

Analysis of the Current Status in
Afghanistan in the Context of
Brussels Programme of Action (BpoA) for the
Least Developed Countries (LDCs)
and
the Millennium Development Goals (MDGs)

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Geographical and Historical Analysis:

Afghanistan is a landlocked country bordered by Tajikistan, Uzbekistan and Turkmenistan on the North, by China on the Northeast, by Pakistan on the East and South, and by Iran on the West. The country's strategic location makes it an important crossroad between the former Soviet Union States and the Indian Ocean. Although no formal statistic has ever been taken, the latest available information indicates that the population is approximately 25 million. The area of Afghanistan is 82.5 square million Hectares. The per capita income is below \$1,000 per year. There is no exact statistical evaluation available on the GNP/GDP of the country. Approximately 70-75% of the country is self-employed by the agricultural sector. Besides agriculture, however, there are very few other industries, private or public, as an alternate source of employment. Afghanistan has deposits of coal, copper, iron, petroleum and precious stones (i.e., sapphire and azure), which have not been fully extracted.

As a consequence of the Soviet invasion and subsequent civil wars which lasted 24 years, the country's social, economical, industrial, and institutional infrastructure was completely destroyed and the economy was brought to a standstill.

With the liberating of the country and the election of an interim president through a Traditional General Assembly (Loya-Jargh), the seeds for a free society were planted, and the future for a better economy was promised.

Against the backdrop of destruction caused by the 24-year wars, however, emerged a democracy and a new constitution that guarantees the civil liberties and pursuit of happiness of all citizens. Thus, the environment for economic growth and elimination of poverty in Afghanistan is ideal.

As a result of my participation in this workshop, and in the context of the Brussels Programme of Action for the Least Developed Countries, following are some points as they relate to current problems and solutions in Afghanistan:

First and Foremost, Afghanistan Needs:

- To attract foreign capital both in public and private sectors, to aid in the building of small and large industries that fully take into account the interests of the poor, and also promotes long-term economic growth and the beneficial integration of LDCs into the global community.

- Take measures to enhance a conducive national policy framework that contributes effectively to poverty eradication, and which also promotes faster economic growth, faster export growth and increasing investment.
- Design and implement policies that reduce risks which deter foreign investments, including through the negotiation of bilateral and regional investment contracts and allow for accession to international conventions providing investment guarantees and insurance, as well as dispute settlement.
- Improve the timely availability, as well as reliability of investment information and statistics, including those related to investment opportunities and the regulatory framework.
- Prevent corruption, bribery, and money laundering, illegal transfer of funds and other illicit activities by both public and private entities.
- Set up national development strategies, the necessary public sector auditing and accounting system.
- Develop efficient and appropriate financial systems, including micro-finance, and an appropriate legal and regulatory framework.
- Promote innovative financial mechanisms such as micro credit programs to mobilize savings and deliver financial services to the poor, including smallholders and the self-employed, particularly women, within an appropriate legal and regulatory framework.
- Continue to improve the performance and competitiveness of both the private and public sector banks through recapitalization, expanding private participation, providing managerial training, strengthening accounting and audit practices and developing modern management information systems.
- Establish collecting systems, and whenever possible, aiming at broadening the tax base, and enhancing the effectiveness and transparency of public expenditure while bearing in mind the interest of the poor.
- Strengthen disaster mitigation policies and mechanisms, with a particular focus on the poor, especially women and children, and with the involvement of local communities.
- Continue efforts to establish an effective, fair and stable institutional, legal and regulatory framework in order to strengthen the rule of law and foster effective participation of and close cooperation among all relevant stakeholders at national and local levels in the development process.

- Create an efficient environment for and enhancing the effectiveness of social sector investment, including through greater reliance on a participatory local community approach in the design, implementation and evaluation of measures relating to the provision of local infrastructures and basic social services, particularly to improve the condition of the poor members of the community.
- Last but not least, pursue national policies and strategies to promote confidence building and conflict prevention.