



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

Wednesday November 18, 2020
2:30-4:30 PM Kabul Time
Virtual Format

MEETING SUMMARY

The ARTF Strategy Group (SG) met on Wednesday, November 18, 2020. Representatives of 13 donor partners¹ and the ARTF Administrator (World Bank) attended. The World Bank chaired the meeting since the Ministry of Finance was absent because of a trip to Geneva in preparation for the 2020 Afghanistan Conference.

Summary

The SG welcomed new donor representatives and thanked departing partners. The WB introduced several new members. The meeting discussed feedback on the second discussion draft of the ARTF Partnership Framework and Financing Program 2021-2024 and the timeline to finalize the document, and the status of signing the Amendment to enhance the current Administration Agreement's Standard Terms and Conditions. The SG confirmed the support to take forward three pipeline projects - (i) Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (A-WASH), (ii) Second Additional Financing for Citizens' Charter Afghanistan Project; and (iii) Early Warning, Early Finance and Early Action Project (ENETAWF) - to the ARTF Management Committee for consideration of the ARTF funding. The WB technical teams updated the status of COVID-19 vaccination program that is at an early stage of preparation (funding sources to be determined), the implementation status of Sehatmandi and REACH, as well as the ongoing SIGAR review, and discussed the regular updates on the financial status and Gender Working Group activities.

1. Feedback on updated draft of the Partnership Framework and Financing Program (PFFP) 2021-2024

- The WB thanked donors for helpful comments on the first discussion draft of the 2021-2024 PFFP document shared in October. In line with the ARTF preparation schedule, the WB distributed a second discussion draft to partners on November 10. A further update is expected if and as financial commitments become clearer after the pledging conference, at which point the WB team anticipates another exchange of written comments and updates on the document. The WB team expressed appreciation to the partners who have provided indicative pledging information at this time, and, recognizing that procedures vary from donor to donor, encouraged partners to provide concrete indications, at least for FY1400/2021, as soon as possible to enable the next phase of ARTF PFFP planning. In the meantime, the WB team invited comments and reactions from the SG on the latest iteration of the draft.
- The SG appreciated the quality of the document and the WB's responsiveness to donor comments and inputs. Observations on key areas for further development in the next draft

¹ Australia, Canada, Denmark, European Union, Finland, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States.



included scenario-based planning, humanitarian-development nexus, and the inclusion of a fiduciary master plan. Some commenters requested an enhanced presentation of theory of change, while some inputs noted a detailed discussion at this stage could be a distraction while ANPDF discussions remain to be finalized. Partners appreciated the WB's comment by comment response to donors' inputs, and asked for a consolidated matrix of all donor comments to be shared with the next draft.

SG members confirmed they will continue to make indicative financial commitment information available as headquarters processes permit and looked forward to reviewing an updated draft once available pledging information enables the update to be produced. The WB aims to produce the next draft in December.

2. Status of signing Amendment to ARTF legal agreement to update the Standard Terms and Conditions

- At its September 2020 meeting, the ARTF Steering Committee endorsed a proposal presented by Sweden on behalf of the Nordic+ Group, to amend the ARTF Administration Agreement Annex on Standard Terms and Conditions (STCs) that govern donors' contributions to the ARTF. For the updated STCs to become effective, the amendments must be signed by all active and inactive ARTF contributors.
- The WB has reached out to both active and inactive donors (18 and 16, respectively, and 34 in total) to solicit signatures. Of the 18 active donors, 16 have signed or are in the process of doing so. The remaining two intend to sign, but will require additional time due to internal requirements.
- The 16 inactive donors will need to either sign the amendments or exit the trust fund so as not to hold back the updated STCs becoming effective amongst active donors. The WB is communicating with inactive donors through the countries' Executive Directors' offices at WB HQ and, for the eight inactive donors with representation in Kabul, through embassies as well. To date, 11 have responded to communications. Three have signed, three have expressed their interest to exit from the ARTF in line with current national strategies, and five are considering their response. Five inactive donors, **Bahrain, Brazil, Kuwait, Luxemburg and Portugal**, have not responded. The WB will continue diligent outreach to these partners and will invite active partners to assist with this outreach. The WB anticipates that some of the donors considering their response or still to respond may elect to withdraw from the ARTF.

