



**AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)**  
**Management Committee Meeting**  
**Monday November 30, 2020**

**MINUTES OF MEETING**

**MC MEMBERS**

**Ministry of Finance (MOF)**

- [REDACTED], Senior Advisor to Deputy Minister of Finance for Finance
- [REDACTED], Aid Management Directorate

**Asian Development Bank (ADB)**

- [REDACTED], OIC and Deputy Country Director

**Islamic Development Bank (ISDB)**

- [REDACTED]

**UNDP**

- [REDACTED], Resident Representative

**OFFICIAL OBSERVER - UNAMA**

- [REDACTED] interim

**ARTF SG OBSERVERS**

- [REDACTED], Australia
- [REDACTED], Australia
- [REDACTED], Canada
- [REDACTED], Canada
- [REDACTED], EU
- [REDACTED], UK
- [REDACTED], US-USAID

**WORLD BANK (ADMINISTRATOR)**

- Henry Kerali, Country Director
- Keiko Nagai, ARTF Program Manager
- Katie Blanchette, ARTF Operations
- Najibullah Ziar, ARTF Operations
- [REDACTED]
- [REDACTED]
- Susan Wong, Lead Social Development Specialist
- Endeshaw Tadesse, Senior Social Development Specialist

The World Bank (“WB” or Administrator) welcomed new participants and congratulated the Government, Finland, and the United Nations for the 2020 Afghanistan Conference hosted the prior week virtually and in Geneva, Switzerland, which successfully demonstrated the international community’s continued strong support to Afghanistan. The Chair welcomed new members and provided an overview of the ARTF governance structure, outlining the role of the Management Committee (MC) in that structure.

The meeting was convened to seek MC approval to finance three project initiatives to support critical elements of the government’s programmatic development response to COVID-19. All three of the financing requests are reflected in the updated ARTF program pipeline endorsed by the

Steering Committee on September 2, 2020, and both the Strategy and Gender Working Groups had received project briefings.

The WB noted one unique feature of the agenda. Projects are typically presented to the MC after Government and the WB have completed project negotiations, as was the case for two financing requests on the agenda: the Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (A-WASH) and the Citizens' Charter Additional Financing (CCAP). Negotiations for the Early Warning, Early Finance and Early Action Project (ENETAWF) had not, however, been completed in advance of the meeting.

The WB elected to present ENETAWF for the MC's approval *contingent* on successful completion of negotiations because 1) project preparations were far advanced at the time of the meeting; 2) the Steering Committee had approved ENETAWF as part of the ARTF pipeline under the 2018-2020 Partnership Framework and Financing Program (PFFP), and so the WB judged it most appropriate to seek approval during the PFFP period, if possible; and finally 3) the WB anticipated it would be difficult to schedule an MC meeting over the end of year holidays or early in January.

The Ministry of Finance (MOF) affirmed its support for all three projects, and for the presentation of ENETAWF financing as a contingent request.

## **1. Administrator's Report on Financial Status of the ARTF**

The Administrator distributed a financial statement presenting (i) actual sources and uses of funds from the first two years of the Partnership Framework and Financing Program (PFFP) period, and the period through June 17, 2020, as well as (ii) projected sources and uses of funds for the remainder of CY 2020 (FY1399), the last year of the current PFFP. The Administrator presents the current cash position and commitments together with projections to ensure that ARTF finances are managed well and ARTF Steering Committee commitments to pipeline projects can be fully financed as approved.

The WB observed that with some donor commitments to the next ARTF financing cycle still unconfirmed for CY 2021 and even less certain in outer years, ARTF financial management seeks to balance timely use of available funds and prudent management to ensure the availability of financing for essential program needs in CY 2021. The financial statements presented to MC members reflect that balance, with approximately US\$290 million in funds carried over to address anticipated needs in year one of the next PFFP cycle.

**The requests presented to the MC total US\$ 423 million. The Administrator certified that the ARTF has sufficient financial resources to finance the requests and thanked the ARTF donors for contributions received as pledged.**

## **2. Request to allocate US\$ 150 million to Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (A-WASH)**

The Administrator requested MC approval of a US\$ 150 million grant from the ARTF for the proposed Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (A-WASH). The operation will be co-financed with an IDA grant of SDR 35.5 million (US\$ 50 million equivalent).

