

ARTF Strategy Group Meeting

March 4, 2014

Summary of Discussion

An ARTF Strategy Group Meeting was held in the World Bank office in Kabul on March 5th with participation from the Ministry of Finance, donor countries and the World Bank. The following issues were on the agenda:

- The Annual Country Portfolio Performance Review;
- Mainstreaming of gender issues in the portfolio;
- Linkages to the IMF program;
- Any Other Business.

Annual Country Portfolio Performance Review: A presentation outlining the findings of the Country Portfolio Performance Review (CPPR) was delivered by the World Bank team. The CPPR was focused on developing a set of actions to address constraints, implementation challenges and mitigating risks to the portfolio. Themes were identified for analysis including: Financial Management, Procurement, Legal Covenants, Supervision and Third Party Monitoring, Project Development Objective Review, HR and Salary Scales. The following issues were discussed:

- i. **HR and Salary Scales:** Inquiries pertaining to CBR salary scales were put to the Bank. The Bank informed participants that all ARTF and IDA financed projects follow CBR guidelines. However, a coordinated and consistent approach is needed from other donors to ensure sustainable salary scales can be adopted without losing access to skills. The Bank provided examples of ministry recruitment under donor financed programs with comparatively higher salaries, which poses difficulties to ARTF and IDA programs in filling essential positions under the CBR approved salary scales.
- ii. **Restructuring of Projects:** Following the 2013 portfolio review several projects were restructured to ensure improved performance and disbursement rates. Several have seen a positive turn around as design has been simplified and bottlenecks addressed. Based on the analysis from the 2014 CPPR, additional projects were deemed eligible for restructuring, including:
 - a. The Afghanistan Rural Access Project will need to be restructured for additional financing due to cost increases for secondary roads;
 - b. The Capacity Building for Results has seen a slow pace of adoption and will need to be restructuring, when first a new government is in place, to ensure acceleration of implementation;
 - c. The Second Judicial Reform Program has seen significant delays and will need to be assessed following elections to determine the new government's commitment to reforms in the justice sector.

Mainstreaming Gender in the Portfolio: A presentation of gender issues in the portfolio was delivered by the World Bank gender specialist outlining the ARTF approach to gender mainstreaming, highlighting key achievements and detailing the current focus.

Donors suggested including statutory requirements for gender assessments during the project design phase to ensure that a gender focus is incorporated into all projects. The World Bank responded that all projects already undergo intense review, which includes inputs from the gender team. Furthermore assistance is drawn from Bank gender experts from around the world to comment on projects before review. The Bank requested that donors submit best practice tools, indicators and frameworks which could contribute the ARTF's gender program.

Linkages to the IMF program:

The World Bank explained that the linkages between the Incentive Program (IP) were discussed at the last Incentive Program Working Group (IPWG) meeting in November 2013. The discussion at the time highlighted that the IP Memorandum of Understanding (MoU) contains language indicating that IP disbursements would be withheld in the event of a "lapse" or "interruption" in the IMF ECF program review. However, the words "lapse" and "interruption" are not part of the formal IMF vocabulary, although they are often informally used to refer to an unacceptable macroeconomic framework where active engagement under an IMF program has ceased. The MoU language is therefore ambiguous on the IMF ECF status and triggers for IP disbursements. While an agreement was made in November 2013 to disburse funds under the IP, donors were keen to discuss the issue again to clarify the language in the MoU and ensure that potential confusion is addressed for the future.

Next Steps:

- Donors to submit best practice tools, indicators and frameworks, which could be discussed by the ARTF Gender Working Group and contribute the ARTF's gender program;
- The IPWG will have another discussion on the linkages between the IP and the IMF ECF program to ensure there is clarity going forward;
- The next Strategy Group meeting will be held after elections.