population. In provinces such as Badakhshan, Balkh, and Bamyan, as well as in Kabul, anecdotal evidence suggests a general sense of despair as a result of international projects that have either ended or abruptly wound down, or have not been put into operation after being announced. Unemployment, criminality, and migration are on the rise.

The drawdown of international military forces provides an opportunity for Afghanistan to take greater ownership and pursue the goal of achieving long-term economic stability.

The lack of capabilities in domestic production has compelled Afghanistan to open its domestic market to nearly tariff-free imports from Pakistan, China, and Iran. This further hinders the country's attempts to rebuild the job-creating manufacturing sector. World Bank estimates from 2015 place Afghan exports at around US\$0.57 billion and imports at US\$7.69 billion. This projects a sharp trade deficit that makes up over 38.5 percent of the GDP, with serious impacts on the country's private sector, employment, and currency. "Afghanistan's currency, the Afghani, has suffered from higher volatility

over the last couple of years. In order to avoid "unreasonable" fluctuation, the Da Afghanistan Bank, Afghanistan's central bank, auctions dollars to the tune of [US]\$60 [million] to [US]\$70 million each week."¹⁰ Neither has there been a concerted attempt to build up local capacities, nor develop a manufacturing base, which could provide jobs and create economic opportunities. Further, Afghanistan continues to be aid-dependent with little attention being paid to developing its revenue base.

Notwithstanding the challenges posed by the current situation, not all is lost in Afghanistan. While Afghanistan's Human Development Index (HDI) may not have improved drastically over the years since 2001,¹¹ experiences on the ground point towards better facilities for education, healthcare, and even quality of life, at least in the urban centres of the country. As per available data, the number of children attending school has risen from around one million in 2001 to 8.7 million in 2011 – more than two million of these children are girls who had been banned from attending school under the Taliban regime. Another sector that has seen improvement is maternal mortality, for which the mortality rate has dropped from 1,600 deaths per 100,000 live births in 2001, to 327 deaths per 100,000 live births in 2010.¹² The drawdown of international military forces provides an opportunity for Afghanistan to take greater ownership over, and pursue the goal of achieving long-term economic stability. It also provides the international community avenues to change the pattern of aid giving and shift its assistance for the development in five sectors.

Agriculture

Agriculture remains the predominant sector of the Afghan economy, accounting for nearly half of its GDP. Over 75 percent of Afghans live in rural areas where agriculture is the primary activity. However, years of incessant conflict and long periods of drought have led to a decline in the production of leading crops

like cereals, cotton, fruit and nuts, as well as livestock, milk, and karakul wool. Thus, the revitalisation of the agricultural sector must be a top priority to reduce poverty, eradicate poppy production, and provide alternative livelihoods. Poppy cultivation is a result of the lack of opportunities for agricultural production. According to a report by the UN International Narcotics Control Board (INCB) released in March 2016, despite the fact that the area estimated to be used for opium poppy production decreasing from 224,000 hectares in 2014 to 183,000 hectares in 2015, the level of illicit opium cultivation in Afghanistan continues to be high in absolute terms. Even though estimated potential opium production fell 48 percent from last year's estimates, it still sits at 3,330 metric tons (or 7.3 million pounds).¹³

Irrigation

The amount of arable and permanent cropland in Afghanistan is 8.5 million hectares, whereby about 3.2 million hectares constitute areas with irrigation facilities.¹⁴ Almost 90 percent of irrigation in Afghanistan is done through more than 28,000 informal systems. Transporting water from water-rich areas to water-scarce areas poses a challenge for existing infrastructure and institutions. Moreover, due to prolonged conflict, and unstable rain and snowfall, only a small fraction of the irrigated areas are farmed. Such a reduction of actual irrigated areas affects crop yields and prevents the stable growth of the agricultural industry.¹⁵

Minerals and natural gas

Afghanistan has a rich resource base of unexplored minerals including iron, copper, silver, gold, sulphur, talc, magnesium, marble, lapis lazuli, asbestos, nickel, mercury, lead, zinc, lithium, and rubies. There is also potential for the exploitation of oil and natural gas reserves in many parts of the country. A 1970s estimate put Afghanistan's natural gas reserves at about 150 billion cubic metres (bcm). In the early 1980s, natural gas exports

were in the range of 2.5-2.8 bcm a year, and constituted its main source of export revenues. However, decades of conflict impeded the development of this sector, and according to rough estimates from the Afghan Ministry of Mines, the country still has half a trillion cubic metres of liquid gas reserves, a figure likely to increase as further explorations are conducted by geologists.¹⁶ In addition to the Yatem Taq and Khuwaja Gogerdak gas fields in Jowezjan province in the north of the country, other gas fields in Helmand, Kunduz, and Herat provinces could meet Afghanistan's long-term natural gas requirements.

Manufacturing and industrial parks

In the late 1970s, the majority of Afghanistan's manufacturing sector consisted of state-owned processing of primary goods, including cotton textiles, fertiliser, construction materials, agro-processing, and the small-scale production of handicrafts. However, the following two decades of conflict and the consequent destruction of infrastructure and the agricultural sector negatively affected outputs. Presently, manufacturing, power, oil, and mining constitute 75 percent of industrial production, and the construction boom, fuelled by reconstruction activities, accounts for 25 percent. In provinces like Badakhshan, the construction of an industrial park would allow it to make use its natural and mineral resources and develop its own source of revenue.¹⁷

Roads and infrastructure development

For any optimal utilisation of natural resources and minerals, access to market and road connectivity is essential. Being landlocked, Afghanistan's access to the sea is critical to increase its export potential. However, the country's transport network remains incomplete. With an estimated density of only four kilometres per 1,000 square kilometres, Afghanistan's road network is far below the level of completeness of its neighbours. Only seven percent of its roads are paved. Four provincial capitals remain disconnected from

Agriculture remains the predominant sector of the Afghan economy, accounting for nearly half of its GDP.

Being landlocked, Afghanistan's access to the sea is critical to increase its export potential.



the regional network, and thus lack access to domestic and regional markets, and more than 70 percent of the inter-provincial and inter-district roads remain in a poor state. Many roads are inaccessible to motor vehicles, and people in the mountainous central part of the country do not have all-weather access to the main road network. Likewise, transport services are inadequate, of low quality, and expensive.¹⁸ Infrastructure development and improved transport services are crucial to increase trade.

Understanding the nature of India's economic assistance

India renewed its diplomatic ties with Kabul and adopted a 'soft power'¹⁹ approach in the reconstruction process of post-2001 Afghanistan. Following the establishment of an interim government in Afghanistan under President Hamid Karzai in 2001, Indian Prime Minister Atal Bihari Vajpayee told the Indian Parliament that India's goal was to have a maximum possible role in the establishment of a broad-based, nonaligned, and fully representative, post-Taliban regime in Afghanistan. A brief survey of the nature of Indian assistance to Afghanistan since 2001 indicates that most Indian projects have been provided based on the needs and requests of the Afghan government. This demand-driven strategy has generated a significant amount of goodwill for India.²⁰ Surveys and opinion polls indicate an appreciation of India's role in Afghanistan. In 2009, the ABC/BBC/ARD national opinion poll in Afghanistan revealed that India was perceived favourably by 74 percent of respondents.²¹ A similar poll by the BBC in 2010 found that 71 percent of Afghans viewed New Delhi as favourable.²²

In December 2001, India moved in with humanitarian assistance by reopening the Indira Gandhi Children's Hospital in Kabul and sending in medical missions to assist with humanitarian work, donating three Airbus aircrafts to enable the state-run airline Ariana Afghan Airlines to resume operations, as well as donating hundreds of city buses for public transit facilities. Six hundred and seventy-five annual long-term university scholarships sponsored by the Indian Council for Cultural Relations (ICCR) were provided for undergraduate and post-graduate studies in India. The number of scholarships has since been increased to 1,000 per year and includes scholarships for students pursuing their Ph.D. in India.²³ During a two-day visit by Indian Prime Minister Manmohan Singh to Kabul in August 2005, leaders of both

countries reiterated their commitment to building a new partnership in the 21st century. This included expanding bilateral cooperation to wide-ranging areas such as development, education, energy, trade, defence, fighting terrorism, and working towards the greater economic and cultural integration of South Asia. Over the years, India has invested in training and capacity building, working with legislators, parliamentary staff, and diplomats to develop the political sector. Similarly, the 200 annual short-term India Technical and Educational Cooperation (ITEC) training scholarships to train middle-level Afghan government and semi-government officials (a limited number of seats are also open to private/business organisations) were increased to 500 in 2005.²⁴ A significant number of trained personnel are now working in the various ministries of the Afghan government and in NGOs.

