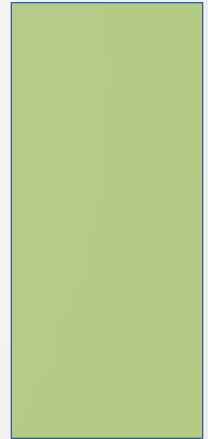


INVEST IN AFGHANISTAN

INVESTMENT FORUM
24 SEPTEMBER 2015
ULAANBAATAR, MONGOLIA



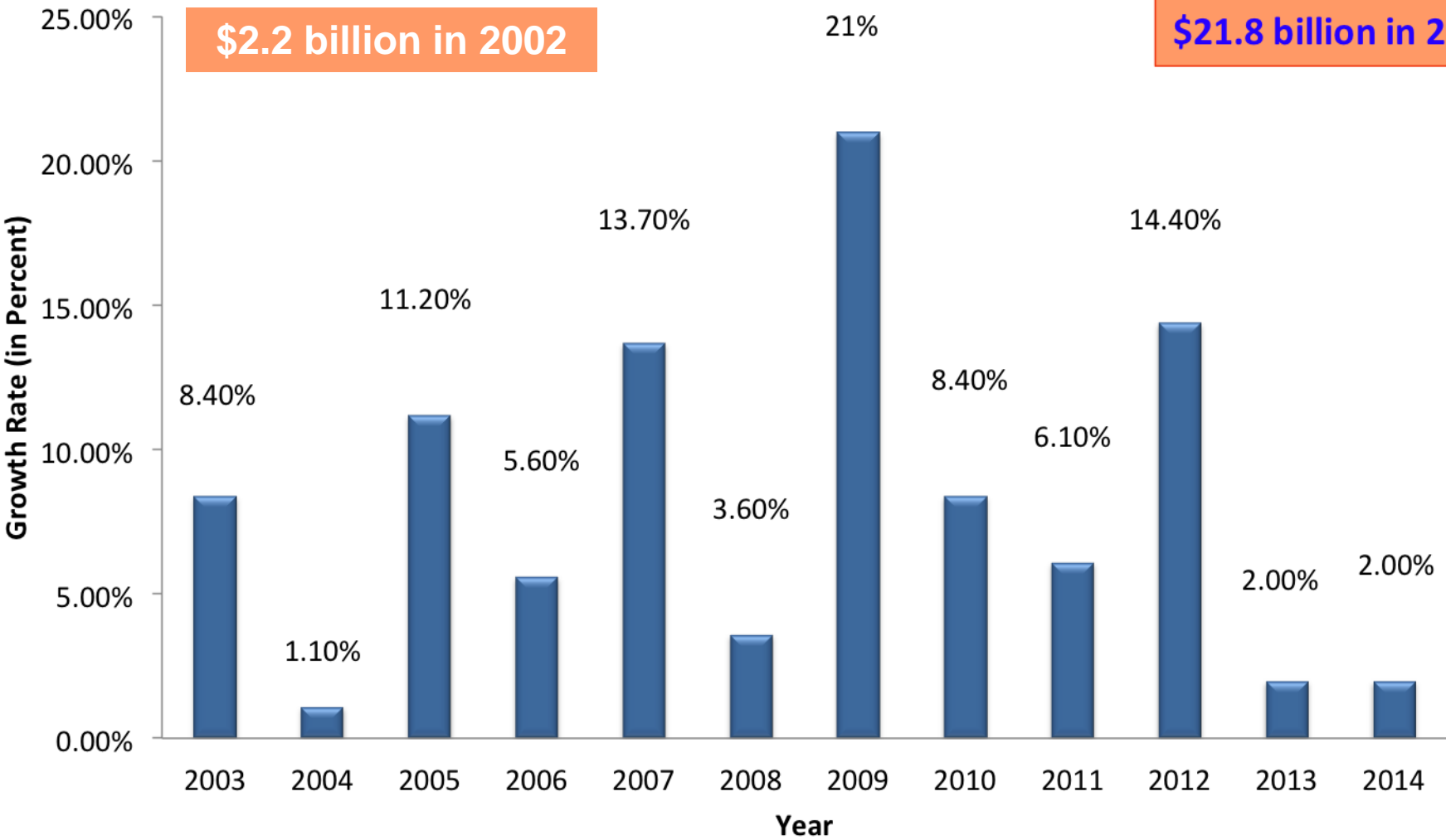
Overview

- ★ *Current State of Investment Climate of Afghanistan*
- ★ *Recent Developments: Investment Climate Reform Roadmap*
- ★ *Challenges*
- ★ *Opportunities*

