



MINUTES
ARTF Incentive Program Working Group Meeting
26th April 2020

Agenda item #1: Update Progress with Policy Actions

- **World Bank** updated the IPWG on progress with Tranche Release Conditions. World Bank noted that most policy actions remain on track for completion by the specified deadlines despite substantial disruption to Government business arising from the COVID-19 crisis. The Policy Action Monitoring Matrix is attached and available in the shared folder.
 1. The private sector / business licensing policy action is at risk due to capacity constraints within the Ministry of Commerce and Industry.
 2. The extractives sector action is at risk due to the recent restructuring of AOGRA / Ministry of Mines and Petroleum by Presidential Decree.

Agenda item #2: Issues arising from recent government restructuring and potential policy reversals.

- **World Bank** noted concern that recent policy decisions, including government restructuring reforms, represented reversals of actions previously supported through the Incentive Program. Issue of concern include:
 - Reforms to MEW structure that seem inconsistent with previous legal reforms under the Water Law supported by the 2019 IP
 - Reforms to DABS that are creating immediate issues for management and fiscal sustainability, as supported under the 2020 IP
 - Slow progress with implementation of pay policy as supported through successive IP programs (2018-2020)
 - Restructuring of Ministry of Mines potentially undermining independence of AOGRA
- **IPWG** agreed that Government policy reversals are a major concern, including those arising from recent restructuring efforts. The World Bank will raise the issues identified above with the Ministry of Finance and seek to identify a mutually acceptable solution. The World Bank will keep the IPWG fully apprised of these discussions and may call on IPWG members to provide support through policy dialogue with government.

Agenda item #3: New COVID-19 Emergency Budget Support Program.

- **World Bank** outlined plans for a new COVID-19 response emergency budget support operation:
 - The operation would be designed to disburse quickly and help government manage current revenue declines and a difficult cashflow situation
 - The operation would be financed from:
 - US\$100 million of IDA from the next IDA round (IDA19 beginning in July, 2020).
 - US\$100 million or ARTF resources, with the availability of resources for the operation depending on full ARTF pledges being realized over the rest of the calendar year.



- The operation would be structured around 3-5 Prior Actions directly related to COVID-19 response and able to be implemented within the next 3-4 weeks;
- The **World Bank** outlined initial ideas for potential policy actions, which included:
 - Government approval of an overarching plan or policy to guide social protection response;
 - Clearance of Government arrears to DABS and private sector vendors;
 - Government approval of emergency response plans for water utilities;
 - Government approval of plans relating to the disposal and management of health waste;
 - New revenue measures to support the private sector, potentially including deferral of tax payments and suspension of fines.
- **IPWG members** broadly supported the proposal but noted that:
 - World Bank should explore policy actions related to the establishment of an appropriate governance structure for managing Government response to the COVID-19 crisis;
 - Measures to support DABS should include plans for a return to sustainable financial operations, rather than just a one-time bailout;
 - World Bank and Government should investigate potential to support expenditure control and rationalization measures.

Attachments:

- Monitoring matrix
- Latest revenue report and cash management report

All attachments are available in the shared folder.