A brief analysis of the distribution of India's projects indicates a pattern of implementing high-visibility large-scale projects in relatively stable areas and low-visibility SDPs in relatively remote and insecure areas in order to increase its sectoral spread and geographic reach.²⁵ While the high-visibility large scale infrastructure projects are largely concentrated in the relatively stable north and west of Afghanistan, the SDPs were initially focused in insecure border areas before being expanded into other areas throughout the country.²⁶ Coinciding with the Western decision to gradually withdraw military forces from the country and reduce the level of economic assistance offered to the Afghan government, India signed the Agreement on Strategic Partnership (ASP)²⁷ in October 2011. ASP, the first such treaty signed by India with a neighbouring country, signalled that New Delhi is ready to work with Afghanistan even in adverse and difficult conditions and beyond 2014. It diversified cooperation in

A brief survey of the nature of Indian assistance to Afghanistan since 2001 indicates that most Indian projects have been provided based on the needs and requests of the Afghan government.

ASP, the first such treaty signed by India with a neighbouring country, signalled that New Delhi is ready to work with Afghanistan even in adverse and difficult conditions and beyond 2014.



India's economic assistance in Afghanistan has also included engagement with Afghanistan's neighbours in order to ensure access to and from Afghanistan.

various sectors such as agriculture, rural development, mining, industry, energy, information technology, communications, and transport, including civil aviation.

Large-scale high-visibility projects

India has invested in several large-scale high-visibility projects in infrastructure development, roads, irrigation, and transmission lines. Most of these projects are based on Afghanistan's national priorities and are demand-driven.²⁸ Among such projects is the construction of a 218-kilometre highway from Zaranj to Delaram to facilitate the movement of goods and services to the Iranian port of Chabahar. Built with a modest budget of US\$150 million, the road reduces landlocked Afghanistan's dependence on Pakistan, for access to the sea and for trade and as a transit country, by providing a potential alternate route linking Iran to Central Asia.²⁹ Among the other indicators of the economic impact of the Zaranj-Delaram Highway are: the increase of the population of Zaranj town from 55,000 (when construction began in 2004) to over 100,000; the increase in land value along the road; and the increase in passenger traffic with regular buses and taxis plying the route. The journey between Delaram and Zaranj, which used to take 12 to 14 hours, can be completed in just over two hours thanks to the highway. With the operationalization of Chabahar Port, this road is projected to be an impetus for further trade and commerce.

The construction of a 220kV DC transmission line from Pul-e-Khumri to Kabul and a 220/110/20kV sub-station at Chimtala have significantly improved the power situation in the capital, Kabul. In June 2016, the Afghan-India Friendship Dam also known as the Salma Dam was inaugurated. Completed at the cost of US\$300 million, the dam is projected to generate 43 megawatts (MW) of electricity for 40,000 families and irrigate 80,000 hectares of farmland, belonging to 50,000 families in Herat district.³⁰ The Salma Dam increased water availability downstream,

which led to second crop cultivation (paddy cultivation).³¹ In December 2015, the new Afghan Parliament building, which was being built by India, was completed. Other projects include the upgrading of telephone exchanges in 11 provinces; the expansion of the national television network by providing an uplink from Kabul and downlinks in all 34 provincial capitals for greater integration through communication systems.³²

Most of India's high-visibility and infrastructure development initiatives have veered around regional connectivity, trade, and transit. For landlocked Afghanistan, regional connectivity and access to the sea remains crucial. India's economic assistance in Afghanistan has also included engagement with Afghanistan's neighbours in order to ensure access to and from Afghanistan. One of the ways India has sought to use economic diplomacy to serve its interests has been through the development of the Iranian port of Chabahar. Once the Chabahar Port gets underway, Afghan trade is projected to increase by 50 percent. Currently, most of the official supplies are imported through the Herat border crossing by paying the required duties. In May 2015, India and Iran signed an agreement to jointly develop the Chabahar Port. According to the agreement, two existing berths at the port would be taken on lease and operationalized by Indian and Iranian commercial entities as container and multipurpose cargo terminals. The Zaranj-Delaram Highway connects Afghanistan to Chabahar and allows it to reduce its dependence on Pakistan, and to allow for trade with India. A Preferential Trade Agreement (PTA) was signed between India and Afghanistan in 2003, reducing customs duties on a range of goods. Bilateral trade has increased considerably as a result, standing at US\$684.47 million in 2014-2015, an increase of 0.20 percent from US\$683.10 million in 2013-2014 and 20.41 percent higher than in 2010-2011, when it stood at US\$568.44 million.³³ India's exports to Afghanistan in 2014-2015 stood at US\$422.56 million, while

its imports were worth US\$261.91 million. Despite the lack of direct land access, India is the second most important destination for Afghan exports.

India's bilateral trade with Afghanistan, however, has remained hostage to Pakistan's policies that impose several restrictions on the number of items that can be traded and on the movement of Afghan trucks. According to the current arrangement, Pakistan allows Afghan trucks carrying goods meant for India only up to its last checkpoint at Wagah, and not to the Indian checkpoint at Attari, less than one kilometre away. Moreover, Indian goods cannot be imported under the agreement; Afghan trucks have to return empty to the Afghanistan-Pakistan border where they could, if they wished, be loaded with Pakistani goods instead. The operationalization of Chabahar Port addresses such trade difficulties and provides a viable alternative to Afghanistan.

India has worked towards reviving the role of Afghanistan as a 'land bridge' connecting South Asia with Central Asia to tap into its energy resources and augment trade. Afghanistan's connection with energy-rich Central Asia is critical for India's burgeoning energy needs. With this objective, India has been pursuing better relations with Central Asian states. Two important energy pipeline projects, the Iran-Pakistan-India (IPI) gas pipeline and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline have either failed to take off or have been significantly delayed due to several factors, including India's difficult relationship with Pakistan. The 1,735-kilometre-long TAPI pipeline project especially, has the potential of generating jobs and revenue of up to US\$450 million annually for cash-strapped Afghanistan. The TAPI pipeline is projected to be operationalized in 2017, but given the history of delays and the state of India-Pakistan and Afghanistan-Pakistan bilateral relations, its actual potential to become operational remains circumspect.

Small development projects

India's SDPs are designed to help provide basic service delivery and at the same time maximise Afghan participation and ownership, at both the government and community levels while maintaining a low-visibility. For example, India has built schools and health clinics in remote border districts where the reach of the state is limited. This method of project implementation has its roots in the Gandhian way of encouraging community ownership of projects and building self-reliance through indigenous methods. This decentralised approach shares some similarities with India's grassroots-based Panchyati Raj system and Afghanistan's shura and jirga systems. To a certain degree, such investments were perceived as steps to rebuild Afghanistan's social and economic fabric and act as a strong line of defence against the revival of insurgency. India has provided assistance to women's groups in Herat and Balkh provinces through self-employment generation schemes, as well as health services and capacity building. As a long-term stakeholder in the rebuilding of Afghanistan's social and economic fabric, India's aid delivery through women's groups and communities has proven useful.