Afghanistan's GDP

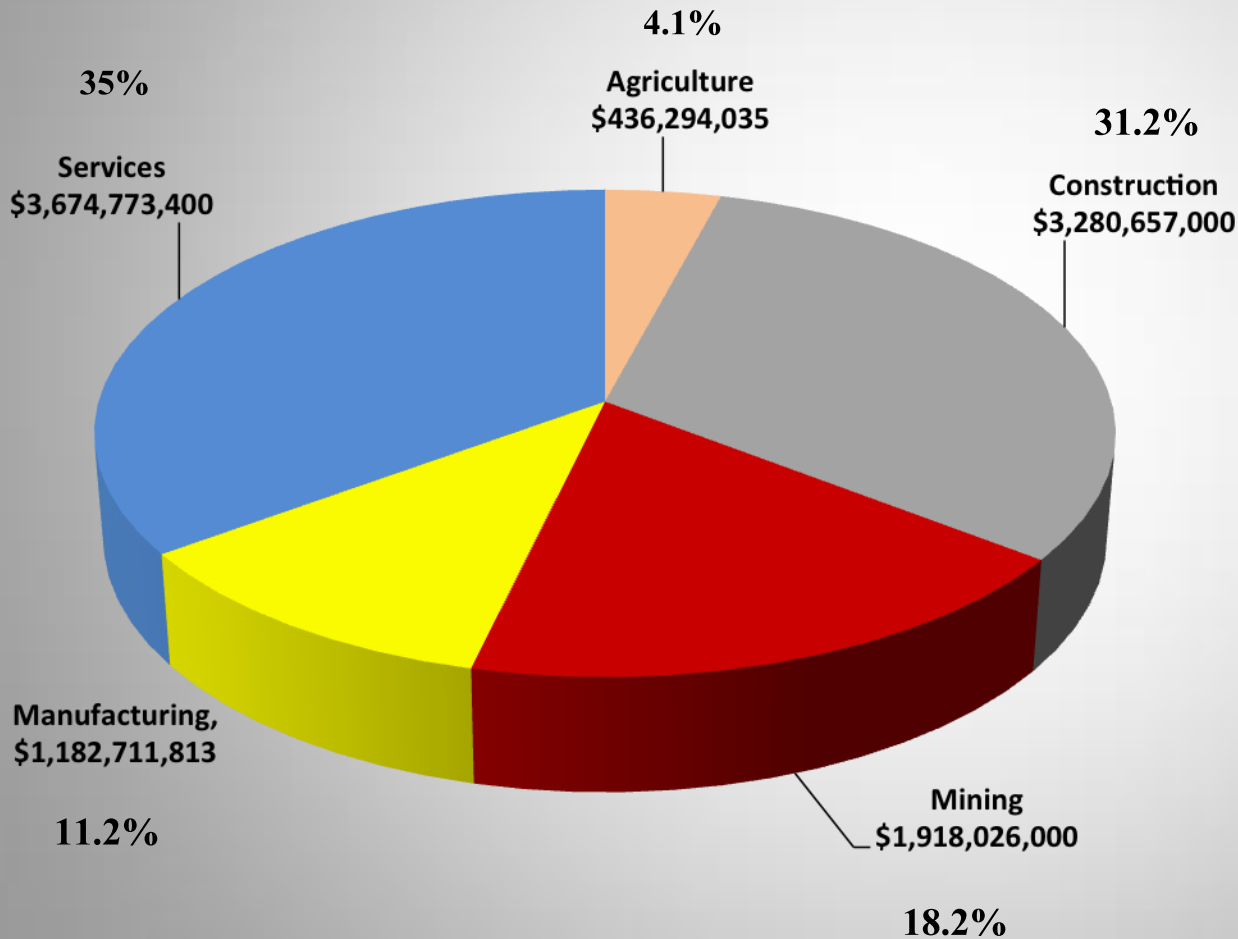
Grew from \$2.2 in 2003 to \$22 in 2014

GDP GROWTH RATE



Source: World Bank

GDP Composition and Investment Data



Total Investment:
\$10,492,462,396

Domestic Investment:
82%

FDI:
18%

Number of Companies:
47,609

Domestic Employees:
1,320,766 (96%)

Foreign Employees:
55,921 (4%)

Investment Climate: Where We Are Now?

