



ARTF Afghanistan
Reconstruction
Trust Fund

FY1400-FY1403 (2021-2024) Partnership Framework and Financing Program

PRESENTED TO THE ARTF STEERING COMMITTEE
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ABBREVIATIONS AND ACRONYMS

ACReMAP	:	Anti-Corruption and Results Monitoring Action Program
ANPDF	:	First Afghanistan National Peace and Development Framework
ANPDF II	:	Second Afghanistan National Peace and Development Framework
ARTF	:	Afghanistan Reconstruction Trust Fund
ARTF STC	:	Administration Agreement Annex on Standard Terms and Conditions Governing Contributions to the ARTF
ASIST	:	Advisory Services Implementation Support and Technical Assistance
CGOP-STC	:	Consultative Group on Operational Principles-developed December 2016 Model Form of Administration Agreement
CPF	:	Country Partnership Framework
CPPR	:	Country Portfolio Performance Review
ESF	:	Environmental and Social Framework
FCV	:	Fragility conflict and violence
FCV strategy	:	World Bank Group Strategy for Fragility, Conflict and Violence 2020-2025
GBV	:	Gender-based violence
GoIRA	:	Government of the Islamic Republic of Afghanistan
GWG	:	ARTF Gender Working Group
IATWG	:	Inter-agency Technical Working Group
IDA	:	International Development Association
IPDPG	:	Incentive Program Development Policy Grant
IPWG	:	ARTF Incentive Program Working Group
ISR	:	Implementation status and results report
MC	:	ARTF Management Committee
NPP	:	National Priority Program
PBA	:	Performance-based core allocation
PFFP	:	Partnership Framework and Financing Program
PPA	:	Performance and policy actions
RRA	:	Risk and Resilience Assessment
SC	:	ARTF Steering Committee
SCD	:	Systematic Country Diagnostic
SDR	:	Special drawing rights
SG	:	ARTF Strategy Group
SORT	:	Standardized Operations Risk Rating Tool
TPM	:	Third-party monitoring
WB	:	World Bank
WBG	:	World Bank Group

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PREFACE

This Partnership Framework and Financing Program (PFFP): FY1400 to FY1403 (2021 to 2024) is the fourth in a series of financing strategies for the Afghanistan Reconstruction Trust Fund (ARTF). First introduced at the 2010 London Conference on Afghanistan, the strategies summarize the core areas of ARTF support to the Government of the Islamic Republic of Afghanistan, including policy reforms and core development and service programs in sectors such as education, health, governance, agriculture, infrastructure, social and rural development.

Annually updated by the trust fund's Steering Committee, the rolling financing strategies have become a regular planning tool for the ARTF partnership. Previous strategies were developed for three-year periods: the FY1391 to 1393 (2012 to 2014) strategy set out an indicative plan to direct US\$ 3.6 billion in resources; the FY1394 to 1396 (2015 to 2017) outlined priorities for financing totaling US\$ 2.4 billion and the FY1397 to FY1399 (2018-2020) PFFP described an overall program valued at US\$ 2.5 billion.

The PFFP will guide the ARTF from FY1400 to FY1403, the remaining period of the 2015-2024 Transformation Decade, and it is shaped by commitments that Afghanistan and its partners made at the 2020 Afghanistan Conference, co-hosted by the Government of the Islamic Republic of Afghanistan, Finland and the United Nations. **In particular, total financing commitments to the ARTF during this period are linked to the principles set out in the Afghanistan Partnership Framework (APF) and to overall progress on Afghanistan's development and reform agenda.** Thus, planning for ARTF financing and programming commitments is closely tied to the annual review of progress on APF commitments and implementation of the second Afghanistan National Peace and Development Framework (ANPDF 2) that is envisioned for annual Senior Officials Meetings.

