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India's aid diplomacy

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One unheralded Indian success has been last year's establishment of a unified mechanism giving coherence, direction and efficacy to India's foreign aid; that may now amount to well over 0.2 per cent of GDP, if we aggregate all the foreign aid offered through the ministry of external affairs (MEA), and the different agencies that run technical assistance programmes for fellow developing countries. This is a guesstimate, since no one has totalled the real figure.

In 2012, the MEA set up a 'Development Partnership Administration' (DPA), combining the different arms of its foreign assistance programmes that had evolved since 1950, commencing with special programmes for neighbours such as Bhutan and Nepal, plus the Indian Technical Cooperation Programme (ITEC) created in 1964. ITEC has become a major instrument for expertise development, with a global footprint reaching out to the Caribbean, Central America and the Pacific islands. DPA provides sustained vision, and focused policy actions, providing MEA with muscle to navigate the Indian labyrinth, and for effective delivery to fellow developing states.

Speaking at a South-South cooperation conference on April 15, Foreign Secretary Ranjan Mathai made some important points: First, in 2012, ITEC (and an associated Commonwealth programme called SCAAP) provided training to 9,000 foreign specialists, drawn from 161 countries, conducted by 47 Indian agencies. (In addition, we annually train 1,500 armed force officers, mainly from neighbouring countries.) India also provided 2,300 scholarships for degree courses in different institutions. Second, India is committed to help in setting up 100 institutions across Africa. This is capacity building on the ground for the benefit of foreign partners. Third, DPA works with Indian NGOs - SEWA, Tillonia, and others - helping them expand overseas, be it for village level solar power applications, or agriculture technology, or grassroot entrepreneurship. Fourth, over 150 lines of credit, totalling \$9.6 billion, have been allocated. Fifth, we do not impose aid conditions that challenge the policy of the recipient countries. Foreign Secretary Mathai added: "North-South cooperation is a historic responsibility, South-South cooperation is a voluntary partnership."

Let us look closely at the situation, and the possibilities.

Training: The standard ITEC method is that each country is allocated 20, 30 or more training slots. Myanmar used to get 250; during the PM's visit last year, this was upped to 500. It is left to the recipient to choose the courses and disciplines that fit its priority, based on a list supplied from New Delhi. Private training institutions and those run by NGOs have been added, in a constant search to improve the offering, beyond the 280 courses currently available. The system is flexible enough to accommodate unexpected demand. The question remains if training 9,000 per year is enough for India, given our capabilities and potential. Average cost per trainee is much lower than what any other country can offer. Our target should now be to train at least 20,000 or even 40,000 per year. This will hinge on imaginative marketing of the training slots by Indian embassies; for instance, in Ethiopia, local agencies now vie for these slots, with our embassy having sensitised provincial and local-level authorities on the potential benefit. Shifting the trainee feedback process online is also helpful, to ensure that the Indian institutions offering courses give value for money to ITEC. Indian missions need to build alumni networks in the beneficiary countries to gain sustained benefits.

Scholarships: A major weakness is that the living conditions offered to foreign students are poor, putting off many. During a visit to China earlier this year, the dean of an institute in Kunming told us that while they were delighted to receive 100 Indian students in a reciprocal arrangement, after a first Chinese batch went to Delhi, students were unwilling to hazard the living conditions they had faced. One can shrug one's shoulders and say: that is how students live in India. But without creating better 'international house' arrangements - not luxury - a very real Indian potential to attract foreign students cannot be realised at our public universities. There is no gainsaying that more foreign students, from all over the world, would indirectly help raise education standards and class interactions.

Projects: Each project is unique and needs its own implementation methods. Take a hospital project in Mauritius that was nearing completion when I reached that country. In March 1991, Vice President S D Sharma inaugurated the 180-bed multi-specialty Nehru Hospital, largely funded by India. The only significant drawback: the Indian equipment. Application of the routine Indian 'lowest bidder' principle, and inadequate quality control, resulted in the delivery of low-grade equipment, which was quietly replaced by the Mauritian health ministry within months. Examples: operation theatre lights rusted within months in the humid climate, and hospital beds were sub-standard. Instances of delayed and over-budget execution can be found at other locations.

Contrast this with the 50,000-unit housing project currently under implementation in Sri Lanka, in the Tamil areas of North and East regions. DPA has created a new model, shifting from project execution by agencies, to an owner-driven model. Houses are built by individual beneficiaries, who receive money directly into their bank accounts, monitored by the project authorities. Net effect: within one year of its launch, 10,000 housing units will be completed by October 2013; owners have

a vested interest in economising, also customising houses to their needs. No other country has applied such a model in aid projects. Some may wonder why India cannot do this at home.

Lines of credit: Annually offering \$1.5 billion to Africa and \$500m to other countries, India gives a significant boost to exports. One challenge - embassies have to learn to process project proposals, which adds a layer to their professionalisation, and involves them in working closely with new sets of Indian actors. They are on a steep learning curve.

MEA capacity: Here again DPA has been innovative. It has brought in specialists from other ministries, and has hired project execution specialists from the open market. This also breaks this ministry's "silo" reputation of aloofness. MEA's aim is to build aid supervision expertise into the skill set of IFS officials, through specialised training programmes, and sending some for cross-training with specialists such as auditors and development specialists. Ambassadors have to learn the basics of how to appraise project proposals. This may help avoid past errors such as announcing aid projects as a 'political' gesture, without understanding the capacity of the recipient to manage it, or Indian ability to deliver. (Like others in the Service, I have my stories, for narration in a memoir.) Another fresh approach: DPA now plans to work with the Indian private sector on large aid projects. For the first time we witness professionalisation of aid management.

DPA is a breath of fresh air, improving India's capacity to win friends and influence nations.
