

In the Name of God, the Most Merciful, the Most Kind



May 23, 2017

No Development without Economic Development

No development, in any country, is possible without economic development. Economic development basically provides the foundations on which the building of the overall development can be constructed. The underdeveloped and developing countries can pave their ways towards sustainable development, if they are able to prepare themselves for economic stability. And, a country like Afghanistan that has been influenced to a great extent by war and instability needs to focus much on economic sector. In fact, economic development is the only panacea for Afghanistan at the moment.

Emphasizing on the same, Second Vice President Mohammad Sarwar Danish in a conference on Sunday, May 21, said that economic development is essential for Afghanistan, but there are certain challenges that must be handled properly so as to develop the sector. He mentioned in his statement, "War, violence and insecurity are hampering economic development, unnecessary paper work and bureaucracy are also wasting time and are posing economic harm; thirdly administrative corruption is also one of the obstructions for economic development and investment." There is no doubt in the fact that the issues like insecurity, corruption and bureaucratic bottlenecks are major problems in the way to economic development and particularly in the way to healthy investment. Therefore, it is vital that these issues must be comprehended and tackled properly so that Afghanistan is able to continue its journey towards a stable country in terms of economy, and it is able to gain economic self-reliance and self-sufficiency to a certain extent.

It is imperative for Afghan authorities to comprehend that one of the ways the country would be able to face the serious challenges in different sectors is to strengthen its economy. A reliable economic system would help in political stability and restoration of security. The country cannot keep on relying on the external support indefinitely. It has to stand on its own and face its economic challenges itself. Most importantly, it needs to let the businesses grow, support them and enable them to bear roots. Both national and international businesses can assist the country in its journey towards a stable economic system.

However, the fact is that the attention given to the economic system of the country is really insufficient. Moreover, the different institutions that can play a great role in this regard have been victimized by incapacity and corruption. And, without strong economic institutions, developing the basic infra-structure on which the economy stand is almost impossible. One of the main institutions that has a key role in Afghanistan's economic prosperity is Afghanistan Chamber of Commerce and Industries (ACCI). This institution has to be supported, groomed and managed properly so that it shoulders the tough responsibilities that are given to it. Moreover, the business community is facing serious challenges like kidnapping of businessmen, procurement issues and challenges, low quality of services especially in large projects, lack of electronic payment systems, failure to attract foreign direct investment, WTO representation, low employment and brain drain challenges, lack of support mechanisms and programs for Afghan businesses especially for women-owned businesses, misuse of ACCI resources by those in authority, capital flight etc. And, these all issues remain unattended, while the authorities are busy in saving the positions in the institution.

On the other hand, insecurity has been influencing the economic life to a large extent in Afghanistan. Both national and international businessmen are not readily willing to invest in all the sectors and they do not see positive prospects of their businesses. As insecurity has been overwhelmingly influencing the country, the development in the basic infra-structure has been meager. The doubts and uncertainties of the Afghan market have made the international investors to think thousand times before they take an initiative to start their businesses in the country. Though there are great opportunities in Afghanistan and the country is blessed with different types of mineral and other natural resources, the economic infra-structure has not been able to get enough attention.

Afghanistan needs to have strong economy so as to survive after the international supports dry. The country has to start from the institutions and basic infra-structure development and has to reach to a stable economy, wherein the businesses are able to function without any fear and inconsistency. The business institutions like ACCI need to develop an environment that can be galvanizing for both the national and international investors. Moreover, the golden opportunities wherein Afghanistan can exert maximum and can get the best outcomes from must be discovered and they should be strengthened so as to push the country towards self-sufficiency. On the other hand, the businessmen and investors must also keep the national interests in their consideration while they establish their businesses and start getting the outcomes from them. They have to keep this in their minds that the society as a whole has certain rights that have to be fulfilled by them.

No Job!
No Food!

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Afghanistan and Possibility of Technocratic State

By Mohammad Ishaq Arifi

Since Afghanistan is a multi-ethnic country with various racial, cultural, religious and linguistic groups, the type of government will put a significant effect on social and economic life and development of people. Following the Bonn Conference, Afghanistan and the law of governance have experienced fundamental changes although the former administrations revealed racial and ethnic tendencies.

The important elements of Bonn Conference such as democracy, pluralism, political participation, equal distribution of opportunities, and development of public welfare were given cold shoulder and former administrations seemed to show inclination to ethnicity.

The Bonn criteria and the country's Constitution have not been implemented and the authoritative presence of tribes, who were active in political structure earlier, were paid attention.

After the Bonn agreement, security plan and combating terrorism came first and national demands second; however, ethnic balance were not considered in governmental institutions. Hence, the presence of ethnic groups was not based upon the proportion of their ethnicities. In the post-Bonn administrations, a strategy was adopted neither for country's financial development of deprived groups nor for public welfare.

However, the National Unity Government (NUG) has taken this issue seriously and adopted more comprehensive plan in this respect. The NUG along with its senior managers, who are interested in technocracy, has moved towards financial and developing programs by undertaking technocratic management.

The NUG's foreign policy, security and welfare are on the basis of financial development. Peace, justice and regional and international interests are considered to be dependent on developing financial interests. Plans are designed to establish and extend international roads such as railway, aerial route, and power and energy lines. Similarly, exploiting the strategic water resource, establishing water dams are the NUG's technocratic plans which are put into practice in some cases.

No wonder, the NUG has done little about providing equal opportunity in managing government's institution and Independent Administrative Reform and Civil Service Commission is in its initial state. Moreover, there has been no clear policy about providing meritocracy for employment. Statistics suggest lack of meritocracy and ethnic balance and pluralism in governmental employment. However, development plans are acceptable.

