Investment Climate Reform Program

OVERVIEW
Since 2002, the World Bank’s International Finance Corporation (WB/IFC) has conducted the Doing Business Indicators (DBI) annual survey to rank the regulatory practices for small- and medium-sized businesses in 185 economies around the world. Currently, Afghanistan ranks at 168 overall. The DBI report looks at domestic small- and medium-sized companies and provides a quantitative measure of regulations for: starting a business; dealing with construction permits; registering property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and closing a business. DBI offers measurable benchmarks for reform and serves as a resource for those interested in improving the business climate. Improving Afghanistan’s DBI ranking is critical for increasing private sector investment, as the DBI are used by international investors as a key investing tool. To that end, USAID’s Investment Climate Reform Program works with the Afghan Government and the Kabul Municipality to institute reforms in four of the 10 DBI areas of focus. These reforms will streamline processes for businesses, reducing costly and time-consuming regulations, while also encouraging increased business investment.

ACTIVITIES
- On-going training, coaching, mentoring of Afghan Government and non-government officials regarding potential reforms to improve the business environment;
- Advocating for the abolition of the requirement to publish business information in the official gazette, speeding registration of businesses;
- Developing a project description for reforming the construction permitting process in Kabul Municipality;
- Establishing a credit bureau to store information about companies and individuals in order to increase access to loans;
- Creating a movable assets registry to enable entrepreneurs and small business owners to leverage collateral;
- Working with the Ministry of Commerce and Industry to amend the Joint Stock Company Law and the Limited Liability Companies Law to improve rights and recourse for minority shareholders; and,
- Outreach to the private sector and other stakeholders to promote engagement in improving the business regulation regime in Afghanistan.

ACCOMPLISHMENTS
- Facilitated agreement by the Ministry of Commerce and Industry and the Afghan Investment Support Agency to lower fees for business registration; and,
- Analyzed process for receiving construction permits in Kabul Municipality and identified several key reforms to speed the process while reducing the space for corruption.