



TERMS OF REFERENCE ARTF Incentive Program Working Group

January 2019

Background

The overarching goal of the Incentive Program Development Policy Grant (IP DPG) is to reduce Afghanistan’s dependence on financial aid through facilitating policy dialogue around and providing fiscal incentives for revenue mobilization, expenditure management, and key structural reforms. The IP DPG is financed from a combination of World Bank IDA and Afghanistan Reconstruction Trust Fund (ARTF) resources.

Pursuant to the World Bank’s obligations as ARTF Administrator, the IP DPG design is consistent with World Bank Development Policy Financing Policy and subject to World Bank fiduciary, safeguard, and legal responsibilities and requirements. The IP DPG is subject to identical project preparation, legal, and administrative arrangements as other ARTF Projects with joint IDA and ARTF financing.

An Incentive Program Working Group (IPWG) was established in 2008 as one of the ARTF governance bodies. The roles of various agencies and ARTF governance bodies as they relate to the IP DPG are laid out in the following table.

World Bank		ARTF Governance Bodies		GoIRA	
Board	<ul style="list-style-type: none"> Approves overall program design and IDA resources 	Steering Committee	<ul style="list-style-type: none"> Approves overall PFFP, including allocation to IP 	MOF (PACT) ¹	<ul style="list-style-type: none"> Negotiate and agree IP policy actions with World Bank IP Team Coordinate completion of policy actions across government Meet all reporting and information requirements
Management	<ul style="list-style-type: none"> Approves and recommends to Board overall program design and IDA resources 	Management Committee	<ul style="list-style-type: none"> Approves IP program and ARTF resources 		
IP Team	<ul style="list-style-type: none"> Prepares and proposes program design to World Bank management and ARTF Management Committee Tracks progress against policy actions and reports to Bank management and IPWG With advice from World Bank legal team, verifies completion of policy actions and authorizes disbursements. 	Strategy Group	<ul style="list-style-type: none"> Provides strategic advice to the Steering Committee on ARTF issues, including financing strategy and annual review Supports development of the ARTF results matrix 	Reform implementing agencies	<ul style="list-style-type: none"> Implement policy actions as agree with MOF and World Bank Report regularly on progress, constraints, and any technical assistance requirements.
		IPWG	<ul style="list-style-type: none"> Provides advice to the Steering committee on IP policy actions Provides a forum for information sharing and coordination on all issues related to the Incentive Program 		

These terms of reference elaborate the membership of, and members’ responsibilities within, the IPWG as one of several bodies involved in the IP DPG related processes. As with other ARTF governance bodies, the membership and role of the IPWG is guided by ARTF governance documents, ARTF Administration Agreements, and applicable World Bank policies.

¹ The PACT (Policy Action Coordination Platform) was established in 2018 as a new platform to coordinate and monitor reform commitments that are anchored in multi- or bilateral policy-based programs (PBPs), managed by the Ministry of Finance (MoF). The PACT platform is led by the Deputy Ministers of Policy and Finance, and supported by a PACT secretariat established within MoF.



Roles of the Incentive Program Working Group (IP WG)

The IPWG is an advisory, coordination, and information-sharing body established to support the Incentive Program process. It provides a central forum for policy dialogue on key revenue, public financial management, and structural reforms, between Government, the World Bank, and key ARTF partners. The IPWG will facilitate the sharing of information between the Ministry of Finance, reform implementing agencies, the World Bank, and ARTF Partners with regards to all aspects of the IP, with a particular emphasis on selection, monitoring, and mobilization of donor assistance to implementation of policy actions.²

The IPWG meets under the chairmanship of the World Bank to discuss policy reforms with the Government, and report thereon to the ARTF Steering Committee and Strategy Group. The IPWG may, as necessary and appropriate, provide advice to the ARTF Steering Committee and Strategy Group on any aspect of the IP program.

Through facilitating collaboration and open communication between various involved parties, the IPWG will provide a mechanism for seeking to reach consensus between all members on design and implementation of the IP DPG. The IPWG, however, is not a decision-making body within formal ARTF governance arrangements and the IP DPG remains subject to decision-making roles established under those arrangements (as outlined in the table above).

