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www.afgazad.com

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Problems to Investment in Afghanistan!

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Mohammad Rasool Shah



Almost all of our politicians have either understood this or they have developed such a habit that whenever they go to any foreign land, they invite the industrialists and businessmen of the host country to come to Afghanistan to invest and establish industries. Same tone is of our president that whenever he goes to any foreign visit, he tries his best to encourage the industrialists to come and invest in Afghanistan. He promises to provide them with all the best possibilities. Afghanistan is portrayed as a country where investors will get maximum return on their investments and their businesses will thrive in the least possible time.

But unfortunately, ground realities show another picture which is almost the opposite of what it is shown by our politicians in their foreign visits. According to a latest report, Afghanistan is one of the most difficult countries to carry out and run a business. This reality is also affirmed from the fact that Afghanistan was the second most corrupt country in the world according to a report issued by Transparency International in 2012.

On the other hand, both local and international economists and experts emphasize the establishment of industries inside the country because their absence is giving birth to numerous other problems. Of these, joblessness and hiring of these jobless people by the militants, drainage of educated and skilled labor to the foreign countries, the heavy and perilous outflow of foreign exchange to the neighboring and other countries of the world due to the heavy imports (as we import every small and big thing from other countries), unemployment and increasing rate of crime adding to the lawlessness in the country are few major outcomes of this frightening situation.

In such circumstances, it was needed that government should have worked hard to attract foreign investors and offered them attractive packages and facilities. Same was the strategy adopted by the countries that showed surprising economic performance in a short period of time. To name a few, we have Singapore, China, Hong Kong, Brazil, Malaysia and many more. These countries decreased their tax rates, provided with free land for establishing industries, provided with cheap sources of energy, assured law and order, eased the official and legal requirements and took all the steps that encouraged the investors to come and invest in their country. As a result, these countries not only grew stronger internally by enhancing the living standards of their citizens but also gained international fame and reputation for their brisk development.

But unfortunately, here everything is almost the opposite and it looks as if every organization and ministry in the government is trying to discourage the investors and force them leave the country. This frightening situation was also evident from the reports that investments had fallen in the last two years and it has been forecasted that it would get even worse in the years to follow.

Biggest problem is created by the authorities and ministries like AISA and others that are meant for the promotion and support of investment in Afghanistan but they function in a way as if they are here to create obstacles against any kind of local or foreign investment.

It was needed that establishing any kind of business entity could have been made so easy that one could have easily completed all the requirements under the same roof but when one wants to register a company, he is handed over a long list for the completion of which a person has to run from one department to another and from one ministry to another for many months. On every step, his file doesn't move forward until he makes the concerned officer or minister happy by a small gift (small for them, not for the one who is giving the gift). There are a lot of legal requirements which serve no purpose except to make the investor exhausted and disappointed.

On the other hand, the investor needs to get the permission of a large number of ministries and the ministers sign on their papers when they meet their demands and usually these demands are so high that it cannot be imagined even in some of the most expensive countries of the world.

Once you successfully cross these hurdles, then come the turn of warlords and tribal chiefs who demand for their permanent share in your profit. You might have heard that in a major Afghan city, you cannot start a business unless you pay something to the governor of the province or make him the shareholder in your business. Similarly, working in tribal or rural areas is also made difficult by the tribal chiefs or local commandoes who demand their share in your profit. We have also heard that a great and famous warlord receives his share from the company that is extracting the mineral resources from his stronghold area.

Afghanistan doesn't have any electricity of its own and the electricity it imports from its neighbors usually ends up very expensive. It is also a sad reality that the shortage of energy in major parts of the country comes up as a major threat for the establishment of any industry.

Unstable law and order situation emerges as another threat for the profitable running of a business. Businesses excel and thrive only when they are able to carry out their functions in complete security while law and order problems not only frighten the employees but also increase the costs of products and services which in return bring down the profit.

A firm won a contract of 0.5 million dollars from a ministry in Kabul and before giving away the contract, they called the owner of the firm and told him that if he promises to pay them 80 thousand dollars, they will give away the contract, otherwise it will be given to another firm. The man estimated that he was not going to earn 80 thousand dollars in net income from the project so he refused to meet their demands and thus his offer was rejected and the contract was given to another firm. Such high rate of bribery is not present in any country of the world; it maybe in the country that has secured the first position in corruption.

Another international firm completed a grand project and handed it over to the concerned ministry. Out of many installments, their final payment of almost one million dollar was remaining and it was to be paid by the concerned ministry. Then the authorities in the ministry started creating problems to them and in the end, clearly told that their payments will be done only if they pay 50000 dollars to them. Although the project was completed and every understanding in this regard was met with yet it was an unfair demand from them. Anyhow, they settled down the issue with the references and recommendations of some ministers and other illegal sources.

If government is really serious in attracting the investors, it should check the procedures which are adopted by AISA and other concerned ministries and make the entire process smooth and easy. Similarly, it should save the investors from becoming the victim of a dozen of authorities and ministries and strictly control the corruption in these offices. It will be then possible that we will be able to provide sufficient number of jobs inside the country and put the economy on the path of sustainable development.