



MINUTES
ARTF Incentive Program Working Group Meeting
7th April 2020

Agenda item #1: Update on Program Preparation and Approval

- **World Bank** updated the IPWG on progress with preparation of the 2020 Incentive Program Development Policy Grant.
 1. **World Bank South Asia Regional Operations Committee** authorized the team to proceed with negotiations of the project, with no substantive changes to the program. The Decision Note is attached.
 2. **The World Bank and Government successfully completed negotiations on 5th November.** Government provided all evidence of completion of Prior Actions, which was reviewed and verified by the legal team.
 3. **The Project is due to be considered by the World Bank Board on 7th May.** Once approved, the World Bank will seek to disburse the full US\$200 million against four completed Tranche Release Conditions by mid-May (IDA of US\$160 million and ARTF of US\$40 million).

Agenda item #2: Proposed criteria and process for post-approval modification of Tranche Release Conditions.

- **World Bank** summarized comments received on the circulated proposal for a process for modification of Tranche Release Conditions following World Bank board approval.
- **IPWG** agreed that:
 - The proposal note should explicitly outline a process for escalation and resolution in the event that the IPWG cannot reach agreement on changes to Tranche Release Conditions, including the option of calling an ad hoc ARTF Steering Committee meeting;
 - No fixed deadline will be set for modification of Tranche Release Conditions, allowing the IPWG discretion to agree to modifications over the full term of the program (i.e. until the completion date of November 15).

Agenda item #3: Third Party Monitoring Arrangements.

- **World Bank** outlined work with the Third-Party Monitoring Agent to ensure continuity of monitoring during the COVID-19 crisis. The World Bank noted that:
 - A contingency plan has been developed and is being discussed between the Third-Party Monitoring Agent and the World Bank that would allow for completion of quarterly eligibility tests
 - The viability of this plan may be impacted by any additional social distancing measures imposed by Government
 - The World Bank ARTF team will keep all ARTF partners fully apprised as the situation develops.



Agenda item #4: Economic impacts of COVID-19 crisis and development partner response.

- **World Bank shared most-recent macroeconomic updated with IPWG.** Current projections show the economy contracting by around four percent in 2020, with revenues falling by up to US\$800 million.
- **World Bank** is considering an additional emergency budget support operation early in the new World Bank fiscal year (July) of up to US\$200 million. There may be scope for ARTF partners to channel additional budget support through this program.
- **World Bank** understands that the IMF is preparing a US\$200 million program under the Rapid Credit Facility to provide immediate emergency support.
- **IPWG members** updated the group on plans for additional support, with several partners noting that exact nature of response was still being considered.

Agenda item #4: Other business

- **IPWG members** discussed recent news regarding the restructuring of the Ministry of Finance. While several IPWG members have been advised that the restructuring will not proceed, no formal notification of the ultimate decision has been conveyed. IPWG members agreed to share information as it becomes available.
- **IPWG members** kindly requested a presentation at the next IPWG meeting from the Ministry of Finance Macro-Fiscal Performance Department on expected impacts of the COVID-19 crisis and the planned fiscal management response.

Attachments:

- ROC Decision Note

All attachments are available in the shared folder.