SDPs have sought to ensure greater community ownership by addressing local needs. In difficult and inaccessible border areas, India initiated SDPs in 2006, which ensured greater local participation and ownership of projects. Since 2011, SDPs have been implemented all over the country.³⁴ India, under SDPs Phases I and II (US\$20 million, 108 projects) and Phase III (US\$100 million, 125 projects), along with Afghanistan's Ministry of Economy has undertaken or committed to more than 200 small projects with shorter gestation periods covering public health, education, and community infrastructure in various provinces.³⁵ During the Chief Executive of Afghanistan Dr. Abdullah's visit to India in 2016, the Indian government announced the approval of the third phase of SDPs

India has worked towards reviving the role of Afghanistan as a 'land bridge' connecting South Asia with Central Asia to tap into its energy resources and augment trade. Afghanistan's connection with energy-rich Central Asia is critical for India's burgeoning energy needs.



SDPs will provide greater leverage in wider areas across various segments of the population.

They can help extend the reach of the state, as well as have a positive impact on social reconstruction and economic revival.

comprising 92 projects in Afghanistan.³⁶ These projects include (but are not limited to) the following sectors and ministries: agriculture (demonstrative nurseries), irrigation (canals), livestock (veterinary clinics), health, education (schools, orphanage), labour, information and culture, and small infrastructure projects (bridges, bore wells, retaining wall, public toilets, etc.).³⁷

If implemented in a timely manner, SDPs will provide greater leverage in wider areas across various segments of the population. They can help extend the reach of the state, as well as have a positive impact on social reconstruction and economic revival. SDPs can be useful tools in bringing about change at the grassroots level. The risk of low-visibility SDPs, however, is that they can turn into 'zero visibility' projects.³⁸ From the discussions with locally elected officials in the provincial capitals, it was evident that many were unaware of the fact that India had financed certain projects; the provincial council members of Badakshan and Bamyan provinces were not aware of Indian SDPs.³⁹ In light of such a lack of information, true representation of people's needs and oversight over the implementation of projects might not occur. Moreover, the monitoring of these projects remains a challenge.⁴⁰ In insecure and inaccessible districts, matters can be much worse. With weak departmental or provincial capacity for implementation and oversight, most of these projects are not completed in time and issues of quality control remain. In the face of a deteriorating security situation and insurgent influence or control of territory, the sustainability of these projects is doubtful.⁴¹ In insurgent controlled areas, the construction of a clinic or school without health workers or teachers could easily turn into a ghost project.

Indian and Afghan discourse on the possibility of a shift from large-scale infrastructure projects to small-scale projects

There is much speculation and concern in relation to India's policy towards post-2014 Afghanistan. There are concerns that in light of the diminishing international military presence, India will not be able to carry forward its large-scale high-visibility projects as these projects run the risk of being the target of insurgent attacks. The relevance and utility of the aid-only policy, which is a source of significant goodwill for India and creates useful assets for Afghans, has thus become the subject of domestic debates. There are very few discussions among India's policymakers over whether India should shift emphasis from large-scale infrastructure projects to small-scale alternative livelihood projects, to sustain if not expand India's economic engagement in Afghanistan. The debate in New Delhi, however, has focused more on the quantum of economic assistance rather than the modalities of its implementation on the ground.⁴²

India has pursued multiple objectives in post-2001 Afghanistan. A primary objective has been to prevent an extremist takeover of Afghanistan and establish a stable, democratic order. India has reason to worry about another Taliban takeover, which in the late 1990s had compelled New Delhi to wind up its diplomatic presence in Afghanistan.⁴³ The resurgence of the Taliban, largely considered as a strategic asset of Pakistan could result in the curtailment of India's strategic space in the country. The Taliban-led insurgency could provide bases for anti-India groups to operate from their territory. The Taliban supremacy in Afghanistan is anticipated to heighten terrorism in the volatile Pakistan-Afghanistan border region and has the potential to spill over into India. Therefore, a strong, stable, and democratic Afghanistan, and not an

anti-India regime that promotes terrorism, is crucial. Despite security considerations and repeated requests from Afghanistan, India has refrained from playing a role in Afghanistan's security sector heeding to the concerns of its neighbour Pakistan, which would perceive India's role as a direct security threat. India also heeded to pressure from the United States in the early years of international military intervention – which was against India's involvement in Afghanistan's security sector, so as to not increase anxieties in Pakistan whose support was seen as crucial for the US-led 'war on terror'. The India-Afghanistan Strategic Partnership Agreement (2011) positioned India for a security role post-2014, but the United States' reluctance to create any disagreement with Pakistan, as well as Indian reticence prevented any significant developments in this regard.⁴⁴

Given the minimalist role played by India in Afghanistan's security sector, India developed a proactive strategy of providing development and economic assistance. The increased bilateral and economic engagement with Afghanistan also needs to be viewed within the larger regional and economic context. Since the opening up of the Indian economy in the 1990s, a stream of neo-liberal thinkers in India advocated for a greater regional economic integration strategy. As a major regional and economic power, India has worked towards reviving the role of Afghanistan as a 'link' connecting South Asia and Central Asia. Some of the large-scale infrastructure projects in Afghanistan are geared towards achieving those objectives. These projects has not only created much "brouhaha"⁴⁵ and given more "bang for the buck",⁴⁶ but also much-needed visibility. The benefits of these projects have also been a force multiplier for greater trade, transit, and connectivity.

There are concerns that in light of the diminishing international military presence, India will not be able to carry forward its large-scale high-visibility projects as these projects run the risk of being the target of insurgent attacks.

A strong, stable, and democratic Afghanistan, and not an anti-India regime that promotes terrorism, is crucial.



India's economic assistance is seen as a critical component of a strategy directed at securing India's strategic and security interests in Afghanistan.

Afghanistan's natural resources have opened up investment opportunities for the Indian private sector and increased the possibility of economic engagement between the two countries, with the potential to benefit both countries.

By adopting a demand-driven strategy of aid-giving, India has reached out to various segments of the Afghan population.

According to the realist stream, India's economic assistance is seen as a critical component of a strategy directed at securing India's strategic and security interests in Afghanistan. India as a rising major power has ambitions to extend its influence beyond its immediate neighbourhood. While Bangladesh and Myanmar remain crucial for New Delhi's eastward vision, for such a project to fructify in the west, Afghanistan must serve as a connector between South Asia and Central Asia. This connection would tap into energy resources in Iran as well as in Central Asia and augment India's trade. Since the neoliberal thinking in India positively views the economic dividends of connecting to Central Asia via oil pipelines running through Afghanistan and Pakistan, a stable Afghanistan is imperative for India's long-term interests. Afghanistan has a critical role in establishing a direct link with the hydrocarbon-rich Central Asian region to meet India's burgeoning energy needs. Moreover, Afghanistan's natural resources have opened up investment opportunities for the Indian private sector and increased the possibility of economic engagement between the two countries, with the potential to benefit both countries.

New Delhi has attempted to build on the narrative of opportunity to counter the anxiety in Afghanistan over the withdrawal of international forces. From a narrow security-centric approach, India has attempted to shift the focus to regional confidence building, development, governance, and most recently, trade and investment, aiming to use Afghanistan's resource potential to build its economic viability, sustainability, and independence. The third in the series and the first in South Asia, an investment summit was organised by the Confederation of Indian Industries (CII) on 28 June 2012 in New Delhi to attract investments for Afghanistan and ensure that the country's economic and transit potential becomes its inherent strength to accrue the much needed economic dividends

for itself and the region. However, as a result of the difficulties with Afghan regulatory laws and the fragile security situation, interest in the private sector has waned.

