



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF) ARTF External Review 2017

World Bank Management Response

June 2018

An external review of the ARTF was initiated by the ARTF partners in early 2017 to “assess the extent to which the ARTF is a *Fit for Purpose* mechanism that can adapt to Government [of the Islamic Republic of Afghanistan’s] (GoIRA) needs, purpose and priorities as presented in the ANPDF.” The Review “Taking Charge: Government Ownership in a Complex Context” was financed by DFID. The review set out to identify areas where the ARTF could operate more effectively by on the one hand assessing the ARTF as a funding mechanism (strategy and performance; governance and administration; portfolio management and quality; monitoring and evaluation), while also looking at roles and performance of the ARTF stakeholders.

The review was done in a consultative manner, with the team facilitating several group discussions where the GoIRA, ARTF donors, and the World Bank participated. Separate discussions were also held with representatives of the GoIRA including the Office of the President, Ministry of Finance, other government agencies, ARTF donors, and World Bank technical teams and management. The preliminary review findings and the draft final report were shared with the ARTF Strategy Group (SG) for their input on September 7, 2017, and November 5, 2017 respectively. The ARTF SG met to discuss the final draft of the report on November 7, 2017. ARTF partners subsequently shared an extensive set of feedback which the review team reflected in the final report that was circulated on December 20, 2017.

The World Bank supports the Review’s main conclusion that “in a challenging and rapidly changing context, the ARTF remains a critical arena for joint analysis, discussion and decision; a mechanism for directive, prioritized collective action; a cost-efficient tool for channeling financial and technical support to the Government’s priorities; and an enduring commitment and partnership with Afghanistan’s future that allows and invites critical assessments of choices ahead” ([External Evaluation 2017, “Taking Charge Government Ownership in a Complex Context”](#)).

Several recommendations to further strengthen the ARTF emerged from the review, and were welcomed by the World Bank. The World Bank outlines below actions in response to the review recommendations, some of which have already been implemented, and with others requiring formal endorsement by the ARTF partners before implementation. Key recommendations of the review have been captured in the “ARTF 2018-2020 Partnership Framework and Financing Program (PFFP) and have been discussed on many occasions over the last several months with the GoIRA and ARTF partners. These recommendations are further detailed in a series of 6 background notes that were shared and discussed during 5 SG meetings held in May 2018. The ARTF 2018-2020 PFFP document is expected to be endorsed by the ARTF Steering Committee at its next meeting scheduled for June 25, 2018.

The following table outlines the actions in response to the main recommendations which were grouped into four thematic areas: ARTF governance structure and management; financial management; results monitoring and reporting; and capacity building; as well as the progress and status for each area. The World Bank plans to provide at least quarterly updates to the SG on the implementation of recommendations where action has not yet been taken.



Response and Actions

Category	Recommendation	Response	Action and Status
ARTF Governance Structure and Management 1A	For the world's largest and longest running MDTF to work efficiently and effectively, the team recommends that the Bank as the ARTF administrator, in consultation with its donors and GIRA, consider the following steps:	The WB recognizes the need to have further discussions on the ARTF governance structure, and has already started taking actions to further strengthen the management of the trust fund.	
	<ul style="list-style-type: none"> Provide a rolling annual/semi-annual indicative calendar of events for the core bodies (SC, MC, SG), with agreements on better defined agendas; clearer linkages SG to SC; better preparations for meetings with documents available at least one week in advance. 	The WB agrees to this recommendation	<p>In progress.</p> <ul style="list-style-type: none"> Since March 2018, with the GoIRA's agreement the World Bank started sharing project visit schedules, mission announcement letters, & aide memoires shared with the ARTF donors (Strategy Group and Gender Working Group [GWG]). Documents are shared by email on a weekly or bi-weekly basis. As of late-2017, the SG meets on the third Wednesday of every month, and the GWG meets on the first Tuesday of every month. Starting April 2018, ARTF monthly calendar being shared with ARTF partners. A six-month schedule of SG meetings to be developed from July 2018 onwards. A six-month GWG meeting schedule has already been developed since 2017, and is followed for the GWG. <p>Timeline: All actions expected to be in place by end July 2018.</p>