Current Situation:

★ *Economic **growth slowing down** in the medium term due to declining expenditure by international military and aid spending*

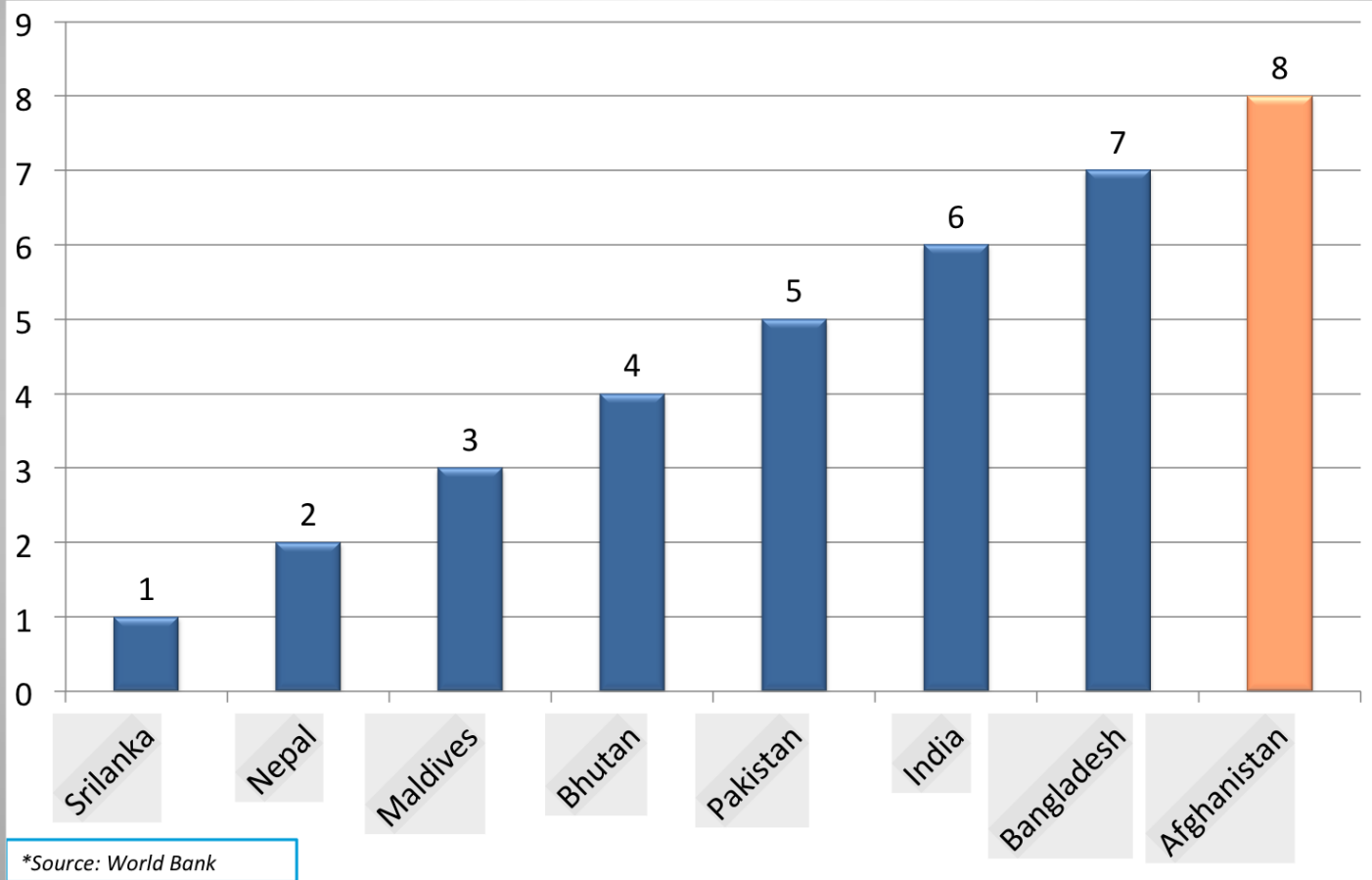
★ ***Private sector impressions:** a combination of factors, including **regulatory** gaps, inconsistencies, weaknesses, corruption and enforcement issues, creating high level of risk that act as discouragement for investors and entrepreneurs*