With the regional economic cooperation model being mired due to issues of financing, security, and geography,⁴⁷ New Delhi appears to be more focused on bilateral modes of engagement. By adopting a demand-driven strategy of aid-giving, India has reached out to various segments of the Afghan population. The large-scale infrastructure projects in north and west Afghanistan were supplemented with SDPs in the insecure border districts in 2006. By 2012 with the signing of the ASP, India had increased the geographic spread of SDPs to cover all the provinces of Afghanistan. In the context of the drawdown and the vulnerabilities that Indian projects and personnel face, there had been discussions, among members of New Delhi's strategic policymaking circles, of reducing India's high-visibility presence and shifting to small-scale low-visibility projects that could be implemented by locals. Moreover, there are issues of financing and capacity that lead to delays in large-scale infrastructure projects like in the case of the Salma Dam and the new Parliament building. Advocates of such projects on the other hand highlight the impact and visibility factor that reinforces India's positive image and strengthens its bilateral relationship with Afghanistan.

In the context of the fragile transition process and deteriorating security situation, critics of the present policy warn of getting into a 'reputational trap' and being overstretched in a country, which is seen to be distant and volatile. Given that New Delhi has not announced any major large-scale projects, the increase in the number of SDPs portends a shift in the thinking. While the large-scale projects accrue high financial costs, and are subjected to delays and security risks,⁴⁸ the logic of SDPs was seen as a good alternative.

Advocates of the SDPs are of the view that India can continue to play a minimalist role with relatively low costs and minimal presence, and yet retain a modicum of influence among a large segment of the population. Moreover, these projects could be implemented in all provinces of Afghanistan across a wide range of sectors (agriculture, irrigation, livestock, health, education, labour, information and culture, public works), and over a relatively short period of time. The high-visibility infrastructure projects have essentially involved creation of an onetime asset and handing it over to the Afghan authorities. While this has given New Delhi prestige and some degree of gratitude among Afghans, it is unlikely to allow give India a channel of enduring influence in the long-term, without consequent changes in the realities on the ground.

The perception of India's economic assistance and projects remains positive among Afghans. India's economic assistance has wide acceptability, as the projects mostly meet the demands of Afghans across various sectors. Large-scale high-visibility projects aid in building state legitimacy and are perceived as visible signs of the government's performance. These are symbols of state building processes and progress. At a time when people's perception of the performance of the National Unity Government (NUG) was ebbing, the inauguration of the Salma Dam and the Parliament building by Prime Minister Narendra Modi provided a boost to the Afghan government's image and credibility.⁴⁹ It has helped reinforce the notion of 'state' (*daulat*)⁵⁰ among the people.⁵¹ The popularity of these projects, particularly the Salma Dam and the Parliament building, was evident in the media. These projects have an amplifying effect on the bilateral relationship, particularly at a time of international financial downsizing, drawdown, and Afghanistan's difficult relationship with Pakistan. These

projects have a longer lifespan than the QIPs. There is considerable support for large-scale high-visibility projects, seen as 'game changers', among the elite in Kabul and in the provincial capitals.⁵² There are calls for more bold and visible projects. There are requests for an increase in business-to-business (B2B) cooperation, private sector involvement, and direct investment as economic confidence building mechanisms.⁵³ In terms of geo-economics, the large-scale infrastructure projects will provide India with the visibility and leverage for greater trade, transit, and connectivity. Chabahar Port is a good alternative to the China-Pakistan Economic Corridor (CPEC). Likewise, Afghanistan can use Chabahar Port as a pressure point vis-à-vis Pakistan's trade restrictions with India.⁵⁴

A state's capacity to deliver basic services is key to its legitimacy. SDPs are essential for delivering basic services, particularly to the poor and disfranchised in rural areas, but have not been able to have much of an impact due to the lack of an effective implementation strategy. In provinces like Badakshan, where the SDPs are in insecure districts, monitoring and evaluation remains difficult.⁵⁵ Moreover, they are largely perceived to be QIPs, as they have a limited shelf life.⁵⁶ While the urban elite favours an increase in large-scale projects as symbols of state building and progress, the people in the provinces and the peripheries view SDPs more favourably, as these projects provide basic health, education, agriculture, and irrigation services. They cater to the provincial needs and demands that remain largely unaddressed by other donors.⁵⁷ For instance, most of the funding for women empowerment programmes and CSOs by international donors are disbursed in Kabul, with little funds available for such programmes in the provinces.⁵⁸

People at the district and local levels would favour an increase in the number of small-

Advocates of the SDPs are of the view that India can continue to play a minimalist role with relatively low costs and minimal presence.

Large-scale high-visibility projects aid in building state legitimacy and are perceived as visible signs of the government's performance.

There is considerable support for large-scale high-visibility projects, seen as 'game changers', among the elite in Kabul and in the provincial capitals.



While the urban elite favours an increase in large-scale projects as symbols of state building and progress, the people in the provinces and the peripheries view SDPs more favourably, as these projects provide basic health, education, agriculture, and irrigation services.

scale projects, provided the projects are sustainable and have an inbuilt business plan.⁵⁹ Economic opportunities and livelihood programmes will help strengthen local governance and governmental presence. There is a need for agribusiness at the village level in order to help build the capacity of local farmers and businessmen. This is also seen as critical for extending the reach and visibility of the government and improving governance at district and village levels.⁶⁰ While large-scale projects are important, there is a need to focus on small-scale projects in the agricultural sector, as they provide livelihood and employment opportunities to a large segment of the population.⁶¹

Alternative approaches and recommendations for India in the economic stabilisation of Afghanistan

As Afghanistan undergoes a fragile *in-teqal* ('transition'), India needs to indulge in tactical policy manoeuvring and readjustment to meet the needs and realities on the ground. With Western countries heading for egress, the question is whether India can consolidate or build on its decade-long gains by continuing its present policy, or whether there is a need for policy realignment in order to sustain and expand its role. In the transformational decade (2014-2024), India's policy markers for Afghanistan, however, have to navigate through a potentially challenging options of securing its interests, for which the economic stabilisation of Afghanistan remains critical.

While the benefits of large-scale and small-scale projects remain a subject of debate, it will be useful to have an integrated approach to economic stabilisation in Afghanistan. The large-scale projects do benefit a large portion of the population but these projects by themselves do not help to change the realities on the ground in terms of improving basic service delivery and governance. India needs to shift its focus from asset creation to programme delivery. By designing and running large development programmes in the context of poverty, illiteracy, and systemic administrative dysfunction, India can fill a critical gap in the long-term stabilisation of Afghanistan.

Some recommendations for immediate, medium-term (one to five years), and long-term (five to 10 years) policy interventions:

- In the immediate and medium-term, there is a need to establish small and medium-sized enterprises to help revive the Afghan indigenous economic base. SDPs that address the needs of poor people in rural and remote areas should be targeted towards income generation schemes, rather than focused only on health and

education. India could help establish small alternative livelihood programmes in line with the Ministry of Agriculture, Irrigation and Livestock (MAIL)'s Agricultural Production and Productivity Program (APP) to create incomes for farmers and their families.⁶²

- India can align its SDPs with the MAIL's Economic Regeneration (ER) programme, which is also designed to contribute to reducing poppy production through the development of alternative sources of income, reducing rural migration by increasing local livelihood opportunities for the rural poor, and reducing reliance on imports.⁶³ Saffron cultivation can be a useful alternative in poppy growing areas. India can help in the brand building and marketing of Afghan saffron.
- Greater intervention in the agriculture sector is needed to help vulnerable communities. There is a need for assistance in agricultural modernisation, satellite imagery, vocational training centres, and technical assistance.⁶⁴ There is also a need for increased assistance in agribusiness; agricultural techniques to increase productivity; and the establishment of agricultural banks, credits, and loans to help farmers.⁶⁵ The newly established India–Afghanistan agricultural working group needs to address such issues while building a greater interface between the relevant ministries, technical experts, and farmers associations in both countries.
- In provinces like Badakshan and Bamyan, where there are insufficient wheat seeds, India can assist in the supply of improved and high yield seeds.⁶⁶ The farmers associations in Badkshan and Bamyan provinces require help with the storage, packing, production, technology, and use of pesticides to improve their horticultural produce. The lack of alternatives compels

The question is whether India can consolidate or build on its decade-long gains by continuing its present policy, or whether there is a need for policy realignment in order to sustain and expand its role.