<p>B</p>	<ul style="list-style-type: none"> Strengthen the strategic role of the GWG by addressing the issues raised in the November letter (see box 4.1 of External Review Report), and put in place the required formal linkage to the SG. 	<p>The WB agrees with the recommendation.</p>	<p>Actions completed.</p> <ul style="list-style-type: none"> The GWG terms of reference were reviewed and updated in January 2018 in response to the issues raised by ARTF donors. The roles of the members including the GoIRA were clarified. Since January 2018, the Ministry of Finance, the Ministry of Women’s Affairs, and the Ministry of Labour’s WEE-NPP Secretariat attend the GWG meetings. Other government agencies also participate in the meetings as needed. It was agreed that the GWG would meet on the first Tuesday of every month. The Group has met every month since January 2018. A six-month GWG meeting schedule has already been developed since 2017, and is followed for the GWG. A standing item on the monthly GWG agenda is agreement on issues to report to the SG.
<p>1C</p>	<ul style="list-style-type: none"> Consider establishing better linkages between the SC and High Development Councils 	<p>The WB recognizes the need to have better coordination between the ARTF as a key coordination platform, and the GoIRA’s High Development Councils.</p>	<ul style="list-style-type: none"> It is proposed to have further discussions at the ARTF SG over the next 6 months on the terms of reference of the ARTF governance structures including the SC. <p>Timeline: Review of the terms of reference of ARTF governance bodies by December 2018, and present to the SC for endorsement by March 2019.</p>



<p>1D</p>	<ul style="list-style-type: none"> • Make the ARTF introduction courses for donors and GIRoA staff compulsory and on-line 	<p>The WB agrees with the importance of having all ARTF partners attend the introduction courses.</p>	<p>Ongoing. Courses continue to be offered face to face for now at least once a quarter. Options for online content to be explored. ARTF partner commitment to attend the mandatory courses pending.</p> <p>Timeline: Options for online ARTF introduction courses explored by December 2018.</p>
<p>1E, F</p>	<p>Encourage, and coordinate with, GIRoA, to transfer to the extent possible, the ownership and responsibility of the agenda-setting, preparation, and, security permitting, hosting for the various governance bodies, provided that GIRoA is willing and able to take on such a responsibility.</p>	<p>The WB agrees with the recommendation.</p>	<p>In progress.</p> <ul style="list-style-type: none"> • Discussions at the SG with MoF on setting agenda, preparing and hosting ARTF governance body meetings to be tabled for discussion in the coming months. • This includes more active participation of other government agencies in the ARTF. • As noted in point 1B, the MoWA, MoLSAMD have already been actively involved in GWG meetings as of Jan 2018. <p>Timeline: Issue to be tabled for a SG meeting discussion before December 2018.</p>



<p>1G</p>	<p>Develop the proposed ARTF Anti-corruption Action Plan to contain (i) a diagnostic of the concrete vulnerabilities to corruption that ARTF-funded activities face, (ii) identify RCW and project-specific steps to address vulnerabilities, (iii) establish links to national bodies – public and non-state – working in the field of anti-corruption to both benefit from their work and potentially support their work, (iv) define the roles and responsibilities of the MA and SA within this field, (v) establish an ARTF focal point responsible for monitoring and reporting on the ARTF’s anti-corruption work on a regular basis.</p>	<p>The WB agrees with the recommendation and has already started acting on this, starting with the initial SG discussion in August 2017 on the idea to create the ARTF Anti-corruption and results monitoring plan (ACReMAP).</p>	<p>In progress.</p> <ul style="list-style-type: none"> • Draft ACReMAP note developed in October 2017. • Note on status of implementation shared with partners in April 2018. • Further discussed in May 2018 at the SG which included a joint discussion with the World Bank’s Integrity Vice Presidency on how fraud and corruption allegations are addressed by the WB. Implementation of some aspects of the plan already underway: ongoing in-depth fiduciary review of EQUIP II Project; • Pilot of civil servant physical verification through collaboration between the ARTF third party monitoring agents for the investment and recurrent cost windows done in March 2018. First full round of verification of 2,800 civil servants by the Supervisory Agent that the Monitoring Agent couldn’t reach completed in early June 2018. • WB Governance Program Leader is the focal point for these activities. • The creation of the ACReMAP Window under the ARTF is pending SC endorsement. <p>Timeline: Launch of the ACReMAP Window by end July 2018.</p>
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<p>1H</p>	<p>Consider roles and responsibilities of the donors, and in particular how donor capacities in their respective capitals can be engaged in ARTF processes, by (i) more use of video-links, (ii) linking ARTF events to international meetings (biennial International Conference, in-country Senior Officials' meetings) for more policy-level engagement, (iii) have donors inform well in advance of relevant HQ visits by policy or technical staff.</p>	<p>The WB agrees with this recommendation.</p>	<p>Implementation ongoing.</p> <ul style="list-style-type: none"> • Since January WebEx/VC connections provided for all SG and GWG meetings to allow capitals to connect; • An ARTF 2018 Spring meetings side event was held on April 20, 2018 in Washington DC to engage with capitals; • As noted in point 1A project visit schedules are already being shared with donors at least every other week, and the Bank will continue to share these in advance as much as possible.
<p>ARTF Financial Management</p>	<p>The ARTF should develop greater flexibility regarding reallocations of funds, where the ARTF Partnership Framework and Financing Program (PFFP) should provide rolling three-year fiscal frameworks that align with ANPDF priorities and identified NPPs. To achieve this</p>	<p>The WB agrees with the recommendations.</p>	



