



Explore **The** UNEXPLORED

A Presentation on the Islamic Republic of Afghanistan

Afghanistan – A Serene Beauty of Uncultivated Opportunities

- ❑ Afghanistan is a landlocked country located in Southern Asia that borders China, Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.
- ❑ The geography of Afghanistan is arid and mountainous.
- ❑ The snow cladded Hindu Kush Mountains run northeast to southwest and divide the northern provinces from the rest of the country.
- ❑ As on 2018, the total population stands at 31.80 Million and a total spread area of 652,230 Sq. Km.
- ❑ There are 34 provinces and Kabul is the capital city
- ❑ 99.7% of the population are Muslims
- ❑ The country speaks two languages – DARI & PASTHO
- ❑ USD is the main currency for trade while AFN is the country's local currency
- ❑ The government system is an Islamic Republic. The chief of state and head of government is the President. Afghanistan has a controlled economic system in which the central government directs the economy regarding the production and distribution of goods.
- ❑ Time zone is UTC + 4:30 and calling code is +93
- ❑ Temperature is comfortable in the summers around 28°C while the winters are cold, windy and snowy and to a min. of -15°C. Rainfall is less than normal.

Economic Scenario

- ❑ As on 2018, the GDP position was at USD 20.82 Billion. The GDP value of Afghanistan represents 0.03 percent of the world economy. The GDP is expected to touch USD 23 Billion by 2020 with major contribution from Agriculture, Services & Industry.
- ❑ Afghanistan is primarily an import driven economy with approx. 90% reliability on imports as compared to its exports.
- ❑ Statistically in 2018, the country witnessed imports value of worth USD 7.4 Bn. as compared to USD 875 Mio. worth of exports.
- ❑ There are 12 banks operating in Afghanistan consisting of 3 state banks, 7 private banks and 2 branches of foreign banks. The total book size of the depositors as on Q1 2019 is approx. USD 4 Billion.
- ❑ World Bank, ADB and IFC are quite active in the country in terms of developing the country from various perspectives.
- ❑ There are 35 Embassies in Afghanistan and diplomatic offices of the European Union and Switzerland. Moreover there are consulates offices of major embassies in the major cities of the country. Major embassies includes that of USA, UK, Germany, Italy, France, India, China, Canada, Australia, Turkey, UAE, Saudi Arabia, Arab Republic of Egypt etc.

Country's International Engagements

- ❑ Afghanistan is a member of the South Asian Association for Regional Cooperation (SAARC).
- ❑ In addition, the country is also the full time member of the following 48 international organization. This speaks of the country's commitment and stand for global attention.

ADB	ICC	IOM	SAARC	WHO
CICA	ICRM	IPU	SACEP	WIPO
Colombo Plan (CP)	IDA	ISO	SCO	WMO
ECO	IDB	ITSO	UN	WTO
EITI	IFAD	ITU	UNCTAD	IAEA
ESCAP	IFC	MIGA	UNESCO	IBRB
FAO	IFRCS	MINUSMA	UNIDO	ICAO
G-77	ILO	NAM	UNWTO	WCO
INTERPOL	IMF	OIC	UPU	WFTU
OPCW	IOC	OSCE		

- ❑ The country has also signed environmental agreements with the following international agencies.

Biodiversity	Hazardous Wastes
Climate Change	Law of the Sea
Desertification	Marine Dumping
Endangered Species	Marine Life Conservation
Environmental Modification	Ozone Layer Protection

Country's Connectivity & Logistics

- ❑ Afghanistan is a landlocked country but is well connected by Air with Dubai, Sharjah, Istanbul, New Delhi, Islamabad and Tehran with flights operating once to thrice daily.
- ❑ Hamid Karzai International Airport, Kabul operates the following airlines daily to & fro.



flydubai

AirArabia
العربية للطيران



ARIANA AFGHAN AIRLINES



- ❑ Amongst all the hotels in Kabul, The Serena Hotel, Kabul is the most luxurious one. The hotel has 177 rooms & suites.



