



## AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

### Special Strategy Group Meeting

Wednesday, June 20, 2018

#### Summary of Discussions

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An ARTF Strategy Group (SG) meeting was held on June 20, 2018. Representatives of 12 donor countries<sup>1</sup>, the (MOF), and the ARTF Administrator (the World Bank) attended the meeting. Mr. Abdoulaye Seck (Operations Manager, World Bank) and Ms. Naheed Sarabi (the Deputy Minister [DM] for Policy, Ministry of Finance) co-chaired the meeting.

#### Summary

The main points of the discussion are summarised below:

##### 1) Final Discussion Prior to the June 25, 2018 Steering Committee Meeting

- The meeting started with a summary of the main meeting agenda items, the main one being the ARTF Steering Committee Meeting scheduled for June 25, 2018. A minor addition to the agenda to highlight the presentation to be made by the DM for Policy, MOF was flagged to the SG, and the updated agenda shared at the meeting. The DM Policy noted it was important for the SC meeting discussions to be linked to the broader development agenda and discussions including those at the forthcoming Joint Coordination and Monitoring Board (JCMB) and the Geneva Conference on Afghanistan.
- The SC agenda was discussed. The meeting will start with the opening remarks by H.E. the Minister of Finance, and the World Bank Country Director.
- The ARTF Administrator report presentation will be included in the documents for the meeting. However, it would not be presented to allow more time for discussion of the 2018-2020 ARTF Partnership Framework and Financing Program (PFFP). The presentation report will mainly cover the financial aspects and progress of the ARTF since the last SC meeting held in March 2017. The information would be similar to what is included in the annexes of the PFFP on the implementation of the 2015—2017 ARTF Financing Strategy. The Administrator response to the External Review will be a summary of where implementation of the main recommendations review stand- what has been implemented already, what has been included in the PFFP, and areas which will require further discussion within the ARTF governance bodies, and which will be brought back to the S.C in the next 6 to 12 months. This would be included in the package of documents for the meeting.
- The Bank noted that the SC would be requested to formally endorse two things: (i) the 2018-2020 PFFP and (ii) the 2017 ARTF External Review report.

#### Discussion

- The US noted that there are several areas in the PFFP that need some clarification; e.g. the proposed \$300 million Fiscal Stability Fund (FSF), and proposed IDA financed

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<sup>1</sup> Australia, Canada, Denmark, EU, Finland, Germany, KfW, Italy, Japan, Sweden, Switzerland, UK, and the US.



Mazar-Herat Railway. They asked whether there would be other program documents the design of the pipeline programs that are still in the initial stages of design. The Bank noted that each pipeline program including the proposed FSF will have a separate project appraisal document, and that ARTF partners will be involved in discussions for these.

- The Bank further noted that concept notes, and project appraisal documents will continue to be shared with the ARTF partners throughout the design phase, as has been the practice since earlier this year. The Government line ministries, and World Bank technical teams will also continue to have discussions and briefing meetings during program/project preparation visits with the ARTF partners. It was also clarified that there will be a review of the ARTF/IDA pipeline each year, and if needed programs could be revised/changed as needed as per Government request and collective endorsement of the ARTF governance bodies.
- It was suggested that the last SC meeting session could be shortened to 45 minutes, to provide more time in the second session for the ARTF SC members to make statements.
- Partners were invited to indicate if their Ambassador would not be making a statement, or if they will want to make a longer statement or not.
- The EU asked if one table could be prepared to show what the 2015-17 program allocations were for programs that would be ongoing in the new PFFP period, e.g. Citizens Charter. The suggestion was to add a column to table 11 showing the 2015-2017 approved amounts like Table 4.
- The SG were asked whether the SC meeting should be open to non-active ARTF SC members. The general agreement of the SG was that all the SC members (active and non-active) should be invited, but if they were non-active they may not make statement during the meeting. The SG also suggested that even donors who had not contributed to the ARTF should also be invited, to encourage broader coordination and partnership in support of the government's development agenda. And to inform other bilateral donors that the ARTF could be a good platform for this coordination for non-traditional donors to consider.
- The UK and EU would moderate the final S.C session on the alignment of development financing with government priorities. The moderators would pose a few questions to guide the discussions.
- The DM Policy further noted that they would like to use this session as a starting point to move towards better coordination for development financing, not just through the ARTF but also for bilateral donor funding e.g. in the health, and education sectors. It was hoped that some clear agreements would be reached on what steps would need to be taken collectively to move towards the implementation of programmatic approaches in support of the government national priority programs.
- The US noted that they are increasingly interested in the prospects for peace in Afghanistan, and the role that the Citizens' Charter and other existing ARTF financed government service delivery programs could play in this in the future.
- The Bank noted that if some emerging needs arose in the near future, it would be possible to review existing programs and see which ones could be easily scaled up for certain interventions.
- It was agreed that a revised agenda for the SC (incorporating suggestions from the SG meeting), and a slightly revised version of the PFFP (addition of status of 2015-2017



