

## **Action Plan on Afghanistan February 7, 2004**

We met today with the Finance Minister and Central Bank Governor of Afghanistan, and we agreed on steps to support the Afghan Government's efforts to accelerate the creation of a dynamic market economy and to secure Afghanistan's future. The G-7 will continue to support the Government's development priorities in accordance with the National Development Framework. To that end, we will provide assistance that will produce visible and measurable results before June, as part of our long-term commitment to the country.

Human Capital: Afghanistan is making significant commitments to education and healthcare. The G-7 will continue to support these efforts to invest in Afghanistan's most valuable assets – its children – by building schools, training teachers, and providing textbooks. The G-7 will also continue to help the Government build additional health care facilities, and to support efforts to improve the status of women in Afghanistan.

Physical Capital: Improving the country's infrastructure, including its transport, electricity, and telecommunications systems, is a priority for the Afghan Government. We will help it reach its goals – such as a doubling of the percentage of paved roads in six years – by completing the Kandahar-Herat highway, and by supporting the efforts of international bodies to complete, by the end of 2004, roads they are constructing.

Private Sector Development: We will continue to support the Government's efforts to foster a climate where the private sector can flourish, including by providing assistance to the Government on trade and investment, and supporting microfinance lending. We urge bilateral and multilateral institutions to consider what support they can provide to those wanting to do business in and with Afghanistan, within their rules and Afghanistan's capacity.

Economic Governance: We will support the Government's efforts to ensure an adequate revenue base through improvements in provincial revenue collection, and to strengthen expenditure management, internal debt management systems and statistical capacity. We will provide technical assistance to support the Government's strengthening of key institutions and improvement of the civil service, and will also work with all creditors to ensure that Afghanistan's debt situation is sustainable, and with bilateral donors to provide as much assistance as possible in the form of grants.

Security and Rule of Law: The Government has noted the risks to private sector development and to the well-being of the Afghan people arising from weak security and rule of law. We will continue to support the Government in its efforts to address these problems, including through reforms to the police and legal systems; the disarmament, demobilization and reintegration of ex-combatants; and expanding security outside Kabul through the Provincial Reconstruction Teams. We recognize that opium production poses a major threat to security, economic growth and reconstruction in Afghanistan. We call upon the international community and the Afghan authorities to join together to eliminate opium production.

Finally, we pledge to provide support to Afghanistan over both the short and long term, and to help ensure the success of the international conference in March. We will increase our assistance, through bilateral and multilateral efforts, such as the Afghanistan Reconstruction Trust Fund.