EXPLORING INVESTMENTS

- Agriculture
- Industry Sector
- Extractive Industry
- Energy

Agriculture

- ❑ Historically, Afghanistan enjoyed good reputation in cultivation of high-end horticultural crops such as raisins, pomegranates, pistachios and almonds, and possessed a large international market share.
- ❑ About 85% to 90% population in rural areas is engaged in the agriculture sector which plays a vital role in the livelihood of 76% of the total population.
- ❑ It is responsible for about a quarter of the country's Gross Domestic Product (GDP) in the recent years.
- ❑ The current agriculture area of Afghanistan is 9,610 thousand hectares. Investment opportunities in this sector are further divided into sub- categories discussed below
 - Horticulture: Fresh Fruits, Vegetables, Nuts, Olives
 - Cereals & Grains: Wheat, Maize, Sugarcane, Sugar beet, Barley
 - Animal Husbandry: Dairy, Honey, Halal Poultry and Processed meat, milk, fish
 - Seeds & Pulses: Sunflower, Sesame & linseed
 - Spices & Medical Herbs: Saffron, Cumin, Anis etc.
- ❑ Afghanistan imports cereals & grains in huge quantities. Other than domestic stock, in 2018, Afghanistan imported 10,392 tons of milk powder, 11,747 tons of beef, and 42,300 tons of chicken meat. Afghanistan also exported 3,707 pieces of sheep and 1,907 tons of Kurk wool which is clear investment opportunity for private sector involved in the leather processing.

Investment Opportunity in the Value Chain of Agricultural Sector

❑ Manufacturing & Processing

- Processing of Dry Fruits & Nuts
- Production of Potato Snacks
- Flour Mills & Sugar Mills
- Processing halal meat
- Establishing Cold Storages
- Cotton processing

Manufacturing of Jams, Juices & Sauces
Processing/Manufacturing of Olive Oil & Olive Pickle
Manufacturing of cakes & biscuits
Producing pasteurized dairy products – cheese, yoghurt
Production of Cashmere & its garments
Producing leather

❑ Packaging

- Fresh & Dry Fruits boxes /packages
- Glass & Plastic bottles

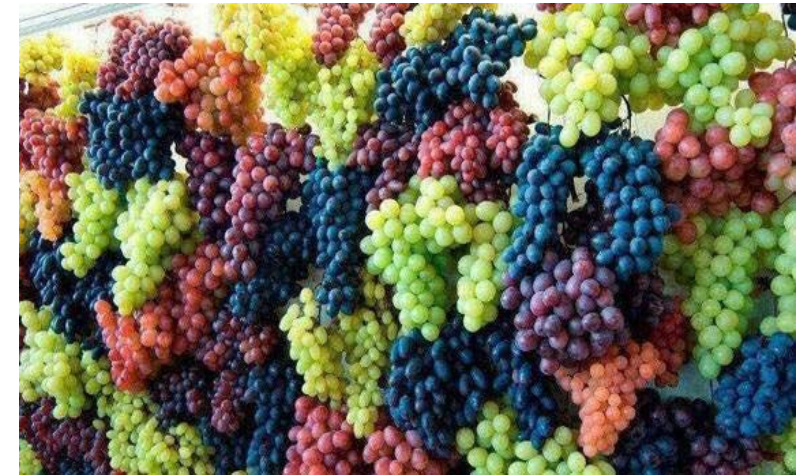
Jars, Lids & Tins
Plastic wrappers & tetra packaging

❑ Trading & Marketing

- Transport & Logistics
- Trade Partnership

Market Identification Services
Marketing & Branding Services

Dry Fruits, Saffron & Fresh Fruits of Afghanistan



Industry Sector

More than **90% of consuming goods** in Afghanistan are imported from the regional countries & beyond.

While the agriculture sector presents and is likely to present in the near and mid-term future, the most important industry sector, Afghanistan is keen on establishing a low-end manufacturing sector, which will absorb many unemployed Afghans.

Low-cost manufacturing industry could be established in Afghanistan as currently big players like China and India are now moving a step forward into more sophisticated industries. Areas suitable for investment in manufacturing industry are likely to be those imports that can be first supplied to the local market and later export them when domestic demand is met, these products are discussed below. Investment in import substitutions will offset the current trade deficit and the huge volume of imports indicate that all these products have a market in the country.

