

Roshan: Empowerment through Ethical and Innovative Telecommunications in Afghanistan

Background to Roshan:

Roshan is Afghanistan's leading communications provider and the market leader with over 6.5 million active subscribers. The network footprint covers more than 70% of Afghans in over 287 districts and cities in all 34 provinces of the country. Since its inception in 2003, Roshan has invested approximately \$650 million in Afghanistan. To date, it is the country's single largest private investor and the largest taxpayer, contributing approximately 5% of the Afghan government's overall domestic revenue annually. Roshan was awarded the 2nd telecoms license in Afghanistan in January 2003, less than 18 months after the fall of the Taliban. Roshan's majority shareholder is the Aga Khan Fund for Economic Development (AKFED), which is part of the Aga Khan Development Network (AKDN).

As part of the AKDN, Roshan's model has been very different from the outset, and the company has always focused on harnessing the power of mobile technology to catalyze reconstruction and economic development in war-torn Afghanistan. Roshan not only focused on building a telephone network, but also on how to:

1. Provide access to telephone services to Afghans in all parts of the country.
2. Use technology to help the Afghan government improve delivery of public services and bring innovations to the country such as telemedicine, mobile money, etc.
3. Create jobs by supporting Afghan businesses and hiring and training Afghan staff to be in long-term leadership roles.
4. Deliver best-in-class technology and benchmark itself against the best companies in the world.

Most importantly, the company was built on a platform of core values to which employees had to commit. It was considered fundamental that the company was a benchmark in terms of corporate governance and ethical business conduct.

Challenges:

In 2003, there were barely 100,000 functioning phone lines for a population of 23 million people. For many Afghans, making a phone call required traveling long distances, sometimes even to a neighboring country. Roshan had an opportunity to affect widespread positive change in Afghanistan, but also faced some of the most daunting challenges: warfare, lack of security, landmines, chronic and widespread poverty, nonexistent or damaged infrastructure, low literacy rates and rampant corruption, to name a few. In addition to this, the management had to hire a team in a country where people had not been exposed to the necessary education and, in many cases, had spent years living in refugee camps. At the time, Afghanistan had a literacy rate of only 30%. There was not only a severe lack of infrastructure in Afghanistan but also no proper regulatory laws in place. The Roshan management realized the immense challenges ahead, and developed the company from scratch, without existing support or infrastructure.

Role of Roshan:

From the start, Roshan set out a model for ethical business, working to break the cycle of corruption which was the norm in the country. This was not the easiest path to take in a country where everything from acquiring permits to keeping infrastructure safe typically requires a "payment". But Roshan drew a hard line to conduct business in an ethical manner. This decision proved to be the first of many that would set Roshan apart in Afghanistan. Roshan became an inspiration for Afghans and an example that an ethical business can succeed in the country.

One of Roshan's earliest challenges was figuring out how it could train and employ an Afghan workforce with high rates of illiteracy. Roshan's leadership immediately identified the development of

the Afghan workforce as a major priority that would be pivotal to the company and the country's shared success. During the company's first set of interviews for engineers, the company's Chief Technology Officer had to quickly recalibrate his expectations to meet the talent that was available. In a matter of days, he decided that anyone who could open a PC, turn it on, and speak some English would be hired. It is a decision that would seem impractical and unsound to most senior executives, but it highlighted the embodiment of Roshan's commitment to on-the-job training and development. This meant sending the first engineers to France for in-depth training with Roshan's equipment supplier. Roshan's management also implemented a mentorship program where senior staff were mentors to the top 10% of staff and a supporting training program was put in place. Since its inception, Roshan has been investing on average over \$2,000 in training per employee per year.

Another key aspect of the effort to foster talent in Afghanistan is the need to empower women, who are often not allowed to work outside their homes. To counter this systemic issue, Roshan's senior leaders personally went into communities and met with parents to assure them of their daughters' safety, offering secure daily transportation to and from the office and lunch onsite at the company's premises. Roshan also developed and implemented the first sexual harassment policy to create a safe work environment for women. Roshan was also the first company to introduce medical and health insurance for its staff, including special medical support for women.

Roshan was also the first private company to offer pension, health insurance and implement best labor practices, something which has set the standard for others in the private sector to follow. Even the Ministry of Social and Labor Affairs of Afghanistan has come to Roshan to look at programs that have been implemented and to see if these initiatives could become the model for both public and private sector companies.

Roshan has also strived to provide economic and educational opportunities for all Afghans, especially for the youth who are estimated to make up almost 70 percent of the population. Roshan was the first company in Afghanistan to develop a unique platform for youth, called Yaraan (friends). Through this, Roshan offers young Afghans unprecedented educational scholarship opportunities and career development programs.

