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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 would like to express our gratitude to the Government of Japan for its warm hospitality here in Tokyo, and for the generous support it has provided to Afghanistan over the years.

I also take this opportunity to express our sincere appreciation to the World Bank Group (WB) and the International Monetary Fund (IMF) for their continued support for the economic development of Afghanistan, as a result of which our country commenced a journey on the path of reconstruction and rebuilding. Our partnership has resulted in meaningful and fundamental economic development and reform.

The World Bank Group, besides its generous IDA assistance to Afghanistan, administers the Afghanistan Reconstruction Trust Fund (ARTF) that so far has pooled around US\$6billion in donor funding through our Government systems in an efficient and transparent way, funding important projects and programs from community led development to large infrastructure to institutional reform and development.

Similarly, the International Monetary Fund through the current Extended Credit Facility (ECF) is assisting us in undertaking difficult but critical reforms in the financial and fiscal sectors and to implement important and sustainable structural improvements.

Afghans look at the World Bank Group and the International Monetary Fund as credible international institutions and their continued support and engagement in Afghanistan in the coming years, particularly during the transition and transformation periods, will provide the assurance.

Afghans and their international partners 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.

In the Tokyo Conference on Afghanistan, we presented a strategy that 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.

Good governance is at the heart of our strategy and we are keenly aware that government capacity needs to improve to assume more responsibilities. Important steps are also being taken to strengthen public sector institutions so that the citizenry. This requires that significant progress be made in reducing corruption and the government is committed towards this end.

We would require sustained assistance through investments, technical assistance and policy advice from the WB and IMF to succeed in all these fronts.

At a time when Afghanistan is moving through transition, we must reassess how donors can provide assistance more effectively, so that it contributes to the sustained economic growth and development envisioned in the our development strategy.

In this context, we strongly support the G7+ process. Afghanistan's experience certainly demonstrates that for aid to be effective, more ownership and increased capacity are necessary on the part of the recipient country.

A challenge that all donors face is how to give a country such as Afghanistan its own voice and a credible role in the reform and policy making process. This issue will continue to be discussed during the WB and IMF Annual Meetings:

Over the last decade, Afghanistan has made remarkable progress on the public finance management and good progress has been made in other areas to demonstrate strengthened Government ownership. Increasing domestic revenue, continuously exceeding IMF targets, has not only been a remarkable achievement, but also a critical step towards fiscal self-sustainability. This has only been possible because the Afghan Government has been both willing and able to assume a leadership role.

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.