In line with this adaptive approach, this document articulates financing commitments of US\$ 598 million for FY 1400 (2021) and reports indicative future commitments where they have been specified. It outlines how these resources, together with unallocated cash balance carried over from the previous ARTF financing period, will be used for new programming commitments in FY1400 (2021) and FY1401 (2022). It will be updated annually by the ARTF Steering Committee based on results of annual Senior Officials Meetings. This document has benefited from extensive consultations among GoIRA, the World Bank and ARTF partners that began in January 2020, and the annual process of updates will ensure continued strong consultations that are closely linked with overall reviews of Afghanistan's partnerships with international donors.

1. Introduction

The 2021-2024 PFFP is a planning tool and a resource that describes what the ARTF has, what it does, and how it works

The Afghanistan Reconstruction Trust Fund (ARTF) Partnership Framework and Financing Programs (PFFPs) are planning tools that set out: donor resources committed to the ARTF, the programming those resources will support, and priorities for how the partnership will operate during the financing period. In summary, PFFPs describe **what resources the ARTF expects to have, what the ARTF expects to do with the resources** in terms of programs supported, and **how the ARTF partnership plans to operate**.

In addition to forward-looking planning, PFFPs provide core information about the ARTF that is relevant to all partners associated with the trust fund. As such, they serve as both planning tools and shared reference documents. This PFFP provides key information about the ARTF in Section 2, describing the ARTF structure, governance, controls and institutional context and in Section 3, which reviews the ARTF's development results to date. The sections that follow describes the ARTF's forward-looking priorities. Section 4 discusses the ARTF's strategic priorities. Section 5 articulates operating priorities. Finally, Section 6 outlines the financing made available in the upcoming period and how the ARTF will employ those resources.

This PFFP covers a longer period than past ARTF financing strategies

PFFPs (also known previously as Financing Strategies) have covered three-year periods in the past. This PFFP is different. Based on the request of the Government of the Islamic Republic of Afghanistan (GoIRA) and ARTF donors, this FY1400-FY1403 (2021-2024) PFFP has been developed to cover a four-year period, aligning it with the final four years of the 2015-2024 Transformation Decade.

The PFFP outlines how new ARTF resources will be employed.

The core function of the PFFP is the guidance it provides for the investment of ARTF funds. This PFFP outlines how new donor contributions to the ARTF will be used to support GoIRA's most recent development and policy priorities going forward. New contributions will be combined with the unallocated cash balance carried over from the last PFFP period. Together, the contributions, cash carry-over, and any funds available from program adjustments comprise the resources available for new investments under this PFFP.

New investments will operate alongside projects approved under the 2018-2020 PFFP or earlier Financing Strategies, which are fully funded by resources contributed by ARTF donors during those periods. Currently the ARTF portfolio comprises 21 projects approved in earlier periods, and one priority commitment already endorsed during the current PFFP period (a US\$ 50 million grant to support Afghanistan's Covid-19 vaccination efforts). Subject to continued satisfactory implementation and annual re-confirmation in CPPR processes, implementation of these existing operations will continue alongside

new investments. New investments will comprise a mix of initiatives that build on ongoing programs that are scheduled to conclude during this period and new priorities identified in the recently defined new set of National Priority Programs under the second Afghanistan National Peace and Development Framework (ANPDF 2).

