



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Strategy Group Meeting

Wednesday, April 18, 2018

Summary of Discussions

An ARTF Strategy Group (SG) Meeting was held on April 18, 2018, and was attended by 13 donor country representatives¹, the Ministry of Finance (MOF), and the ARTF Administrator (the World Bank). The meeting was chaired by Mr. Abdoulaye Seck (World Bank Operations Manager).

Discussion

The following is a summary of the main points discussed:

1) ARTF Working Dinner

- The dinner is scheduled for April 20th, 2018 from 7-9 PM at the Embassy of Afghanistan in Washington DC to have a discussion on the ARTF at the level of donor headquarters.
- The draft agenda and list of invited/confirmed participants was shared with the SG. The WB will aim to share their presentation with the SG by Thursday.
- MoF noted that the Ministers main points will be centred around financing for the ANPDF and NPPs, and the role the ARTF plays. The issue of bringing off-budget financing on budget may be raised during the meeting, and the MoF would emphasise the actions the government would be taking to strengthen the PFM systems, and improving budget execution.

2) Draft ARTF PFFP and Steering Committee Meeting

- The WB noted that the first draft of the PFFP has been shared with partners for comment, and that the May 14th, 2018 was being proposed as the tentative Steering Committee (SC) meeting date, subject to confirmation with Minister of Finance's office
- UK commented that more time is needed to discuss the PFFP and that the proposed May 14th date is not realistic; to get clarity on the list of priorities, what would be the priorities that would be supported if donor pledges do not materialise; and that the list of programs presented do not seem very programmatic.
- WB responded that the PFFP draft was shared with the aim of having discussions with the donors on areas that could be improved in the document, and with potentially another meeting later this month to discuss the draft in detail. The WB confirmed that the current pledges did not cover all the programs outlined in the PFFP, and that there should be discussions within the SG on whether more effort should be put into further refining the priorities, and/or restructuring existing programs to free up resources to finance the programs in the new PFFP. The WB provided the proportion of funding allocated to the key NPP areas based on the financing program in the draft PFFP: 31% budget support (IP); 69% to investment programs. The bulk of the proposed investment funding is in

¹ Australia, Canada, Denmark, EU, Finland, Germany, KfW, Japan, Netherlands, Norway, Sweden, Switzerland, UK, and the US.



support of the service delivery, social inclusion, citizen engagement, and economic growth.

- The WB noted that the ARTF parent account would have a cash crisis if contributions not received in the next few months.
- MoF noted they will follow up internally to reach final agreement on the priorities and will get back to the SG.
- EU noted the importance of the government having more strategic focus and prioritisation not just in the ARTF financing program but also with programs outside the ARTF.
- MoF noted that they are working on the issue of budget prioritisation and expenditure. As part of this they are working on developing a fiscal support paper to outline mechanisms on increasing the government's fiscal space, and how to mobilise resources including from the private sector to this end. The other key area was working on a strategy for economic growth.
- Canada noted that it was very important to hear from the government what their key priorities are before having the SC meeting. UK and Germany echoed the importance of having more discussion on the list of priorities and having clarity before having this meeting, and the justification. Also, that it wasn't clear what on the program list was new, what are old programs.
- U.S noted that further discussions are needed on the new Incentive Program, and more details should be included in the PFFP on the proposed programs.
- WB noted that there needs to be a balance between providing details of operations and presenting a strategic focus in the PFFP document. The WB emphasised that the ARTF enters this new PFFP with a net deficit of US\$300 million.
- EU noted that the PFFP does not adequately address the issue of moving towards a programmatic approach, and flexibility in programming. Further that more discussions are needed within the IP Working Group on the new IP program, focusing on its design- the revenue matching grant, O&M facility- and it was important to look at the Government performance on the previous IP. Need more discussions on the 6 thematic areas, and didn't think the May 14th could be met as a date for the SC meeting.
- WB noted that an IPWG meeting would be convened soon.
- UK noted that the process of developing the PFFP has taken too long for the donors, and questioned whether the draft program presented in the document was the final list of government priorities. The UK noted that if there is no clear prioritised list that is agreed by July, the UK would not be able to fulfil its indicative pledge for 2018.
- MoF noted that the first point of attention from them would be to have a discussion with the Palace on the priorities. Also, that there would be a need to have a final discussion on the modality of the IP- keeping baseline financing, revenue matching grant etc.
- U.S questioned why the PFFP presented both ARTF and IDA financed programs.
- WB noted that it was important to present the entirety of the WBG program for Afghanistan.
- The EU noted that it was important to have a sequencing of the list of priorities. Would like to have the priorities ranked in the PFFP. Should indicate a list showing what are top level priorities based on the different level of financing available- Group 1, Group 2, Group 3 list of government priorities and how that connects with the ARTF financing.
- US, EU noted that the press release for the recently signed programs didn't acknowledge the contribution of the ARTF partners.
- Germany, Switzerland commented that it would be important to develop a plan for implementation of the external review recommendations and the 6 thematic areas.



- Discussion with the Palace on the PFFP priorities still pending- MoF to confirm when this would happen
- The SG agreed to postpone the discussion on the progress in implementing the external review recommendations. It was agreed that the SG would only reconvene for a detailed discussion on the draft PFFP once there is a list of government priorities.