Statement of H.E. Hamid Karzai

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Bonn has entered our language as a synonym for international commitment to the peace and security of our people. A year ago, an agreement was signed here that provided a roadmap to the creation of a government that will have legitimacy, both at home and abroad.

My election by the Emergency Loya Jirga, held in June, represents both the culmination of the first phase of the Bonn Agreement where power was to be endowed with consent and the beginning of the second phase of the Bonn Agreement where a transition to a government elected according to a new constitution is to take place.

We are proud to have adhered to the major milestones of the Bonn Agreement so far. Our task now is to meet the key goal - that of creating the institutions of a state that would be bound by the rule of law, designed to meet the needs of the people and to create the enabling environment for prosperity.

Legitimacy is a process. It gets enhanced through the fulfillment of our promises and diminished through our failures to live up to our commitments. The Afghan people are sophisticated observers and judges of our joint endeavor with the international community. We feel confident that we have laid the institutional foundations for trust. Building the edifice, however, will depend on our ability to carry out a series of reforms that together will constitute an irreversible transformation.

Holding the peace and ensuring that the people could choose their leadership in an environment free of fear were the key goals of the Interim Administration. We succeeded in meeting these goals. Enduring peace, however, is conditional upon creation of institutions of good governance. The transitional period will be devoted to meeting this critical challenge.

We have responded to and nurtured the politics of hope. When we took over the rein of the Interim Administration, the country was literally and virtually exhausted. The toll exacted by years of resistance, conflict, tyranny and drought had left our people bereft of hope. Transfer of power on December22, 2001 injected hope in our people. The achievement that delegations from all walks of life who meet me, keep emphasizing is the restoration of the dignity of Afghanistan and the assumption of her place in the community of nations.

We have offered a vision for our country. We translated this vision into a developmental strategy through our National Development Framework, and delineated a series of programmes through the budget as the central instrument of policy. The programmes fall into

three pillars- the creation of human capital and social policy to move from addressing the symptoms of the humanitarian crisis to dealing with the root causes of poverty and exclusion. The second pillar provides for investment in infrastructure to provide jobs for our people and to use aid as a magnet for trade and international and national private sector investment. The third pillar addresses the security, rule of law, and financial and administrative reform which will create the enabling environment for making our citizens stakeholders in their country and for convincing the international and national private sector that their investments will be secure and profitable.

To implement this vision, we will need a series of major transformations in institutions of governance. One of our major goals is to undertake an administrative reform that would create a civil service that is managerial, small and efficient, and service-oriented. The administrative reform would need to be carried across the central, provincial and district levels. We plan to bring a deconcentration of the civil service from Kabul and promote and enforce an environment where functional responsibilities would be clearly delineated and civil servants would be judged on how they serve the public.

Corruption is a cancer that destroys trust between the government, businesses and citizens. We are determined to fight corruption with all the means at our disposal. We are inviting NGOs, citizen groups, the press, UN agencies and bilateral donors to assist us in monitoring of our programs and exposing of corruption. We are determined to create a financial system that would be transparent, accountable and efficient. We have hired international firms to assist us with financial management, procurement and auditing. These firms are instruments to help us realize our goal of a system of accountability to our citizens and the international community in use of resources that are provided to assist the people of Afghanistan.

Our strategy for elimination of corruption is to create a financial system where revenue and expenditures are managed efficiently and transparently. For our economy to be self-sustaining, we must increase the share of the budget that is derived from domestic revenues. The years of conflict have left us with a legacy where revenues collected in the name of the government have been divided among armed parties. We are determined to respond to the clearly articulated wishes of our people and will be carrying out a series of reforms in the customs and revenues areas.

Our insistence on the budget as the central tool of policy is closely-tied to making the Cabinet the central focus of decision-making and debate. Establishment of consensus, in turn, is essential to government ownership of reconstruction policies and programs that we are articulating jointly with the international community. It is this process of engagement that lays the basis for long-term sustainability of our efforts and results in creation of institutions of good governance.

Administrative and financial reforms will make a substantial contribution to creation of security. But the precondition for these reforms is an overhaul of the security sector and creation of a national army and national police force that would be the instruments for implementing the decisions of the legitimate government. Security is the top priority of our people. Within a secure environment, our people can give expression to their entrepreneurial energies; without security, the risks to their efforts are too great. We have had a sustained dialogue on the reform of the security sector and I am pleased to announce that we have full consensus on the goals and the roadmap.

We have made a decision to have an army that is small, effective, well-paid and in service of the nation. Primacy of civilian control over the military, as enshrined in the Constitution, is fully accepted, and mechanisms for management of resources devoted to the military by the Ministry of Finance are being put in place.

