



## AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

### Special Strategy Group Meeting

Wednesday, May 2, 2018

#### Summary of Discussions

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A special session of the ARTF Strategy Group (SG) was held on May 2, 2018. Representatives of 13 donor countries<sup>1</sup>, the Ministry of Finance (MOF), and the ARTF Administrator (the World Bank) attended. Mr. Shubham Chaudhuri (World Bank Country Director) chaired the meeting.

#### Summary

The agenda covered: a presentation by the World Bank's Integrity team and discussion of the proposed ASIST facility. The Bank also updated donors on Government prioritization discussions.

#### Presentation by World Bank Group Integrity Vice Presidency (INT) representatives

- INT Washington representatives Mamta Kaushal, South Asia Investigations Lead and Ryna Ferlatte, Forensic Audit Lead, presented an overview of INT's mandate and structure, processes, and available tools. (Presentation shared by email) INT has three departments: investigations and forensic audit, integrity compliance, preventive services and corporate initiatives. Kaushal and Ferlatte represent the investigations and forensic audit department, and provided detail on the case initiation, investigation and resolution processes, as well as statistics. Participants also received summary information regarding recently closed INT investigations specifically related to Afghanistan. Kaushal and Ferlatte noted the value of in-country visits as a means of ensuring that INT's work is responsive to needs on the ground.

#### Discussion

- Discussion touched on a case last year, in which allegations had been placed in the public domain. The Bank kept donors closely informed of the progress on that case, which was appreciated. Donors are less certain about whether they have access to basic information about open cases that are not in the public domain. INT clarified that the Bank's Development Finance Vice Presidency (DFI) has the broad responsibility for regularly sharing information with donors at the corporate level on behalf of INT. One challenge with sharing details about ongoing investigations is that different capitals have varying requirements for what information can, and what information must, be disclosed publicly. In some cases, broad disclosure can compromise INT's ability to close investigations. That said, basic information about the number of current ongoing investigations has previously been shared, and can be updated more regularly. Currently, five complaints related to the Afghanistan portfolio are in a "case development" phase, during which they are reviewed to assess whether the basic facts warrant further inquiry.

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



- Partners asked where to forward information when they receive allegations regarding Bank- or ARTF-funded programs or staff. Allegations can be forwarded to any of three points of contact: the Country Director, directly to Mamta Kaushal ([mkaushal@worldbank.org](mailto:mkaushal@worldbank.org)), or via the INT webform, which is accessible at this link: [https://intlbankforreconanddev.ethicspointvp.com/custom/ibrd/crf/english/form\\_data.asp](https://intlbankforreconanddev.ethicspointvp.com/custom/ibrd/crf/english/form_data.asp) as appropriate. Recognizing that some individuals who might have valuable information about integrity issues with the Afghanistan program may not be able to use an English language form, the Bank is preparing to make the form available in Dari/Pashto.
- The question was raised whether INT works with the ARTF third party monitoring agents to identify any potential red flags that could be followed up. Bank informed the SG that INT is currently working on an in-depth fiduciary review of one of the line ministries, with close involvement of the Monitoring Agent. Based on this the INT already has some recommendations that will be included in the terms of reference for the next MA. This is a model that has been piloted with some success elsewhere, and which the Bank envisages as a part of its Anti-Corruption and Results Monitoring Action Plan (ACREMAP) moving forward, to include exploring whether something similar could be done with the Supervisory Agent. In addition, INT's Preventive Services Unit has visited Kabul to brief teams on measures for identifying "red flag" issues. Effective measures are often highly context-specific, which is part of the reason for the ACREMAP initiative.
- **Way forward** – No specific action asked of donor partners at this time, apart from continuing to notify the Bank of allegations they receive regarding the portfolio.

### **ARTF Partnership Framework and Financing Program (PFFP)**

The Bank informed the SG that they together with the MOF had a discussion at the Office of the President on April 30<sup>th</sup> on the proposed government priorities for the ARTF PFFP for 2018-2020. The main directions of support for service delivery, and institutional and policy reforms were endorsed by the President. **Way forward** – MoF and the Bank will prepare a brief note summarising this and share with the donors for discussion in the coming days.

### **Advisory Services, Implementation Support and TA Facility ("ASIST")**

The Bank summarised the proposed ASIST Facility, which, if approved, would be established as a third window under the ARTF. Donors are asked to consider: (i) whether to establish the Facility as a third, Bank-executed, window; as well as (ii) the suitability of the proposed governance and decision-making structure of the Facility; and (iii) the proposed annual financing allocations from the core ARTF program funds.

- The proposal to create the facility stems from recent Government requests for more long-term, hands-on support from international experts in technically complex priority areas, such as the Fiscal Performance Improvement Project and the mining and extractives sector. Another potential area for support is in poverty monitoring and statistics. The Government faces difficulty recruiting suitable experts directly, owing in part to security challenges. The Bank has provided initial support over the last year, drawing from its own operating budget. It cannot sustain the cost over the longer term. ASIST, if approved, would be established as a Bank-executed trust fund, with a proposed initial allocation of \$3 million to the facility from the core ARTF funds.



- The SC will be asked to endorse the establishment of the window/facility. Once the SC endorses the ARTF Management Committee would be requested to approve the transfer of the funds from the ARTF parent trust fund to the ASIST child trust fund. The new window would be accordingly reflected in the ARTF AA between the ARTF donors and the Bank. Proposals for support would be reviewed by the SG once a quarter. ARTF partners would be able to provide incremental preferred contributions (above and beyond their core pledge to the ARTF) for the facility.
- The MOF echoed their support for the creation of this facility, noting that in some key areas it sees the Bank as offering a potential comparative advantage (relative to Government-procured technical assistance, which requires application of Government rules) in terms of recruiting and logistical support to advisors.

## Discussion

- A question asked what the proposal envisaged as the expected balance between advisory services, technical assistance, and implementation support. The Bank sees these as a continuum of support that is difficult to parcel out, and would vary depending on the area of engagement. This could be discussed as each proposal is reviewed by the SG. The allocation for the window could be increased as agreed with the SG. Some participants queried whether an initial allocation of \$3 million would be sufficient, but the Bank noted that the proposal is expected to be sufficient for the two known needs in the areas of public finance and mining/extractives. Given the flexibility to add more later, the Bank is comfortable recommending an initial allocation at this level.
- Partners discussed the potential of the facility to enhance overall coordination regarding technical assistance (T/A), but felt it should be made clear that the facility itself is intended only for critical areas, and not as an unlimited resource or a replacement for government capacity. It was noted that any experts hired by the Bank under this facility would fall under the Bank's duty of care. In response to a question about whether the Bank would have the capacity to manage the facility given limitations on its own logistics resources, the Bank observed that it will require attention, but that given the relatively targeted scope of the facility management of the logistics would be feasible.
- In response to a query about whether donors could also suggest areas for potential support under the ASIST facility (e.g., gender), rather than requiring all requests to be demand-driven, MoF noted that the facility is intended to be used in priority NPP-aligned areas where the Bank has comparative advantage. Some priority areas, like gender and human rights, are well-provided with international experts through other mechanisms.
- **Way forward** - If the SG agrees on the issues presented during the special discussion sessions, then individual notes will be finalised and reflected in the revised PFFP. It was agreed that the SG members will send comments on any critical issues to the Bank, and a revised note would be shared with the partners and be part of the revised PFFP.