

2020 Afghanistan Conference
Official Side Event 3: Economic Priorities and Aid Effectiveness
CONCEPT NOTE

Co-Organizers: USA, MoF & UNDP

Date: Monday, 23 NOV; 16:00 - 18:00 (2 hours)

Location: Virtual and Room XVII in Palais de Nations

Format: Virtual (with clusters meeting in each Capitol)

Program

Topic of Discussion: *What are Afghanistan's economic priorities and how can effective aid planning and partnership move Afghanistan away from donor dependence and towards greater self-reliance through the incorporation of private sector-led economic growth, trade, and regional connectivity into development plans for 2020-24?*

This side event is intended to broaden the discussion beyond donor/partner funding flows to a more inclusive discussion of economic development investment that integrates all stakeholders in economic development, for growth through investment.

Moderator: Mr. Nazir Kabiri (Biruni Insitute)

Keynote Speakers

- **USA: Acting USAID Deputy Administrator John Barsa**
- Anticipated Topic: Journey to Self-Reliance; Importance of Private Sector Investment
- **Afghanistan: Minister of Finance Abdul Hadi Argandiwal**
-Anticipated Topic: How to do more with less: Improving harmonization and alignment, transparency, effectiveness as well as manageability of on/off budget development interventions for lasting development results
- **UNDP: Assistant Secretary General/Assistant Administrator & Regional Director Regional Bureau for Asia and the Pacific, Mrs. Kanni Wignaraja**
- Anticipated Topic: The immediate actions and reforms priorities for Government and international partners in Afghanistan

Panelists & Key Topics to Address

- 1. UNDP: Mr. Abdullah Al Dardari (Resident Representative -Afghanistan)**
 - *Topic: Consider how private sector investment decisions can form part of a connected portfolio that engages multiple levers of change so as to achieve maximal coordinated development impact that reflects on SDG progress.*
- 2. World Bank: Mr. Henry Kerali (Country Representative)**
 - *Topic: Review key sectors for growth identified and prioritized in the ANPDF II, the PFFP, etc. How do these match envisioned private sector investment trends?*
- 3. European Union: Mr. Jean-Louis Ville (Acting Director for Asia, Central Asia, Middle East/Gulf and Pacific in the DEVCO)**

- *Topic:* Consider what drives private sector investment decisions and how these adopt or influence national development planning. What is the biggest single opportunity driving Afghanistan's economic growth and how can both the GoIRA and the private sector work together to seize that opportunity?
- 4. Da Afghanistan Bank: Mr. Ajmal Ahmady (Chairman)**
 - *Topic:* What are the credit opportunities available to enhance investment opportunities and small business development?
- 5. Afghan Women's Chamber of Commerce: Ms. Manizha Wafeq (Chairperson)**
 - *Topic:* Identification of key business operational constraints and private sector views of investment opportunities and barriers (including for women).
- 6. Aga Khan Development Network: Mr. Michael Kocher**
 - *Topic:* Review the extent to which non-traditional partnerships can be leveraged in the investment and development landscape to provide additional opportunities for expanded regional coordination or private sector investment that enhances existing aid effectiveness and boosts sustainable economic growth.

First Responders & Key Questions to Address

- 1. U.S. State Department: Ms. Kelley Currie (Amb. of Global Women's Issues)**
 - *Question:* What can be done to improve the role of women in the economy and what barriers need to be overcome?
- 2. Asian Development Bank: Mr. Narendra Singru (Country Director)**
 - *Question:* Investment in regional connectivity, and regional spill-over effects from improved security and peace.
- 3. JICA: Mr. Nakazawa (Senior Vice President)**
- 4. International Finance Corporation: Ms. Wagma Mohmand**
- 5. International Chamber of Commerce- Afghanistan: Mr. Hojat Fazli**
 - *Question:* Identification of key business operational constraints and private sector views of investment opportunities and barriers (including for women).
- 6. Development Finance Corporation: Allison Minor (Director)**

Draft Agenda (2 hours)

- Moderator Opening Remarks & Panelist Introduction (5 min)
- Keynote Addresses (10 mins)
- 3 - 5 min Remarks from each Panelist (45 min)
- Moderator-led/prompted Discussion with First Responders (30 min)
- Audience Q&A (25 min)
- Wrap Up by Moderator (5 min)

Background

In alignment with the hosts' intention to have three side events conceptually linked to the three pillars of Afghanistan's development architecture principles: peace-building, state-building and market-building, the co-organizers propose hosting a side event that addresses economic priorities supported by effective aid with a strong pivot toward the market-building priority of

the development strategy that would be consistent with enabling private-sector led growth, as well as attracting domestic and foreign private sector investment into the Afghan economy.