The PFFP is a flexible planning tool that can adapt to evolving circumstances

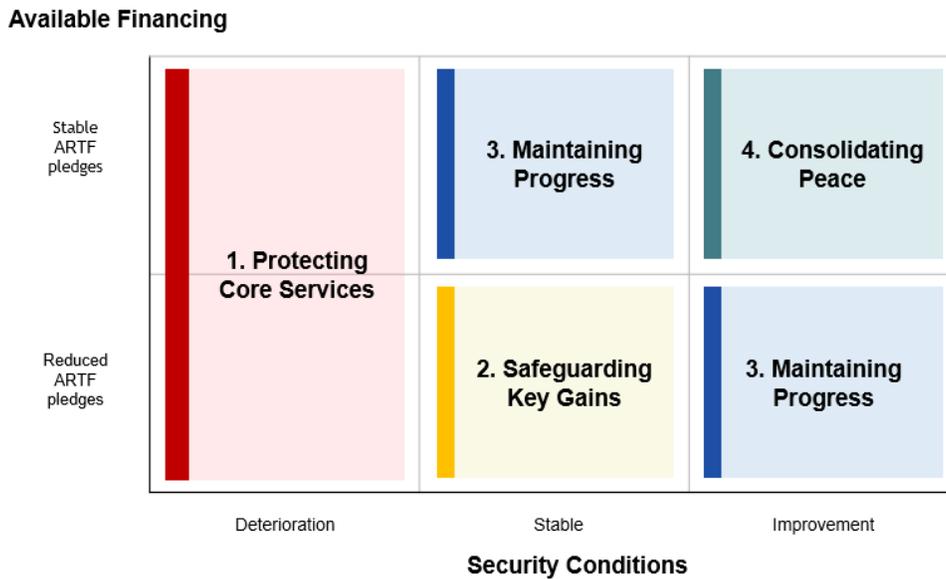
The ARTF mechanism allows for continuous, flexible adjustment of the overall program as required by evolving conditions of Afghanistan. During the PFFP period, the regular cycle of implementation supervision, ARTF governance meetings, annual portfolio reviews and annual PFFP adjustments will ensure that the ARTF program remains flexible and responsive to emerging needs and situations. This PFFP cycle ensures *at least* annual review of the portfolio and pipeline, but also allows for *more rapid* adjustments when required, as the COVID-19 emergency portfolio restructuring in 2020 demonstrated.

Afghanistan’s national development agenda, as set out in ANPDF 2, the eight National Priority Programs (NPPs) announced in the MOF-hosted Heads of Cooperation Agency meeting in Kabul on May 26, 2021 as well as the Afghanistan Partnership Framework (APF), will guide all ARTF investments. Within this framework of the government priorities, the ARTF partnership will carefully monitor financing levels and operating conditions to target ARTF resources effectively. In broad terms, the scenario-based planning that has informed the development of this PFFP will continue to guide this targeting of ARTF resources within the broader framework of GoIRA’s development and reform priorities. See Figure 1.

In the event of a peace agreement and improved security, and provided resources were sufficient, the ARTF would respond flexibly to sustain and **consolidate peace**, while expanding coverage of core services, adding programming to generate economic opportunities, and promoting private investment.

In a stable security environment with stable donor financing, the ARTF would aim to **maintain progress** by sustaining core programming in health, education, agriculture, and community development, with recurrent cost support continuing at close to current levels. The ARTF would also finance programming in inclusive growth and institutions, public financial management and civil service reforms, extractives, water, energy, land reform and social protection. In the event of stable security and declining resources, the ARTF would expect to focus on **safeguarding key gains**, reducing recurrent cost support and focusing investments on key programs in health, education, community development and agriculture. More constrained finances or security would further narrow and prioritize the portfolio and focus investments around **protecting core services**.

Figure 1 Initial scenario-based planning for ARTF investment priorities



Source: World Bank

These broad scenarios will continue to guide ARTF preparations to support the development agenda in the event of improving security conditions and an eventual peace agreement, or in contingency scenarios of security or other operational challenges, but **this PFFP illustrates how the ARTF partnership will support GoIRA’s development investments under current security conditions with variable financing, and in line with priorities of the ANPDF 2 and the new set of NPPs as well as the APF.**

Financing under the PFFP is linked to annual review of Afghanistan Partnership Framework principles

The Afghanistan Partnership Framework (APF), as agreed at the 2020 Afghanistan Conference, sets out agreed principles, outcomes and actions to support peace and development, reduce poverty and improve the welfare of the people of Afghanistan. The principles establish the baseline against which GoIRA presents the progress of its policy agenda and the high-level goals of its development agenda. The principles also describe the minimum conditions for continued international support to the government.

