

ARTF Strategy Group Meeting

March 24, 2015

Summary of Discussion

The ARTF Strategy Group Meeting was held on March 24, 2015 with participation from Ministry of Finance and 10 donor countries. The Bank Operations Manager, Stephen Ndegwa, chaired the meeting and provided background into the issues on the agenda which included the ARTF Monitoring Agent and the CBR project.

ARTF Monitoring Agent: A presentation was made by the Monitoring Agent, BDO UK, about the role of the agent, its team composition, the methodology and reporting of its activities, as well as the challenges they face. The following comments and clarifications were made:

- Physical Verification of deliverables: The monitoring agent has limited access all but two provincial capitals so records and underlying documents can be reviewed for all transactions in the visited provinces. However, a key step in payroll verification is witnessing the beneficiary and this cannot be done in 302 of the 402 districts because of security concerns. In those districts a significant share of payroll is paid via direct bank deposit which offers good evidence of the existence of the beneficiary. In those cases where the monitoring agent cannot visit the district and the payment is not made by direct bank deposit, the entire payroll is excluded from the pool of expenditures for reimbursement
- The entire civilian recurrent budget is reviewed by the monitoring agent and not just those expenditures to be reimbursed.
- Approximately 40% of payroll transactions are done electronically and 60% are cash-based.
- Where bilateral donors has monitoring arrangements for the recurrent costs then the possibility of co-monitoring could be explored in the future.

Capacity Building for Reform Project: The project task team leader briefed the Strategy Group about the project objectives and components, the wider context as well as the recent discussions with the President's office. The following issues were discussed:

- The project will be managed from the President's office, with the daily responsibility for implementation, project monitoring and coordination across the agencies delegated to the Ministry of Finance.
- The President's office will determine the government wide ministries and agencies eligible for CBR project.
- Ministry of Finance will conduct a workshop for line ministries to assist the operationalization and finalizing of CBR programs.
- The project will support institutionalization of the presidency and a qualified consulting firm will be recruited for this purpose.
- Salary harmonization for donor funded consultants will be accelerated.

Attachments:

Annex 1: The Administrator's Report and ARTF Interim Arrangement

Annex 2: ARTF Fee Income