Aid is most effective when development planning and interventions are: inclusive; locally driven; harmonized; align with country priorities; catalyze host country human capital, innovation and entrepreneurship; and create an inclusive path toward socially and environmentally sustainable economic development to achieve a country's SDGs and build self reliance and resilience.

The Afghan government, international donor partners, and the private sector must cooperate and collaborate transparently and be accountable to each other and, most importantly, to the Afghan people if an environment for inclusive and sustainable growth is to be created and maintained.

Furthermore, enhancing regional connectivity, engaging regional partners on trade and maximizing efforts to implement and expand existing agreements that will ease barriers to trade must be prioritized if Afghanistan is to achieve self-reliance through export-led growth.

Objectives

The co-organizers (USA, MoF and UNDP) will seek to facilitate a productive discussion that pursues the following:

- Firmly links economic growth priorities and private sector-led growth to a broader framework for effective aid that facilitates Afghanistan's achievement of self-reliance through coordinated and phased investment by the international donor community, the Afghan and international private sector and the Afghan government.
- Underscores the mutually beneficial opportunity--with a new ANPDF II, peace talks underway and Afghanistan's emergence from the initial and secondary impacts of COVID-19--for GoIRA to create the policy and legal regulatory environment, social services infrastructure and national ethos to closely partner with and support the private sector to leverage additional finance and expertise, and help build inclusive markets and efficient industry value chains across key sectors.
- Encourages a call to action. Recognizing recent efforts for private sector partnerships, there is still a need to significantly ramp up and operationalize a more progressive business enabling environment that empowers the private sector to help drive development outcomes. Afghanistan's vast natural resources and its renewal as a regional trading power (the trade hub of Asia) coupled with the availability of international investment, technical expertise and the adoption of appropriate technologies, will enable the country to leapfrog decades in its developmental progress.
- Provide a platform for candid discussions on evolving performance in aid effectiveness by broadening the partnership and increasing transparency in planning, implementation and reporting, especially financial reporting, of on and off budget development interventions with the aim of reducing duplication and fragmentation.

Possible Questions:

- How can the GoA best manage the tension between government long-term SDG priorities, and short-term private sector investment interests? Rather than focusing on short-term economic gain, is there a strategy to support ‘triple-win’ investments that simultaneously support the economy, reduce inequalities and poverty, and protect the environment
- How can the GoA tackle dumping policies of neighboring countries and regulate the market to ensure domestic MSMEs flourish and are protected?
- How can donors, the GoA, and the Afghan private sector each contribute to the process of bringing resources to the table and ensuring effective, efficient utilization of all resources to maximize results? How can these results be effectively measured?
- How can the government of Afghanistan and donor nations best engage the region on efforts to reduce barriers to trade and the costs Afghan exporters face?
- How can women become private sector growth partners? What are the major barriers to entry?
- Corruption is seen as one of the key constraints to successful private sector operations? How will the GoA tackle this issue to ensure growth?
- We often look at aid effectiveness. What constitutes private sector investment effectiveness - is the private sector working toward larger goals of development?
- Security remains a key barrier for promoting private sector led economic growth. What can be done to navigate this barrier?
- What are the key sectors that require minimal infrastructure development and offer the greatest return on investment? What comparative advantages can Afghanistan harness to increase the export of services to the region?
- What are key considerations for an accountability framework that increases the ability of the private sector to contribute to Afghanistan’s development objectives and capitalize on a possible peace or potential reductions in violence while still getting a fair and adequate return on their investments?
- How can women become dynamic, robust private sector growth partners? What are the continuing major barriers to entry?
- Corruption is seen as one of the key constraints to successful private sector operations? How will the GoA tackle this issue to earn investor confidence??