GoIRA and its partners have agreed to maintain regular dialogue around APF principles, outcomes and actions and to conduct annual review at Senior Officials Meetings. A number of international donors pledged flexible support at the 2020 Afghanistan Conference, with annual pledging levels to be adjusted based on findings of the annual APF review. This flexibility extends to ARTF commitments, **hence the 2021-2024 PFFP plans for a flexible ARTF financing envelope. The envelope will be adjusted annually in line with regular assessments of APF commitments and reform and development priorities more generally.**

Assessments are expected to adhere to principles of aid effectiveness articulated in the APF, in particular the recognition that conditionality must

be clearly defined, must be realistic, and must ensure that where conditions require specific actions or measures by the Government, these actions are within the Government's authority and control. Annual assessments will focus on overall progress, adjust targets where needed, and recognize factors outside the Government's control. International partners will strive to provide predictable and transparent financial assistance, making multi-year commitments where possible.

ARTF financing supports GoIRA's development agenda, including the *peace building*, *state building* and *market building* pillars of both ANPDF 2 and APF. ARTF programming also supports a number of specific outcomes and actions prioritized by APF. Accordingly, ARTF reporting and dialogue will aim to inform regular APF review processes, which will in turn inform the annual ARTF financing envelope.

The PFFP is a joint product of the ARTF partnership

The PFFP is a joint product of the ARTF partnership comprising GoIRA, ARTF contributing donors, and the World Bank (WB) as ARTF Administrator. Preparations began in January 2020 with agreement on the timeline for developing this next PFFP. ARTF partners discussed an initial outline of this PFFP in May 2020 as planning began for the 2020 Afghanistan Conference, reviewed an updated outline at the ARTF Steering Committee (SC) meeting in September 2020, and reviewed full drafts of the document in October and November 2020 and finally in May 2021. Interim discussions in ARTF working groups and governance bodies, as well as the 2020 and 2021 annual Country Portfolio Performance Review processes, have informed each successive phase of the development.

Extensive consultations have ensured a broad-based agreement regarding the approach outlined in this document. Endorsement by the ARTF SC will formally confirm the ARTF partnership's consensus support of the plan.

2. The ARTF Today: Its Structure, Governance, Finances, Institutional Context and Controls

The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 with the objective of providing “a vehicle for donors to pool resources and coordinate their support to the programme of the Government of the Islamic Republic of Afghanistan for the reconstruction of Afghanistan.” In the 18 years since it began operations, the ARTF has evolved as Afghanistan’s development agenda has progressed and its partnerships with donor countries have continued to deepen. Today, the ARTF is the largest source of on-budget financing for Afghanistan’s civilian development assistance and is an essential coordination platform for Afghanistan’s international partners.

A. Structure: four windows finance recurrent operating costs, development investments, and WB technical assistance and oversight

Four active ARTF windows for support

As of 2021, funds contributed to ARTF will flow through four “windows”. The two largest of these are the Recurrent Cost Window (RCW) and Investment Window (IW). The RCW and IW are “recipient-executed”, which means that they deliver funds to support GoIRA’s budget, using GoIRA Treasury systems. Ninety-seven percent of ARTF resources in the last financing period were employed for these two windows. Much smaller, and intended as a complement and support for the recipient-executed programming, are the Advisory Services Implementation Support and Technical Assistance (ASIST) window and Anti-Corruption and Results Monitoring Action Program (ACReMAP) window. ASIST and ACReMAP were established under the 2018-2020 PFFP and finance “Bank-executed” advisory and oversight work. Together, these two windows deployed three percent of ARTF resources in 2018-2020. A Bank-executed Research and Advisory Program (RAP) window established in earlier financing periods is no longer active and replaced by ASIST.