To fulfill these plans, sectarian, ethnic and linguistic differences are paid less attention and economic and developing opportunities have paved the ground for the implementa-

tion of the projects. It is worth mentioning that the government of technocrats has also triggered expectation for the public. The citizens expect the government to push the country towards financial development and smooth the path for economic progress within the frame of citizenship rights. It is further hoped that the state will implement developing projects on the basis national interests.

That is to say, the technocratic government is expected to manage the state's fundamental administration based on technocratic industry so as to constitute the elements of effective government.

Selecting meritorious and technocratic individuals, establishing electronic system, considering social pluralism and balance, providing facilities and products for citizens equally are the significant elements of technocratic government to be created and pursued consistently.

The developing plans such as Salma and Kamal Khan Dams and the macro project of de-monopolization from central Afghanistan and development of electric energy across the country are the best examples for the technocrat's government - all citizens will utilize them equally. In short, all citizens will feel the benefits regardless of their backgrounds and their national interests and faith will be inspired.

It is an undeniable fact that enforcing the technocratic plans by government will increase the national interests and strengthen national solidarity and identity. In addition, peace, stability and security and providing peaceful life for the citizens will be gained only through utilizing welfare and relative facilities.

In other words, promoting the country's economy and services will also smooth the path for peace and lack of violence. On the other hand, development and technocratic progress will facilitate the citizens' interactions and social understandings.

For instance, establishing North-South and East-West highway corridor in the heart of central Afghanistan will lead to interaction and mutual citizenship understanding and will promote the chance for peaceful life. To sum up, the NUG, unlike previous administrations, has taken high steps in developing the country economically.

The aforementioned technocratic plans will result in peace and stability or at least minimize violence and insecurity. To be brief, there has been some deficiencies, but the developing plans should not be turned a blind eye. It is hoped that the government will pay especial heed to meritocracy and employ individuals based on their merit. According to the said facts, the NUG's initiative and high steps in developing programs are to be appreciated. The technocrats have done more than previous administrations.

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Renaissance of the Central Bank in Afghanistan

By T.V.Rajesh

Exclusive for the Daily Outlook

The Vision and Mission of any Central Bank in the world will be more or less the same, and will hurtle towards predictable variants like price stability and economic growth. The true colour or strength of CB can be gauged, only when the bank and the country faces huge adversities. Despite all the hostile circumstances that Afghanistan had faced in the last few decades, it is indeed surprising that the central bank of the country, "Da Afghanistan Bank" still exist, and is expecting a revival of the banking system in the coming years, shows the resilience and potentials of the banking system in the country.

According to the "Da Afghanistan Bank's" website, its objectives like price stability, promotion of National payments system and maintaining robust economic growth seems to be stereotyped versions of Central Bank. But the policy makers of the bank can be easily termed as "fire fighters" in their daily routine of juggling with the policy making on one hand and dealing with the volatile environment on the other hand. They have faced the worst-case scenarios in fixing the policies and matching with the objectives.

The Acid Test

Three decades and more, the conflict has inflicted the worst devastation and finally the interventions of US-led International military in Afghanistan have paved ways for a new government. Post-conflict, the Central Bank faced enormous challenges in keeping the country's financial system intact.

One of the important changes that were inevitable to the financial system was to gain control over the currency issue and management. The Central Bank had already worked out a policy to issue a new national currency which will act as a symbol in reinforcing the sovereignty of the country and consolidating all the fleeing and the cynical citizens towards national unity and brotherhood. Replacing all the bank notes within a short period of time was not only a financial challenge but also a logistical one.

Inflation remained high in 2002, followed by two consecutive years of low. Between October 07, 2002, and January 02, 2003, a new Afghani was introduced with the ISO 4217 code, which was valued at 43 Afghani to the U.S. dollar. There was a sudden depreciation of the currency during the fag end of 2003/04; thereafter the currency has been going to the north till end July 2004. The appreciation of the currency during inflation can be attributed to the confi-

dence of the citizens in using Afghani for their daily transactions and confidence in the future of the state of the art currency. Since then the currency had superseded other currencies especially US dollar, due to the country wide acceptance, which is accredited to the promotion of this currency among the shopkeepers, traders, and donors.

The Central Bank considered Price and Exchange rate stability as one of the priorities and embarked on a clutch of policies to instill confidence in the new currency. The domestic money supply was not within the reach of the Central Bank (CB) and so as to rein in, within the context of a floating exchange regime, policies were adopted. While the conditions in Afghanistan favoured a floating exchange rate regime, the policy makers of CB foresaw price and exchange rate stability in the long run and administered exchange rate within a range, containing volatile exchange rate pressures.

The Central Bank's legacy of banking attributed to Soviet style banking, whose sole function was to print money to cover budget deficits have become outdated. The public confidence in the banking system both commercial and development have virtually slumped to the lowest ebb. The banking system already in tatters, intermediaries, Hawala traders and unscrupulous moneylenders are playing a major role in the financial system of the country. The change, if not over the night but over the years in establishing banking law and facilitating the entry of new banks, endorsing and incubating commercial, developmental and industrial banks and establishing them and bringing back the public confidence will be crucial to the financial system in the coming years.

Currently as on May 20, 2017, one US dollar is hovering around 68 Afghan Afghani, shows that there is a great scope for renaissance of the financial sector which will prove to be too crucial for the financial and economic development of Afghanistan and a handful of neighbouring countries.

Many international investors and countries are waiting for their chance to invest in "a new golden era of Afghanistan," and become a part of the developmental story. An anonymous investor in USA when asked by a TV reporter about the prospects of investment in different countries said, "Every Developed countries had a past and Every war ravaging countries have a future." Let us forget and forgive and move forward for a bright and prosperous future for Afghanistan and its citizens.

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