



**MINUTES**  
**ARTF Incentive Program Working Group Meeting**  
**21<sup>st</sup> November 2019**

**Agenda item #1: Update on progress against 2019 Policy Actions**

- [REDACTED] updated the IPWG on progress against policy actions. DM Hamdard noted that all actions for the 2019 Incentive Program have now been completed, while still subject to verification. DM [REDACTED] emphasized his team's close coordination with government agencies and proactive identification and resolution of constraints.
- **World Bank** circulated the latest policy action tracking matrix providing details of completion of all policy actions. World Bank noted that several policy actions had been completed very close to the deadline and only after intense policy dialogue between the World Bank technical team, the office the Deputy Minister, and various agencies.
- **World Bank** noted that the Cabinet's 'in principle' approval of the VAT regulations was considered acceptable from a policy perspective given that:
  - The 'in principle' approval was intended to provide ARD with an opportunity to make several technical improvements to the regulations based on World Bank advice;
  - There is no requirement for any further Cabinet approval of the regulations before they can be submitted to MoJ;
  - The World Bank will be provided with letter from the Minister of Finance covering a final copy of the regulations as submitted to the Ministry of Justice, incorporating all changes.
- **EU** noted a broader systemic issue with policy actions involving cabinet approvals of regulations, given the previous experience of long delays or changes to the content of regulations prior to official gazettal.
  - **IPWG** agreed that from 2020 all policy actions involving regulation should be considered complete only at the point of formal gazettal.
- **World Bank** noted that, subject to formal verification by technical teams and legal review, disbursement would proceed against completed tranche release conditions over coming weeks. World Bank noted that this will involve disbursement of US\$150 million against the five completed policy actions, bringing total disbursements under the 2019 Incentive Program to US\$400 million.
- **World Bank** noted that verification reports and evidence would be filed and available for review by development partners in the shared folder over the next week. The World Bank would welcome any further questions or discussions on policy actions.

**Agenda item #2: Update and discussion of the 2020 policy reform matrix**

- The IPWG agreed that an **anti-corruption focus** should be 'mainstreamed' through the 2020 Incentive Program DPG. World Bank noted that many policy actions included in the draft matrix would help address corruption and improve the use of public resources. IPWG noted that links between policy actions and the anti-corruption agenda should be



made as explicit as possible. World Bank noted that they would be participating in a meeting on the Anti-Corruption Reform Accelerator Package and would seek to promote alignment between actions included in this plan and those supported by the Incentive Program.

- On climate resilience, the IPWG welcomed the inclusion of a policy action addressing **management of contingency fund resources**.
- On **expenditure management**, the IPWG welcomed the inclusion of a policy action to assure legal independence of the SAO. The IPWG encouraged the World Bank to also consider further actions related to the roll-out of the new O&M policy. World Bank agreed to pursue this with technical teams.
- On **extractives**, the IPWG welcomed the inclusion of a planned policy action on oil and gas institutional and regulatory reform. The IPWG encouraged the World Bank to further consider options for a mining-related policy action, aligned with a World Bank/ARTF mining project. The World Bank agreed to discuss this possibility further with technical teams from EU, DFID, and US.
- On **business environment reform**, IPWG welcomed inclusion of actions to improve the tax clearance certificate regime and ease processes for obtaining construction permits. IPWG requested the World Bank technical team to consider options for easing the process of renewing business licenses for businesses located outside of Kabul, potentially through regional licensing hubs.
- On **land reform**, IPWG members suggested the World Bank consider a policy action to ease processes for leasing land from government, including the introduction of electronic systems.
- On **public investment management**, IPWG members encouraged the World Bank team to include explicit reference to gender aspects and the utilization of gender analysis in project appraisal and selection processes.
- On **tax administration**, IPWG members emphasized the importance of taxpayers being made aware of e-filing options. World Bank agreed to pursue this issue with technical teams and consider whether part of any policy action could involve publicity and outreach.

Attachments:

- Current policy action monitoring matrix
- Draft 2020 policy matrix
- Activity Initiation Note for the 2020 Incentive Program Development Policy Grant

*All attachments are available in the shared folder.*