

**AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)**

**MANAGEMENT COMMITTEE MEETING, KABUL**

**WEDNESDAY FEBRUARY 10, 2016,**

**MINUTES OF MEETING**

**MC MEMBERS**

**MINISTRY OF FINANCE**

- Mustafa Mastoor, DM MoF
- Moheb Jabarkhail, Coordinator, Aid Management, MoF

**ASIAN DEVELOPMENT BANK**

- Mr. Tom Panella

**UNAMA**

- Ms. Danae Bougas

**WORLD BANK**

- Syed Waseem Abbas Kazmi- Sr. Financial Management Specialist
- Zohra Farooq-Sr Financial Management Specialist
- Asha Narayan- Sr. Management Specialist

**WORLD BANK (ADMINISTRATOR)**

- Mr. Robert Saum, Country Director
- Ms. Wezi Msisha, Sr. Operations Officer
- Mr. Najibullah Ziar, Operations Officer
- Mr. Wali Ahmadzai, Operations Officer
- Ms. Fanny Missfeldt-Ringius, Lead Energy Specialist
- Mr. Paul Welton, Lead FM Specialist
- Mr. Juan Carlos Alvarez, Sr. Counsel
- Mr. Asif Ali, Sr. Procurement Specialist
- Ms. Afsana Afshar, Power Engineer

**1. APPROVAL OF MEETING MINUTES**

The Management Committee (MC) approved the meeting minutes from the last meeting held on December 14, 2015.

**2. ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF FEBRUARY 9, 2016**

The Administrator presented the financial status of the trust fund as of February 9, 2016. The Administrator noted that the current unallocated cash balance stood at US\$476.26 million, with

total pledges amounting to US\$854 million for FY1395. US\$124 million of the pledges have been paid in to date. Total disbursements for FY 1395 were US\$37.29 million.

### **3. APPROVAL: DABS Technical Assistance Project (US\$6 million)**

The Project aims to improve DABS capacity in distribution investment planning, implementation, operation and maintenance. The Project is part of the core of the World Bank's strategy in energy sector interventions in Afghanistan, as it will contribute to DABS ability to sustainably maintain and expand the distribution networks. The 1394-1396 ARTF Financing Strategy, includes this financing as a priority for FY1395.

The MC asked if there was any flexibility built into the project to support capacity needs that might emerge over time (e.g. for CASA 1000, or the Kunar Dam) and how the technical assistance (T/A) planned under this project would complement that being provided by other donors. The team explained that that project T/A was aimed at responding to very specific needs of DABS staff on planning power utilization and distribution, and that the CASA 1000 Project and Kunar Dam also include T/A activities that would be able to respond to specific needs in those projects. The team further clarified that consultations had been held with other donors during the project preparation to ensure T/A activities would not be duplicated; and also that this project will not have a PIU but will instead be implemented by a project team comprised of DABS staff to ensure sustainability of the activities. The MC also questioned whether assistance would be provided to DABS to ensure they can sustain the recurrent costs of the training center to be established with the project support. The team responded that they will be working closely with DABS on this aspect, and that DABS would allocate its own budget for running costs of the training center including staffing, curriculum development and training for staff across the country.

The ARTF Administrator asked the Management Committee to approve the US\$6 million financing.

**Decision: The Management Committee approved US\$6 million financing for the DABS TA Project.**

### **4. APPROVAL: Additional Financing to the Second Public Financial Management Reform (PFMR II) Project (US\$41.12million)**

The proposed additional financing to the PFMR II Project would help to finance the costs associated with scaling up successful activities and sustain some achieved results in the PFMR II while the Government tries to articulate its strategic vision for public financial management (PFM). The original PFMR II was initially financed by an ARTF grant of US\$60 million, which was later increased to US\$73 million in 2012, with an amendment of the grant agreement. The progress towards achievement of the project development objective and project

implementation progress are rated as Moderately Satisfactory, with 91 percent of the project funds already disbursed. Although the ARTF Financing Strategy, includes a new PFM project, this additional financing was prepared to serve as a bridge to continue support to the Government while it develops a new PFM Roadmap that will then guide the development of the next PFM Project. Apart from the additional financing the team also proposes to add a new component on Revenue Mobilization and to revise the results framework.

The ARTF Administrator asked the Management Committee to approve the US\$41.12 million additional financing.

**Decision: The Management Committee approved US\$41.12 million additional financing to the PFMR II Project.**

## **5. APPROVAL: RECURRENT COST WINDOW TRANSFER OF US\$160 MILLION**

The Administrator proposed that a transfer of US\$160 million be approved for the Recurrent Cost Window Trust Fund (RCW TF) to cover: (i) payments under the Incentive Program (IP) for the first quarter of FY1395 expected to be up to \$160 million including \$25 million baseline financing; (ii) the baseline financing for the next two quarters of FY1395; (iii) potential Ad Hoc Payments (AHP) under the Recurrent Cost Window during the next quarter; and (iv) to replenish the \$100 million buffer for the RCW TF. This is in line with the overall RCW baseline financing amounts and placeholder amounts for the AHP contributions as outlined in the current ARTF Financing Strategy. The Administrator explained that the technical review process of the benchmarks under the IP had just gotten underway, and the IP Technical Working Group would meet to review the evidence before any funds could be disbursed. The exception is the baseline financing which would be disbursed as soon as the request was received from the MoF.

Decision: the transfer of US\$160 million to the RCW TF was approved.

## **7. AOB**

### **(i) Restructuring of ARTF Projects**

The Administrator informed the MC of two ARTF projects that had been restructured since the last MC meeting in December 2015, including closing date extensions. These were closing date extensions of the PFMR II Project from December 2015 until June 2017, and of the Afghanistan resource Corridors Project Preparation Grant from December 2015 to December 2016. The MC was also informed of other projects expected to be restructured in the coming months including the Justice Sector Reform Project and the Capacity Building for Results Facility Project.

### **(ii) Tentative Date for Next MC Meeting**

The Administrator informed the MC that the next meeting would tentatively be held in April, 2016 to discuss the proposed additional financing (US\$90 million) to the National Horticulture and Livestock Project (NHLP). The project is scheduled to be negotiated with the MoF in early April. Also that additional financing to the Irrigation Restoration & Development Project (IRDP) in the amount of US\$70 million was at an advanced stage of preparation. The MoF requested the next MC meeting to be held before the World Bank Spring meetings in April if possible. The actual meeting date to discuss the two projects would depend on how quickly the Bank and government teams could work together to finalize preparations, and would be confirmed by email at a later date.