The WB invited active donors to assist in outreach to the five inactive ARTF donors - Bahrain, Brazil, Kuwait, Luxemburg, and Portugal - that have not yet responded to requests to sign the amendment. The EU offered its support to reach out to inactive EU member countries. Inactive donors that do not respond to requests or reach a decision on signature of amendments may be asked to exit the fund.

- ## **3. Status of pipeline projects seeking ARTF funding – (i) Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (A-WASH), (ii) Second Additional Financing for Citizens' Charter Afghanistan Project; (iii) Early Warning, Early Finance and Early Action Project (ENETAWF). Briefing on the Covid-19 vaccination program under preparation (funding sources to be decided).**



- Each WB technical team leader of the selected pipeline projects briefed the SG on the expected results and key components of the project.
- Both A-WASH and CCAP (2nd AF) are at the advanced stage of the project preparation. They both held briefings with the Strategy Group, Gender Working Group, as well as bilateral donors in late October/early November and greatly benefited from feedback provided by partners' technical teams. Both projects are scheduled for a Board approval in early December.
- For ENETAWF, the task team also held several consultations with donors over the summer and the team is currently fine-tuning the design. The team updated the SG focusing on changes made in the early-financing component since the last briefing. The emphasis is on exploring the feasibility of market-based solutions by: (a) development of a catastrophe risk model; (b) development of triggers for market-based instruments; and (c) options for strengthening financial disbursement mechanisms.
- The COVAX initiative to support equitable distribution of the Covid-19 vaccines was introduced to the SG. The WB technical team is currently working with MOPH and a few development partners to discuss the core design of the program. A briefing by MOPH is scheduled on Nov 19. The initiative will focus not only on short-term benefits, but also on helping strengthen the country's health care system in the long term by developing a supply chain and strengthening the regulatory environment. Based on prevalence studies from May and June that indicated infection rates between 30 and 40 percent of the population (and up to 50 percent in Kabul), GoIRA has indicated it would like to achieve vaccination levels of 40 percent and is considering cost implications. Should GoIRA go forward with a 40 percent target, the overall cost to roll out the vaccine is projected to total US\$ 217 million based on initial estimates. (Costs are projected at US\$ 110 million at 20 percent coverage.) COVAX financing can contribute US\$ 48 million, and ADB may be interested to contribute resources to the effort. Some financing gap is expected; ARTF funding may be discussed in the coming month.
- A-WASH: Importance of involving private sector and putting effective and sustainable PIU in place were highlighted. The team agrees with the importance of the private sector involvement where feasible. AUWSSC will second its staff to fill the PIU positions to the extent possible for sustainability of the impact.
- Questions related to CCAP were primarily on operations in hard to reach areas, payments to facilitating partners (FPs), government co-financing, peace dialogue as part of CCAP. The team is assessing the severity of the ongoing conflicts and security incidences to determine which areas among 47 HTR districts are more amenable to the project implementation and a few districts have been identified. Peace dialogues are included in the project design e.g. local conflict assessment, local peace dialogues, conflict resolution training, etc. MRRD and MOF have confirmed that the funds are ready to be released to all FPs by the end of the month. The lessons from the FP payments will be adopted and the contract managements will be improved going forward. The government confirmed US\$ 35-40 million co-financing of the CCAP operations.



- Questions related to ENETAWF include types of public work considered, and effective and sustainable PIU. Public work offered under the project includes types of work building community assets and resilience of the local community – water harvesting, tree planting, community infrastructure maintenance, etc. Use the existing PIU set up by CCAP and building on existing community level infrastructure such as community development committee (CDCs) are planned.