I have just issued a decree on the creation of the Afghan National Army. This decree is the culmination of a sustained dialogue among the key members of the Defense Commission. We have agreed on the principles and the road map to be followed.

We are keenly aware of the sacrifices that the mujahadeen have made to defend the country during the years of invasion and conflict. We are therefore determined to have a program of demobilization that would provide the means for reintegrating of these forces into the society, economy and to give them a stake in the future.

We envision our cities to be centers of economic activity and free from prisons of armed elements. Creation of a national police that embodies the spirit of service to the citizens and is a trusted organization guaranteeing and enforcing the rights and obligations of the people is critical to achieving our objectives. We would therefore like to accelerate the process of training and deployment of a newly-trained national police force.

A major threat to security of our people and the international community emanates from traffickers in drugs. Addiction is becoming a problem in our own country. The adverse international impact of the drug-trafficking is too obvious to need stating. Despite the centrality of giving priority to peace-during the Interim Administration, we decided to destroy- the poppy crop last year and managed to eliminate poppy worth \$8 billion street-value. Drug money is inherently tied to networks of terror and extremism. As long as drugs are cultivated on a major scale in Afghanistan, the minority interested in depriving the majority of the current golden opportunity to have lasting peace and prosperity in the country will have the means to pose a threat to our joint efforts. We are determined to enhance our cooperation with the international community to design and implement strategies that will achieve the goal of a drug-free Afghanistan at the earliest possible occasion. Achieving this goal requires redoubling our efforts to assist the farmers in finding alternative means of livelihood that are sustainable.

A strong judicial system is essential to all our efforts. For the rule-of-law to prevail, the judicial system must have the rules, organizational capability, human resources and the mental outlook to be the instrument for the realization of the rights and obligations of a free citizenry. We have formed a Judicial Commission to make recommendations on the reform of the judicial system.

Our major task during the Transitional period is the preparation of a new Constitution that should be ratified by a Loya Jirga to be held by December of 2003. A drafting committee has commenced its work. Their suggestions will be reviewed and debated by a Constitutional Commission that will represent a true cross-section of Afghan society. The public will be given ample opportunity to engage in discussion of the key issues.

We do not intend for our reforms to remain at the level of generalities; prior to our preparation of the next budget, we will present a series of goals and targets in each of the domains- socio-economic, administrative, financial, security and judicial. We will develop

these benchmarks and timelines drawing on international best practice and our own traditions, in close consultation with our international partners.

Clearly, we face a major set of challenges. We, however, are optimistic that by the time of the elections we would have laid down the foundations of institutions of good governance. The leadership that is to emerge from the elections can have the instruments of governance to deliver the services that the population demands of them.

Our reasons for optimism are the consensus among our people for peaceful transition and the goodwill and support of the international community. We are beginning a process of reforms derived from issues articulated by the representatives of the Emergency Loya Jirga and hundreds of delegations that have visited me from all corners of the country.

Our people reject all forms of extremism; the consensus is centrist and national. Our national unity has never been stronger. Consequently, we have the national will to mobilize ourselves to achieve national goals. Our national goals are premised on international cooperation. A secure, stable, prosperous and democratic Afghanistan will be a major asset to the international community and the region.

Your presence here is a strong demonstration of the will of the international community to assist us and partner with us to realize our goals. It is a particular pleasure for me to acknowledge the tireless efforts of Mr Lakhdar Brahimi, the Special Envoy of the Secretary General whose wise counsel, vast experience and legendary patience have enabled us to live to the spirit and the letter of the Bonn Agreement.

We are deeply grateful for the support of the international community to the presence of ISAF, and in particular to the United Kingdom, Turkey, the Federal Republic of Germany and the Netherlands, for taking its command. The US, France, Turkey and the United Kingdom and Italy have played a critical role in training our new national army.

I am also pleased to acknowledge the role that lead nations are playing across the programs that we have articulated in the National Development Framework. We are particularly delighted that donor nations and multilateral organizations have responded very positively to our request to focus their efforts on a maximum of three program areas.

We enjoy fraternal and friendly relations with all our neighbors and are committed to the principle of non-interference and that Afghan territory should never be used as a ground for hostile action against anyone. I am pleased that high ranking representatives from our neighboring countries are here to participate in the renewal of focus to the rebuilding of an independent, sovereign and prosperous Afghanistan.

We have been engaging our neighbors in a declaration of good neighborly relations, affirming the principles of territorial integrity, mutual respect, friendly relations, cooperation and non-interference in each others internal affairs.