Task Team Leader [REDACTED] presented an overview of the project. The WB and ARTF have supported a robust reaction to the pandemic in Afghanistan with a series of emergency relief

projects that support health interventions, agriculture and food supply, and support to vulnerable households. The proposed Program would complement this approach with emergency support to sustain critical water and hygiene services in priority cities under the first project, while also laying the basis for rebuilding better in the long-term.

The project was originally planned as the Afghanistan Water Supply and Sanitation Services and Institutional Support Program, sometimes referred to in shorthand form as the “Kandahar water project”. The original design focused on rehabilitation and expansion of the piped water network in urban Kandahar and capacity building for the utility. Due to the outbreak of COVID-19, the project design has been adjusted to address access to water and hygiene services.

The proposed Project is expected to be the first in a Series of Projects to be implemented over a 12-year period to improve access to safe water and sanitation in selected areas of Afghanistan as well as to strengthen sector capacity.

██████████ offered an overview of the three largest of the program’s five components, as well as its coordination arrangements. The first provides emergency relief in select cities, including support for some facility improvements to offset the decline in Afghanistan Urban Water Supply and Sanitation Corporation (AUWSCC). The second component, designed to coordinate with technical assistance work being supported by other donors including USAID, KfW, and GIZ, aims to support a long-term program of reform and capacity building in AUWSCC, aimed at improving the institution’s technical, financial and planning capacity. The third component comprises a Kandahar water supply intervention, and will provide a transmission pipeline, with work to be coordinated with ADB’s support for dam works nearby. MOF will lead a coordination committee of the four entities involved in the project. A donors’ coordination forum will meet in parallel. To the greatest extent possible, project staffing will be drawn from existing AUWSCC staff, with external hiring only for a narrow range of specific needed expertise. The design includes an extensive plan for engaging female staff. As a large-scale, strategically important investment the program is designed with a comprehensive risk mitigation framework, and aims to include robust engagement with the municipality, the community and a wide range of stakeholders.

The representative from ADB noted that ADB very much welcomes the collaboration with the WB in the area and expects the complementary programming financed by ADB and the WB will create important improvements for the region.

**The MC approved the request to allocate US\$ 150 million to finance a grant from the ARTF to support the proposed A-WASH project.**

## **2. Request to allocate US\$ 158 million to Second Additional Financing for the Citizens’ Charter Afghanistan Project (CCAP)**

The Administrator requested MC approval of a US\$ 158 million grant from the ARTF to support the second additional financing for the Citizens’ Charter Afghanistan Project (CCAP). The support will be co-financed with an IDA grant of SDR 24.8 million (US\$ 35 million equivalent).

Task Team Leader Susan Wong presented the proposal. CCAP is a flagship development program for GoIRA and a major financial commitment of the ARTF. As of the most recent implementation support mission, the program had financed over 12,422 subprojects across 13,000 communities, with women’s participation almost 50 percent. The project had to date reached more than 13.5 million beneficiaries.

The additional financing is sought 1) to fill a financing gap created from a shortage of counterpart funds; 2) to finance an urban expansion/scale-up in ten cities; 3) to finance the additional US\$100 million required for COVID-19 relief efforts (a complement to the Relief Effort for Afghan Communities and Households initiative for which the MC approved financing in July 2020); and 4) to undertake a restructuring of the project to introduce changes discussed and agreed since the first additional financing approved in 2017 to support an emergency response on IDPs and refugees. These changes include a Kuchi block grant, adjustments to the maintenance and construction cash grants element of CCAP to introduce COVID-appropriate socially distanced methods and to respond to communities' demands for higher labor to material ratios, introduction of peace pilots, gender-focused initiatives, and an extension of the closing date through December 31, 2022. CCAP's progress towards its development objective is currently rated Satisfactory (S). A Mid-Term Review (MTR) conducted in February 2020 confirmed the validity of project objectives and the September 2020 Implementation Support Mission (ISM) reaffirmed that CCAP is on track to achieve almost all targets in the Projects Results Framework.

**The MC approved the request to allocate US\$ 158 million to finance a grant from the ARTF to support the proposed second additional financing for the Citizens' Charter Afghanistan Project.**

**3. Request for *conditional* approval to allocate US\$ 115 million to Early Warning, Early Finance and Early Action Project (ENETAWF), subject to successful negotiations with the Government.**

The Administrator requested MC approval of a US\$ 115 million grant from the ARTF to support the Early Warning, Early Finance and Early Action Project (ENETAWF). The support will be co-financed with IDA grants valued at US\$ 95 million, including US\$ 12.5 million from the Crisis Response Window.

