

AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

MANAGEMENT COMMITTEE (MC) MEETING

WEDNESDAY SEPTEMBER 24, 2014, 2 PM KABUL

MINUTES OF MEETING

MC MEMBERS

MINISTRY OF FINANCE

- Mr. Zia Hashemi, Director General Budget,

ASIAN DEVELOPMENT BANK

- Mr. Joji Tokeshi

UNDP

- Ms. Marta Ruedas
- Ms. Shraddha Mahapatra

UNAMA

- Mr. Hassan Elhag

ISLAMIC DEVELOPMENT BANK

- Mr. Ata Ur Rahman Durrani

WORLD BANK (ADMINISTRATOR)

- Mr. Robert Saum, Country Director
- Ms. Ditte Fallesen, Senior Operations Officer
- Mr. Paul Sisk, Lead Financial Management Specialist

1. ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF SEPTEMBER 24, 2014

The Administrator presented the financial status of the trust fund. It was highlighted that the ARTF is currently low on cash available for new projects or recurrent cost financing. While new donor financing is expected in the coming months, there is significant demand for funds from existing legal commitments as well as a pipeline of projects and recurrent cost needs.

2. APPROVAL: RECURRENT COST WINDOW TRANSFER OF US\$140.1 MILLION

The Administrator proposed that a transfer of US\$140.1 million be approved for the Recurrent Cost Trust Fund (RCW TF) to fund the estimated remaining disbursements related to the ceiling of FY1393, outlined in the ARTF Financing Strategy. The US\$140.1 together with the current Recurrent Cost Trust Fund (RCWTF) balance of US\$ 70.8 million (total of US\$ 210.9 million) would finance the remaining baseline financing of US\$35 million as well as US\$175.9 million remaining under the Incentive Program and the Operations & Maintenance Facility expected to be earned by Government and disbursed under the current Financing Strategy.

The Administrator explained that it has, since the establishment of the trust fund in 2002, been normal practice to leave a buffer equal to one quarter's disbursement in the RCW TF to ensure that financing of the recurrent costs in the following quarter is not contingent on the collection of contributions in the same quarter. However, considering the low unallocated cash balance of the ARTF and the fact that the current Financing Strategy ends December 20, 2014, and a new strategy for the coming three years is pending, the Administrator recommended applying this idle balance to cover expected reimbursement from 1393 expenditures. As such there will be no funds available in the RCW TF for 1394 expenditures but the buffer can be restored as soon as funds are available in line with the new financing strategy.

Decision: The MC approved the request for a US\$140.1 million transfer to the Recurrent Cost Window Trust Fund.

3. AOB

- i. The Administrator informed the MC that a second tranche of US\$50 million for the National Horticulture and Livestock Project (NHLP) will be transferred. The project was approved for a full amount of US\$100 million in December 2012 at which time a first tranche of US\$50 million was released. A second tranche was to be subject to project progress in implementation and disbursement. The project has to date committed US\$28 million and disbursed US\$25.6 million. New funding is therefore needed to enable continued implementation in the coming fiscal year;
- ii. The Administrator briefed the MC on an ARTF Strategy Group meeting planned for Thursday September 25 to discuss the ARTF's financial status in relation to government's current fiscal deficit. The Administrator explained that no funding is currently available in the ARTF to allocate towards the fiscal deficit. Some donors might decide to channel funds through the ARTF Ad Hoc Payments mechanism to support the fiscal deficit. Should this happen, the ARTF Administrator will circulate virtually requests to the MC members for approval in the absence of objection of transfers to the Recurrent Cost trust fund to enable a quick release of funds to government's civilian operating budget.