



*Businesses as development agents or  
business as usual?  
- The case of mobile telecommunications industry  
in Afghanistan*

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# *Generic business-development relations*

## **Business as tool for development**

- Employment
- Tax revenue for the state
- Investments
- Upgrading potentials
- Trickle-down effect

## **Business as development agents**

- Solutions for development
- Collaborative innovation
- Targeting the base/bottom of the pyramid
- Direct market-based transactions with the poor

## **Business as the cause**

- Race to the bottom
- Tax avoidance
- Downgrading and outcompeting local businesses
- Increasing inequality and poverty
- Fuelling conflicts



# *What characterizes CFAE*

- Lack of state implies ‘areas of limited statehood’
- From state/government to a focus on *governance* between various state and non-state actors
- Engagement of business in development driven by other mechanisms than regulations
- Increased role of non-state actors in responding to massive and urgent needs for development



# *The Afghan mobile telecommunications industry*

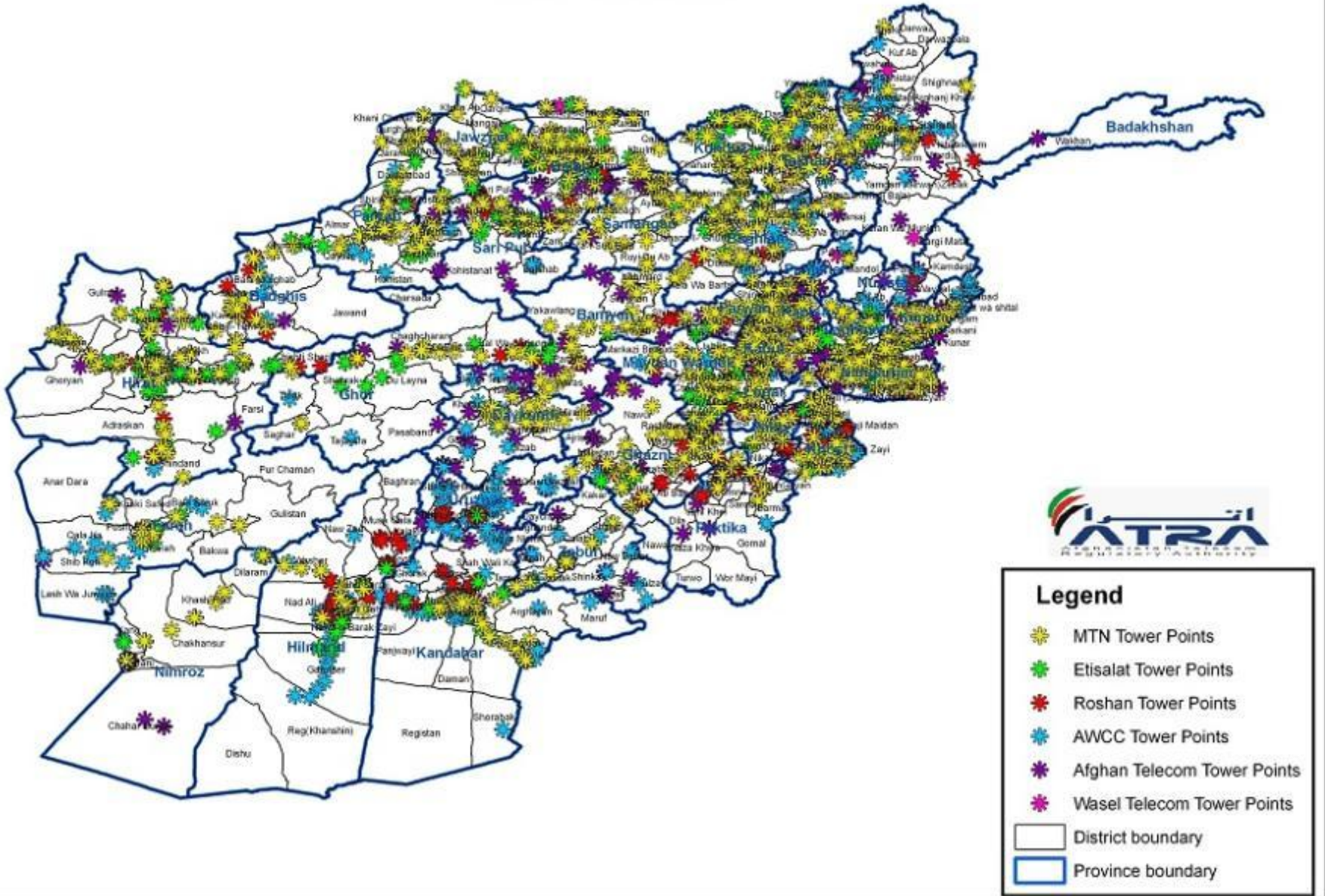
- Consists of 6 operators – 4 MNCs
- Creates jobs - + 100,000 employed direct and indirectly
- Generates tax revenue for the state – \$200 million
- Covers around 27 million subscribers – reaching 90% of people in populated areas
- Offers innovative m-services for banking, health, education and agriculture

Source: <http://mcit.gov.af/>



# Mobile Telephone Coverage in Afghanistan

End of March 2016



Source: <http://atra.gov.af>

# *Study focus: Operating 'glocally' in CFAE?*

- Local business-society engagements driven by a global agenda on CSR



# *Study focus: Political role of business in CFAE*

- Coping with both the formal and informal governance structures is challenging
- Risk of delegitimizing the state



# *Study focus: Business as development agents*

- Barriers

- Short-termed and unsustainable engagements
- Commodification as the main driver of innovation for development
- Managerial mind-set for complex developmental issues

- Opportunities:



Ustad Mobile  (TM)

Let's mobilize education for all



# *Core findings on role of business*

## **Opportunities**

Easier to define and engage in 'development'

- Socio-economic impact through both products and indirectly
- Potentials for collaborations with donors, development actors and CSO
- Engagements can be driven by enlightened self-interest

## **Challenges**

Coping with parallel governance structures in CFAE

- Addressing *responsibility* with conventional and non-conventional actors necessary
- Addressing *development* – what and for whom
- Aligning commercial and developmental interests in CFAE



# *Conclusion*

Business as development agents or business as usual?

- Context matters – even more than before
- Businesses have room for manoeuvring in CFAE with/without state, donors, development actors
- Win-win-win situations possible - but require strong collaboration between PS, donors, state, development actors and CSO
- Roles of (for-profit) businesses in CFAE need further scrutiny



*Thank you*

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