

Statement of H.E. Hamid Karzai Chairman of the Interim Administration of Afghanistan

A vision for Afghanistan

Prime Minister Junichiro Koizumi

Mr. Secretary-General,
Madame Chairwoman,
Distinguished Ministers,
Excellencies,
Ladies and Gentlemen.

First and above all I would like to extend our gratitude to the Government of Japan for hosting such an important conference in Tokyo. Also, I am grateful to all the organizers of this conference for providing me with the opportunity to share some facts and thoughts.

Indeed, no leader of a country, even an interim representative, would ever want to be in the position of asking for financial assistance from the international community. I would much rather be in your position, as a potential donor, than to be a recipient. We, the Afghan people are proud and independent. We have always strived to be self-sufficient and self-reliant.

Let me take a few moments and share with you our vision for the new Afghanistan

Although the Interim Administration has been in place for only one month, we have already agreed on a vision for the road ahead. Our vision is of a prosperous, secure Afghanistan. We are marching ahead with the objective of building a credible State with an efficient and transparent government. Our government shall be accountable to its citizens as well as to the international community. We will build an effective and competitive private sector, a well-developed civil society with democratic institutions. Our goal is that the rule-of-law and transparent systems would eventually allow us to realize the potential of our own natural and human resources. We will work hard on attracting foreign direct investment, thus generating sufficient revenue to replace international assistance over time. This new Afghanistan would bring prosperity to its trading partners and stability to this region of the globe.

Hundreds of delegations from all parts of the country have come to meet with me in the last four weeks. They have all confirmed our common desire for national unity, insistence on a partnership with the community of nations and support for the political process initiated in Bonn. Representatives of the Afghan nation will meet within the next five months to select the Head of State. We will put in place a transitional government that will prepare the future Constitution of the country. The peaceful transfer of power is to become the norm rather than the exception.

Let me tell you about our partnership and moral contract with the international community

While our destination is Afghan self-sufficiency, we must start with international financial assistance. For the past 23 years, we have suffered the misery of war, repression, and gross abuses of human rights, and an interpretation of Islam that deviates from its true meaning of

tolerance and justice. On the other hand, the Afghan nation valiantly resisted imposed solutions from the outside. Due to many years of war and foreign interferences, Afghanistan was turned into a launching pad for terrorism against the Afghan people and the international community.

Our freedom today is as a result of our struggle and the collaboration of our partners in the coalition to remove the presence of the Al-Qaeda terror organization and to bring to an end the rule of the Taliban regime and foreign interference. This task would not have been achieved without that partnership. Our people have been heartened by the generous response of the international community to our humanitarian crisis, and I want to express my particular gratitude to your sustained efforts.

However, we have one fear, that without a full partnership with the international community, Afghanistan may falter again. In an environment of inadequate security, fragmented governance, the non-integration of Afghan returnees, Afghanistan could remain a source of instability to the world and the region.

To deal effectively with the root causes of this humanitarian crisis, we need the international community to support our efforts for reconstruction and development. On our part, we are fully committed to accountability, transparency and efficiency in the use of financial aid. We invite the international community to assist us in devising transparent systems of accountability and information-sharing, including a procurement board and financial monitoring systems to enable us to be accountable to our citizens and the world. We will hire a reputable international firm to audit our expenditures on a regular basis.

Legitimate questions have been raised regarding the absorptive capacity of Afghanistan. Our vision for national revival makes it possible to tap all sources of capacity, and to mobilize our people, the government, UN agencies, NGOs and the private sector. Our people have demonstrated impressive resilience and ability to fend for themselves. The administration has retained a core technocratic capacity, which with international assistance can usher in good governance. UN agencies and NGOs (Non Governmental Organizations) have some valuable experience in Afghanistan. Afghans have a demonstrated entrepreneurial capacity and the private sector is anxiously awaiting the restoration of security and rule-of-law. A shared vision can mobilize the capacity of all the actors concerned. We are looking forward to working together with the best international expatriates and skilled Afghans from the Diaspora to implement our vision of transformation.

On the subject of Governance

The elimination of corruption is one of my top priorities. We need an effective central government that reestablishes the national unity of the country on the basis of strong institutions and the rule of law. Simultaneously, we are likewise committed to building community level participation and management. We want a small and flexible administration and will need to establish a severance and retirement fund. We do not see government as the producer and manager of the economy, but as regulator and promoter of the entrepreneurial energies of our people. As part of the key tasks of our government are investment in human capital, provision of security, enforcement of needed regulations, and the fight against poverty and social deprivation. We are fully committed to an open market economy and see the private sector as the engine of growth. The state will enter into a direct managerial role only when social justice demands its presence.

