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CASA-1000 CONSTRUCTION: A STEP TOWARDS AFGHANISTAN'S DEVELOPMENT

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In the previous one decade and more, India has made significant project-based investments in Afghanistan, and New Delhi is one of the largest contributors in Afghan efforts towards stability and prosperity. Indian aid stands over \$2 billion, making New Delhi the largest donor to Afghanistan. In that capacity, Afghanistan's choice of two Indian companies for constructing their part of Central Asia-South Asia Electricity Transmission and Trade Program (CASA-1000) Project mirrors Afghans' growing profound admiration and trust for their Indian counterpart.

On December 11, 2017, in the presence of the Afghan President Ashraf Ghani, Afghan CEO Abdullah Abdullah, representatives of the World Bank and nations participating in the CASA 1000 Project, Afghanistan's Ministry of Energy and Water (MoEW) announced that two Indian companies have won contracts to construct power transmission lines in Afghanistan. The document was inked by representatives of

Afghan National Power Company Da Afghanistan Breshna Sherkat (DABS) and India's KEC International Limited and Kalpataru Power Transmission Limited (KPTL).¹

Although the dates for construction remain unannounced, the two Indian companies are expected to begin work at the earliest. KEC International Limited is a flagship company of R.P. Goenka (RPG) Group which is majoring in global infrastructure Engineering, Procurement and Construction (EPC). On the other hand, the KPTL is amongst the largest players firmly entrenched in the global power transmission and infrastructure EPC space.

CASA-1000 includes Tajikistan, Kyrgyz Republic, Pakistan and Afghanistan. Of the four countries included, Afghanistan is the first country to wrap up procurement works for the project. In May 2017, Afghan Ministry of Energy and Water (MoEW) authorities announced about an Indian company winning the tender for the project. It was further communicated that the



work on CASA-1000 power project would start once the procurement process was finished and the agreements were finalized. In August 2017, the Afghan authorities commented that the CASA-1000 project would take three years to complete and is expected to conclude on June 30, 2020.²

The CASA-1000 is an initial move towards making the Regional Electricity Market which will use Central Asia's noteworthy energy resources to help reduce South Asia's energy deficiencies on a mutually beneficial basis. CASA-1000 is believed to guarantee a relentless wellspring of incomes to Tajikistan and Kyrgyz Republic that can be utilized to reduce intense winter energy deficiencies.³ CASA-1000 entails to set up the contractual and institutional arrangements and the transmission infrastructure to encourage the construction of the power project. The program will fill in as a basic initial move towards understanding the potential for energy trade between Central Asia and South Asia.

The framework of the CASA-1000 Project intends to bring 1300 megawatts (MW) of power from Kyrgyzstan to Afghanistan through Tajikistan and onward to Pakistan's Peshawar city. Under the project, Afghanistan is slated to receive 300 MW of power and the remaining 1000 MW will be transited to Pakistan via Afghanistan.⁴ For the same, the Afghan government is expected to invest \$235 million

for the implementation of the project and the Indian companies will actualize the venture inside Afghanistan in three stages. Furthermore, Kabul is supposed to receive \$50 million⁵ in transit fees annually. The program envisions financing community support programs, which will cover more than 600 communities along the transmission line.

The CASA-1000 power project includes the following components: 500 kV AC line from Datka (in the Kyrgyz Republic) to Sugd-500 (477 kilometers away, in Tajikistan); 1,300 megawatt AC-DC Converter Station at Sangtuda (Tajikistan); 750 kilometer High Voltage DC line from Sangtuda (Tajikistan) to Nowshera (Pakistan) and 1,300 megawatt DC-AC Converter Station at Nowshera.⁶

The estimated cost of the program is US\$1.17 billion⁷, and the seven financiers include: the World Bank (through the International Development Association, IDA), the European Investment Bank, the Afghanistan Reconstruction Trust Fund, the Islamic Development Bank; the United States Government, the UK Department for International Development, and the European Bank for Reconstruction and Development.