India needs to shift its focus from asset creation to programme delivery.



- farmers to grow poppies.⁶⁷ India can help set up business *shuras* to help promote local trade and commerce.⁶⁸
- There is a need to improve agriculture productivity (i.e. yield per hectare). Lessons learnt from the Green Revolution in India can be useful to help increase agricultural productivity. Awareness programmes for farmers can be broadcast via television and radio.⁶⁹
 - India can initiate a countrywide programme to build greenhouses at lower costs. The success of greenhouses in Kabul can be extended to other provinces.⁷⁰ For instance, greenhouses are required in Badakshan province to increase horticultural produce.⁷¹ Successful models like the Balkh Dairy, based on the integrated model of Amul Dairy, can be given assistance to increase its scale of production. UHT machines are needed to collect surplus milk from other districts.⁷² Greater resources are required to increase the number of cooperatives and scale of production. Poultry projects and the poultry association of the Directorate of Agriculture, Irrigation and Livestock have 6,000 beneficiaries, mostly women who have generated income to educate their children.⁷³ This model can be replicated in provinces like Bamyan.⁷⁴
 - In Badakshan, Balkh, and Bamyan provinces, women's groups have developed the capacity to produce hand-woven textiles and carpets but need help establishing a chain of production, particularly in the areas of food processing, storage, packaging, and access to markets.⁷⁵ India could work with other donors and agencies (such as GIZ) to establish such a chain. India can build on some of the projects initiated by donors but that are now winding down due to financial downsizing. The Bagh-e-Zanana ('Women's Garden' – a vocational training centre) in Faizabad is one such example where women have the capacity to produce carpets and agro products but have no access to markets. By partnering with Indian artisans and business groups, these groups can explore ways and means of selling their products in India.
 - In Kandahar, Bamyan, and Badakshan provinces, locals need help acquiring cold storage facilities and increased road connectivity to facilitate the distribution of their horticultural produce. In Baba Saheb Ghar in the Arghandab Valley of Kandahar province (an area famous for its pomegranates) and in Bamyan province, local people have been attempting to establish storage facilities.⁷⁶ Based on its experience in establishing cold storage facility in Kandahar, India can help establish a cold chain in these provinces with other donors who are interested in importing agro products from Afghanistan.
 - Afghanistan has limited aid absorption capacity. Without working on improving the modalities of aid delivery, most of the aid could be squandered or siphoned off. Accountability mechanisms, as well as monitoring of the aid disbursed needs to be built into the aid delivery programme. Setting up independent aid agencies could also help in the monitoring and implementation of the projects in a timely manner. In the interim, India could also work with CSOs as bridge between the government and local people in project monitoring and implementation.⁷⁷
 - Delays and the inability to deliver on promises lead to dissatisfaction and negatively affect the image of the donor country. The proposed investment by a consortium led by state-run Steel Authority of India (SAIL) of up to US\$6 billion in the Hajigak mines in Bamyan province is one such example. Two Memoranda of Understanding have been signed for the development of minerals and natural gas in Afghanistan, which is said to hold mineral deposits worth US\$1 trillion. Seventy-two Indian companies invested around US\$17 million in Afghanistan from 2003-2013. However, these companies have become somewhat unwilling to be part of big-ticket projects in Afghanistan until the

security situation stabilises. The consortium has expressed doubt over the technical and economic feasibility and cited security concerns, following the advice of an inter-ministerial group.⁷⁸ In such a scenario, assistance for small projects like decoration stones and construction material can be initiated to help this sector.⁷⁹ India can help with the branding (i.e. 'Made in Afghanistan') and marketing of precious stones from provinces such as Badakshan and Bamyan.⁸⁰ This will be important to break the vicious cycle of the conflict economy, which benefits from illegal mining activities.

- Investment in large to medium-scale projects would require feasibility studies to be conducted. There also needs to be a phased approach to dealing with projects whereby short-term projects can be linked with the medium and long-term projects. In provinces like Badakshan, there are requests for the construction of a hydropower station and irrigation canal in Baharak district. Building this power station would decrease the dependency on electricity imported from Tajikistan. A hydropower station would facilitate the irrigation of 4,000 acres of land,⁸¹ resulting in a boost to agricultural production. Likewise, medium-term projects like a feeder plant from Takhar province (which has excess electricity) will help improve the provision of electricity to the province.⁸²
- There is a need for greater coordination and to establish linkages between the large-scale and small-scale projects. India also needs to design integrated business plans and built-in sustainability of projects. Asset creation alone will not have a transformational effect. For instance, the structure of the Afghanistan National Agriculture Science and Technology University (ANASTU) in Kandahar (which was established by India) is good but capacity of the staff remains weak.
- Building a success model of an integrated plan in one province could have a spillover effect on another province. Instead of providing aid to insecure areas, stable and secure provinces need more sustained attention. If they do not receive this, these areas have the potential to become unstable. To improve ownership, India needs to address the needs of the people in the provinces and rural areas.⁸³ A certain level of decentralisation is necessary to address the local needs.
- Impact assessment studies and technical feasibility studies need to be conducted prior to the initiation of new projects. In Bamyan province, 10 new small to medium-scale projects have been identified.⁸⁴ The tourism industry in Bamyan would receive a boost as a result of the establishment of information centres, the restoration of statues and monuments, festivals, archaeology, and the improvement of air connectivity. A flow of visitors would generate substantial revenue.⁸⁵ There is a need for an asphalt road to boost tourism in Band-e-Amir National Park in Bamyan province.⁸⁶ Revenue earned through tourism to the National Park will reduce stress on the environment, as people will conserve forests and wildlife. Revenue from tourism should benefit all the stakeholders. Any assistance in this sector needs to factor in conservation and livelihood opportunities for the community (i.e. 50 percent of revenue should go to the government and 50 percent should go to the community).⁸⁷ This will help local communities derive benefits and build ownership, while at the same time generate revenue for the government. This will be perceived as win-win situation for both parties. A comprehensive and integrated approach to project design, planning, and the implementation of large-scale and small-scale projects will help to achieve equitable distribution of benefits and build ownership among various stakeholders.



Acknowledgements

I would like to thank Mr. Alexey Yusupov, Country Director of FES Afghanistan Office for the opportunity to conduct this study and for making my field visits to a number of provinces in Afghanistan possible, without which I would have had limited access to first-hand qualitative data. I would also like to thank Mr. Fraidoon Sikander and Mr. Imamuddin Hamdard of FES Afghanistan Office, for the logistical support and translations of interviews and official documents from the provinces. I would like to thank my friends and colleagues in Afghanistan for their help and support in conducting the interviews in the provinces. A special thank you to Mr. Aryaman Bhatnagar from FES India for the seamless coordination and logistical support in New Delhi.