The creation of regulatory capacity and monetary stability

We are striving to create the enabling environment for the full participation of international private capital in our country. We will seek to provide incentives for investment, standards to make Afghanistan a full partner in the international economic system, and outlets for our goods, particularly in the region and in Europe. We will require technical assistance to establish regulatory regimes that would command respect and confidence of all actors in the rules of the game.

Afghanistan is facing a monetary crisis. Trillions of Afghan currency have been printed. The administration is committed to dealing responsibly and decisively with these issues and is looking forward to the involvement of the international community in the establishment of monetary stability, backing for the currency, and revival of the central bank. We request all nations to forgive any debts to them that may have been incurred by previous regimes. We hope that multilateral financial institutions will find ways to restore Afghanistan to its full membership quickly.

The creation of human capital

One of the central functions of a developmental state is the creation of human capital. Twenty-three years of war means that there is a lost generation, that has known only war and has been denied all forms of opportunity. We shall utilize a roadmap that links humanitarian assistance to recovery and development, through the creation of assets, opportunity and empowerment.

Our people are eager to embrace a modern educational system that will provide them with skills and opportunities to rebuild our country and to participate in an increasingly global world economy. We are fully committed to the education of our girls, as all the international experience has demonstrated the return of investing in girls' education. We will ensure active participation of Afghan women in all spheres of reconstruction. The systematic oppression of our intellectuals and the continuous brain-drain from Afghanistan has resulted in a vacuum that can only be filled through the creation of a first-rate educational institutions. We have a concrete target, to get 1.5 to 2 million of our boys and girls back to school and to open the doors of Kabul University and other institutions of higher learning on March 21, the beginning of Nowroz, our new calendar year.

The ongoing humanitarian crisis accentuated by the devastating drought and the neglect of the health conditions of our people in recent times are major causes of deaths and misery. We are committed to a health care system that addresses the dire needs of Afghans through concrete programs in rural and urban areas.

Our challenges with our current infrastructure

An immense challenge is the rebuilding of the infrastructure of our country. Our country today is compared to a wasteland. The establishment and rebuilding of the energy sector, transportation, communications and irrigation systems will be a huge task. We need immediate investment in these sectors to jump-start the economy, restore basic services in partnership with the and international private sectors to restart our small and medium industries. We are looking to the local and international private sectors to take the lead in areas such as telecommunications, mining, energy and transportation. We have made a

decision to create a procurement system that would be compatible with contemporary practices.

From a vision to programs

The instruments for realizing our vision are programs and projects within the framework of solid institutions. Drawing on international experience, we will focus on the inter-relationship between programs at the sector-level, and design of projects that embody our commitment to the creation of effective institutions. To ensure social justice and program sustainability, we will consult with the Afghan civil society by inviting the international community to help us implement the programs. Our primary focus is to revive and build the State apparatus, a system of democratic governance with active participation of the citizenry.

These strategies and programs will be elaborated in the coming weeks. Some of the core programs that we plan to implement in order to embark on recovery and reconstruction in the next few months are as follows:

One, we intend to implement a short and long term emergency assistance program, in rural and urban areas to address the needs of those Afghans who were victims to human rights violations, and are internally displaced within ten key regions *. The projects within the program will focus on shifting from the provision of humanitarian assistance to building the administrative capacity of local districts to deal with challenges.

Two, we intend to implement a local empowerment program that would allow communities to manage their own resources. Such a program would allow legitimate leaders to emerge and deal with issues facing their communities with forming a basis for consultative democracy in the future. Block grants would be distributed to villages and districts, and allocated to projects through inclusive and participatory processes and on the basis of simple criteria.

Three, we need to address the specific needs of women. A critical project will be to support the industries that are staffed by women, through provision of assistance with credit, marketing and skills training. Other projects will address the urgent needs of vulnerable women including widows orphans.

Four, an urban reconstruction and renewal program will focus first on the major cities, to support the municipal authorities with planning, urban land management systems, access to electricity and infrastructure and transportation. A program promoting the concept of sister cities could be quite effective.

Five, a critical issue is the degradation of agricultural and pastoral activity. Especially that the country has endured four years of severe drought! Afghanistan has enormous potential in agricultural, horticultural and livestock growth. A strategy for economic revitalization must lead to a fair and competitive market, to ensure imaginative use of food processing, packaging and marketing. Giving our people in the rural areas an economic livelihood will allow us to fight poppy cultivation. If need be, we will consider subsidizing our farmers towards substitute cash crops.