An incentivized and updated Recurrent Cost Window drives policy reforms

The Recurrent Cost Window

The ARTF RCW contributes financing to support GoIRA’s recurrent civilian operating costs, including civil servant salaries and operations and maintenance expenditures. It has evolved significantly from the inception of the trust fund, including important developments under the 2018-2020 PFFP.

When ARTF was established, the RCW exclusively provided “baseline” support through a programmatic modality that came to be known as the Recurrent and Capital Costs (RCC) operation. RCW/RCC reimbursed eligible GoIRA expenditures up to an agreed ceiling each year. Provided the ARTF third-party monitor affirmed that expenditures met eligibility criteria required by the grant agreement between GoIRA and the World Bank, no other conditions were applied.

Over time, new modalities for reimbursing expenditures were added to the RCW/RCC. These new modalities aimed gradually to increase the extent to which support was incentivized and linked to policy priorities. In December 2008, the ARTF partnership established an Incentive Program aimed at incentivizing policy actions to improve public financial management and fiscal self-reliance. A program was designed the following year and began disbursing incentivized funds in 2010. The proportion of baseline funding provided through the RCW gradually declined while the proportion of incentivized funding gradually increased. In 2012, the ARTF partnership established an exceptional Ad Hoc Payments facility designed to enable ARTF donors to contribute on-budget financing to GoIRA through the RCW in line with bilaterally negotiated policy priorities.

Since the beginning of the 2018-2020 PFFP, 100 percent of support provided through the RCW has been incentivized against achievement of policy reforms. The 2018-2020 PFFP proposed to allocate approximately 36 percent of new ARTF resources to RCW support, with 2018 a key year in which the modalities of RCW support evolved. The ARTF transformed the previous Incentive Program to a more formal Incentive Program Development Policy Grant (IPDPG) fully aligned with WB instruments and the policies for budget support. Alongside that process, a Fiscal Stability Facility that functioned as a hybrid of previous Incentive Program modalities and the more structured approach envisioned under the 2018-2020 PFFP was developed to mitigate the risk of disruption that could be caused by a too-abrupt transition of funding modalities.

With the transition successfully completed in 2018, the ARTF partnership endorsed a proposal fully to transition RCW support to the IP-DPG modality in 2019. In the same year, the partnership elected to close the RCW/RCC instrument and, with it, the Ad Hoc Payments facility that had been associated with the instrument. A formal evaluation of the 18-year Recurrent and Capital Costs operation has been completed. Its chief findings are summarized in Box 1.

As of 2020, the ARTF had completed the transition to annual IP-DPG programs as the sole mechanism for providing fully incentivized support for GoIRA's recurrent operating costs. The unique fiscal challenge posed by the emergence of the COVID-19 pandemic in early 2020 was met by introducing a second, COVID-19 focused, development policy grant in 2020, which closed in December 2020, leaving the annual IP-DPG as the sole program in the RCW.

Box 1 Key findings from the Evaluation of the ARTF Recurrent and Capital Costs Operation 2002-2019

Between 2002 and 2018, the ARTF Recurrent and Capital Cost Operation (RCC) disbursed more than US\$5 billion, through the ARTF's Recurrent Cost Window, financing an annual average of 36 percent of government's civilian recurrent costs. The RCC formally closed at the end of 2019.

A recently completed study available on the ARTF website, [Evaluation of the Afghanistan Reconstruction Trust Fund Recurrent and Capital Cost Operation](#) (World Bank 2021) provides a detailed review and evaluation of the RCC's 17 years of operations. Key findings include:

OUTCOME

- The Operation made a critical contribution to rapid expansions in service delivery over 2002-2018.
- Success in supporting the delivery of services and improving social outcomes did not translate into strengthened state legitimacy.
- The Operation contributed significantly to improved fiscal sustainability.
- Overall, however, fiscal sustainability is yet to be fully achieved.