Results and Social Impact:

Today, more than 97% of Roshan's 900 employees are Afghans and they now make up over 73% of the senior management team. By training its employees to world-class standards, Roshan has made this initial challenge its greatest asset. Investment in the training of employees is part of Roshan's commitment to building Afghan capacity and enabling the rise of the new generation of young Afghan leaders. The company believes in creating the right working environment where its employees are proud of their company, their country and the service that they provide to customers.

Women comprise around 20% of Roshan's workforce and over 17% of Roshan's senior management team, an achievement in a male-dominated country like Afghanistan. Roshan has set the example to empower women economically through innovation, providing a safe work environment and leading as a model for others in the private and public sector to follow.

In addition, Roshan has leveraged its technology to contribute to the improvement of healthcare services in Afghanistan. The company's unique Telemedicine program has expanded medical access to remote areas and has connected four hospitals to the French Medical Institute for Children in Kabul, which is connected to the Aga Khan University Hospital in Karachi, one of the best equipped and most advanced hospitals in the region. The telemedicine link has served more than 15,000 patients and facilitated essential training for over 4,000 healthcare providers. Afghan doctors have utilized Telemedicine technology to carry out thousands of medical procedures from routine check-ups to complex, life-saving surgeries. For example, recently Roshan's telemedicine link enabled Afghan surgeons to successfully separate a conjoined twin, making history and highlighting the

importance of this revolutionary technology. Using telecommunications infrastructure has allowed the latest technology to reach even the most rural areas and has helped to save lives.

Roshan was also the first company to introduce mobile money technology in Afghanistan – M-Paisa. The technology has had a massive positive impact on the lives of Afghans and the national economy, extending the frontier of banking in a country which was 97 percent unbanked, and giving Afghans access to safe banking. Before M-Paisa, monetary transactions were dangerous and unreliable. Afghan banks have a history of corruption and instability, and branches are few and far between. Because of this, most Afghans were forced to keep their wealth in cash rather than risk trusting the bank. This cash-based economy put wealth at risk, made conducting transactions and paying bills difficult, and led to corruption and salary skimming. M-paisa changed all this by giving Afghans a secure, reliable and fast way to save money and pay for goods and services. It has also been one of the country's most successful ways to combat corruption by enabling employees to collect paychecks and process payments directly and securely—removing the need for middle-men and the risk of corruption or crime. Afghan security forces who received their salaries through M-Paisa saw an immediate 30% increase in their salaries. The extra cash which would have been lost to corruption enabled police officers, who come mostly from remote areas, to spend more. This in turn generated more economic activity in rural communities.

In addition, Roshan has spearheaded the effort to attract direct foreign investment to build the telecommunications infrastructure of Afghanistan. By creating the right environment, Roshan has enabled other operators to invest in the country. To date, the telecom industry has seen an investment of over \$2.5 billion dollars into the country.

Roshan has an internationally-recognized and award winning Corporate Social Responsibility (CSR) program, Roshan Community. Through Roshan Community, the company has built 10 schools, 35 E-Learning Centers, 205 drinking water wells, 29 playgrounds and tens of other such projects which provide essential and sustainable support to communities across the country. And each project is designed to be not only sustainable but also address key issues and bring Afghans together. For example, drinking water wells not only improve the health of communities but also address a major source of conflict in rural areas: access to water. Playgrounds, for example, not only enable children to play sports and remain active but also bring Afghans of all ethnic backgrounds together to interact in a positive environment. Building a stable future by investing in Afghans as one community and cherishing diversity secures our business in the future while giving the next generation a unified identity.

Roshan has proven that a communications company — if it is committed to driving economic and social progress — can be a major catalyst for positive change in challenging environments like Afghanistan. Roshan's ground-breaking services have transformed Afghanistan by unlocking the power of mobile technology. Roshan's services have given Afghans the ability to communicate with each other and the world, access information, conduct transactions securely, and much more.

Roshan's internationally recognized operations have demonstrated its deep commitment to ethical business, empowerment of Afghans, and equality for women. Through an ethical and sustainable business model that employs Afghans of all backgrounds and trains them to the highest international standards, Roshan has created a modern, world-class mobile network in Afghanistan. Roshan's operations have influenced an entire ecosystem with the values that it represents, spreading its impact beyond market share and profit.

Keywords: socio-economic development, telecommunications, mobile, telemedicine, security, innovation, investment, Afghanistan

Sector: Telecommunications