



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Special Strategy Group Meeting

Sunday, May 6, 2018

Summary of Discussions

A special session of the ARTF Strategy Group (SG) was held on May 6, 2018. Representatives of 11 donor agencies¹, together with the ARTF Administrator (the World Bank) participated in the discussions. Ms. Wezi Msisha, (World Bank Senior Operations Officer) chaired the meeting.

Summary

The agenda addressed two thematic priorities for the ARTF: 1) enhancing alignment through a more flexible and adaptable approach to programming, and 2) ramping up monitoring and strengthening anti-corruption mechanisms. Under other business, participants discussed the timeline for finalization of the PFFP and progress towards the ARTF Steering Committee (SC) meeting.

Enhancing alignment through a more flexible and adaptable approach to programming

- The Bank is increasingly organizing its work around an “engagement”, rather than a project, approach to facilitate NPP-wide discussions. This approach is particularly useful for responding to requests that line ministries channel to the Bank through the MOF: while most requests are aligned with the ANPDF, some require further sectoral discussions. Some related technical approaches under this model include:
 - Ensuring clear linkages between Bank support through investment projects with programmatic analytical services and advisory (ASA) work in sectors. For key sectors with pipeline projects, the Bank management has jointly reviewed the concept notes for the projects with those for proposed ASA; e.g. Sehatmandi and health sector ASA and TAGHIR and civil service ASA. Bank management reviews progress on the programmatic ASA’s at least once a year. The ASA is carried out by the Bank technical teams as part of their ongoing policy dialogue and engagement with government counterparts, and can also be in response to issues identified during investment project implementation. ASA work by the Bank teams may be financed from the Bank’s operating budget and/or from the Research and Analysis Program, and in future from the proposed ASIST facility.
 - Continuing to manage the ARTF- and IDA-financed projects as a unified program. Apart from final approval (IDA projects approved by the Board and ARTF project finances approved by the ARTF Management Committee), project development, Bank procedures and oversight is the same for both financing sources. A single portfolio approach has benefits for smoothing funds availability, increasing program scale, and ensuring strong World Bank awareness of the portfolio as a whole.

¹ Canada, Denmark, EU, Finland, Germany, Japan, Norway, Sweden, Switzerland, UK, US.



- In line with recommendations from the External Review, seeking more opportunities to use the Multiphase Programmatic financing approach, which allows the client to structure a long, large or complex engagement as a series of linked, modular initiatives. The approach is not appropriate for all projects, and is being considered on a case by case basis. One area where it may be suitable is in the next phase of the urban program that proposes to work with Afghanistan's five main cities.
- The potential use of Sector Wide Approaches "SWAPs" are another possibility. Some initial discussions have been held with the Ministry of Finance (MOF) on the potential use of this modality in support of the government's desire to reduce fragmentation in support to the various sectors. Although it goes a bit beyond the scope of the ARTF, the stakeholder engagement and coordination in some sectors (e.g. health, agriculture, and to some extent education) provide a strong basis for further development and implementation of programmatic approaches. Youth engagement and skills development, and extractives may be other areas where such an approach may be feasible. Advancing this approach depends to a significant extent on how the government plans to proceed, and how NPPs develop. The Bank envisions this as an area for continued discussion with the government over the next approximately 18 months.
- While the approach to date has been for ARTF partners to indicate preferencing of their financial contributions at either the sector or project level, the Bank would prefer for the ARTF Financing Program to be endorsed by the SC at the level of allocations to priority areas (see sample table distributed at meeting). To the extent possible given authorizing environments, it would also be helpful for flexibility in programming if any donor preferencing is at the level of priority areas, not projects. Though not addressed in the original draft brief, the Bank sought donors' support for asking the SC to endorse preferencing of contributions by NPP's/broad priority areas.

Discussion

- Several participants noted that in recent development cooperation dialogue (DCD) discussions, the MOF emphasized financing as a key to alignment. Many donors expect to continue at least some off-budget programming, and in the absence of technical working groups under the Development Councils, need a forum for discussion of substantive alignment. Some of the recent sectoral discussions (e.g., agribusiness, mining) have proven helpful and practical for those with related off-budget programming. Donors recognized that coordination of off-budget expenditures is in the remit of the government with UNAMA support, and further recognized that some sectors are more advanced than others. Given the scale of Bank engagement in some sectors, commenters felt that the Bank could be helpful in supporting the government to bring partners together. It was suggested that the ARTF SC meeting be used as an opportunity to enquire on the status of sector-specific matrices the MOF has envisioned, and to talk about opportunities for improving sectoral coordination.
- Supporting the engagement approach outlined above, a comment noted that given the role of the ANPDF and NPPs, discussion of "sectors" should be understood to mean discussion of NPPs. Global experience has demonstrated that formal SWAPs are



difficult with a single ministry involved, and suggests that in multi-ministry NPPs the formal SWAP approach would be very complex.

