



Economic Growth

May 2012



Photo: USAID/Amir Kober

USAID helps women entrepreneurs advocate for their needs through business associations like the Afghan Women's Business Federation. These members enjoyed brisk sales at the AWBF Spring Expo.

ECONOMIC GROWTH SNAPSHOT

- Technical assistance in the telecom sector led to \$1.5 billion in investment
- Credit unions disbursed more than 58,000 loans, totaling \$57 million
- Created 493,000 jobs and launched 56 public-private partnerships leveraging more than \$95 million from private sector-partners
- Afghan government revenues increased annually by 24% to \$2 billion from March 2011 to March 2012.
- Research has identified significant deposits of industrial and precious minerals across Afghanistan with a total estimated value exceeding \$900 billion

Data as of May 2012

BACKGROUND

Poverty is widespread and deeply entrenched in Afghanistan. In some provinces, the poverty rate is more than 60 percent. From 2003 to 2007, economic growth was more than 10 percent, but fell with the economic slowdown in 2008 to 3.4 percent. Real GDP growth has since recovered to 20.4 percent during 2009-10 and 8.4 percent last year. The high poverty rate, poor security, and uneven growth rate challenge Afghans to double their efforts to establish an economy that encourages the trade and investment required to generate jobs. USAID's economic growth program helps the Government of the Islamic Republic of Afghanistan (GIROA) develop sound economic governance and works with the private sector to stimulate investment and business opportunities. USAID partners with Afghans and GIROA to attract investment, generate sustainable employment, and expand market linkages.

PROGRAM OVERVIEW

DEVELOPING THE PRIVATE SECTOR

USAID support for building Afghanistan's licit economy focuses on improving private sector productivity and the business environment to attract private-sector investment. USAID supported the development of industrial parks in Kabul and Mazar-i Sharif, and provides a wide range of business development services to encourage the establishment and growth of small and medium enterprises including management skills training, market information, and public-private alliance grants. To date, USAID has created some 493,000 jobs and launched 56 public-private partnerships leveraging more than \$95 million from private sector-partners in insurance, natural resource extraction, communications / media, apparel, information technology, and food processing. USAID continues to expand public-private alliances to create private sector jobs.

STRENGTHENING BUSINESS ASSOCIATIONS

USAID support for business associations resulted in establishing Afghan Chamber of Commerce and Industry offices in Kandahar, Mazar-i Sharif, Hirat, Kunduz, and Jalalabad, and building the capacity of provincial and local business associations. USAID helped establish 125 business associations (including 27 women-owned) and supported more than 250 associations with grants for equipment, capacity building, and improving member services.

TRADE AND INVESTMENT

USAID helps GIROA and the private-sector maximize regional and global trade linkages and export-oriented business development through assistance in three categories: trade policy liberalization and World Trade Organization (WTO) accession, trade facilitation and customs reform, and public outreach on trade-related issues. USAID helped GIROA negotiate the Afghanistan-Pakistan Trade and Transit Agreement, advised on the ratification of the South Asia Free Trade Agreement, and supported the successful initiation of the WTO accession process. USAID is now supporting implementation of these agreements, including significant

CONTINUES >



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN

Economic Growth (continued)



Afghan carpets on display at a carpet exhibition in Germany, where the best modern carpet design award was presented to an Afghan supported by USAID.



Hidden in the rugged mountains of the Hindu Kush and the Pamir, Afghan marble and stone is an emerging industry that can boost employment and income while bringing unique treasures to consumers worldwide.

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reforms to promote transparency, reduce trade barriers, and increase customs revenue.

ENHANCING COMPETITIVENESS & INSTITUTIONAL CAPACITY

USAID helps to strengthen institutional capacity, promote transparency, and improve the business enabling environment. Legal and regulatory reforms to improve the business-enabling environment have already resulted in more than \$1.5 billion in telecom investment and created more than 100,000 jobs since 2003. Assistance to the key Ministries and government agencies is strengthening capacity and performance, as exemplified by improvements in budget planning and execution and an increase of 180 percent in fiscal revenues from \$715,000 in March 2008, to \$2 billion in March 2012.

LAND MANAGEMENT

Property rights are a complex issue for all Afghans, but especially for the millions living in informal settlements after decades of conflict. USAID is helping the Afghan Land Authority (Arazi) ensure the clear transfer and documentation of land ownership for Afghan citizens in informal settlements. Program activities also supported the National Land Law, approved in 2008; helped to streamline land registry offices in 21 provinces, and established a land survey/mapping curriculum at the Kabul Polytechnic University. Cooperation with the Supreme Court streamlined the registration of immovable property from 34 steps to just three for urban land, and four for rural land.

FINANCIAL SERVICES

USAID expands access to financial services by supporting the development of a sustainable and inclusive financial sector that serves the needs of micro, small, and medium enterprises throughout the country, with a special focus on the agricultural sector and the southern and eastern regions. By March 2012, USAID-funded credit unions disbursed more than 58,000 loans (13 percent to women) in 17 provinces, totaling \$57 million, and created more than 88,000 jobs. USAID is encouraging the growth of mobile money as an innovative foundational investment to promote financial inclusion through technology.

MINING

Afghanistan is blessed with a rich base of natural resources, which, if exploited in a way that meets international standards, dramatically could improve equitable growth and increase government revenues. USAID-funded research, undertaken by the United States Geology Survey in partnership with the Ministry of Mines, has resulted in the identification of significant deposits of industrial and precious minerals across Afghanistan with a total estimated value exceeding \$900 billion. USAID has supported the gemstone sector through training in stone-cutting and polishing. Assistance to the marble sector has resulted in the establishment of a sustainable marble association, three international marble conferences that took place in Afghanistan, introduction of modern marble quarrying techniques, and facilitation of marble exports exceeding \$24 million annually.

On behalf of the American people, the U.S. government has provided humanitarian assistance and economic development to those in need around the world since the Marshall Plan.