Notes

1. Dr. Shanthie Mariet D'Souza is Founder and President of Mantraya, Goa, India. She is also an Associate editor for the Journal of Asian Security and International Affairs; Expert and Contributor to the Middle East-Asia Project (MAP), Middle East Institute, Washington DC; and Adviser for Independent Conflict Research and Analysis in London. She has worked and conducted field studies in various provinces of Afghanistan for nearly a decade.
2. While India's economic assistance has accrued significant goodwill in Afghanistan, there are few impact assessments or studies that gauge India's contribution to the economic revival or long term economic stabilisation of Afghanistan. Similarly, actual disbursement figures are not known. There is no consolidated data or single database to verify the actual spending of the pledged amount. This is true of most of the aid given in Afghanistan. According to preliminary estimates, INR 5943.28 crore was spent by the Indian mission in Kabul. This rough estimate has been derived discussions with officials from the Afghan Ministry of Economy and the Embassy of India, Kabul, in July 2016.
3. The field visits were conducted in four provinces: Kabul, Badakshan, Balkh, and Bamyan in July-August 2016. In addition, inputs on the functioning of the various Indian projects in Afghanistan were sought from other provinces through NGOs, CSOs, INGOs, think tanks, and media personnel. Information and data collected during previous field visits to Kandahar (October 2011), Nangarhar (October 2010, May 2007), Balkh (June 2011, May 2007), and Herat (June 2007) were also used in this paper.
4. Shanthie Mariet D'Souza, *Afghanistan in Transition: Beyond 2014?*, (New Delhi, Pentagon Press, July 2012).
5. Discussions with locals in Balkh province during field visit to Afghanistan in May-June 2007.
6. Interview with Dr. Wafi, Acting Director, and Dr. Habibi, DEWS officer, Department of Public Health, Bamyan, 8 August 2016.
7. Discussions with Ms. Saliq and women's groups, Department of Women's Affairs, Bamyan, 9 August 2016.
8. Discussions with women groups, Department of Women's Affairs, Faizabad, 1 August 2016.
9. Interview with Mr. Abdul Entizami, Department of Education, Faizabad, 2 August 2016; Discussion with UNAMA officials, Faizabad, 1 August 2016.
10. Laiq Zirack, "The Economic Toll of Afghanistan's Refugee Crisis", *Diplomat*, 26 August 2016, <http://thediplomat.com/2016/08/the-economic-toll-of-afghanistans-refugee-crisis/>.
11. Afghanistan was ranked 171st out of 188 countries in UNDP's 2015 HDI.
12. "Afghanistan Registers Fastest Growth In Human Development In South Asia - UN Report", 17 March 2013, <http://unama.unmissions.org/afghanistan-registers-fastest-growth-human-development-south-asia-un-report>.
13. Catherine Putz, "Is Poppy Production Really Down in Afghanistan", *Diplomat*, 4 March 2016, <http://thediplomat.com/2016/03/is-poppy-production-really-down-in-afghanistan/>.
14. "Irrigation, Profits & Alternatives Crops", Civil-Military Fusion Centre, August 2012, http://reliefweb.int/sites/reliefweb.int/files/resources/Full_Report_4263.pdf.
15. Shinji Kawasaki, Fumio Watanabe, Shinji Suzuki, Ryuzo Nishimaki, and Satoru Takahashi, "Current Situation and Issues on Agriculture of Afghanistan", *Journal of Arid Land Studies*, 2012, vol.22, no. 1, pp.345 -348.
16. Discussions with Mine Inspection Expert, Extractive Sector Support Programmes, Ministry of Mines, Kabul, 27 July 2016.



17. Interviews with Mr. Ahmad Faisal Bigzad, Governor of Badakhshan, Faizabad, 30 July and 2 August 2016. The Badakhshan Developmental projects plan proposes to construct the industrial park in Jurm in the following sectors: (a) Precious stones, gold mine in Ragh district, close to Jurm; (b) Capacity building in food production and processing; (c) Existence of raw materials for construction; (d) Capacity building in carpet making.
18. "Transport Sector Assessment", Asian Development Bank, <https://www.adb.org/sites/default/files/linked-documents/44482-012-afg-ssa.pdf>.
19. Shanthie Mariet D'Souza, "India's Evolving Policy Contours towards post 2014 Afghanistan", *The Journal of South Asian Development*, pp. 185-207, (New Delhi: Sage, 2013).
20. Interactions with Afghans in various government and non-government sectors indicate that there is an appreciation of India's economic and development assistance. Information and data collected during field visits to Kabul, Badakhshan, Balkh, and Bamyán in July-August 2016; Kabul (June 2015-March 2016), Kandahar (October 2011), Nangarhar (October 2010, May 2007), Balkh (June 2011, May 2007), and Herat (June 2007).
21. "Support for U.S. Efforts Plummet Amid Afghanistan's Ongoing Strife", 9 February 2009, <http://abcnews.go.com/images/PollingUnit/1083a1Afghanistan2009.pdf>.
22. "Opinion Poll: 71% Afghans Favour India, 2% Pakistan", *Daily News & Analysis*, 20 January 2010, <http://www.dnaindia.com/world/report-opinion-poll-71-afghans-favour-india-2-pakistan-1337095>.
23. "ICCR Scholarships", Embassy of India, Kabul, <http://eoi.gov.in/kabul/?0359?000>. Accessed on 12 September 2016.
24. "ITEC Fellowships", Embassy of India, Kabul, <http://eoi.gov.in/kabul/?0360?000>. Accessed on 12 September 2016.
25. Although this has not been a concerted policy decision, the Indian mission in Kabul has tried to address the requests from Afghans by adopting this dual approach. This categorisation adopted for this study helps to understand the workings of the various projects, but a clear-cut delineation, as a strategy, was not apparent until 2011. Interviews with senior diplomats and former Indian ambassadors to Afghanistan, New Delhi, July 2011-2016.
26. This pattern is changing with SDPs now distributed all over Afghanistan since 2012. Zaranj-Delaram Highway is also in unstable terrain but was initiated with local support and ownership when the situation on the ground was not so unstable.
27. Text of Agreement on Strategic Partnership between the Republic of India and the Islamic Republic of Afghanistan, Ministry of External Affairs, New Delhi, 4 October 2011, <http://mea.gov.in/bilateral-documents.htm?dtl/5383/Text+of+Agreement+on+Strategic+Partnership+between+the+Republic+of+India+and+the+Islamic+Republic+of+Afghanistan>.
28. Interview with Amb. Manpreet Vohra, Indian Ambassador, Kabul, 28 July 2016.
29. This is critical given the difficult bilateral relations with Pakistan which impacts on Afghanistan's prospects of trade with India. The import figures from Zaranj custom point are 1,200 containers per month, and close to 144,000 containers annually. Everyday, about 40 containers (containing tyres, vehicle spare parts, electricity equipment, solar panel, textiles, and computers and mobile handsets and spare parts) cross this point to the Afghan side. The average cost of each container ranges from US\$60,000 to US\$80,000, amounting to a monthly figure of US\$1 million. Data retrieved from the Afghanistan Chamber of Commerce and Industries (ACCI), Kandahar, August 2016. According to local sources, businessmen prefer to import through this point in order to avoid paying official custom duties (these imports are not included in the data provided above).
30. "Salma Dam to Transform Herat's Economy, Agriculture Sector", *Tolo News*, 4 June 2016, <http://www.tolonews.com/en/salma-dam-project/25638-salma-dam-to-transform-herats-economy-agriculture-sector->

