

## ARTF Strategy Group Meeting

March 15, 2017

### Summary of Discussions

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An ARTF Strategy Group (SG) Meeting was held on March 15, 2017, and was attended by 13 donor country representatives<sup>1</sup> and the Ministry of Finance, ARTF Third Party Supervisory Agent (Management Systems International (MSI), accompanied by Altai Consulting (MSI partner), and the ARTF Administrator (the World Bank). The meeting was chaired by Mr. Stephen Ndegwa (World Bank Operations Manager). The main agenda items were: (i) ARTF Supervisory Agent Presentation on 2016 Monitoring Findings; (ii) Debrief on the March 6, 2017 ARTF Steering Committee meeting; (iii) AOB.

#### 1. **Presentation and Discussion with ARTF Supervisory Agent (MSI) on Year I (2016)**

**Monitoring Findings:** The Third Party Supervisory Agent for the ARTF Investment Projects (MSI) together with its partner, Altai Consulting, presented their findings from the first year of monitoring some key ARTF projects. The presentation also covered challenges, recommendations, and objectives for the second year of their monitoring work. The World Bank in 2015 awarded MSI a three-year contract to: (i) conduct third party monitoring for five ARTF financed investment projects (ARAP, EQUIP, IRDP, NSP III, & OFWMP); and (ii) report on outputs, and impacts during project implementation, including construction, defect liability period and operations and maintenance (O&M). Monitoring is conducted using various tools such as mobile phone technology, satellite imagery, remote sensing, and participatory citizen monitoring. During 2016, MSI conducted project site visits in all thirty-four provinces, and also piloted the use of citizen monitoring with the involvement of 62 monitors. A total of 900 deviations were noted at various sites and reported to the respective line ministries, out of which 100 were corrected. One challenge that was highlighted relates to data utilization, particularly how the line ministries respond to observed deviations. In response, MSI has worked to embed staff within the line ministries to facilitate the uptake of data and to ensure appropriate corrective actions are taken.

**Altai Consulting:** During the site visits there were some challenges noted such as, lack of project specific documents (e.g. design drawings, specifications etc.) in Ministry or project offices, lack of coordination by the line ministries with ARTF Supervisory Agent at the site; and delay in the review meetings by line ministries. **Recommendations:** funding should be institutionalized across all projects; payment systems should be streamlined across all projects, some of the ministries tendering process should be revisited to ensure that most capable vendors are awarded the contracts, material testing should be institutionalized across all projects, data utilization by GIROA line ministries should be improved; increased focus should be given to environmental, gender and social safeguards in all projects; construction materials details should be included in Bill of quantities (BoQs) especially electrical receptacles.

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<sup>1</sup> Australia, Canada, European Union, DFID, Finland, KfW, Japan, Italy, Netherlands, Norway, Sweden, Switzerland, US.

2. **Debrief on the March 6, 2017 ARTF Steering Committee (SC) Meeting:** The SG members reflected on the SC meeting that was held on March 6, 2017. The SG expressed appreciation for the discussions, and the usefulness of the exchange between ambassadors and heads of agencies with the Minister of Finance. SG members welcomed the government commitment to hold SC meetings more regularly. The Administrator emphasized the agreement to align the next ARTF Financing Strategy (FS) for 1397-1399 with the government priorities, especially in support of the Afghanistan National Peace and Development Framework (ANPDF) operationalization. In order for the FS to be realistic, it would be important to receive indicative commitments from ARTF donors by July, 2017. The preliminary timeline for preparing the new Financing Strategy was outlined with the following key milestones: first draft by September 2017; with the Steering Committee endorsement of the new Financing Strategy in October 2017. The meeting agreed to hold a series of initial brainstorming sessions to put initial ideas on the table prior to a formal meeting at the SG level to discuss those ideas in depth. The World Bank would host small group and bilateral meetings in the coming weeks to kick start the process.

3. **AoB**

- The Administrator updated the SG that the Government has published the request for expressions of interest for hiring the Forensic Audit firm to look at the issue of unauthorized payroll deductions identified by the ARTF Monitoring Agent late last year. In addition, the government has established a Review Committee, chaired by the Director General of Treasury, to examine the ineligible expenditures and propose strengthening of systems to avoid this problem in the future.
- The ARTF Scorecard - will be delayed, as the draft is being reviewed for quality assurance.