During the 2017/18 drought, approximately 13.5 million Afghans were left with severe food insecurity. Vulnerability to food insecurity is pervasive and rising, exacerbated by drought and other climatic effects, displacement and now the economic disruption caused by COVID-19. The project will aim to address chronic food insecurity and exposure to drought in a systematic way, helping affected communities avoid resort to negative coping mechanisms. The project development objective is to increase the food and nutrition security of the most vulnerable households in drought-prone rural areas and to build systems for early warning and response with pre-arranged financing facilities. It aims to support a strategy of transitioning away from humanitarian aid to a government-led development oriented response to food insecurity and shocks that occur from time to time in the country. It aims as well to increase the social compact between citizens and government and thereby to contribute to statebuilding.

ENETAWF will leverage and build on the short-term relief provided in the COVID-19 Relief Effort for Afghan Communities and Households (REACH) project (and CCAP AF). REACH provides for one-time, direct assistance to 93 percent of the population for the immediate alleviation of the negative COVID-19 socio-economic impact. ENETAWF is to build on this by providing continuous, targeted social protection and resilience building for chronically food insecure households. It will be implemented in the 78 most food insecure and drought-prone districts.

The first component aims to strengthen some of the systems for information and decisionmaking, together with TA to improve the coordination among and across agencies. The second component aims to support a shock responsive delivery mechanism to support resilience in vulnerable communities with the capacity to scale up increased support to additional vulnerable households

in the event of a shock. The third component integrates pre-allocated Crisis Response Window financing from the World Bank in the event data indicate a trigger has been met. This will be complemented by technical assistance to consider alternative options for financing risk, including improvement Government budget processes for releasing funds in the event of a crisis, as well as exploring other market-based solutions.

The UNDP representative observed that he had attended a National Disaster Committee meeting headed by the First Vice President two weeks earlier and noted that neither USAID's contributions to the sector nor the ENETAWF work had been presented in the meeting. He had flagged to the committee that it would be valuable to have these proposals discussed in the committee forum. The WB appreciated the update and confirmed it would aim to reach out to the office of the First Vice President to discuss the program; several briefings had been exchanged during project preparations but some time had passed since the last such discussion. The WB also thanked the UN development and humanitarian colleagues for the extensive collaboration over the project design. UNAMA appreciated the innovation of the project and confirmed its willingness to continue supporting the work moving ahead.

**The MC approved the request to allocate US\$ 115 million to finance a grant from the ARTF to support the proposed Early Warning Early Action Early Finance project, conditional on successful completion of negotiations with the government.**

**4. VIRTUAL APPROVAL: Transfer US\$ 8,940,000 to the ARTF Anti-Corruption and Results Monitoring Action Program (ACReMAP) child trust fund to finance a modification of the current ARTF third-party monitoring contract.**

The minutes document the MC's September 30, 2020 virtual (email) approval of a request transmitted by email for approval in the absence of objection. The sum will finance a modification of the current third-party monitoring contract to expand the scope of work. The contract modification is required to ensure TPMA coverage of COVID-19 response programming. The WB noted that operations under the base contract are ongoing and have largely been sustained (with some modifications) during COVID-related lockdowns. Contract performance is satisfactory.

As detailed in the ARTF FY1399 (2020) Update to the Partnership Framework and Financing Program: FY1397-FY1399 (2018-2020) and the 2020 Country Portfolio Performance Review Supplement, and as discussed at the September 2, 2020 ARTF Steering Committee meeting, the ARTF-financed portfolio has shifted significantly to provide programming responsive to the COVID-19 response crisis. Support for Afghanistan's socio-economic response to COVID-19 will substantially expand the scale of ARTF-financed field operations. A commensurate expansion of third-party monitoring services will be required. Technical and financial agreements have been reached to add additional field site visit monitoring, develop a new telephone monitoring function, provide associated financial monitoring for new COVID-19 response projects, conduct documentation, procurement, and distribution reviews for the large-scale COVID-19 social response initiatives, finance a separate "deep dive" into service provider transactions under the basic health service delivery project, and provide required reporting in line with the protocols already established under the contract. The request was presented to MC members on September 26, 2020 and approved in the absence of objection on September 30, 2020.