



MINUTES
ARTF Incentive Program Working Group Meeting
6 February 2020

Agenda item #1: Update on policy actions

- World Bank updated IPWG on recent consultations and discussions with government on the IP Policy Actions for 2020
 - Intensive bilateral negotiations with implementing ministries
 - Dedicated discussions on Supreme Audit Office law
 - Ministerial-level discussion on hydrocarbon actions
 - Dedicated discussions on tobacco taxation
 - Formal endorsement meeting held on 5th February at Ministry of Finance and chaired by the Deputy Minister to agree in principle to policy actions.
- World Bank updated IPWG on outstanding issues and questions
 - Government is not comfortable with including tobacco taxation as a policy action. World Bank and Government recommend that embassies escalate this issue to Minister/President level. In the interim, the action will be retained in the matrix as a bracketed item.
 - Ministry of Mines and Petroleum are not comfortable with: i) requirement for gazettal of hydrocarbon regulations following cabinet approval; ii) requirement for appointment of a Board, given tight timelines. IPWG agreed that: i) the establishment of a Board could be removed from the policy action; ii) the requirement for gazettal remains vital for the relevance and impact of the policy action and should not be removed.
- World Bank noted that the IPWG has an advisory rather than decision-making role on finalization of the policy matrix. World Bank asked that ARTF partners advise before February 9th if there are any major issues with the current policy matrix before it is finalized in principle. World Bank noted that the matrix remains subject to revision following subsequent World Bank review processes or major unforeseen events, but that IPWG will be kept fully apprised of any proposed changes.

Agenda item #2: ARTF Financing Issues

- World Bank presented a proposal to alter Incentive Program design in order to absorb additional IDA resources and prevent the loss of IDA for Afghanistan. This proposal is summarized in the attached note.
- IPWG noted that the proposal should be considered at Strategy Group level, but that members could provide advice to HoAs from the technical and operational design perspective.
- World Bank noted that any immediate feedback on the proposal would be welcome.

Agenda item #3: Other business

- **National Accountability Strategy.** World Bank noted that consultants from the Institute of State Effectiveness had presented a new proposal for a National Accountability Strategy, including substantial and very ambitious budget reforms. World Bank noted the importance of government setting achievable objectives and curtailing the proliferation of planning documents. World Bank will be supporting key foundational reforms that underpin the reform program through its existing PFM engagements.



- **Government anti-corruption plan for 2020-2022.** World Bank noted that the current government anti-corruption plan contains approximately 240 action, many of which are highly ambitious and may be difficult to verify. IPWG discussed the importance of establishing a small number of well-defined benchmarks (taken from existing plans) against which government progress and reform can be credibly measured. IPWG noted that follow-up discussions are planned at HoA level.
- **Asian Development Bank engagement.** World Bank informed IPWG of ADB plans to engage increasingly in PFM and economic management. IPWG agreed that such a change should be carefully considered and coordinated, given previous decisions that World Bank should be providing PFM support to Ministry of Finance under the one plan / one donor / one project approach. IPWG agreed that if ADB engagement proceeds, careful coordination with World Bank and other ARTF partners will be needed, potentially requiring increased in-country presence of ADB technical staff.

Attachments:

- Presentation from IPWG meeting
- Current draft 2020 policy matrix
- Note on proposed increase in IDA financing for the 2020 Incentive Program DPG

All attachments are available in the shared folder.