



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Strategy Group Meeting

Wednesday, February 21, 2018

Summary of Discussions

An ARTF Strategy Group (SG) Meeting was held on February 21, 2018, and was attended by 14 donor country representatives¹, the Ministry of Finance (MoF), and the ARTF Administrator (the World Bank). The meeting was co-chaired by Mr. Shubham Chaudhuri (World Bank Country Director), and Deputy Minister of Finance, Mr. Khalid Payenda.

Discussion

1) Update on the prioritization exercise for the 2018-2020 ARTF PFFP

- The Deputy Minister (DM) of Finance informed the SG that the 1397 (2018) national budget is now available online. The Bank will share the link with the ARTF SG on behalf of the MOF.
- The DM stated that there have been several discussions over the last few months within the government and with the World Bank on priorities for the 2018-2020 ARTF Partnership Framework and Financing Program (PFFP). A draft list of programs to be financed is almost ready, and will be discussed with the MoF leadership at the end of this week. A joint presentation on the proposed pipeline would also be jointly presented by the MoF and World Bank next week. The pipeline would then be ready to be shared with the partners soon thereafter.
- The DM emphasised the importance of the partner's continued support – pledged funds to translate into contributions- to the ARTF over the next few years to ensure that the government can implement the priority programs.
- The Bank noted that it would be important to have about a month after the pipeline is agreed before a Steering Committee (SC) meeting is held to give enough time for the draft PFFP document to be finalised. **A tentative date of April 9th** was put forward for the ARTF Steering Committee meeting.
- The Bank also made the point that the cash balance of the ARTF parent account is running low, and delays in translating pledges into actual contributions would soon lead to suspending the consideration of new programs in the pipeline.
- A summary of the indicative pledges for the 2018-2020 PFFP received from the ARTF donors to date was presented to the SG. 15 donors have provided indicative pledges amounting to US\$1.8 billion.

Discussion:

- USAID informed the SG that they are negotiating the US contribution to the ARTF for the next few years, including bringing the NDP under the Incentives Program, and would hope to have that information ready by April.

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



- UK stated that they would like a discussion at the SC meeting on the government's vision for the next few years in addition to the program priorities, the rationale behind the government's choices on ARTF pipeline programs, a greater emphasis on results monitoring and evaluation in the ARTF; and ways to strengthen the role of the SC, and greater involvement of the government in the SC.
- Finland asked whether the Bank had tried to approach the smaller donors who are not present in Kabul to explore possibility of their increased contributions to the ARTF.
- The Bank noted that there were discussions with some of the non-traditional donors to have better coordination with the ARTF programs e.g. India and China.
- Norway asked for firm confirmation of the proposed SC meeting date in the coming few weeks. They will provide firmer figures on contributions once the PFFP is ready. And would like to ensure that the pipeline keeps a strong focus on human capital programs.
- The EU noted that it would be important for the pipeline priorities to take more of a programmatic approach and not to have fragmented projects.
- UK asked for clarity on what exactly would be tabled for the SC meeting.
- World Bank noted key issues for discussion would be to reach agreement on the 6 thematic issues put forward a few months ago, and the new financing program including recommendations from the ARTF external review.
- The US suggested that the SC focus on discussing the government's vision for achieving its key objectives, and results over the next 3 years with the support of the ARTF resources.
- MoF noted that the government does have a vision which is outlined in the ANPDF, but the key issue was to articulate which part of this overall vision the ARTF would contribute to. Further that the government together with the Bank would also look at the existing portfolio to see if there was some room to consolidate programs and free some funds from that to go towards other priorities of the government.
- World Bank- the PFFP should also present why the Bank/ARTF is supporting certain areas and not others based on what the Bank's comparative advantage is.

2) Update from the ARTF Gender Working Group and plans to mainstream gender

The Bank on behalf of the ARTF Gender Working Group (GWG) provided an update on the key issues discussed at the February 6, 2018 GWG. The GWG agreed that Updates included: (i) a brief update on key gender issues discussed would be presented at the monthly SG meetings as a standing agenda item; (ii) the GWG will meet on the first Tuesday of every month- next meeting scheduled for March 6, 2018. Canada is the donor co-chair of the ARTF GWG until June 2018, following which the UK will take over as co-chair; (iii) Government representation at the GWG will now include the MoF; the Ministry of Women's Affairs (MoWA); the Ministry of Labour's women's economic empowerment national priority program (WEE-NPP) Coordination Unit; and other government agencies as relevant depending on issues being discussed at each meeting; (iv) the GWG suggested the following for the draft 2018-2020 ARTF Partnership Framework and Financing Program (PFFP): the PFFP should clarify that the World Bank Group (WBG) Gender Strategy and the Afghanistan Country Gender Action Brief (CGAB) would be the guiding documents for the gender engagement in ARTF programming for the next 3 years; move the point on gender