★ *Shortage of **reliable or independent data** on investment climate; existing data (including the World Bank DBI and Transparency International's Corruption Index) reinforce the private sector's impressions*

World Bank Doing Business Index 2015:

★ ***Overall:** Afghanistan ranked 183 out of 189*

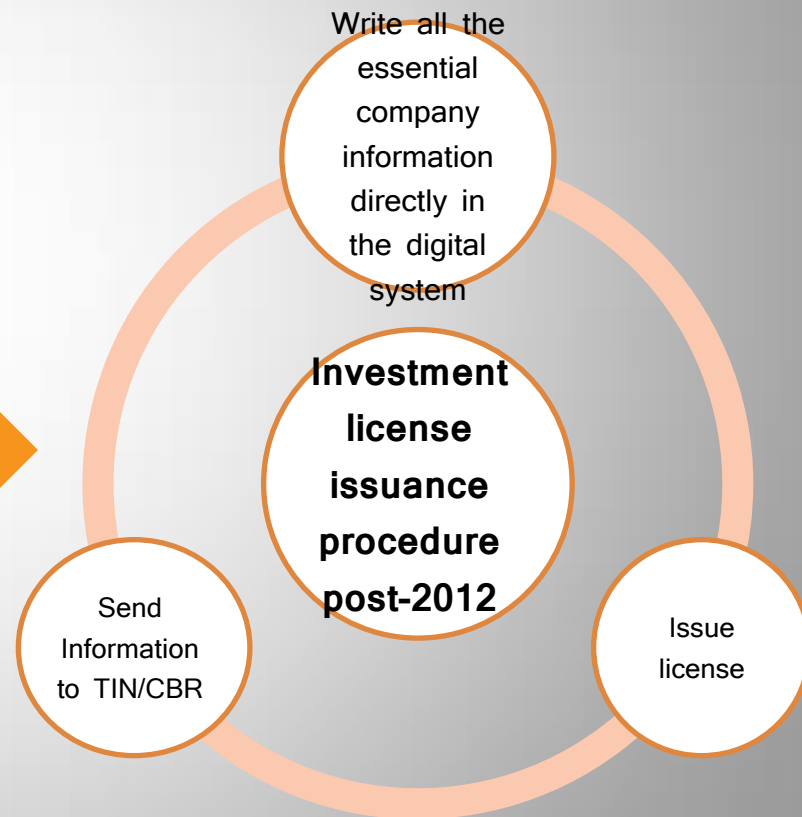
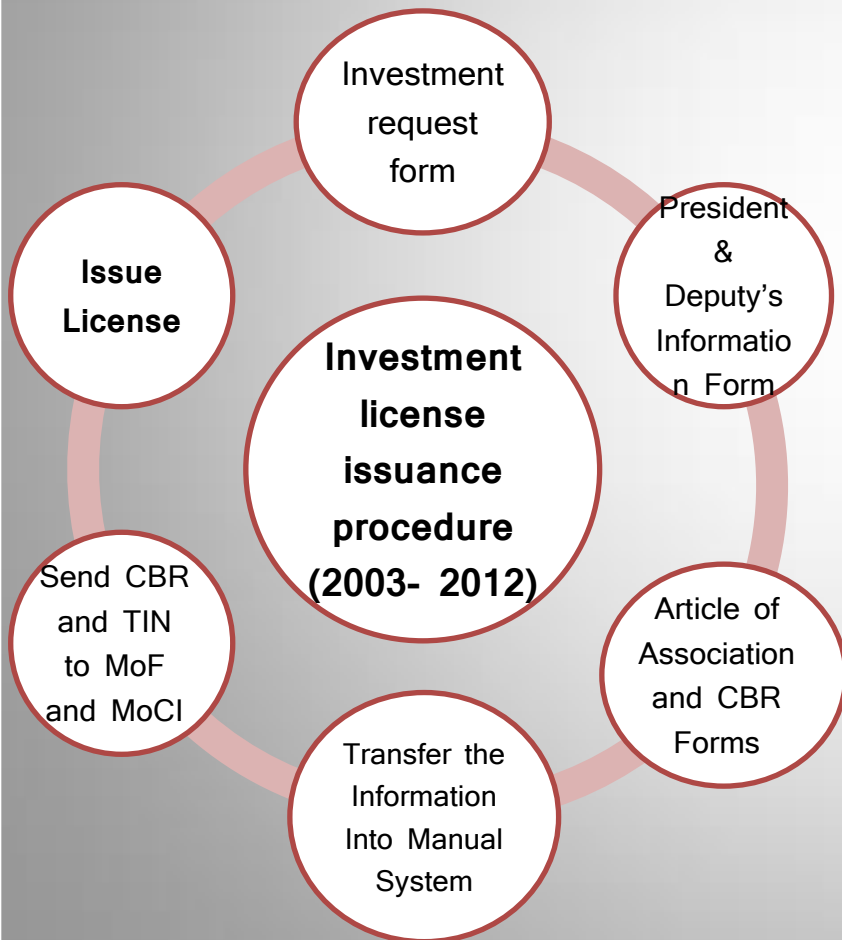
World Bank Doing Business Indicator – South Asia