2A	Annual portfolio reviews, timed to feed into the Government's budget process, should both look at the RCW incentive program and project/program funding. For IW funded projects, the budget for the coming year should be critically assessed, to free up excess funding and maximize possibilities for additional fiscal space		Planning ongoing. <ul style="list-style-type: none">• Agreement with MoF on annual CPPRs, quarterly and monthly operational status reviews. Details outlined in the PFFP document and note on the portfolio management, and discussed at the May 2018 SG meeting.• Planning underway for the first portfolio operational status review meeting scheduled for early July 2018.
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<p>2B/C</p>	<p>Multiphase Programming Approach (MPA) should be applied to eligible programs with more than a three-year time horizon, where subsequent phases are part of the portfolio review.</p> <p>Incentive based project disbursements should be applied more broadly, providing funding that is less inputs-determined, adding further fiscal flexibility for GIRoA.</p>		<p>In progress. The World Bank’s Multiphase Programmatic Approach and results based financing instruments are being considered for several ARTF/IDA pipeline projects.</p> <p>The support for the GoIRA’s recurrent costs will continue through the Incentive Program Development Policy Grants. Details on the use of these instruments are presented in the PFFP.</p>
<p>2D</p>	<p>The <i>Ad Hoc Payments</i> facility should be maintained, but the conditions for all pass-through payments should be publicly available and harmonized with those for ARTF financing.</p>		<p>In Progress. The AHP facility is expected to be maintained under the new PFFP, through the current RCW operation, and subsequently through a new operation/modality that is expected to be ready by the end of December 2018.</p>
<p>2E</p>	<p>The PFFP should provide specific gender equality and anti-corruption objectives for programs to be funded, ensuring funding levels that make foreseen results realistic and achievable</p>		<p>In Progress. The PFFP outlines the Bank’s approach in integrating these aspects in its programs. The issues notes discussed at the May SG meetings also provide more details.</p>
<p>ARTF Results Reporting</p>	<p>The ARTF has a comprehensive monitoring, reporting and communications strategy that covers results tracking from project activities to overarching ARTF results. The ARTF Scorecard is the central instrument, innovative and</p>	<p>The WB agrees with the recommendations.</p>	



	<p>comprehensive, though should provide more information on Outcomes. External reviews and evaluations are undertaken, but not to the extent one would expect for a program that disburses USD 800-900 million/year. With the new reporting officer in place, the ARTF should:</p>		
<p>3A</p>	<p>The ARTF Scorecard should be structured as suggested: produced by calendar year with mid-year reporting on Outcomes, presented at the latest three months after the reporting period has ended, include more indicators, and more linkages to the SDGs</p>		<p>Planning ongoing. Discussions planned to be held by September 2018 with GoIRA and ARTF partners on enhancements that can be made starting with the 2018 ARTF Scorecard.</p>
<p>3B/C</p>	<p>Do more external reviews of larger programs and projects, with focus on value for money but also qualitative and distributional Outcomes and Impacts, applying flexible methodologies (case studies, Most Significant Change), involving local knowledge centers</p> <p>Support systematic strengthening of community-based reporting, and their linkages to relevant authorities (community scorecards, local monitors, complaint mechanisms, whistle-blowing/ grievance redress mechanisms). Have MA/SA verify and support the development of such</p>		<p>In progress. Some of the large ARTF programs include several reviews and studies on various aspects. The WB will continue to work with the GoIRA to explore opportunities to carry out more large-scale program evaluations where feasible.</p> <p>Already existing part of Bank engagement. Citizen engagement, and community based monitoring of programs are used in several key ARTF programs including CCAP and Sehatmandi. Bank teams will continue to work with the GoIRA to strengthen this where applicable in the pipeline programs.</p>



