

ARTF Strategy Group Meeting

October 23, 2016

Summary of Discussions

An ARTF Strategy Group (SG) Meeting was held on October 23, 2016, and was attended by 12 donor country representatives¹, the Ministry of Finance (MoF), the Monitoring Agent- BDO, and the World Bank. The meeting was chaired by Mr. Stephen N. Ndegwa (World Bank Operations Manager). The agenda items were: (i) Recurrent Cost Window Monitoring Agent key 1394 (2015) monitoring findings; and (ii) AOB.

1. **Recurrent Cost Window (RCW) Monitoring Agent Key 1394 (2015) Findings:** BDO, the Monitoring Agent (MA) for the RCW summarised the main findings from its' monitoring of the RCW in 2015. Government expenditures on payroll and operations and maintenance (O&M) costs were 70% and 30% respectively. The RCW reimbursed \$529 million out of \$729 million of potentially eligible expenditures in 2015. 61% of the total expenditure population available for reimbursement met the eligibility criteria under the RCW in 1395, compared to 74% in 1393.
2. The MA carried out physical verification testing of 8,308 civil servants who were on the payroll. Some of the challenges faced during the physical verification include inability to access certain districts due to insecurity, and missing or incomplete documentation for certain transactions.
3. The SG discussed several issues during the meeting including actions taken when the MA discovers discrepancies, government efforts to improve eligibility ratios including capacity building, actions to strengthen internal government public financial management controls, O&M expenditure eligibility rates vis-à-vis reimbursement for O&M under the RCW Incentive Program, and having more female staff on the MA team. The MoF informed the SG of some actions being implemented to improve the eligible expenditures. These include closely working with the MA to resolve identified issues including on missing documents, transitioning to a web-based treasury system, and developing payroll checklists for controllers in the government.
4. **AOB:** The Administrator informed the SG that the series of ARTF introductory sessions would be held in the last week of October for new members of the SG.

¹ Australia, Canada, Denmark, European Union, Finland, Germany, Italy, Japan, Sweden, Switzerland, United Kingdom, USAID.