equality in the PFFP from the cross cutting areas to the operationalizing the ANPDF section; the PFFP should include concrete examples of how specific programs operationalized gender tagging/mainstreaming e.g. public sector reform programs should mention efforts to recruit more female civil servants, and also mention that gender efforts in ARTF programs would include working with men and not only women; (v) the SG members are encouraged to inform and involve the gender specialists from their agencies in any ARTF project technical discussions/missions that they attend. This will ensure better coordination among the ARTF stakeholders in providing inputs at various stages of the project cycles; (vi) a workplan would be developed for the GWG vis-à-vis what programs indicating ARTF pipeline, and the programs/documents the group would be required to provide gender inputs on.

3) **Update on the 2018 pipeline.**

The Bank informed the SG of progress on the ARTF-IDA FY18 pipeline as follows: (i) 4 investment projects are scheduled to be presented for approval in March 2018 to the ARTF Management Committee (2 projects) and the World Bank Board of Executive Directors-(a) the US\$ 50 million Afghanistan Public- Private Partnerships and Public Investment Advisory Project- already negotiated with the government on February 6. The project will be financed by both ARTF and IDA grants; (b) the US\$40 million Modernizing Afghan State Owned Banks (IDA financing only); (c) the US\$51 million Digital CASA Project negotiated with government on February 20 (IDA financing only); (d) the US\$600 million Sehatmandi Program expected to be negotiated on February 27 (ARTF, IDA, and Global Financing Facility financing)- the draft PAD would be shared with the SG; (ii) 4 more projects are expected to be presented for approval in June 2018- (a) the new basic education project- EQRA (ARTF, IDA and Global Partnership for Education financing); (b) the new Incentive Plus Program; (c) Afghanistan Extractives for Development Project; and (d) Technical Assistance to Government of Afghanistan on HRM and Institutional Reform.

4) **Discussion on the ASIST Facility and enhanced monitoring under the ARTF PFFP 2018-2020**

- The Bank summarised the proposals for enhanced monitoring of ARTF programs. Currently the cost of the ARTF third-party monitoring is US\$10 million a year. The Bank is working on the costing of the proposed expanded monitoring program to cover the entire ARTF portfolio. The exercise has been delayed due to lack of clarity on the financing envelope of the 2018-2020 ARTF Program. The Bank estimates that scaling up the third-party monitoring program may mean the doubling of the current annual cost. The Bank will share the draft proposal for the program with the SG in the coming weeks.
- EU and Germany noted that the expanded program should also consider how to gradually build up government capacity in monitoring its own programs, as well as government following up on issues identified.
- ASIST Facility- expansion of the ARTF research and analysis program, to include funding for the Bank to provide hands on technical support to the government on specific areas e.g. the FPIP implementation support.
- It was agreed that the Bank would develop a proposal for what the ASIST facility would do, how it would work, governance arrangements, decision making criteria etc. and share it with the SG in advance of the proposed April SC meeting. The Bank



clarified that the research program would not be eliminated, but it would be expanded

- The DM MOF suggested that the facility not only focus on areas directly related to ARTF programs but also on other areas that may be important for government e.g. supporting better budgeting processes.
- The Bank will share the current ARTF Standard Terms and Conditions with the SG to give a sense of the monitoring obligations of the Bank regarding the ARTF.
- The EU suggested coordinating partner reviews of the ARTF and sharing information if possible.

5) AOB/Updates

- The Bank introduced the new Operations Officer, Ms. Blanchette who will be joining the World Bank ARTF team in Kabul starting in mid-March 2018 to focus on results monitoring, and communications.
- It was agreed that the Bank would share a calendar with the SG indicating key ARTF meeting dates, as well as Bank technical mission visits, and any key technical discussions scheduled during the missions.
- ARTF partners would share the main program areas/NPPs that they are interested in to help the Bank in developing the calendar. The Bank suggested that the calendar would also include any major reviews of the ARTF planned by the ARTF partners in the coming year to facilitate any possible coordination among the partners.