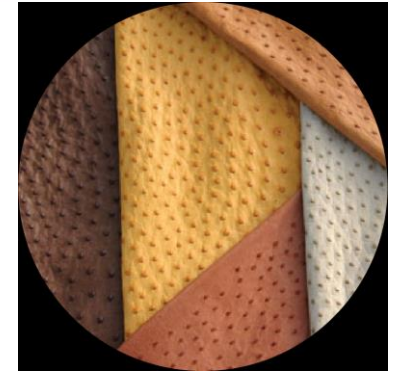
Export Oriented Industries



Carpets



Marbles



Leather & Animal Skin



Handicrafts

Import Oriented Industries – The Top 6



Food & Beverages
USD 1.75 Bn Import Value



Cotton, Garments & Textile
USD 365 Mio Import Value



Electronics & Home Appliances
USD 323 Mio Import Value



Dairy Products
USD 54 Mio Import Value



Tires & Plastic Products
USD 84 Mio Import Value

Poultry & Processed Meat
USD 44 Mio Import Value



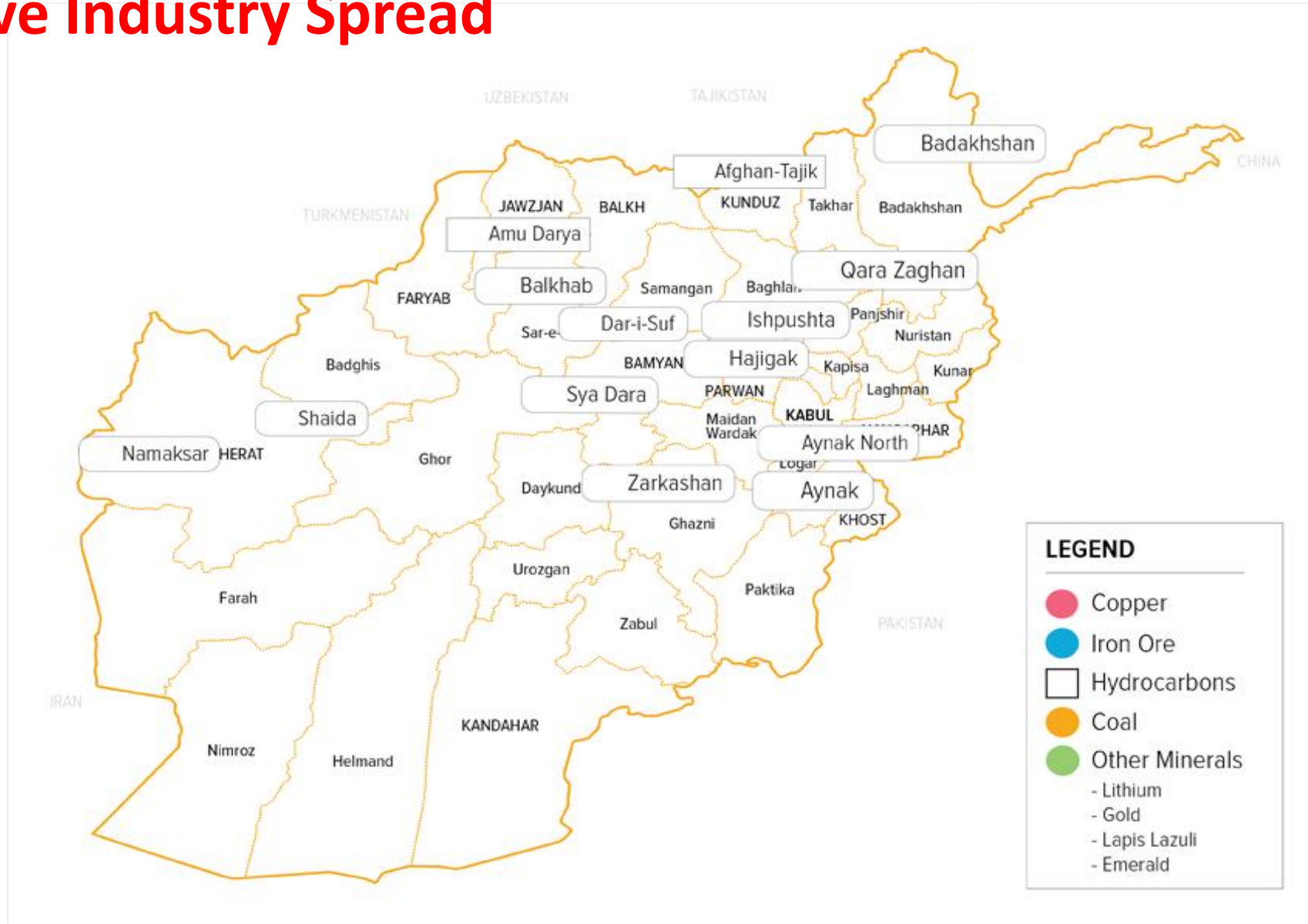
Extractive Industry - Mining

- ❑ Mining in Afghanistan is controlled by the Ministry of Mines & Petroleum, which is headquartered in Kabul with regional offices in other parts of the country.
- ❑ The mineral and petroleum resources of Afghanistan have not been comprehensively explored and mapped
- ❑ Afghanistan has over 1,400 mineral fields, containing Barite, Coal, Chromite, Copper, Gold, Precious & Semi Precious Stones, Petroleum, Iron Ore, Lead, Natural Gas, Salt, Sulphur, Talc & Zinc amongst many other minerals.
- ❑ Gemstones includes high quality emerald, lapis lazuli, red garnet and ruby.
- ❑ There are 6 lapis mines in Afghanistan and 12 copper mines
- ❑ According to the joint study conducted by Pentagon and the United States Geological Survey, Afghanistan has an estimated **USD 3 Trillion** of untapped minerals. That's a staggering number and remains to be highly ventured.
- ❑ Afghanistan's significance from an energy standpoint stems from its geographical position as a transit route for oil, natural gas, and electricity exports from Central Asia to South Asia and the Arabian Sea.
- ❑ By 2020, this sector is estimated to generate 10-20 thousand direct jobs and USD 700 million- USD 1.5 billion in revenue for the government of Afghanistan. In order to maximize the impact of investment on job creation and revenue generation the government of Afghanistan will have to sequence “soft” and “hard” interventions. Synergies between public and private interventions will need to be found and leveraged.

The following can be expected as the main reasons for investing in the mining sector

- World-Class Deposits and Excellent Discovery Potential
- Significant Amounts of Technical Data Available
- Attractive Investment Opportunities
