

**ARTF Steering Committee Meeting
November 10, 2012
Summary of Discussion**

The Quarterly ARTF Steering Committee was held in Kabul on November 10, 2012. The Minister of Finance, Omar Zakhiwal, and the World Bank Country Director, Robert Saum, welcomed participants. The Minister emphasized the importance of ARTF as a key vehicle for donors to provide on-budget financing. He further noted that Afghanistan was going through Transition, and that the ARTF should support the same objectives.

Government and World Bank Response to External Review 2012

The Minister of Finance expressed broad support for the findings of the External Review as well as the Administrator's Management Response. The following agreements were reached:

- The ARTF will continue to support Government in the financing and implementation of relevant National Priority Programs (NPPS). ARTF financing at a more programmatic level would be a shift from the current project-level model, and would depend on fiduciary safeguards, implementation set-up etc. Such a shift would require continued discussion with Government and donors;
- Gender was highlighted by donors as an important area. The Administrator explained that a gender portfolio review is ongoing. Results from this review will be discussed with the Strategy Group to inform a discussion on future priorities. Also, a gender specialist will be on board by January 2013 and a Gender Working Group will be established;
- The Minister of Finance noted that Government is keen to take on more responsibility for the ARTF. The Administrator agreed to explore this idea, but noted the importance of ensuring a strong and credible fiduciary framework. The Minister agreed that fiduciary safeguards are critical and argued that in areas where Government capacity is in place a transfer of responsibilities can be discussed;
- The Steering Committee agreed that linkages between the ARTF and the Tokyo Mutual Accountability Framework (TMAF) needed further clarification and strengthening. The Administrator will, when the TMAF indicators have been finalized, provide donors with further information on linkages between ARTF and the TMAF;
- The Steering Committee thanked Government for their response to the ARTF External review and endorsed the Administrator's Management Response.

O&M Facility – Concept Note

Operations & Maintenance (O&M) is a severely underfunded area and, as Government takes on increasing asset liabilities in the next couples of years, this challenge will grow in scope. The concept note for an ARTF Operations & Maintenance Facility outlines a response to this significant challenge. The following decisions were made:

- Mainstreaming of the Facility to other line ministries will depend on absorptive capacity and the required O&M policy and asset registry being in place. Ministry of Finance has set up an O&M unit, which is already working closely with Ministry of Education and Ministry of Public Health to develop O&M policies and asset registries. This work will be expanded to other ministries to ensure that a more strategic approach to O&M is developed across Government;
- Maintenance costs should be targeted rather than fuel costs. The Minister of Finance explained that most arrangements are already in place for channeling O&M funds to the provinces for the type of financing envisioned under the Facility;
- The Steering Committee endorsed the proposal and as such the Facility will start with the new fiscal year 1392.