



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)
Strategy Group Monthly Meeting December 2020

December 15, 2020
2:00-4:00 PM Kabul Time
Virtual Format

MEETING SUMMARY

The ARTF Strategy Group (SG) met on Tuesday, December 15, 2020. Representatives of 14 donor partners,¹ the Ministry of Finance (MoF) (████████████████████), and the ARTF Administrator (World Bank) attended. The World Bank and Ministry of Finance co-chaired the meeting.

Summary

The ARTF Strategy Group discussed the status update on the preparation of the Partnership Framework and Financing Program (PFFP) 2021-2024, the Recurrent and Capital Cost (RCC) Operation evaluation status and the preliminary findings, the Third Party Monitoring activities status, standing updates on the ARTF financial, Gender Working Group update, signing amendments to the Standard Terms and Conditions of the ARTF Administration Agreement. Under the AOB, an update was requested on the Dastarkhan-e-Millie initiative implementation supported by REACH.

1. Status update on the preparation of the Partnership Framework and Financing Program (PFFP) 2021-2024.

- The WB Country Director thanked donors for thoughtful feedback on the latest PFFP draft. Based on repeated requests by some donors, the ARTF team will especially strengthen in the final draft the following points: (i) the results framework/logic model for the next phase of ARTF programming; (ii) approach to scenario-based planning; (iii) an annual fiduciary master plan, and (iv) the humanitarian-development nexus.
- The WB also thanked those donor agencies that provided pledges so far and reminded that it is important to understand the overall indicative envelope to plan the future ARTF program. Currently, nine donors' pledges are still pending, including current top three donors. The WB requested them to share indicative pledges in the coming few weeks to finalize the preparation of the new PFFP shortly and move onto the implementation of the strategy.
- The ARTF Administrator made a focused presentation of the PFFP preparation and sought feedback on: (i) indicative annual programming calendar for the 2021-2024 PFFP implementation; (ii) scenario-based programming; and (iii) the theory of change and results framework. Overall, the SG appreciated the efforts to respond to their earlier feedback. The SG appreciated the sensible approach to the PFFP implementation timeline with key milestones (WB's portfolio reviews, high-level dialogues at ARTF Steering Committee annual

¹ Australia, Canada, Czech Republic, Denmark, European Union, Finland, Germany, Japan, Republic of Korea, Netherlands, Norway, Sweden, United Kingdom, United States.



meetings, Senior Officials Meetings, etc.) fully aligned with the development partners' broader plan to maintain structured dialogues with the government to gauge progress in agreed set of indicators (i.e. Afghanistan Partnership Framework). Taking a principle-based approach aligned with the WB FCV Strategy to adopt the ARTF program in broad range of security and political scenarios was also appreciated. A few donors recommended to strengthen the approach by identifying major triggers to determine the move across scenarios. In the case of moving toward the deteriorating trajectory, a stronger coordination with humanitarian actors, increased focus on core programs, and enhanced operational flexibility should be expected and the SG remains the primary platform to have dialogues on the developing situations and advise major adjustments in the program. For the Theory of Change/Logframe presentation, the SG advised to incorporate gender indicators and consider assumptions in achieving results. Finally, the donors requested to see an updated comments matrix that includes the latest written comments provided by all donors for better visibility.

2. Status update on Recurrent and Capital Cost (RCC) operation evaluation

- An evaluation is ongoing for the RCC (2002-2019) that is a major instrument to provide coordinated predictable financing (annual average of 36% of the government's civilian recurrent costs). The RCC has evolved over the last 18 years. Some programs under RCC worked well and others didn't work so well and the current incentive program, IP DPG as the sole program under RCW since 2018, has benefited from the lessons learned from implementing RCC programs. The lessons coming out of the evaluation are expected to help better understand complementarity of the budget support with various development assistance tools as well as to improve the coordination among different types of budget supports implemented by donors.
- The discussion was concluded and agreed that any significant reduction will make it difficult for the government just to maintain the current level of basic service delivery due to the ongoing fiscal constraints especially in light of the significant economic impact caused by the COVID-19.

3. Third Party Monitoring (TPM) activities updates

- Two major updates on the TPM activities are given – (i) activities under the new TPM contract (consolidated financial monitoring and field monitoring under the new contract started in Jan 2020); and (ii) independent review of activities under the previous TPM contracts ended in December 2019.
- Firstly, there have been some delays in the TPM activities under the new contractor due to the initial setup of the work program and to finalize the reporting format, and also the access challenges caused by COVID-19. However, the work pace has picked up and the TPM reports for the first quarters will be posted on the ARTF website in the coming week and future quarterly reports should be posted more regularly and on time in the future. The TPM contractor is currently assisting the WB to develop an annual fiduciary master plan that was recommended by the SG to include in the new PFFP.
- As previously discussed at the SG, the current TPM contract has been amended to include an in-depth review of Sehatmandi Service Providers' financial statements and also to include



the field monitoring for COVID response projects – REACH, and EZ-Kar. Nearly \$9 million has been added to the original contract to add these activities.

- The independent review of the previous TPM activities is almost complete and the ARTF Administrator should be able to share the final report in Jan/Feb 2021.
- In response to a question of whether the TPM finds corruption cases or not, the WB team responded that the TPM helps to assess vulnerabilities and patterns, allow to ask questions and feed into broader fiduciary management dialogues. Finding ineligible expenditures in ARTF funded projects does not mean corruption occurred. For instance, lacking good record keeping may result in the determination of ineligible expenditures, but that itself does not allow us to conclude that there is a corruption case.

4. Standing Updates

- **Gender Working Group.** The GWG donor co-chair gave a brief update on its recent activities and discussions. The GWG has been providing inputs to the new PFFP and is happy to see a number of recommendations already incorporated. Going forward, the GWG looks forward to being engaged in developing ARTF's results framework. The November GWG monthly meeting was joined by a MOWA representative and it looks forward to having [REDACTED] in one of the future monthly meetings to understand their visions and plans for the WEE program.
- **Financial Status Update.** The ARTF Administrator thanked donors for their strong Q4 contributions and reaching close to respective pledges. Unallocated funds as of end December 2020 will be applied to deliver key pipeline projects (e.g. ENETAWF, AF to Sehatmandi, IP DPG, etc) in the first few months while the 2021-2024 PFFP is being finalized.
- **Administration agreement amendments.** So far, the amendment to update the ARTF's current Standard Terms and Conditions has been signed by 17 out of 19 active donors. The remaining two donors intend to sign but require additional time because of internal administrative requirements. The 15 inactive partners must decide whether to sign the amendment or exit the trust fund for the amendment to become effective. The ARTF team has already been informed by Spain, Belgium and Russia on their plan to withdraw from the trust fund program. Beside these partners, five inactive partners that the ARTF Administrator is facing a challenge to engage are Luxemburg, Portugal, Bahrain, Brazil, and Kuwait. The ARTF Administrator requests the active donors, especially Nordic+ donors that initiated the dialogues to update the STCs, for their assistance to help the ARTF connect with the five inactive partners.

5. AOB

- The WB thanked Bjorn Blau of Denmark for his contribution to the ARTF over the past years and wished the best for his new assignment.
- **Update on HTR areas operations.** REACH, a Covid-19 response operation to support the government's food and cash distribution program, began the operation after some delays due to the Parliament opposition in the last few months. For the program's HTR areas operation,



the project has identified 3 districts to pilot based on relative ease of access compared to other HTR areas. MRRD will start the distribution activities immediately. There is a plan to engage a few additional HTR districts.