ARTF contributions in Annex 3) would be shared with the SG before the end of the day. The revised version of the SC agenda is attached to these minutes.

## 2) Updates

The Bank provided the following updates to the SG:

- a. A US\$3.43 million project preparation grant for the proposed EQRA project was approved by the ARTF Management Committee (MC) on June 11, 2018. The grant would assist the Ministry of Education to carry out some preliminary activities in readiness for the main EQRA project. The EQRA Project is expected to be presented to the World Bank Board of Directors (Board) for approval of the IDA financing at the end of July 2018, and to the ARTF MC soon thereafter.
- b. Incentive Program Development Policy Grant (IP DPG) – The IDA financing of the IP DPG was approved by the Board on June 14, 2018. Several members of the Board welcomed the design and innovative features of the operation—bringing together ARTF and IDA, the coordination and alignment of all ARTF partners around a single platform, the flexibility afforded through associating each policy action with a tranche and the clear incentives for timely completion provided through the time-dependent tranche amounts—and suggested that the program offered lessons for other countries. The ARTF MC is expected to meet during the first week of July to review the request for approval of the ARTF financing for the IP DPG.
- c. The Public Private Partnership and Infrastructure Advisory Project (PPIAP) is expected to be presented for Board approval on June 27, 2018. The approval of the project was delayed from March until now to take into account additional environmental safeguards aspects.
- d. The 2018 Afghanistan Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report has been finalised and is expected to be published soon.
- e. The Bank informed the SG of the update received from the MOF on the planned forensic audit in relation with the Monitoring Agent findings of the recurrent cost expenditures. The MOF is in the final stages of the contracting a firm to conduct the audit. The initial bidding was not successful and had to be re-launched.



## Steering Committee Meeting

**Monday, 25 June 2018**  
**10:00 AM - 12:30 PM**  
**Presidential Palace, Kabul**

### Agenda

<b>Welcome by Co-Chairs</b>	<b>10:00 a.m.</b>
<b>Setting the Context</b>	<b>10:05 a.m.</b>
<i>H.E. Minister of Finance Eklil Hakimi</i>	<i>10:05 a.m.</i>
The Role of the Afghanistan Reconstruction Trust Fund [ARTF]	
<i>World Bank Afghanistan Country Director Shubham Chaudhuri</i>	<i>10:15 a.m.</i>
Afghanistan to 2020 and Beyond: The Role of the ARTF	
<b>ARTF Partnership Framework and Financing Program [PFFP]</b>	<b>10:25 a.m.</b>
<i>ARTF Administrator, World Bank team</i>	<i>10:25 a.m.</i>
Administrator's Report	
Administrator's Response to the 4 <sup>th</sup> ARTF External Review	
<i>Deputy Minister of Finance for Policy Naheed Sarabi &amp; DG. Aman Farahi</i>	<i>10:30 a.m.</i>
The ARTF Partnership Framework and Financing Program FY1397-FY1399 [PFFP]	
<i>Steering Committee Members</i>	<i>10:40 a.m.</i>
Statements on PFFP and the 4 <sup>th</sup> ARTF External Review	
Decision on endorsement of the PFFP and the 4 <sup>th</sup> ARTF External Review	
<b>Looking Ahead</b>	<b>11:40 a.m.</b>
<i>Deputy Minister of Finance for Policy Naheed Sarabi</i>	<i>11:40 a.m.</i>
Alignment of Development Programs with Government Priorities	
<i>Steering Committee Members, facilitated by UK DFID Country Director Mike Hammond and EU Head of Cooperation Maurizio Cian</i>	<i>11:50 a.m.</i>
Discussion – The ARTF and Alignment with the Afghanistan National Peace and Development Framework Alignment	
<b>AOB and Conclusion</b>	<b>12:25 p.m.</b>
<b>Luncheon</b>	<b>12:30 p.m.</b>