	systems when and where they carry out on-the-ground verifications		
3D	Ensure that all ARTF funded activities, current and future, have a conflict sensitive design, and that all reviews/revisions contain a conflict analysis update	The WB agrees with the importance of this.	In Progress. The PFFP outlines the Bank's approach in integrating conflict sensitivity during the design and implementation phases of programs
3E	Define the indicators and set monitorable targets for important cross-cutting dimensions: gender equality; conflict sensitivity, anti-corruption efforts; use where possible indicators from the OECD-DAC work on SDG indicators; apply where relevant Central Statistics Organization data		Already existing part of program design. The Bank continues to work closely with the GoIRA agencies to identify and include indicators on these dimensions in new programs wherever possible. Each program is assessed individually to see what indicators are most feasible to monitor.
3F	Coordinate reviews of ARTF-funded activities with bilateral actors engaged in that sector; develop annual review/supervision mission calendars for minimizing costs to GIRoA, opening possibilities for more broad-based/joint quality assurance activities		Discussion required with ARTF donors. See point 1A on mission calendars.
3G	Given the size of the ARTF and the volatility in Afghanistan, commission external performance reviews of the ARTF every three years, as input to the preparation of the PFFP	The Bank acknowledges that it would be useful to have an external review inform the next PFFP development.	Discussion required. The Bank, GoIRA, and ARTF partners to discuss at the SG and agree whether the ARTF external reviews should be synchronized with the development of subsequent PFFPs post-2020.
3H	Review with GIRoA the national monitoring and evaluation structures and capacities, and review with Government if and how the ARTF can contribute to developing these		In progress. This is an area that is likely to be supported through the Bank's Poverty Monitoring and Evaluation engagement under the new ASIST Window to be finalized and discussed with the GoIRA and ARTF partners. The creation of the ASIST Facility Window is pending SC endorsement.



<p>Capacity Building</p>	<p>ARTF should develop a more comprehensive capacity building strategy that could guide the significant and important capacity building activities being funded</p>		
<p>4B-E</p>	<p>Track the FPIP process closely, as this comprehensive reform process has the potential for great success as well as failure, so it is important to track lessons for the future;</p> <p>With the next phase CBR, consider taking a broad labor-market approach: (i) put priority on skills that the public sector needs across administrative boundaries (accounting, IT management, PFM, procurement etc.) – <i>the supply side</i>, (ii) carry out functional reviews of key public bodies that are to be supported – <i>the demand side</i>, (iii) ensure hiring more females; (iv) do a systematic review of public training institutions, in particular how core institutions like ACSI can support, monitor, address consistency, completeness and comprehensiveness of public sector skills upgrading; (v) develop a 3-5 year program for rationalizing and getting a national public capacity building system in place;</p> <p>Explore options for links to similar institutions in the region to strengthen own capacity programs and systems through institutional twinning, peer</p>		<p>Planning in progress.</p> <p>WB agrees and is working closely with the GoIRA on the implementation of the FPIP, through the support being provided under the Fiscal Performance Support Improvement Project.</p> <p>Preparation of the new Tackling Afghanistan’s Human Resource Management and Institutional Reform (TAGHIR) Program (the successor to CBR) which proposes to address several areas on government capacity building including work on revision of the pay & grading scales; creation of cadre of key civil service professionals; increasing recruitment of females into the civil service is in progress. This will go hand in hand with the Bank’s program of analytic and advisory services on the related civil service reforms.</p>



reviews, particular skills contracting, etc.;

Continue the work on public pay reform to lessen the gap between CBR/National Technical Assistants wage scales, and regular pay and grade salaries.

*SG: Strategy Group, SC: Steering Committee, GWG: Gender Working Group, WB: World Bank

