



ARTF Strategy Group Meeting

November 16, 2017

Summary of Discussions

An ARTF Strategy Group (SG) Meeting was held on November 16, 2017, and was attended by 13 donor country representatives¹, the Ministry of Finance (MoF), and the ARTF Administrator (the World Bank). The meeting was chaired by Mr. Shubham Chaudhuri (World Bank Country Director), and was attended by Deputy Minister of Finance, Mr. Khalid Payenda, and the Ministry of Finance Aid Management Department.

Discussion

1) Status of ARTF Donor Pledges and Proposed 2018-2020 Pipeline

A summary of the indicative pledges for the 2018-2020 ARTF Partnership Framework and Financing Program (PFFP) received from the ARTF donors to date was presented to the SG. 12 donors have provided indicative pledges amounting to US\$1.5 billion. The status of the contributions received to date under the current 2015-2017 FS is as follows: Against the total pledged amount of US\$ 2.4 billion, US\$1.8 billion has been received to date, and US\$300 million is expected by the close of the year.

2) Proposed ARTF Partnership Framework and Financing Program for 2018-2020

The outline of the draft 2018-2020 ARTF PFFP (formerly called ARTF Financing Strategy) was discussed. The PFFP will focus not only on the ARTF pipeline and financing but also the key areas to strengthen the ARTF partnership. It will also incorporate some of the recommendations from the 2017 ARTF external review including on mix of financing instruments, portfolio performance, reporting etc. The PFFP will also reflect how 3 key cross-cutting issues- gender, climate change, and conflict sensitivity are being mainstreamed in the ARTF program. It was agreed that the SG would provide any comments to the expanded PFFP outline within the next week.

- Australia: suggested perhaps anti-corruption, and how the ARTF program approaches capacity building could also be included in the cross-cutting issues. They also asked whether the document can explicitly mention the cross-cutting areas covered by the framework.
- Netherlands also suggested inclusion of returnees and internally displaced people (IDPs) as a cross-cutting issue. Bank noted that this issue would be reflected in the document.

¹ Australia, Canada, Denmark, Finland, Germany, KfW, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, UK, and US.



- MoF: noted that ARTF is a key financing mechanism for better delivery of services and partnership tool. Suggested that the PFFP should highlight that there are areas being addressed through other mechanisms in addition to the ARTF. For instance, infrastructure with the support of the Asian Development Bank's (ADB) Afghanistan Infrastructure Trust Fund (AIF) and other development partners
- Netherlands: suggested also presenting the overall development financing and where the ARTF contributes. MoF agreed that they will do so.
- The Bank noted that the PFFP will mention that government priorities are funded through different sources- government's own revenues; ARTF; other on budget development financing e.g. the AIF; and development partners off-budget financing.
- The Bank would aim to share the first draft of the PFFP document with the SG by the end of the month, with a few days for the partners to provide feedback. The main points from the ARTF external review would also be incorporated in the draft document.

3) Planning for the December, 2017 ARTF Steering Committee Meeting

The main milestones till the proposed December 17th Steering Committee (SC) meeting were shared with the SG. The MoF suggests having a working meeting with the ARTF SC Ambassadors to brief them on the ARTF before the end of the month. The SG welcomed this proposal. Other milestones include a discussion on the draft PFFP document with the SG around November 30th to get reactions from the SG before finalising the document for the SC meeting. The first draft of the SC meeting agenda was also discussed with the SG. Main comments from the SG included:

- Australia: how should the SC address recommendations from the ARTF external review that will not be included in the ARTF PFFP, aside from formally endorsing the completion of the review?
- Norway: will the SC decide on the 6 issues discussed over the last few months?
- Bank clarified that clear proposals related to the 6 issues will be reflected in the new PFFP so that areas for the SC's endorsement are clear. It was agreed that if there are other issues arising from the ARTF external review that are not already reflected in the PFFP these can be discussed during the planned November 30th meeting and added to the SC agenda.
- Netherlands: asked when Scan team will provide their responses to the SG's comments to the external evaluation report
- Bank noted that as agreed during the November 13th SG discussion with Scan team they would aim to send their comments response matrix to the Bank as quickly as possible, being cognizant of the timeline till the Steering Committee meeting. Also, that Scan team's ability to turn around with their response would depend on the volume of comments received from the SG.
- Canada: suggested that the MoF in its presentation at the SC meeting also reflects on some of the key development achievements of the Government over the last decade as presented at the recent JCMB and SOM meetings. Also for the government to re-



emphasise the commitments made during those events. Additionally, they asked that before the MoF briefs the Ambassadors on the ARTF, they share the brief with the Heads of Development Agencies.

- Netherlands: suggest including a one-page document on what has been achieved since the SOM in the package of documents for the SC.

4) AOB/Updates

Updates to the SG were as follows: (i) An additional financing grant of US\$5 million to the Afghanistan Rural Enterprise Development Project (AREDP), and an extension of the project closing date from March 30, 2018 to June 30, 2018; (ii) the Fiscal Performance Improvement Support Project. Total project financing is US\$100 million- ARTF grant of US\$75 million and IDA grant of US\$25 million equivalent. The project is expected to be presented to the ARTF Management Committee around December 14, 2017 and to the World Bank Executive Board of Directors on December 19, 2017; (iii) update on the women's economic empowerment (WEE) support program including a WEE-NPP implementation support mission is also planned for the week of November 20th. A briefing for ARTF and other development partners tentatively planned for November 23. The identification mission of the proposed \$100 million WEE rural development project (WEE-RDP) is scheduled for the week of November 20th. The project concept note is expected to be finalized following this mission; (iv) The Special Inspector General for Afghanistan (SIGAR) recently informed the Bank that they are about to conclude their follow-on audit of the ARTF which started in December 2015. An exit interview between SIGAR and the Bank is scheduled for November 27, 2017; (v) the ARTF GWG agreed to meet on the 4th Tuesday of every month. The next meeting is scheduled for November 28, 2017 from 2-4 pm; (vi) ARTF IP Working Group meetings planned for November 16th, 21st and 22nd to discuss structural reform benchmarks for the Fiscal Performance Improvement Plan (FPIP) pillar of the next IP 2018-2020.

- It was agreed that the Bank will start sharing all ARTF financed project mission announcement letters, aide memoires and management letters with the SG. The draft program document for the proposed FSP would also be shared with the SG.
- Finland: suggested having a password protected site for donors to access documents such as aide memoires etc. The Bank agreed to explore the possibility of this.
- It was agreed that the Bank would update the SG during the November 30th meeting on key points from the SIGAR ARTF Follow-On Audit exit interview meeting.
- It was agreed that the SG would send comments/suggestions to the Bank on any of the issues discussed during the meeting by email.