

# Afghanistan: Business & Development

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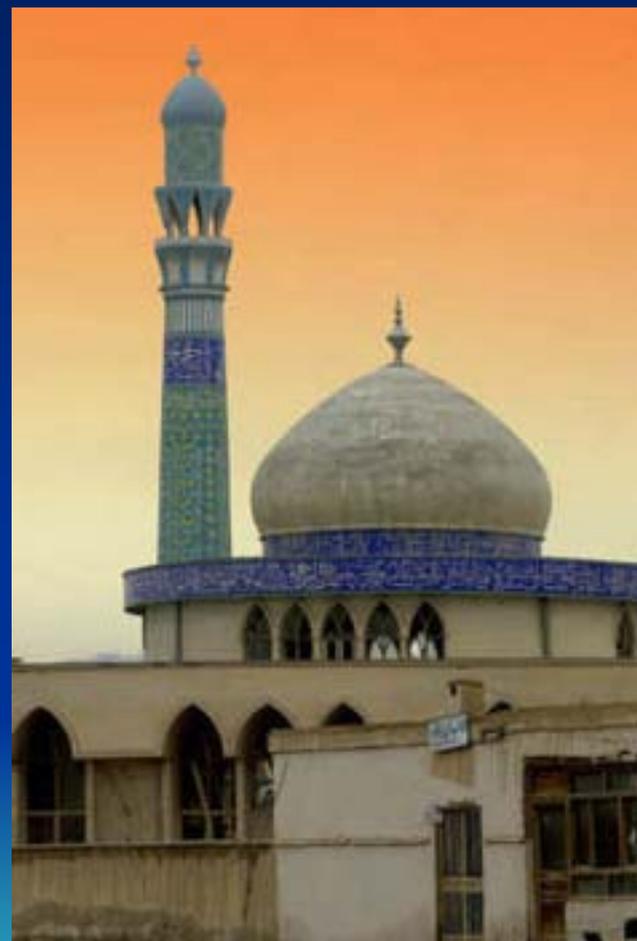


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*EMBASSY OF AFGHANISTAN*  
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# Afghanistan: Overview

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- Background
- Afghan Government Institutions
- Chambers of Commerce and Industry
- Funding and Insurance Sources
- Private Sector's Role
- Investment Opportunities
- Trade and Transit Agreements
- Legal Environment
- Positive Developments
- Recent Private Investments



# Background

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## •Guiding Documents

- New Constitution
- National Development Framework
- National Development Budget
- Securing Afghanistan's Future

## •Principal Markets and Trading Partners

- Pakistan
  - Korea
  - India
  - Germany
  - UAE,
  - Japan
  - United States
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# Afghan Government Institutions

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- Ministry of Commerce  
[www.commerce.gov.af](http://www.commerce.gov.af)
- Ministry of Finance  
[www.mof.gov.af](http://www.mof.gov.af)
- Afghan Investment Support Agency (AISA)  
[www.aisa.org.af](http://www.aisa.org.af)
- Afghanistan Reconstruction Development Service (ARDS)  
<http://www.afghanistangov.org/aaca/procurement/>  
For more information, contact  
[procurement@afghanistangov.org](mailto:procurement@afghanistangov.org)

# Chamber of Commerce and Industry Groups

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- Afghanistan Chamber of Commerce & Industries  
[acci2002@hotmail.com](mailto:acci2002@hotmail.com)
- The Afghanistan Traders & Industrialists Center  
[matsa@asia.com](mailto:matsa@asia.com)
- Afghanistan International Chamber of Commerce
- Afghan-American Chamber of Commerce  
[www.a-acc.com](http://www.a-acc.com)
- Afghan Chamber of Commerce  
[www.afghanchamber.com](http://www.afghanchamber.com)



# FUNDING AND INSURANCE SOURCES

- Afghan Government
  - ARDS
  - National Development Budget
- World Bank [www.worldbank.org](http://www.worldbank.org)
- Asian Development Bank [www.adb.org](http://www.adb.org)
- Overseas Private Investment Corporation [www.opic.gov](http://www.opic.gov)
- International Finance Corporation [www.ifc.org](http://www.ifc.org)
- Multilateral Investment Guarantee Agency [www.miga.org](http://www.miga.org)
- United Nations [www.devbusiness.com](http://www.devbusiness.com)
- US Agency for International Development [www.usaid.gov](http://www.usaid.gov)
- DFID
- DG Market [www.dgmarket.com](http://www.dgmarket.com)



# Afghanistan: From Humanitarian Aid to Economic Development

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- \$4.5 billion pledged at the January 2002 Tokyo Donors Conference for 5 years, mostly spent on emergency assistance
- \$8.2 billion pledged at the March 2004 Berlin Donors Conference
- How should the Afghan government and the IOs utilize the financial assistance?
- Focus on trade, Investment and the promotion of private sector



# Afghanistan: The Private Sector Role

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- Private Sector is engine for growth and sustainable development
- The most important role of business in post-conflict Afghanistan is that of an investor
- Business investment provides the jobs, the economic development and the hope allowing Afghanistan to break out of the circle of conflict and poverty
- World Bank President James Wolfensohn, “one of the principal causes of conflict is poverty and inequity”
- With the growth of business and economic activity Afghans can gradually sustain themselves and humanitarian aid can be terminated



# Afghanistan: Priority Sectors & Investment Opportunities

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- Road Construction
- Agriculture
- Transportation
- Building Construction
- Mining
- Energy
- Telecommunications
- Civil Aviation
- Water Supply
- Waste Treatment
- Consumer Goods
- Consulting Services



# Trade and Transit Agreements

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- Transit Agreements Between Afghanistan and
    - Iran
    - Iran and India
    - Pakistan
    - Uzbekistan
    - Turkey
  - Trade Agreements Between Afghanistan and
    - Iran
    - India
  - ECO
  - Concessionary Agreements Between Afghanistan and
    - USA
    - India
    - Canada
    - Japan
    - EU
    - Iran
  - MOU Between Afghanistan and
    - England
    - Iran (Chabahar)
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# Afghanistan: Legal & Regulatory Environment

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- Central Bank Law
  - Commercial Banking Law
    - Issuance of Banking Licenses: 3 banks operational with 2 more opening
  - Law on Domestic and Foreign Private Investment
    - Liberal, most areas open, protection from expropriation, arbitration
  - Foreign Entity Recognition
  - Corporation and Partnership Law
  - Arbitration
  - Land Titling and Property
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# Positive Developments

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- New Currency
- Infrastructure Improvements
  - Roads
  - Communications
  - Electricity
  - Transit
  - Trade Agreements
- Institutional Reform



# Conferences and Missions

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- US Trade and Business Mission
- Berlin Conference
- Economic Cooperation Organization
- Afghanistan Development Forum
- Asian Development Bank Annual Meeting
- 2<sup>nd</sup> US Trade and Business Mission
  - June 27-July 1<sup>st</sup>, 2004

# Recent Private Investments

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- Hyatt Hotel

- Afghanistan Reconstruction Company and OPIC
- \$27 million

- Kabul Serena

- IFC and Aga Khan
- \$27 million

- Coca-Cola Bottling Plant

- Habib Gulzar International
- \$25 million

- Olive Factory

- Jalalabad

- Electronic Plant

- Herat



# Afghanistan: Conclusion

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- Business can have a significant impact on the development of Afghanistan
- It can move the country from assistance dependency to sustainable development.
- Rapid economic growth is feasible,
  - If stability is increased,
  - If the regulatory framework is fully implemented,
  - If the Private Sector is effectively promoted.