Membership

1. Representatives of the Ministry of Finance
2. Representatives of the World Bank
3. Representatives of ARTF donors

The IPWG may decide to invite other agencies to meetings on an ad hoc basis to support dialogue related to the IP DPG

Roles of Incentive Program Working Group Members

1. Ministry of Finance

Ministry of Finance, as the representative of Government of Afghanistan, will take the following responsibilities:

- Advisory and coordination:
 - Provide updates from a whole-of-government perspective on Incentive Program design and implementation, including on progress with selection and agreement of policy actions, and progress against supported policy reforms;
 - Share information on constraints and bottlenecks to reform implementation,
 - Explain any technical assistance or donor support requirements for enabling key reforms prior to those reforms being included under the program;
 - Share information on government policies, programs, and plans with implications for the Incentive Program design and associated policy reforms;
 - Coordinate the implementation of Incentive Program reforms across implementing agencies.
- Reporting:

² ARTF partners are donors contributing to the ARTF.



- Submit, as appropriate, to the IPWG or to individual members, relevant Government information and documentation as requested at IPWG meetings.

2. The World Bank as ARTF Administrator

The World Bank will hold the following roles and responsibilities:

- Advisory and coordination:
 - Provide overall secretariat services for the IPWG;
 - Convene and chair IPWG meetings, including proposing agendas and circulating minutes within five working days of each meeting;
 - Inform IPWG members of progress with development of Development Policy Grant operations, including selection of Policy Actions and World Bank approval processes;
 - Inform IPWG members of strategic and emerging issues related to the design and evolution of the Incentive Program;
 - Inform IPWG members on progress towards achievement of policy actions, including through regular formal reporting.
- Reporting:
 - For each operation, prepare a detailed implementation schedule outlining key steps, responsibilities, and information-sharing requirements throughout the duration of the program, including the process for verification of policy reforms;
 - Produce with PACT and share with IPWG interim-monitoring reports on the progress of conditions associated with ARTF fund disbursement of the IP DPG every six weeks;
 - Produce and share with IPWG independent technical reviews assess the fulfilment of any conditions associated with ARTF fund disbursement of the IP DPG, and facilitate the sharing of key documents (policies, meeting minutes, presidential decrees etc.) relevant to the verification of the IP indicators with donors for information.
 - Report to the ARTF Steering Committee and Strategy Group on progress in meeting IP policy reforms as appropriate

3. ARTF Partners

- Advisory and coordination:
 - Advise on the IPWG agenda to ensure inclusion of all issues of concern to IPWG-member ARTF donors;
 - Provide technical inputs in relation to IP policy reforms based on expertise and interest;
 - Advise the World Bank IP Team on the preparation of the IP DPG operations, representing donor views and interests and contributing sector-specific expertise where available and relevant;
 - Advise World Bank IP Team on preparation of project documents, including the World Bank Concept Note and Program Document;
 - Advise the World Bank IP Team on donor views regarding strategic and emerging issues related to the design and evolution of the Incentive Program;
 - Inform the World Bank IP of relevant donor activities with implications for the selection of IP Policy Actions and overall program design.
 - Review the Technical Review reports prepared by the World Bank IP team prior to the formal Technical Review meetings.
 - Advise the World Bank IP Team and PACT of documentary and reporting requirements of donor agencies on a timely basis.



Procedures

- Regular IP WG meetings will be convened every six weeks in principle, for monitoring or technical reviews of the Incentive Program DPG. Irregular IP WG meetings can be convened by Administrator to discuss emerging issues deemed important by Administrator and the IP WG members.
- Thematic discussions on issues relevant to the IP policy reforms may be held from time to time.
- Regular IP WG meeting date will be announced within five days after the previous regular IP WG meeting. Irregular IP WG date will be announced at least seven days prior to the commencement of the meeting. Announced IP WG schedule can be adjusted at the request of the IP WG members or the Ministry of Finance.
- If written comments are needed on documents submitted by the World Bank, requests will be sent out by the World Bank to the IP WG members with a specific date by which written comments are to be received and at least five working days after circulation.