- Favorable Legal and Regulatory Regime in terms of foreign company registration
- Pro-Business Fiscal Regime
- Investor-Friendly Ministry of Mines and Petroleum
- Commitment of the government to the development of the sector
- Aggressive Infrastructure Development Programs Underway
- Strategic Location in an Area of Rapidly Growing Markets
- Strong Commitment to Transparency in all Business Dealings
- Bank Support for all Trade Finance facilities

Extractive Industry Spread



Precious Stones of Afghanistan



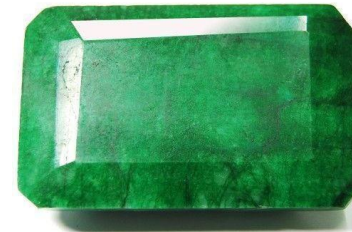
Cut Spinel



Unheated Pink Red Afghan Ruby



Natural Lapis Lazuli Gem Stones



Natural Afghan Emerald



Afghan Pink Kunzite 5.8 Ct

Energy

Afghanistan currently produces 600 million watts of hydro power electricity and there is a huge potential of producing up to **23,000 MW of Hydropower Electricity**

The demand for electricity is increasing steadily, and it is estimated that Afghanistan would require 3,000 MW of electricity to suffice its needs by 2020

Estimated Energy Production Potential and Areas of Investment

- ❑ Hydro Power: 125 sites identified with potential of over 600 MW of electricity
- ❑ Gas: 3000 MW to 4000 MW. RFP for new sites to be announced shortly
- ❑ Wind Energy
- ❑ Geo Thermal Energy: Estimated power plants can generate from 5 to 20 MW each
- ❑ Solar Energy: 300 sunny days in a calendar year calls for a bright prospect in investing

About Azizi Bank

- ❑ The largest banking group in Afghanistan in terms of network, customer base, absolute business and market share.
- ❑ Established in Afghanistan on 13th June 2006 by Mr. 'Mirwais Azizi of the Azizi Hotak Group & Family – An highly acclaimed family of the country.
- ❑ The parent company – Azizi Group is based in Dubai, UAE
- ❑ 34% of the banking population in the country banks with Azizi Bank
- ❑ 35% market share of Trade Finance Business
- ❑ 51% market share of Remittance Business
- ❑ Only bank in the country to have acquired two full-fledged commercial banks within a decade of its operations.
- ❑ Started the first full-fledged Islamic Bank -“**The Islamic Bank of Afghanistan**”. A 100% subsidiary bank of Azizi Bank
- ❑ The most digitally acclaimed bank in the country
- ❑ Sustainable Corporate Social Responsibility Programs & Responsible Banking



THANK YOU

