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Statement by the Hon. **OMAR ZAKHILWAL**,
Governor of the Bank for the **ISLAMIC REPUBLIC OF AFGHANISTAN**

**Statement by the Hon. Dr. Omar Zakhilwal,
Governor of the Bank for the Islamic Republic of Afghanistan**

It is my distinct pleasure to address this meeting today.

I take this opportunity to express our sincere appreciation to the World Bank Group (WB) and the International Monetary Fund (IMF) and their member countries for their partnership and continued support to our efforts to rebuilt Afghanistan. Afghanistan has come a long way over the past 13 years and it would not have been possible without the relentless support of our partners.

The World Bank Group has partnered with us in furthering our economic development agenda not only by providing generous IDA assistance to Afghanistan and bringing unique expertise and advice but it also administers the Afghanistan Reconstruction Trust Fund (ARTF) –the largest single source of on-budget financing delivering important results within key sectors including education, health, agriculture, rural development, infrastructure, and governance. ARTF has so far has pooled around US\$6billion in donor funding and more importantly it supports our national development agenda and builds our institutions using country systems.

On the other hand, we have partnered with the International Monetary Fund to undertake difficult but critical reforms in laying down the foundations of strong economy. The successfully completed PRGF program assisted us in macroeconomic stability while the current Extended Credit Facility (ECF) is supporting us in undertaking further reforms necessary to address the weaknesses in our financial and fiscal sectors and to implement important and sustainable structural improvements.

Afghanistan is undergoing a transition; Afghan security forces taken full ownership of security and we are increasingly taking ownership of development and governance. We are preparing for the political transition with Presidential elections in 2014 and parliamentary elections in 2015. The Bank and the Funds presence and engagement in Afghanistan at this juncture provide the much need assurance to Afghans that the gains of the past decade will not be reversed. Our long-term strategic partnerships with our allies are taking shape and will alleviate anxiety amongst Afghans.

Afghans and their international partners acknowledge 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. Our strategy for the transition period and the transformation decade that follows is focused on 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.

To ensure the sustained economic growth and development envisioned in the our development strategy, Afghanistan needs sustained assistance through investments, technical assistance, and policy advice from the World Bank, the International Monetary Fund and our development partners. Moreover, the transition provides us and our partners, including the Bank and the Fund, with an opportunity to assess our engagement in Afghanistan and other related recipient countries. In this context, I welcome the World Bank Presidents vision for engagement in post-conflict and fragile states. We believe coordinated development assistance owned by the country and aligned with its development priorities is crucial while creating jobs to help break the cycle of poverty and violence brings stability.

Over the past 12 years, Afghanistan has seen remarkable improvements in health, education, and infrastructure, its economy and in the delivery of other essential services. This has only been possible because the Afghan Government has been both willing and able to assume a leadership role. The government is shouldering a growing ownership that requires a long-term holistic approach to capacity development and perseverance and patience. In this setting we see the Capacity Building for Results program funded the Bank-administered

Genuine ownership also requires capacity – capacity to identify, lead and implement priorities that are complex, challenging and intertwined. With this in mind, the Afghan Government and the Bank, with generous funding by ARTF donors, have launch a program with a holistic approach to capacity development and service delivery: the Capacity Building for Results (CBR) program. Under the CBR Technical assistance is to be demand led and an integral part of the Government structures – not a parallel system.

In conclusion, we welcome an expanded role for the WB and IMF - but a role in close partnership with donors, and most importantly with the Afghan Government.

I encourage that the IMF, WB and relevant governments come together to discuss how they can effectively work together, particularly in more volatile and insecure environments. In this way the WB and IMF can continue to play their renewed leadership roles in assisting the world's developing economies.

Thank you.