

ARTF Administrator's Report to the Steering Committee

ARTF Steering Committee Meeting

Ministry of Finance, GoIRA, and the World Bank

Presidential Palace, Kabul

March 6, 2017



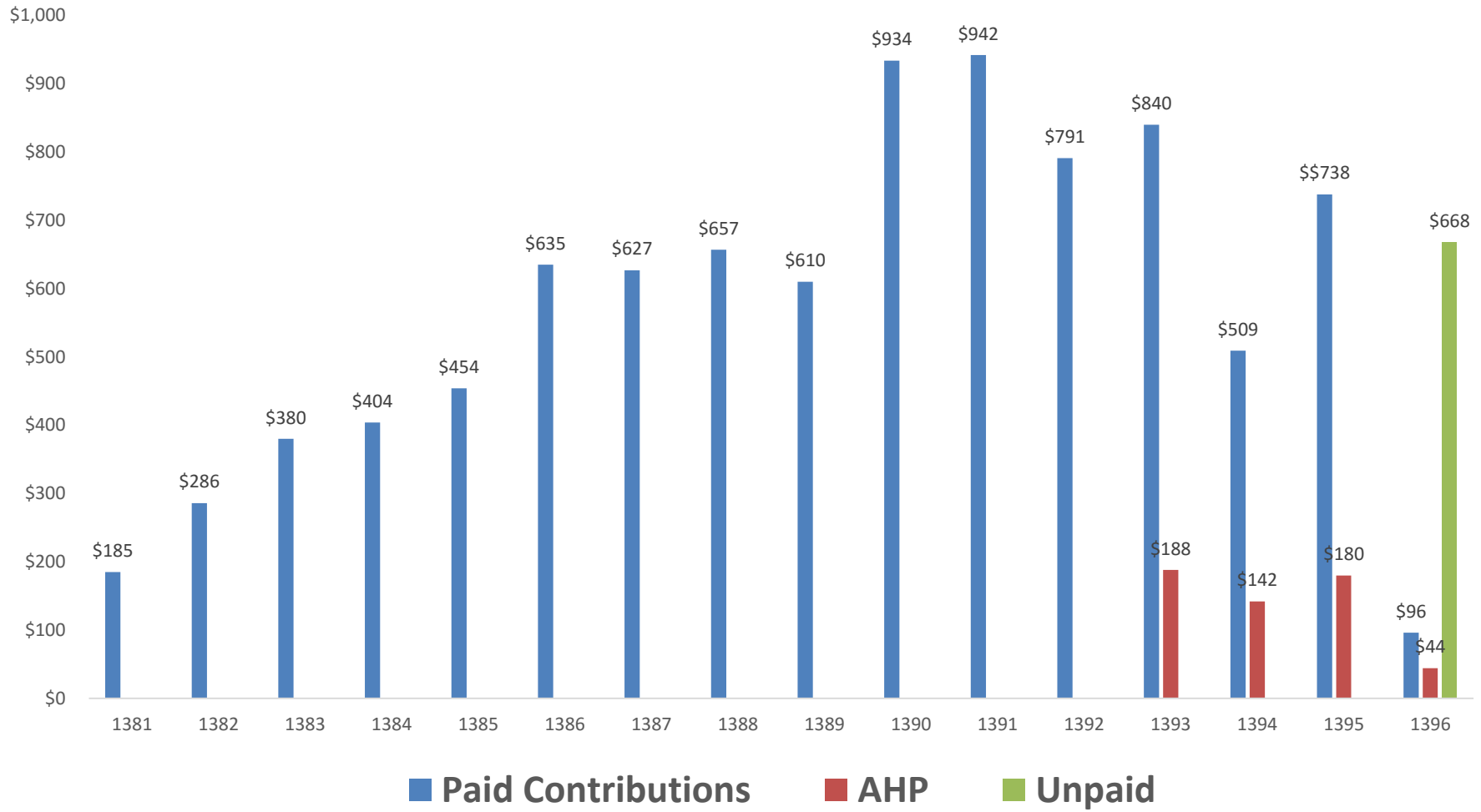
Summary of ARTF Cash Position: 1394-1396

ARTF Parent Trust Fund Cash Flow Position - USD Millions

	FY1394 (actual)	FY1395 (actual)	FY1396 (estimate)
Cash carried over from previous year - 1	525.39	353.01	486.91
Donors Contributions Received (a+b) - 2	651.50	917.92	808.00
- Ad Hoc Payment Facility under RCW (a)	142.24	180.66	44.00
- Core ARTF (b)	509.26	737.26	764.00
ARTF Administration Fees minus Investment Income (Deduction) - 3	8.23	11.39	15.00
Total Sources of funds (1+2-3)	1,168.66	1259.54	1,279.91
Allocations:			
Recurrent Cost Window	322.00	370.00	600.00
Investment Window	465.00	394.69	783.50
Monitoring & Supervisory Agents	28.50	3.20	8.00
Research & Analysis Program	0.15	4.74	1.00
Total allocations out of ARTF Parent Account	815.65	772.63	1,392.50
Surplus/(Deficit) balance	353.01	486.91	(112.59)

ARTF Donor Contributions

ARTF Donor Contributions in US\$ Millions



ARTF Current Financial Status

- **Reduction in donor contributions from average of ~ \$870m annually between 1390-1393**
 - Donor contributions for the first 2 years of the current Financing Strategy (FS) 1394-1396 have averaged ~ \$600m a year
 - Risk of shortfall for commitments in the current FS
- **Ad Hoc Payment contributions received in current FS period- \$366m**
 - This represents a significant increase compared to previous years
 - Negative impact on contributions for ARTF core program funding; less flexibility for government
- **Donor contributions for 1396 projected at ~ \$750m;**
 - Current projection will still leave a funding deficit of \$112m for the current FS; no flexibility in planning
- **Steering Committee endorsement of the current update to the FS**

ARTF Financing Strategy Progress

- **Investment Window:** \$679m out of \$1013.43m investment project financing outlined in 1394-1396 Financing Strategy (FS) update approved
 - 16 out of 25 investment projects approved to date:
 - 7 ongoing projects with additional financing, and 9 new projects;
 - Includes \$57.2m additional financing to NSP III for Jobs for Peace response;
 - Two new projects added to FS pipeline: (i) Women's Economic Empowerment; and (ii) Labour Mobility;
- **1396 Pipeline:** Expect \$783.5m investment financing in 1396 including fulfillment of prior FS commitments- SEHAT & CBR
- **Recurrent Cost Window:** \$400m per year in current FS
 - Actual disbursement to government to date: \$225m baseline financing, \$337m IP; 364m Ad Hoc Payments

ARTF Research and Analysis Program

- ARTF Research & Analysis Program (RAP) endorsed by SC in April 2013
- \$6 million indicative allocation in current FS
- \$4.74 million allocated to 17 multi-year studies (3 studies to be cancelled)
- Approved studies include:
 - Brussels Conference Analytic Work (Navigating Risk and Uncertainty in Afghanistan)
 - Education and Skills Programmatic Study
 - Optimizing Health Service Delivery
 - Agri-business Study

Managing Uncertainties

- **Donor Financing:**
 - Delivery of pipeline entirely dependent on incoming donor funding;
 - Funding deficit of \$112 million for FS based on current projections; leaving no flexibility in planning;
 - Deficit due to low donor contributions for core ARTF programs in 1394 and 1395; more towards AHP;
- **Managing the pipeline:**
 - Managing within 3 year FS – some fluidity between fiscal years, but uncertain whether can meet all 1396 commitments if contribution trend remains the same.
- **Security Situation:** being closely monitored for potential impact on implementation and supervision.