Also critical will be the acceleration of the mine clearing program - Our citizen are falling victim to them daily! The need for action there is great. We are committing ourselves to signing the Ottawa Anti Landmine Treaty. We will work on programs to address the urgent

needs of millions of returning refugees. We will seek ways to fully integrate them into recipient communities.

Security for all

The challenges of bringing security to all Afghans for the purpose of establishing peace and eradicating the threat of global terrorism and narcotics, is still ahead of us. Similarly, security and development are two sides of the same coin because over a million Afghan combatants cannot be absorbed into the mainstream of society and economy without imaginative developmental efforts.

We are engaged in laying the foundation for a national army, a national police force and a national security bureau. We are committed to establishing a small, effective, disciplined security apparatus that is subject to the rule-of-law, accountable to the citizens and committed to respect universal human rights.

The Interim Administration recently declared poppy cultivation and drug trafficking in Afghanistan as illegal. This will generate adverse economic consequences for indebted farmers. The early launch of rehabilitation programs in poppy-growing provinces, and support of the national security forces will help fight the illicit drug trade.

We need a social protection system that is not based on charity but rather on self reliance. We need a carefully orchestrated transition from emergency relief assistance to a system of social protection. This would entail a shift in responsibility from the agencies to the government by establishing a social protection fund.

Next steps

We would like to develop a full partnership with the international community. We suggest the following principles:

First, Afghanistan will need predictable financing in the form of grants. It is an almost unprecedented situation where an administration has no immediate source of revenue. We will rapidly lose credibility, if we cannot pay our staff or deliver services to our people. While we understand the procedural requirements for the delivery of international aid, unfortunately, we have seen little signs from the international community in response to our regent needs. We see it as essential that the pledges are promptly materialized.

Second, for the international aid system to be of use to Afghanistan, we need to establish financing mechanisms that allow for simple and quick disbursement to the Interim Administration and its successors, for their recurrent and developmental expenditures.

Third, the central instrument from our side must be the budget. International experience is clear that the budget has to be the key instrument of policy-making, programming and accountability. We want to avoid projects undertaken by well-meaning sponsors that are not part of a clear program and institution building strategy. Only this can restore the credibility of the government, establish its hold over the entire country, and bring coherence to all programs.

We are committed to producing a budget from March 2002 to March 2003, and need urgent Technical Assistance to create the procedures and systems to allow for full transparency,

accountability and predictability between central government and each of the recipients. We estimate our expenses to be between \$1.8 and \$2 billions for our next fiscal year, and ask for a fund to provide resources directly to our budget process. We hope to establish with you a mechanism over the next few weeks to provide real commitment of money rather than pledges.

We estimate that governmental expenditures will be approximately \$300 million for the first phase, which will cover until March 21st, to deal with salary arrears, initiate an immediate program of recovery and start local empowerment programs. We seek the commitment of our friends within the international community for rapid mobilization and to stay the course with us.

Fourth, a full participatory needs assessment is necessary in the country to arrive at an understanding of Afghanistan's real requirements and the estimate of the cost of different scenarios of development. All acknowledge that there has not yet been time to identify precisely all the resources needed to restore Afghanistan's economy to a healthy and self-sufficient future. The needs assessment has been conducted outside the country, as it was largely prepared prior to the transfer of power. Given the agreement that Afghans need to be in the driver's seat in envisaging our future, determining our priorities and modalities of implementation, we are launching a participatory process. This process is designed to form a consensus on a developmental vision and strategy, and a full understanding of our absorptive capacity, to produce different scenarios for our future.

We are looking forward to partnering with development institutions and the private sector in translating this process into a comprehensive development framework. We will co-host a conference a few months from now with the developmental agencies and the private sector to present an assessment of Afghanistan's needs for the next ten years.

We appreciate the efforts of the Government of Japan and other co-chairs of this conference to enable us to be here today, to share our initial thoughts with you, and to seek the realization of the commitments made by world leaders to stay with Afghanistan, providing concrete flow of funds and programs. We look forward to welcoming you in Afghanistan.

* (1) The Shomali plains (2) Dari-suf Yak-aw-Lang, Central Bamiyan (3) Khawajaghar-Hazarbajh (4) Takhar-Badakhshan (5) Mazar region (6) Hcrat-Ghur (7) Kandahar (8) Paktia-Paktika (9) Eastern Ninghar (10) Jalozai.

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