DESIGN

- The objective of providing a mechanism for coordinated aid financing in support of core government functions was highly appropriate.
- The objective of supporting progress towards fiscal sustainability over time was also appropriate.
- The use of a flexible and evolving combination of unconditional baseline support and incentivized mechanisms was appropriate.
- Policy actions supported under the Structural Reform Scheme were mostly relevant to country challenges and objectives of the Operation.
- The Ad Hoc Payment Facility was a pragmatic but partial solution to coordination challenges.

RESULTS

- The Operation was broadly successful in providing coordinated, timely, accurate, and predictable financing for government recurrent costs.
- The Revenue Matching Grant helped incentivize strong revenue performance.
- The Operations and Maintenance Facility did not incentivize increased or better-quality operations and maintenance expenditures.
- The Structural Reform Scheme drove a range of critical reforms that supported fiscal sustainability.
- The Ad Hoc Payments Facility, on balance, likely contributed to aid coordination objectives.

SUPERVISION

- Supervision by the World Bank and ARTF partners was adequate.
- Government exhibited strong ownership of the Operation, but the quality of supervision varied over time.

While the RCC has closed, the ARTF Recurrent Cost Window remains open. Annual Incentive Program Development Policy Grant (IP-DPG) programs continue to disburse funds through the RCW. These funds support government's civilian recurrent operating costs, now fully incentivized against policy actions negotiated annually among the Government, the World Bank, and ARTF donors.

An increasingly streamlined Investment Window responds flexibly to emerging needs

The Investment Window

The Investment Window (IW) is the second of the ARTF's two recipient-executed windows. It finances individual development projects that support the national development strategy and are funded through GoIRA's non-discretionary development budget. The 2018-2020 PFFP allocated 61 percent of new ARTF resources to IW projects, with a primary emphasis on poverty reduction, service delivery, social inclusion and citizens' engagement, followed by economic growth and job creation, and governance and state effectiveness as financing priorities.

Under the 2018-2020 PFFP, the ARTF partnership has gradually streamlined the IW portfolio. From a total of 25 projects supported through the IW in 2018, the IW currently supports 21¹ active or approved projects, including several emergency programs developed in 2020 to support GoIRA's response to the Covid-19 pandemic. **The modest overall reduction in the number of projects represents a significant structural change in the program of support undertaken through the partnership.**

In the first year of the 2018-2020 PFFP, the ARTF finalized preparations for the next generation of major service delivery projects in health (Sehatmandi), basic education (EQRA), economic empowerment for rural women (Women's Economic Empowerment Rural Development Program) and for returnees and internally displaced persons (Eshteghal Zaiee-Karmondena, or EZ-Kar), while also beginning important new governance initiatives linked to civil service reform (Tackling Afghanistan's Government Human Resource Management and Institutional Reforms) and public investment management (Public Private Partnership and Public Investment Advisory Project), followed early in 2019 by new programs begun to support core priorities in land reform (Afghanistan Land Administration Support Project) and the expansion of electronic payments (Payments Automation and the Integration of Salaries in Afghanistan). Scheduled project closures in 2018 and 2019, together with a large slate of closures planned in 2020, were expected to produce a streamlined portfolio focused in significant measure on core development priorities and areas of comparative advantage for the ARTF.

Emergence of the COVID-19 pandemic required the ARTF to shift its planned approach. The partnership responded boldly and flexibly, moving quickly to complement the WB-financed health sector response with programs designed to support Afghanistan's socio-economic responses to the crisis. Funds were released from ongoing programs to finance the new initiatives and ongoing programs were adjusted to support GoIRA's overall program of response. See Box 2. Implementation of the COVID response programs is ongoing currently.

The successful and rapid COVID-19 response demonstrated the ARTF's continuing ability to support delivery of core priorities while responding flexibly to emerging needs.

