



ARTF Strategy Group Meeting

June 21, 2017

Summary of Discussions

An ARTF Strategy Group (SG) Meeting was held on June 21, 2017, and was attended by 12 donor country representatives¹, the Ministry of Finance (MoF), and the ARTF Administrator (the World Bank). The meeting was chaired by Mr. Stephen Ndegwa (World Bank Operations Manager). The agenda items were: (i) ARTF Updates; and (ii) EQRA Discussion.

1. ARTF Updates:

(a) *ARTF External Review*- the Administrator informed the SG that the selection of the firm has been delayed due to certain unforeseen circumstances, the details of which could not be shared given the procurement process was yet to be concluded. In order to avoid the possibility of re-starting the procurement process, the Bank management is pursuing a resolution with the Bank's Corporate Procurement Department and expect to have a decision by the end of June. This will affect the timeline for the review with some delays anticipated- field work may be delayed till end July. The SG was reminded of the pending action to agree on the Contact Advisory Group. It was agreed that the Bank would send the names of the Advisory Group from the 2012 review;

(b) *ARTF Financing Strategy (FS) Timeline*- A revised timeline for preparing the FS was presented to SG, that envisions the FS being completed and presented to the Steering Committee for approval in December, 2017. This revised timeline also takes into account the delay with the ARTF External Review, to ensure that finding from there are reflected in the FS. The SG was again requested to provide their best estimates on financing pledges, and priority areas for the next three years of the FS, which would help to develop an overall framework of sources of financing in support of the ANPDF (on-budget, off-budget, and private sector capital) by the first week of July;

(c) *ARTF Pipeline*:

- *Recent Project approvals by the ARTF Management Committee (MC)*- the MC on June 20th, 2017 approved the following:
 - A US\$6.5 million Project Preparation Grant to support the preparation of the proposed Mazar-e-Sharif Gas to Power Project;

¹ Australia, Canada, Denmark, European Union, Finland, Italy, Japan, Norway, Sweden, Switzerland, United Kingdom, US.



- *Pipeline Projects Pending MC Review:* The next ARTF MC meeting date is tentatively scheduled for mid-July to review the following projects:
 - US\$105 million Additional Financing to the Afghanistan Rural Access Project (ARAP);
 - US\$5 million Additional Financing to the Afghanistan Rural Development Project (AREDP)
 - US\$44.3 million Additional Financing to the Citizens' Charter Afghanistan Project
 - US\$5 million Women's Economic Empowerment Project Preparation Grant

(d) *World Bank Board Approvals:* As anticipated the World Bank Board on June 13, 2017 approved over \$300 million of IDA financing for Afghanistan as follows: (i) Inclusive Growth Development Policy Grant- US\$100 million; (ii) CCAP AF- US\$127.7 million; (iii) Strategic Grain Reserves Project- US\$20.3 million; (iv) Herat Electrification Project- US\$60 million; (iv) Urban Development Support Project- US\$20 million.

(e) *ARTF Scorecard:* final draft ready, with management for review. Expect to be able to have a results workshop in August, 2017. OM stressed the importance of results focus in the ARTF program as well as in the next FS, and encouraged SG members to let the Bank know if they required information on any specific results.

(f) *EQUIP II Financing of 415 Incomplete Schools:* Bank informed the SG that the government had officially informed us of its decision to finance the 415 incomplete schools, starting with an initial budget allocation in 1396 of US\$ 1.5 million with the rest of the funds to be allocated in the next budget year.

2. **EQRA Project Presentation:** The World Bank's basic education team made a presentation to the SG on the main aspects of the proposed EQRA Project, the follow on to the current EQUIP Project. The team presented the key challenges related to primary education including access and equity, poor quality of education, and systemic challenges such as security, and decreases in the share of education spending in the budget. Also discussed were the main development objectives of the proposed Project which is proposed to be financed with grants from the ARTF, Global Partnership of Education (GPE), and possibly IDA for the total amount of US\$ 300 million. Initial objectives include increasing equitable access to education especially for girls; improving the quality of teaching-learning process; and strengthening the capacity for planning and accountability for results. The proposed project would seek to move away from input based to results based financing using disbursement linked indicators to incentivise achievement of certain key outcomes. Lessons learnt from the past support for basic education were discussed, as was the alignment between the proposed project activities and the Government of Afghanistan's national education sector strategy (NESP III). The



proposed components and activities for the project were outlined as follows: (i) Equitable Access for Girls in Disadvantaged Provinces; (ii) Improving the Teaching and Learning Process; (ii) Strengthening Sector Planning and Accountability; (iv) Technical Assistance and Innovations.

The Team emphasised that the use of results based financing will help to improve accountability and ensure funds are directed towards their intended purpose. This will be accompanied by verification by a third party based on pre-agreed protocols. An anti-corruption hotline would also be established, and performance contracts between the central Ministry of Education and provincial and district education departments would be introduced to improve accountability. The Project is expected to be presented for approval to the GPE and ARTF by January, 2018.

Discussion: issues of improving recruitment of female teachers into rural area was discussed; have districts already been selected; clarification on definition of disadvantaged provinces, and how they will be selected and what will be done in provinces that are considered more advantaged; how will the school grants be sustained.

Selection of provinces was based on the recent Afghanistan Living Conditions Survey data- looking at provinces with high proportions of children out of school.

Does selection of districts take into account of areas which are controlled by the Taliban or other areas not controlled by the government. Project would only reimburse eligible expenditures against the DLIs.

Synergies between the proposed EQRA project, CCAP and the CBR Project was discussed, and Bank team confirmed that there is close relationship between all the Bank financed projects. The current versions of the draft project documents were already shared with the donor education technical specialists. It was agreed that any comments/questions should be sent to the Bank task team by July 2nd, 2017.