

**Local Procurement Conference, Kabul
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**Special Representative of the Secretary-General for Afghanistan
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Two of the challenges confronting Afghanistan's future are tax revenues and jobs.

The international community is making enormous contributions to Afghanistan, contributions that the Government will someday have to sustain.

Salaries, training, operations and maintenance add up fast. Tax revenues have been going up in recent years, but not nearly fast enough to meet the costs the international community will leave behind.

Where will those funds come from?

We celebrate the fact that more and more children are attending primary and secondary school in Afghanistan today, almost six times the number of the Taliban period! But less than ten percent of the secondary school graduates have a place in a university or vocational training school. The rest need jobs.

Where will those jobs come from?

A large part of the answer to both questions is *the private sector*. Private Afghan firms can generate two things the country desperately needs for the future: tax revenues and jobs.

We all get that point, in theory, and endorsed it in the ANDS, which says we must "enable the private sector to establish itself as a vigorous engine of growth and employment creation."

And we all understand that we must remove impediments to the private sector, to allow it to grow and meet those twin demands.

So over the years we've invested millions in projects to provide credit to businesses, to help companies prepare better business plans, to train qualified workers, and to remove red tape from the licensing process.

But there is one thing we are not doing.

We are not buying from the private sector. And that's why we are all here today.

In 2002 when the international community returned to Afghanistan "in force," it was hard to find good Afghan suppliers for anything. So all of us – and I include the UN family – started importing everything, and I mean everything. Even tomatoes.

But it's not 2002 anymore, yet we are stuck in our old habits. We've invested millions to improve the private sector, but we aren't supporting them where it really counts, with our business.

The international community is huge. I don't have to tell you that. It includes: Embassies, donor agencies, ISAF, international militaries, and PRTs, to say nothing of more than two dozen UN Agencies and UNAMA. We buy and eat a lot! Our business can turn the private sector in this country around without any help from outside.

But we all have excuses for sticking with our old habits. And as a result business with Afghan companies remains very low.

So our task here today is very simple. *We want to help you break those old habits.* We want to convince you that there are good Afghan suppliers for many things that you buy and consume everyday. We want to show you how to find those suppliers.

Peace Dividend Trust is our partner with the Government of Afghanistan, because they have developed an excellent website to match your specific needs – from tomatoes to building materials to technical assistance -- with Afghan suppliers. They have information about more than 3400 Afghan companies on their website.

Please get to know Peace Dividend Trust today, have a look at their website outside this room, try a search or two, and ask their very good staff any questions.

One of the most common objections I get when we ask you to buy more locally is the fear that Afghan companies cannot meet our standards. We think that perception is wrong, but it raises a very important issue.

UNAMA, PDT and the Government are not asking you to lower your standards to allow Afghan firms to compete for your business. On the contrary, we want them to learn how to meet your standards, as rigorous as they may be. That is good for the firms and ultimately good for Afghanistan.

Someday the international community will not have such a dominant presence here, and Afghan firms will have to rely more on contracts from buyers in the region.

If they have learned to meet your standards, probably the toughest in the world, they will be very competitive in the region someday when most of us are gone.

We thought carefully about who to invite today. I am pleased to see several Ministers and other officials from the Government, several Ambassadors and heads of donor agencies. But I am also pleased to see Afghan companies in attendance and purchasing officers from the Embassies and donor agencies.

Our sincere hope is that the Afghan companies represented here today, with exhibits set up outside in the garden, will be able to network with some of the purchasing officers who are also here today, to begin breaking some old habits. So please don't be shy. Introduce yourselves. Make contact and follow up.

I also want to call attention to a positive initiative underway at NATO Headquarters.

Under the leadership of the NATO Economic Committee work is underway to assess ISAF's economic footprint in Afghanistan. This includes preparing a snapshot of what is spent and how; and assessing the impact of ISAF economic activities. The report will also highlight good practices, as well as identify obstacles that limit or restrict opportunities to support economic development and how these might be overcome. Thank you to NATO and ISAF for that.

And that brings me to my last point: *a challenge to the international community.* UNAMA, the Government of Afghanistan and PDT challenge you today to increase the value of your local procurement by 10% over the next year.

As head of the UN family in Afghanistan, we accept the challenge, and I hope all of you will too, on behalf of your organization. 10% is not a lot. All of you can do it with PDT's help.

I know I should lead by example, so UNAMA will invite local firms interested in selling goods and services to us to meet with our procurement officers, to be sure they know how to compete for our contracts.

A lot of you could do the same. I'm sure PDT would be pleased to help.

We have asked PDT to take a snapshot of the value of local procurement today, as a baseline. We will start measuring increased local procurement from tomorrow.

From time to time, we will update you on progress at JCMB and Standing Committee meetings. PDT will also keep track of your increases on their website.

Thank you very much for coming today. Please try to stay after the opening speeches. Get to know PDT. Get to know the suppliers that are here today. And most important, starting tomorrow, break an old habit and *Buy Afghan*.