Box 2 Restructuring to respond to COVID-19

Afghanistan faces a major public health and economic crisis as a result of COVID-19. Low levels of testing, limited access to information, a high percentage of poor and vulnerable households who subsist on daily earnings, and constrained access to services are among the critical exacerbating factors. Severe economic impacts include: (i) massive disruptions to economic activity, consumption, imports, including of vital household items, and exports; (ii) negative impacts on remittances; and (iii) increased fiscal pressures.

The Government identified key priorities for response and recovery: (i) expanding basic healthcare and hospital reform; (ii) expanding community driven development; (iii) enhancing use of technology for distance learning; (iv) accelerating access to electricity and Internet; (v) assisting returning refugees and migrant workers; (vi) balancing social and spatial development; (vii) assisting provincial, municipal, district, civic organizations, and the private sector; and (viii) expanding links with neighboring countries.

The ARTF, guided by its development partners, has been driving the WB support to GoIRA's response. Afghanistan was one of the first global movers in March 2020, preparing an early response to the health crisis. The WB worked closely with GoIRA and the ARTF partners to consolidate and reprogram other portfolio resources: US\$ 335 million in IDA and ARTF funds were released from existing portfolio projects in 2020 and re-programmed into COVID-19 response operations. Additionally, US\$ 303 million in IDA and ARTF resources were re-programmed within current portfolio projects to support COVID-19 response activities, through a restructuring of ten operations. Overall, more than US\$ 1 billion in new and recommitted WB and ARTF funds was made available for COVID-19 programs to support relief, restructuring, and resilient recovery phases of the COVID-19 response.

Relief: a US\$ 100.4 million IDA grant for the Afghanistan COVID-19 Emergency Response and Health System Preparedness Project was approved in April 2020 as an immediate response to the health crisis and to strengthen public health preparedness. A COVID-19 Response Development Policy Grant of US\$ 200 million (\$ 100 million IDA and \$ 100 million ARTF) was approved in June 2020. The initiative supported policy actions linked to GoIRA's crisis response and addressed critical constraints to longer-term inclusive development while providing immediate liquidity to help recover from the economic shocks. In February 2021 US\$ 113 million was added to the emergency health program to help Afghanistan purchase and deploy safe and effective COVID-19 vaccines and support quick and fair access to health services and vaccinations. This sum included a grant of US\$ 50 million from the ARTF, the first ARTF approval in the 2021-2024 PFFP period.

Restructuring: the Relief Effort for Afghan Communities and Households (REACH, \$155 million IDA and \$125 million ARTF) and additional financing to the Citizens' Charter Afghanistan Project (CCAP second additional financing, \$ 65 million IDA and \$ 128 million ARTF) are working complementarily to leverage GoIRA's large investment in Community Development Councils for a nationwide community-led distribution of food and hygiene relief packages to households. The Emergency Agriculture and Food Supply Project (EATS, US\$ 55 million IDA and \$ 45 million ARTF) strengthens food security and agribusiness by supporting smallholder farmers and micro,

¹ This includes Public-Private Partnerships and Public Investment Advisory Project (PPIAP). WB has issued a "notice of suspension" for the project effective May 20, 2021 as the Project agreements require the Government's Public-Private Partnerships (PPP) fiscal risk management functions and the PPIAP Project Management Unit functions to be situated within MoF. Recent Government decisions (including through an amendment to the PPP Law enacted in October 2020) to move these functions out of MoF to the Administrative Office of the President do not conform with the existing project agreements and would necessitate cancellation of the agreements unless reversed. The "notice of suspension" formally advises the Government of this process with a deadline of August 31, 2021, to undertake necessary remedial actions to avoid project cancellation.

small and medium enterprises involved in the food supply chain. The Afghanistan Water, Sanitation and Hygiene (AWASH, US\$ 50 million IDA and \$ 150 million ARTF) project will focus on a sustainable COVID-19 response in the three largest Afghan cities (Kabul, Kandahar and Herat) that have been particularly hard-hit by the pandemic. It will support emergency relief and restructure the urban water supply and sanitation sector for a resilient recovery. Together, these projects support the GoIRA and WB development objectives of enhancing social protection for poor and vulnerable people, especially for women and improving government and community capacity to manage and respond to natural disasters, while continuing to strengthen cooperation across the humanitarian-development nexus.