Streamlined Investment Licensing

2003- 2012: Reduced the number of days to issue investment license from 8 days to 4 days

(2012- 2015) Decreasing the number of days to issue investment license from 4 days to 8 working hours



Investment licenses are renewed in 3 hours

Recent Developments: Investment Climate Reform Roadmap

- ★ Growing recognition by the **new government and its international partners (DFID, SIDA, USAID)** to **prioritize investment climate reform** to stimulate growth, increase investment
- ★ **AISA's** mission is to strategically promote Afghanistan as an attractive investment & business destination and accelerate economic growth through sustained industrial development
- ★ Harakat's mission is *remove or reduce regulatory and institutional barriers to doing business in Afghanistan.*
- ★ **Harakat** Investment Climate Organization, Afghanistan Chamber of Commerce and Industries (**ACCI**) and Afghanistan Investment Support Agency (**AISA**) working on specific reform projects
- ★ **Investment Climate Reform Roadmap and Public Private Dialog** emerging as the key mechanisms for coordinating and implementing the **investment climate issues; engagement with the Office of the President of Afghanistan** and stakeholders ongoing
- ★ Harakat is focusing: **one-stop shops** for delivering government services to business more efficiently; **electricity sector** reform; **protection of investors; easier access to finance;** and the **regulatory framework** for **Public-Private Partnerships (PPP)**
- ★ PPP is seen as one of the only **viable options in mobilizing private sector investment** in infrastructure and **public service deliveries** as the international aid spending reduces, government's resources are limited

PRIORITY SECTORS FOR INVESTMENT

- Telecommunication
- Housing/ Mortgage
- Banking
- Insurance
- Agribusiness
- Transportation
- Construction
- Manufacturing
- Mining
- Higher Education

Challenges:

- ★ Challenging security
- ★ Uncertainty
- ★ Nascent Private Sector
- ★ Low Business Confidence (Investors, Traders, General Public)
- ★ Immature Private Sector
- ★ Land Locked Situation

Opportunities:

- ★ Political Will for Investment Climate Reforms
- ★ Streamlining Business Licensing to Reduce Costs and Opportunity for Corruption
- ★ Large Young Population (with Better Education Quality) as Labor Force
- ★ Access to Market for Medium Enterprises with Competitive Advantage
- ★ Regional Integration (RECCA, CAREC, TAPI, CASA 1000, TUTAP)
- ★ Government Considering Investment Incentive Package
- ★ Expanding Private Sector's Access to Regional Markets and Increasing to Private Sector to Private Sector Trade and Investment

Thank you for your attention.