The length of the project in Afghanistan is estimated to run for 562 kms and will cross seven Afghan provinces which go through several troubled spots—including Kunduz and Nangarhar that are under Taliban and Islamic

State Khorasan Province (ISKP) control, respectively. Although insecurity continues to remain the biggest obstacle on the way of investments and economic growth in the country, Amanullah Ghalib, head of Da Afghanistan Breshna Sherkat (DABS) has thrown positive light by saying, “CASA-1000 has social, economic and political benefits. The electricity price will get lower and we can buy more electricity. It also will affect Afghanistan security”.⁸

Through the implementation of the CASA-1000 project in Afghanistan, it will have prominence in mainly three ways. Firstly, Afghanistan will not only receive money for power transmission but make it possible for the country to buy electricity at a lower cost. Secondly, the project will further help Afghanistan expand its transit and trade ties with the region. Thirdly, Afghanistan will help the locals by providing employment opportunities to them.

The selection of Indian companies features India's growing engagement in Afghanistan's economic development. It is an augmentation of widening India's influential soft-power in Afghanistan which is an added step to Indo-Afghan engagement. India has dispensed funds and economic assistance to Afghanistan as strengthening of its strategic interests remains a priority for New Delhi. The highlights of Indian engagement are—construction of the Salma Dam

in Herat province, setting up of power substations at Doshi-Charikar and the construction of the Parlimenta complex in Kabul. In an effort to strengthen its relationship with Iran, India extended its financial support for development of Chahbahar port on the Southern coast of Iran which is a vital link for India, Afghanistan and Central Asia.

Under the larger vision of Central Asia-South Asia Regional Electricity Market (CASAREM), the CASA-1000 Project becomes relevant in exhibiting the milestone participation among Kyrgyzstan, Tajikistan, Pakistan and Afghanistan. Furthermore the advanced and productive CASA-1000 power transmission framework will help in transforming the region and imply a vital move towards understanding the planned CASAREM. The project will additionally help the nations involved, as well as enhance the electricity frameworks and create inter-regional cooperation between Central Asia and South Asia.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ “Indian companies to build Afghanistan's part of CASA-1000 Project”, *Asia-Plus*, December 21, 2017, <https://www.asiaplus.tj/en/node/248925>, Accessed on December 26, 2017.

² “CASA-1000 formally inaugurated”, *The Daily Times*, May 16, 2016, <https://dailytimes.com.pk/81955/casa-1000-formally-inaugurated/>. Accessed on December 20, 2017.

³ “CASA-1000: Powering up Central and South Asia”, *The World Bank*, May 31, 2016, <http://www.worldbank.org/en/news/feature/2016/05/31/powering-up-central-and-south-asia>. Accessed on December 20, 2017.

⁴ Zarmina Mohammadi, “CASA-1000 ‘Will Accelerate Big Projects in the Region’”, *The Tolo News*, December 13, 2017, <http://www.tolonews.com/business/casa-1000-will-accelerate-big-projects-region>. Accessed on December 20, 2017.

⁵ Catherine Putz, “Indian Companies to begin CASA-1000 Construction in Afghanistan”, *The Diplomat*, December 12, 2017, <https://thediplomat.com/2017/12/indian-companies-to-begin-casa-1000-construction-in-afghanistan/>, Accessed on December 27, 2017.

⁶ “CASA-1000: Powering up Central and South Asia”, *The World Bank*, May 31, 2016, <http://www.worldbank.org/en/news/feature/2016/05/31/powering-up-central-and-south-asia>. Accessed on December 20, 2017.

⁷ Ibid.

⁸ “Indian Companies to build CASA-1000 power line in Afghanistan”, *The Times of Central Asia*, December 12, 2017, <https://www.timesca.com/index.php/news/19051-indian-companies-to-build-casa-1000-power-line-in-afghanistan>. Accessed on December 26, 2017.