



Speech

by

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Excellencies, Distinguished Delegates,

Ladies and Gentlemen,

It is my distinct pleasure to speak to you at this historic event about our government's strategic vision of moving "*Towards Self-Reliance*" through the transformation decade.

Let me take this opportunity to express my profound gratitude to the Government of Japan for hosting this landmark conference, and to the people of Japan for their generous and selfless assistance to Afghanistan.

I also wish to express my gratitude to each participant for your participation, support, and the support of your nations to the peace and development of my country.

For more than ten years we have worked side by side to achieve our shared goal of a strong, peaceful, and stable Afghanistan. As a result, Afghanistan has come a long way – from a broken to a modern democratic Islamic state, with a thriving economy, professional security forces and improved standards of living for all of our people as detailed by Madam Ogata.

But together we also recognize that in order to consolidate and sustain our achievements, with lasting impact on our economy and people, and contribution to our aspiration for self-reliance, development efforts must be Afghan-led.

It was for this reason that we embarked on the Kabul Process more than two years ago to bring Afghan ownership and leadership to the aid delivery process in Afghanistan.

This resulted in the development of 22 National Priority Programs (the NPPs) today.

Based on our National Priority Programs, we have put together for this Conference a Vision contained in a Strategy with concrete plans on how to reach our goals.

Detailed in our main conference paper, "*Towards Self-Reliance*", this strategy has also been painstakingly crafted in intense consultation with both internal and external stakeholders.

The result is an expeditious, responsible and sustainable growth strategy founded on growing agricultural productivity and strengthening rural economy, developing human capital, building infrastructure to support sustainable economic growth, improving the business climate for

investors, increasing the effectiveness of our civil service institutions, reducing corruption and ensuring the rule of law across Afghanistan.

Excellencies, ladies and gentlemen,

Good governance is at the heart of our growth strategy. It is the enabler, without which, we cannot make meaningful progress on any of our promised deliverables.

H.E. President Hamid Karzai, in his speech, reiterated his commitment to the strengthening of democratic governance, through transparent, free and credible elections, the rule of law and concrete progress in the fight against corruption.

In addition, we are committed to the strengthening of an independent and effective judiciary; transparent public finance management; and the enforcement of constitutionally guaranteed fundamental human rights and freedoms.

As part of our plans, we will also develop our legal and regulatory frameworks to strengthen the laws that underpin good governance at both national and sub-national levels, thereby, enabling further authorization of decision-making and financial authority to the provincial and district levels.

We will continue to build our public financial management systems to increase transparency, reduce corruption and boost the absorptive capacity of our budgetary systems.

In this regard we expect to achieve firm and higher targets measured by *Public Expenditure and Financial Accountability* (PEFA) assessment and *Open Budget Index*.

We have already embarked on aggressive measures to control spending and raise domestic revenues; and have committed to increase the ratio of domestic revenue collected to GDP from the current 11% to 15% by 2016.

We intend to continue to partner with the International Monetary Fund and the World Bank to strengthen and safeguard the integrity of our public financial management and that of our banking sector.

In this context, we are committed to an expeditious resolution of the Kabul Bank issue as per the IMF recommendations.

Ladies and gentlemen;

The private sector can be an agent of change and driver of many of the development deliverables, resulting in a more sustainable rise in GDP, increased employment, diminished poverty, improved access to goods and services, and the leveraging of natural competitive advantages and resources.

The Government, as facilitator, regulator and policy-maker, is therefore firmly committed to laying the right foundation for the private sector to succeed in Afghanistan.

With respect to the extractive industries, the Government re-affirms its commitment to further improve the environment for investment in mineral and hydrocarbon resources and continue its rigorous efforts in improving the governance and management of its extractive industries based on the principles of sustainable development in a transparent and accountable manner. In this context, it is important to note that we are already part of the Extractive Industries Transparency Initiative.

For Today's historic event, we have re-affirmed these commitments in our Mutual Accountability Framework to be put forward for endorsement at today's Conference.

Ladies and Gentlemen,

In planning for the future, we must accept the reality that even under the most optimistic scenarios, Afghanistan cannot achieve fiscal self-sustainability in the near future.

Based on the World Bank and our government's analysis of Afghanistan's development needs, a fiscal gap of close to \$4 billion per year will persist through 2017, before gradually declining through the end of the Transformation decade of 2015-2024.

Your acknowledgment of this reality in Bonn late last year, and your commitment to direct financial aid to help Afghanistan address its budget shortfall throughout the transformation decade; and your assembling today to make your commitments more specific, sends the strongest signal to our people that Afghanistan with your generous and committed support and strong

partnership will continue to march forward towards prosperity, self-reliance, and a brighter future.

Excellencies, ladies and gentlemen:

Transforming Afghanistan from an aid dependent nation to a fully sovereign, self-reliant member of the international community requires aid that works to build self-sufficiency.

Two and a half years ago when we embarked on the Kabul Process, the international community committed to important changes to increase the effectiveness of aid to Afghanistan.

But change has been slow to come. More than 70% of international assistance still bypasses the budget, and less than 5% is truly discretionary.

Continued gradual changes to aid will not achieve our shared goal of a self-sufficient Afghanistan in an acceptable time - bold changes in the delivery of assistance are required.

Friends;

I join our President in calling on our partners assembled here today to reassure the Afghan people that you will provide financial assistance to Afghanistan in a manner that supports our efforts for lasting self-reliance.

As a key component of mutual accountability, we, therefore, expect a renewed commitment that at least 50% of donor funds will be applied through the core budget and 80% will be aligned with our National Priority Programs within a year from today.

Ladies and Gentlemen;

Our joint achievements of the past 10 years, despite difficult circumstances and challenges, should be appreciated.

They, along with the continuing strong support of our partners, make me confident that we will realize our vision of self-reliance.

That, together we will be able to provide to the people of Afghanistan a healthy, prosperous and peaceful life full of optimism and not anxiety.

I thank all our international partners for your firm and enthusiastic support. I thank you for believing in the potential of Afghanistan and that it can once again look forward to a promising future.

Thank you