The SG noted that A-WASH, CCAP (2nd AF), and ENETAWF will be presented to the Management Committee for consideration of ARTF funding; SG members will be invited to observe the meetings. The WB health team will hold a separate briefing for the SG in early December to discuss the COVAX initiative further.

4. Standing updates

- Financial Status – As of November 2020, if all previously announced pledges are contributed as planned, the WB is projecting that the ARTF will hold an unallocated cash balance of US\$ 288.69 million at the end of the calendar year/2018-2020 PFFP period. Of this sum, US\$ 250 million is expected to be required for known, planned commitments to the 2021 Incentive Program and the next phase of the Sehatmandi basic health project, with a contingency of approximately US\$ 38 million as a reserve in the event some pledges are late to materialize.
- Gender Working Group – the GWG has focused on strengthening gender in PFFP in the past few months. The donor co-chair expressed appreciation towards the WB and the SG on consistent attention to gender equality. GWG expects measurable gender indicators to be integrated in results framework that is expected to be developed in early 2021. GWG wants to see WEE-NPP performance to be improved so that it can evolve into an operation. The challenge still remains with the strong engagement of the government in gender dialogues, especially it is important for MOF and MOWA to engage with GWG. A briefing made by CCAP team paired with CARE international study was useful to combine the project planning with independent study findings to inform the project design.

5. AOB

- **Sehatmandi** - As discussed previously, including in the February 2020 SG meeting, health service providers have reported a pattern of increasing demands from anti-government elements (AGEs) across the country. Demands have included requests to compensate shadow health officers, offer specific health services, purchase ambulances and/or purchase medications from specific sources. Following reports of an intensified pace of such demands in early 2020, the WB had in-depth discussions with the government officials, service providers (SPs), and ARTF donors in February 2020, and also flagged health service provider reports to the Humanitarian Country Team. The Government disseminated a circular to all SPs reiterating that no payment to AGEs is acceptable. SPs confirmed to the WB that they have resisted such requests, as required in their contracts with MOPH. Recently, MOPH informed the WB about the closure of 22 health facilities in Samangan province after the health service provider rejected demands from AGE fighters, including requests for quarterly payments, salaries to shadow health providers, and provision of services and equipment outside the scope of the basic package of health services. The service provider and MOPH are working with local authorities and community leaders to resolve the issue. The WB task



team is closely following the issue to ensure health facilities are re-oriented.

- **REACH** – Parliamentary opposition to GoIRA’s Dastarkhwan-e-Milli initiative, which is being debated together with ministerial appointments, has delayed initial disbursements under the REACH project. It is critical that the project funds be released before the winter season. The Office of the First Vice President and MOF recently signaled that the government is ready to release the funds very soon. MRRD, IDLG and KMDP have been preparing for the rollout of the project so that services and grants can move quickly once budget approval is in place. The preparatory steps have included work on contracting, staffing, community-level preparations, information systems, enhanced fiduciary controls and monitoring arrangements before winter season release of funds.
- **SIGAR** evaluation – The WB updated partners on the progress of the US Special Inspector General for Afghanistan Reconstruction (SIGAR) evaluation that began in June 2020. The evaluation is assessing the status of recommendations made [SIGAR 18-42](#), a performance audit of USAID’s contributions to the ARTF that concluded in April 2018. At the June SG meeting, USAID and the WB shared a jointly prepared overview of recommendations and follow-up actions from that performance audit. The WB updated donors that it understands SIGAR team has recently begun reaching out to ARTF partners for interviews in line with this evaluation of recommendations. The WB will re-distribute the overview of responses to SIGAR recommendations and actions taken.
- The SG welcomed new representatives from Canada, Italy and Germany, and thanked donor representatives who had recently completed their assignments for their contributions to the partnership, including: Filip Vurm (Czech Republic), Bettina Horstmann from Germany, Heather Spain from UK FCDO, Alex Pao from USAID.
- The meeting concluded with best wishes for a successful 2020 Afghanistan Conference!