



<u>A Special Message from HE Eklil Hakimi,</u> <u>Minister of Finance</u>

Laying the Foundation for Self-Reliance through Fiscal Reforms

Dear Friends and Colleagues,

Fiscal reforms undertaken by the Ministry of Finance over the past few years have laid the foundation for achieving our vision of self-reliance, gradually reducing Afghanistan's dependence on foreign aid.

I have overseen a robust set of fiscal reforms at the Ministry that addressed serious flaws in our budgeting processes, put systems in place to prevent corruption, and charted us on a path to sustained economic growth, gradual revenue increase, realistic spending, and effective public finance management. Laying this fiscal foundation has been key to allowing us to budget for, plan, and implement the reforms and citizen-focused programs in the Afghanistan National Peace and Development Framework (ANPDF).

Over the past few years, we have seen the results of these intense reform efforts. For the first time, Afghanistan has a national budget (2018) that is transparent and aligned with our national priorities, passed by the Parliament in March. After rapid recovery and growth in 2015 and 2016 following the economic crisis of 2014, the Ministry exceeded its revenue collection goal for 2017 by 16.6 billion Afghanis, increasing the revenue by nearly 14%. The economy continues to grow. In 2017, the GDP grew by 2.5% and projections for 2018 are at 3%.

We have far to go in achieving our economic and fiscal goals, but we have shown immense progress in a short period of time. We look forward to continuing to deliver on these critical reforms, and achieving our vision of selfreliance.

Sincerely,

Minister Eklil Hakimi Ministry of Finance Islamic Republic of Afghanistan

Read more on Afghanistan's fiscal reforms:

United States Institute of Peace 3-Part Series:

Part 1: Afghanistan's Revenue Turnaround in 2015, February 2016, William Byrd and Deputy Minister of Finance M. Khalid Payenda

Part 2: Revenue Growth in Afghanistan Continues Strong, but Future Uncertain, February 2017, William Byrd and M. Khalid Payenda

Part 3: Improving Afghanistan's Public Finances in 2017–2019: Raising Revenue and Reforming the Budget, William Byrd and Shah Zaman Farahi, April 2018

"The 2018 Afghan National Budget: Confronting hard realities by accelerating reforms", Afghanistan Analysts Network, Bill Byrd and Kate Clark

Open Budget Survey 2017 Ranks Afghan Budget Second Most Transparent in the Region, Higher than Global Average Ministry of Finance Announces Unprecedented Increase In Revenue This Year



An Message from Naheed Sarabi, Deputy Minister of Finance for Policy

Dear Friends and Colleagues,

Two years ago, Afghanistan's National Unity Government (NUG) embarked on a journey to make government more accountable, cut corruption from the public sector, improve the lives of poor, women, and youth, and put citizens back at the heart of public service. This vision was captured in a series of plans, policies, and programs laid out in the <u>Afghanistan National Peace and</u> <u>Development Framework</u> and <u>10 National Priority Programs (NPPs)</u>.

As someone who has been working for Afghanistan's development for the past decade, it is an honor for me to lead the dynamic Policy department at the Ministry of Finance since 2016.

We work closely with our partners across government and internationally to coordinate the implementation and monitoring of Afghanistan's national development policies and NPPs.

Since 2014, the focus of the government has been implementing a whole-ofgovernment reforms agenda presented to the international community and the Afghan people in 2016 at the Brussels conference. As we approach key conferences over the course of this year, including the Joint Coordination and Monitoring Board in July in Kabul, and the Ministerial Conference in November in Geneva, I look forward to sharing with you some of the many achievements we have made in implementing the government's vision for a peaceful and prosperous Afghanistan.

I hope you will enjoy reading this newsletter each month. We thank you for your partnership and we look forward to continued engagement with you as we progress on our path to self-reliance.

Sincerely,

Naheed Sarabi Deputy Minister of Policy Ministry of Finance Islamic Republic of Afghanistan



Reforms in Review series Part 1: Justice Sector Reform

The Policy department has launched a new series to chart reforms progress across the Afghan government.

We launch the series this month with an in-depth review of the reforms ongoing to cut corruption and improve access to justice for the Afghan people. Read about the achievements and next steps in justice sector reform here.



Reforms in the News

Don't miss these articles on reforms that appeared recently in the international media:

"To generate jobs and security, Afghanistan must generate power," The Hill, Dr. Mohammad Humayon Qayoumi

"Guest Post: Afghanistan's Radical–and So-Far-Surprisingly Successful–Public Procurement Reforms", Global Anti-Corruption Post, Sohail Kaakar, Mathew

Stephenson, and Mark Pyman

"Afghanistan is moving from stabilization to growth", The Hill, Ajmal Ahmady



Reports from our Partners

World Bank and Asian Development Bank launched reports recently on improvements in the health sector, agricultural development, and public-private partnerships in Afghanistan.

World Bank Report: Afghanistan Makes Strong, Sustained Health Gains
Despite Continuing Insecurity

Asian Development Bank report: Private Sector Investment Needed to Support Growth in Afghanistan

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World Bank's Procuring Infrastructure PPPs 2018 report: Afghanistan highlighted for its prominent regulatory reforms to create an enabling environment for PPPs

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