- A questioner noted that in some NPP areas (FSP, PPIP, state-owned banks) the Bank has proposed/is proposing several projects, and queried whether that undermines the “engagement”/programmatic approach. The Bank observed that that is a point for discussion, but where there is good clarity regarding the sectoral priorities and no overlap, smaller projects can facilitate both government and Bank engagement, and could eventually support a move towards a consolidated program.
- A comment proposed that the Bank develop a roadmap outlining the vision for moving towards a more sectoral approach under government leadership, which could then be revisited regularly in the context of SG discussions. This could be done for instance using one of sectors with more advanced stakeholder coordination as a model e.g. agribusiness. Several donors noted that such a roadmap could help the government engage more actively in planning off-budget, as well as on-budget, initiatives, and would be useful for technical leads working on bilaterally-funded initiatives.
- **Way forward:** The Bank will consider how the PFFP might discuss coordination issues further. The Bank noted there will be limits to how detailed the PFFP can be on this point, since it is likely to require further discussions both internally and with the government. Donors agreed that the SC can be asked to endorse financing allocations at the priority area, rather than project, level.

Streamlining collaboration and decision-making procedures, and strengthening communications and reporting

- The Bank opened the discussion with reference to the December 2017 External Review of the ARTF, which identified strengths of ARTF collaboration and communications and noted areas where improvement is possible. The Bank has committed to, and has begun implementing, a series of measures designed to advance these suggestions. As most are already familiar to SG participants, the Bank invited discussion on the list of initiatives set out in the brief.

Discussion

- Suggestions for the brief/ revised PFFP included: 1) deepening the discussion in the brief/PFFP on a “forward agenda” for the SG, which would help to address the concern that meetings have appeared to be ad hoc; 2) mentioning plans to improve the ARTF web site; 3) including some text touching on the shared goal of increasingly involving government partners in leadership of the ARTF; 4) further clarifying how input and discussions in the various ARTF governance bodies will relate to each other and to programmatic content/management (and perhaps re-assessing whether SC meetings should still target quarterly meetings), and 5) addressing requests to revisit the structure of the ARTF Scorecard for 2018. A comment also noted that for some donors, it is very important that the PFFP include language that addresses the long-term approach for building government ownership and leadership over programming and funding, particularly looking ahead to 2020 and beyond.
 - The Bank agreed to consider all suggestions, while noting that it plans for more in-depth discussions on the structure of the 2018 Scorecard to take place after the SC meeting, since there are several major initiatives to complete in the next



6-8 weeks (finalization of the PFFP, planning for the SC meeting, modification of third party monitoring contracts, and completion of the 2017 Scorecard, and other ARTF reports). For practical purposes the Bank team would like to plan the discussions around the 2018 Scorecard after the immediate priorities have been addressed.

- Commenters suggested adding more content on how the Bank is organized- e.g. technical teams, etc. in the “ARTF 101/102/103” presentations, and to consider inviting representatives from one or two of the Bank technical teams to join these presentations, to help orient new donor team members more quickly to the complex work around the fund. Because personnel in some capitals switch portfolios more frequently, it might also be helpful to have the ARTF introductory material in video format available for newcomers to watch even when the presentations are not available in-person. Participants also reiterated their shared commitment to briefing new colleagues in Kabul and to keeping capitals informed.
- A question asked about the origin/purpose of the proposal to hold periodic SG meetings outside the country. The Bank explained that some partners find decision-making around the ARTF is increasingly concentrated at HQs, and had expressed interest in creating more chances to interact. Participants expressed a preference for continuing the structure as it is -with Kabul-based SG donors responsible for briefing their capitals regularly; using the opportunity of the IMF and WBG Annual/Spring meetings to convene meetings/dinner discussions on the ARTF with HQ representatives as was recently done; and the ability for capitals to connect to SG meetings via VTC.
- **Way forward:** The Bank will work to reflect the discussions in the next iteration of the PFFP.

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- In the next few days, the Bank will develop a schedule of expected meetings/events leading to endorsement of the PFFP. Outstanding topics for which discussion needs to be scheduled include the issue of portfolio reviews and the overall PFFP prioritization. The Bank tentatively proposed discussing these topics on 14 May.
- Several participants suggested that the two discussions proposed for 14 May be broken into separate meetings, even if held on the same day, as different team members would be more likely to attend each topic. Donors would also like to see a somewhat detailed annotated agenda ahead of the discussion on prioritization, to help with preparations, which might require pushing the prioritization discussion out a bit later.
- The Bank also proposes another discussion during the week of 23 May to discuss the overall PFFP, and a final preparatory discussion the week of 30 May to discuss final comments and issues, and the next steps to the SC meeting. Considering the public release of national household survey data, the EU suggested that either in one of the meetings proposed or in an additional discussion the SG meet to consider whether/how the PFFP overall outlines an approach for addressing poverty issues.