

ARTF Strategy Group Meeting

January 17, 2016

Summary of Discussions

The ARTF Strategy Group (SG) Meeting was held on January 17, 2016 with participation from 13 donors and the Ministry of Finance (MoF) as well as advisor to the President. Stephen N. Ndegwa (World Bank Operations Manager) chaired the meeting. Agenda points of the meeting were - (i) Update on ARTF Financing Strategy 1394 – 1396 ; (ii) ARTF Cash Situation: Cash Flows, Pledges and Programming Impact

Update on ARTF Financing Strategy 1394-1396: Mustafa Aria from MoF briefed the meeting that MoF is working on the prioritized list of programs. The list of these programs will be shared with the donors.

ARTF Cash Situation: Cash Flows, Pledges and Programming Impact:

The Bank presented on the one pager ARTF/IDA projected/Actual Allocations and available Cash which shows the total projected donor contributions to ARTF minus allocations for the outstanding financing commitments, projects under preparation and the Recurrent Cost Window during the current ARTF Financing Strategy 1394-1396. Similarly on IDA 17 allocations, the Bank briefly talked about the overall IDA 17 allocation for Afghanistan, minus commitments made to two investment projects, the balance available and the new financing requests from the government.

Mr. Ndegwa, Operations Manager from the World Bank, indicated that given requests received from the Government, the ARTF is in need of additional funds in excess USD 2 billion to respond to the government's Jobs for Peace Initiative in addition to previous and new financing requests. The amount needed is in addition to the projected donor contributions and commitments outlined in the ARTF financing strategy 1394-1396. It was further clarified that the ARTF is confronted by a high demand from the government and limited available resources. It was mentioned that the government has the option to cancel or drop any activities/projects within the existing portfolio if they wish to accommodate any new projects/activities.

The Bank also clarified that there is a proper cash management mechanism in place for the ARTF funds. The Bank does not allocate the entire amount of a project at once. For instance of the total grant amount of USD 350 million for CBR, only USD 100 million was allocated to the child (project) trust fund. The Bank also stressed the need and requested the ARTF donors for timely payments of their contributions to ARTF so that the Bank could respond to the government's requests quicker.

Referring to the undisbursed balance of USD 897 million in the ARTF Investment Window (across 20 projects, in child project accounts), the Bank clarified that implementation of the ARTF funded projects is the responsibility of the government. These allocated funds move slowly if there are bottlenecks in implementation. In order to speed up the implementation of projects and increase the disbursement rate, the Bank is working closely with the government to resolve bottlenecks that have slowed down the implementation. The Bank will collate the list of issues in project implementation and will share it with

the Minister of Finance on a quarterly basis. Mr. Aria informed participants that issues delaying project implementation were raised at the National Economic Council meeting and were also discussed with project directors.

In response to a question, the Bank clarified that the actual and projected disbursement information is available in the ISRs which can be accessed through the ARTF website. It was further clarified that information pertaining to projected disbursement under each investment project lies with the respective project implementation unit (PIU).