31. Interview with Mr. Abdul Qadeer Jawad, Deputy Minister, Ministry of Agriculture, Irrigation and Livestock, Kabul, 10 August 2016; Amb. Manpreet Vohra, Indian Ambassador, Kabul, 28 July 2016.
32. The medium-term ongoing/completed projects include: assistance for construction of executive block for the new Afghan Parliament building; Doshi and Charikar electricity substations; restoration of Stor Palace; establishment of new Diagnostic Centre and construction of Decentralised Waste Water Treatment System at Indira Gandhi Institute of Child Health (IGICH); establishment of Afghan National Agriculture Science and Technology University, Kandahar; commitment to supply 1.1 million MT of wheat to Afghanistan (711,882 MT of wheat or equivalent in cash already delivered at a cost of INR 989.45 crore); commitment to contribute US\$1 million annually over next five years to Afghan Red Crescent Society for the treatment of Afghan children with Congenital Heart Disease (214 children have already been treated under this aid programme as of mid-March 2016); grant-in-aid of US\$1 million to Habibia High School over next 10 years; and grant-in-aid of US\$1 million to IGICH over the next five years. India has also committed to substantially contribute in improving Kabul's transportation system and has pledged to donate 1,000 buses to Afghanistan, as well as upgrade related infrastructure. For further details see India-Afghanistan Relations, Development Partnership, Embassy of India, Kabul, <http://eoi.gov.in/kabul/?0707?000>, Accessed on 12 September 2016.
33. "5 things to know about the India Afghanistan relationship", *Business Standard*, 4 January 2016, http://www.business-standard.com/article/economy-policy/5-things-to-know-about-the-india-afghanistan-relationship-116010400230_1.html.
34. Interview with Mr. Ali Ahmad "Saadat", Director, Regional Development, Ministry of Economy, Kabul, 3 August 2016.
35. Some of the SDPs initiated in 2015 include: the construction of a water supply pipe scheme at Kohak village in Argandhab district, a water reservoir in Kandahar province, and a hanging bridge at Kota Naran. India has disbursed US\$13million under SDPs Phases I and II and US\$11.1 million under Phase III.
36. This has increased to 125 SDPs to be implemented in two tranches. Also see India-Afghanistan Relations, Embassy of India, Kabul, <http://eoi.gov.in/kabul/?0354?000>.
37. Some of the main ministries involved in SDPs are: the Ministry of Agriculture, Irrigation and Livestock, the Ministry of Rural Rehabilitation and Development, the Ministry of Public Health, the Ministry of Education, the Ministry of Labor, Social Affairs, Martyrs and Disabled, and the Ministry of Information and Culture.
38. This is in sharp contrast to aid given by Germany that maintains visibility in its projects. Discussion with Dr. Michael Wimmer, Head of Development North and Director Development SCR at the Consulate General of the Federal Republic of Germany, Mazar-e-Sharif, 4 August 2016.
39. While there are relatively few projects in these two provinces, the general awareness required for oversight and monitoring of donor reconstruction projects seems to be missing among these local elected bodies. Discussions with provincial council members of Badakshan and Bamyan, Faizabad, 31 July 2016, and Bamyan, 8 August 2016.
40. The quality of construction also remains unknown, as there is no audit of such projects. Interview with Mr. Abdul Rahman Alizai, Ministry of Rural Rehabilitation and Development, Faizabad, 31 July 2016; Discussions with Mr. Saifuddin Saies, Head of CSO (45 organisations, and members of CSOs, Faizabad 2 August 2016; Discussions with Eng. Moh. Humayoon Ajam, Provincial Manager of National Solidarity Programme, Ministry of Rural Rehabilitation and Development, Mazar-e-Sharif, 6 August 2016; Interview with Mr. Mohammed Ayub, Acting Director, Department of Education, Bamyan, 8 August 2016.



41. Discussions with government officials, and NGO and INGO workers in the provinces of Badakshan, Bamyán, and Balkh revealed that such projects could be continued in areas under insurgent influence, but not in areas under insurgent control.
42. Discussions with senior Indian diplomats from the Ministry of External Affairs, New Delhi, July 2016.
43. The hijacking of flight IC 814 and the hostage negotiations that took place in Kandahar in 1999 was another example of the Taliban's negative stance vis-à-vis India.
44. Rakesh Sood, India's Afghan dilemma, *The Hindu*, 21 January 2015, http://www.thehindu.com/opinion/lead/indias-afghan-dilemma/article6802555.ece?utm_source=InternalRef&utm_medium=relatedNews&utm_campaign=RelatedNews.
45. Interview with Amb. Manpreet Vohra, Indian Ambassador, Kabul, 28 July 2016; Discussions with Mr. Rahul Yadav, Acting Consul General, Indian consulate, Mazar-e-Sharif, 4 August 2016.
46. Discussions with senior Indian diplomats and former Indian ambassadors in New Delhi, April 2015-2016.
47. Discussions with senior Indian officials in Kabul, August 2016.
48. In provinces like Badakshan, new projects are delayed mostly due to security reasons. Interview with Mr. Abdul Ghani, Director of Department of Public Works, Faizabad, 31 July 2016.
49. Discussions with government officials, academics, think tanks, business groups, women's groups, civil society organisations, UN officials, NGOs, media persons in Kabul, Faizabad, Mazar-e-Sharif, and Bamyán, July-August 2016.
50. Discussions with Mr. Omar Sharifi, Kabul, 29 July 2016.
51. Discussions with Mr. Ahmadzai, Country Director, The Asia Foundation, Kabul, 27 July 2016; Mr. Shahmahmood Miakhel, Country Director, United States Institute of Peace, Kabul, 28 July 2016.
52. Interview with Governor, Provincial Governor's Office, Faizabad 2 August 2016.
53. Interview with Mr. Wahid Waissi, Director, Ministry of Foreign Affairs, Kabul, 27 July 2016.
54. Discussions with officials from the Ministry of Foreign Affairs, Kabul, 27 July 2016.
55. Interview with Mr. Hashim Khan, Ministry of Economy, Faizabad, 31 July 2016; Interview with Mr. Noor Khawari, Department of Public Health, Faizabad 2 August 2016.
56. Discussions with Mr. Mirwaiz Balkhi, Deputy Director, India and South Asia Desk, Ministry of foreign Affairs, Kabul, 28 July, 2016
57. Discussions with Mr. Akhtari, Coordinator and eight sectoral heads, Provincial Governor's Office, Mazar-e-Sharif, 4 August 2016.
58. Discussions with Mr. Saifuddin Saies, Head of civil society organisation (45 organisations, and members of CSOs and, Faizabad 2 August 2016; Discussions with Ms. Najia Sorosh, owner of radio station, Radio Banowan (89.8FM), Faizabad 2 August 2016; Discussion with Shahla Adeel, Head of Womens Association, Mazar-e-Sharif, 5 August 2016; Discussions with Ms. Saliq and women's groups, Department of Women's Affairs, Bamyán, 9 August 2016.
59. Although there is a higher demand for small-scale projects, people are not averse to large-scale projects. Discussions with Dr. M. Afzal (Hadeed), Chair of Balkh Provincial Council, Mazar-e-Sharif, 6 August 2016.
60. Interview with Mr. Nader Yama, Acting Minister, IDLG, Kabul, 29 July 2016.

61. Interview with Mr. Salahuddin Rabbani, Foreign Minister of Afghanistan, Kabul, 28 July 2016.
62. National Agricultural Development Framework, Ministry of Agriculture, Irrigation and Livestock, Kabul, <https://mail.gov.af/en/page/2233>.
63. The objective of the Economic Regeneration (ER) programme is to foster sustainable and inclusive economic growth in the licit agricultural sector; resulting in increased and diversified incomes and employment opportunities for the Afghan population and increased revenue for the Afghan State National Agricultural Development Framework, Ministry of Agriculture, Irrigation and Livestock, Kabul, <https://mail.gov.af/en/page/2233>.
64. Interview with Mr. Salahuddin Rabbani, Foreign Minister of Afghanistan, Kabul, 28 July 2016.
65. Interviews with officials from the Ministry of Foreign Affairs, Kabul, 27 July 2016.
66. Interview with Mr. Mohammad Alim Alimyar, Director, Department of Agriculture, Irrigation and Livestock, Faizabad, 31 July 2016; Interview with Dr. Hayder Sarwary, Acting Director, and Mr. Ashraf Naita, Department of Agriculture, Irrigation and Livestock, Bamyán, 8 August 2016.
67. Discussions with farmers association, Directorate of Agriculture, Irrigation and Livestock, Faizabad, 1 August 2016; Discussions with head of cooperatives and farmers association, Bamyán, 8 August 2016.
68. Discussions with Mr. Abdul Hameed Mubarez, Afghanistan's National Journalist's Union, former Deputy Minister of Information and Culture, Former Governor of Bamyán, Logar, Nimruz, Kabul, 29 July 2016.
69. Interview Mr. Zardasht Shams, Deputy Minister, Ministry of Information and Culture, Kabul, 27 July 2016. Interview with Mr. Sher Ali Qasami, Department of Information and Culture, Faizabad 2 August 2016. The need for expansion of television coverage was raised during discussions with the Journalist Association, Department of Information and Culture, Faizabad, 2 August 2016. (Sidditulahlalazad, Head of Independent Association of Journalist; Nek Mohammed Nazari, Pamir TV; Mr. Najmani Zami, Pamir TV; Mr. Abdul Wasil Latifi, Chief editor of Badakshan News; Munir Ahmadi, meher TV).
70. Interview with Mr. Hamed Akram, Governor of Kabul, Kabul, 29 July 2016.
71. Interview with Mr. Mohammad Alim Alimyar, Director, Department of Agriculture, Irrigation and Livestock, Faizabad, 31 July 2016.
72. The beneficiaries are 21,000 housewives in Mazar-e-Sharif. Discussions with Mr. Qayamuddin, Chairman of Balkh Dairy Union, Mazar-e-Sharif, 5 August 2016, during visit to the Balkh Dairy.
73. Discussions with Mr. Kateb Shams, General Director, Department of Agriculture, Irrigation and Livestock, Directorate of Agriculture, Irrigation and Livestock, Mazar-e-Sharif, 5 August 2016.
74. Discussions with Mr. Abdul Latif Roshan, Provincial Management advisor, Directorate of Agriculture, Irrigation and Livestock, Bamyán, 8 August 2016.
75. Discussions with women's groups, Bagh-e-Zanana, Faizabad, 1 August 2016.
76. Shanthie Mariet D'Souza, "Indian-Afghan strategic partnership: perceptions from the ground", The Af-Pak Channel, Foreign Policy, 26 October 2011.
77. Discussion with Mr. Yasharprashat, Head and Mr. Mohammed Hamdel, Deputy Head of Balkh Civil Society Association, Mazar-e-Sharif, 5 August 2016.
78. During his April 2015 visit to India, President Ashraf Ghani appealed to Indian investors to invest in Afghanistan, promising them personal meetings as incentives.



79. Interview with Eng Hamidullah, Department of Mines, Bamyan, 8 August 2016.
80. Discussions with Mr. Hadiatullah, Head, Association of Precious Stones, Faizabad, 31 July 2016.
81. The total capacity of the station is 75 MW, which will meet business, government, and household demand. If this station is built, not only Baharak, but also seven adjacent districts will benefit from it. See Badakhshan Developmental projects plan, Provincial Governor's Office, Badakhshan, retrieved in July 2016.
82. Interview with Mr. Ahmad Faisal Bigzad, Governor of Badakhshan, Faizabad, 30 July 2016.
83. Discussions with Eng Mohammad, Department of Public Works, Bamyan, 9 August 2016.
84. 10 small to medium-term new projects with India: schools, roads, dams, retaining walls, clinics, and bridges have been requested by Bamyan province. Interview with Governor of Bamyan, Provincial Governor's Office, Bamyan, 7 August 2016.
85. Interview with Mr. Kabir "Dadras", President Of Bamyan Information and Culture, Ministry of Information and Culture, Bamyan, 8 August 2016.
86. Discussions with Mr. Jalil, National Park ranger, Band-e- Amir, Bamyan, 9 August 2016.
87. 14 villages (730 families) inside the national park depend on natural resources, hence the need to protect the ecosystem through better natural resource management. Discussions with Mr. Mohammad Ibrahim Abrar, Bamyan Project Manager, Wildlife Conservation Society, Band-e-Amir, Bamyan, 9 August 2016.

Bibliography

- ABC News. "Support for U.S. Efforts Plummets Amid Afghanistan's Ongoing Strife." Last modified February 9, 2009. <http://abcnews.go.com/images/PollingUnit/1083a1Afghanistan2009.pdf>.
- Asian Development Bank. Transport Network Development Investment Program. *Transport Sector Assessment*. Last modified, September 12, 2016. <https://www.adb.org/sites/default/files/linked-documents/44482-012-afg-ssa.pdf>.
- Civil-Military Fusion Centre. "Irrigation, Profits & Alternatives Crops". Last modified October 2012. http://reliefweb.int/sites/reliefweb.int/files/resources/Full_Report_4263.pdf.
- D'Souza, Shanthie Mariet. *Afghanistan in Transition: Beyond 2014?* New Delhi: Pentagon Press, 2012.
- D'Souza, Shanthie Mariet. "Indian-Afghan strategic partnership: perceptions from the ground." Last modified October 26, 2011. <http://foreignpolicy.com/2011/10/26/indian-afghan-strategic-partnership-perceptions-from-the-ground/>
- D'Souza, Shanthie Mariet. "India's Evolving Policy Contours towards post 2014 Afghanistan." *The Journal of South Asian Development* 8, no.2 (2013): 185-207.
- Embassy of India Kabul. "ICCR Scholarship". Last modified July 4, 2016. <http://eoi.gov.in/kabul/?0359?000>.
- Embassy of India Kabul. "India-Afghanistan Relations: Development Partnership." Last modified July 4, 2016. <http://eoi.gov.in/kabul/?0707?000>.
- . "ITEC Fellowships." Last modified July 4, 2016. <http://eoi.gov.in/kabul/?0360?000>.
- Kawasaki, Shinji, Fumio Watanabe, Shinji Suzuki, Ryuzo Nishimaki and Satoru Takahashi. "Current Situation and Issues on Agriculture of Afghanistan." *Journal of Arid Land Studies* 22, no. 1 (2012): 345-348.
- Ministry of Agriculture, Irrigation and Livestock (MAIL) Kabul. "National Agricultural Development Framework." <https://mail.gov.af/en/page/2233>.
- Provincial Governor's office Badakhshan. *Badakhshan Developmental projects plan*. July 2016.
- Putz, Catherine. "Is Poppy Production Really Down in Afghanistan." Last modified March 4, 2016. <http://thediplomat.com/2016/03/is-poppy-production-really-down-in-afghanistan/>.
- Sachdeva Gulshan. "India in a Reconnecting Eurasia: Foreign Economic and Security Interests." CSIS Reports, Center for Strategic & International Studies, May 2016. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/160428_Sachdeva_IndiaReconnectingEurasia_Web.pdf
- Sood Rakesh. "India's Afghan dilemma." Last modified January 21, 2015. http://www.thehindu.com/opinion/lead/indias-afghan-dilemma/article6802555.ece?utm_source=InternalRef&utm_medium=relatedNews&utm_campaign=RelatedNews.
- United Nations. "Afghanistan Registers Fastest Growth In Human Development In South Asia - UN Report." Last modified March 17, 2013. <http://unama.unmissions.org/afghanistan-registers-fastest-growth-human-development-south-asia-un-report>.
- Zirack, Laiq. "The Economic Toll of Afghanistan's Refugee Crisis." Last modified August 23, 2016. <http://thediplomat.com/2016/08/the-economic-toll-of-afghanistans-refugee-crisis/>.

About the author

Dr. Shanthie Mariet D'Souza is Founder and President of Mantraya, Goa, India. She is also an Associate editor for the Journal of Asian Security and International Affairs; Expert and Contributor to the Middle East-Asia Project (MAP), Middle East Institute, Washington DC; and Adviser for Independent Conflict Research and Analysis in London. She has worked and conducted field studies in various provinces of Afghanistan for nearly a decade.

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.

Imprint

Friedrich-Ebert-Stiftung Afghanistan Office
Shar-e Nau, Charahi Ansari, Yaftali St, Kabul, Afghanistan

Responsible:

Alexey Yusupov | Country Director

Phone: +93-700-280441, +93-799-3380947

Website: www.fes-afghanistan.org

To order publication:

info@fes-afghanistan.org

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES.

Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany.

The foundation is named after Friedrich Ebert, the first democratically elected president of Germany.

The **Regional Programme in Asia** complements FES programmes and projects on the global and national level.

Its approach and focus is going beyond the national level by responding to the trends of globalisation, labour mobility, regional integration and connectivity in all areas of life. The projects conducted under its framework target to build transnational networks and coalitions between individuals and organisations and promote change for more social justice, sustainable peace, economic development in the region.