Resilient Recovery: support began with the approval of the Strengthening Afghanistan's Financial Intermediation (SAFI, US\$ 100 million IDA) project in late September 2020. This project will support the private sector to build a resilient economy by providing access to finance for micro-, small and medium enterprises. Support to resilient recovery in Afghanistan will be strengthened further by the flagship Early Warning, Finance and Action (ENETAWF, US\$ 97.5 million IDA and \$ 142 million ARTF approved, project implementation subject to signing of legal agreements to formalize IDA-ARTF financing) project. ENETAWF will work to establish an adaptive safety net linked to a drought early warning system and an overall community resilience mechanism.

Two WB-executed windows provide technical assistance and promote value for money in ARTF support

The Anti-Corruption and Results Monitoring Action Program (ACReMAP) and Advisory Services Implementation Support and Technical Assistance (ASIST) windows

The 2018-2020 PFFP established two new Bank-executed windows in the ARTF, which together were budgeted to employ three percent of new ARTF resources during the financing period. The windows became fully operational in October 2018.

The Advisory Services Implementation Support and Technical Assistance window (ASIST) was established to provide demand-driven specialized technical assistance in strategically important sectors over more sustained periods than is typically possible through routine implementation support. Initiatives can be financed with the allocation of core ARTF resources provided to ASIST, or alternatively supported through supplemental contributions by one or more ARTF donors. ASIST requires substantial inter-ministerial consultation and discussion with ARTF donors before new advisory services are authorized. The consultative approach ensures strong GoIRA visibility and ownership and reduces the frequency of overlapping donor-financed technical assistance in core ministries. One percent of new resources were budgeted for ASIST initiatives under the 2018-2020 PFFP. ARTF donors receive semi-annual updates on ASIST programs.

The Anti-Corruption and Results Monitoring Action Program (ACReMAP) was established as a focal point for WB activities that support value for money in the ARTF portfolio. As outlined in Section E below, all WB projects, including ARTF-financed initiatives, are subject to multiple layers of fiduciary controls and social and environmental safeguards. Through ACReMAP, ARTF resources supplement these controls with additional measures tailored specifically to the needs and challenges of the Afghanistan context. Two percent of new resources were budgeted for ACReMAP initiatives

under the 2018-2020 PFFP. ARTF donors receive quarterly updates on ACRMAP activities.

B. Governance: a robust three-tiered governance structure

Governance bodies set PFFP strategy, oversee finances, review strategy implementation and advise on technical priorities of the ARTF partnership

The ARTF has a three-tiered governance structure. At the topmost tier is the **Steering Committee (SC)**, co-chaired by the Minister of Finance of Afghanistan and the World Bank's Afghanistan Country Director, consisting of Ambassadors from ARTF donor countries. The SC sets ARTF policy, endorses the multi-year financing program, and periodically reviews its implementation. The SC is intended to meet quarterly. In practice, the SC more typically meets annually to update the current PFFP based on recommendations from annual Country Portfolio Performance Reviews and from other ARTF governance bodies. The SC also convenes for ad hoc discussions when necessary.

Proposals to finance individual projects and programs are presented to the ARTF **Management Committee (MC)**. The MC comprises of the WB, the MOF (usually represented by a Deputy Minister), and the Country Directors of the Asian Development Bank, the Islamic Development Bank, and the United Nations Development Programme. The United Nations Assistance Mission in Afghanistan (UNAMA) acts as an official observer to the MC. The MC is mandated to review ARTF finances, approve financing allocations to individual projects and to make recommendations to the Administrator on ARTF management.

The MC meets as required to review proposals. During the 2018-2020 PFFP period, donors observed that being present during MC meetings where ARTF financing allocations are endorsed would support their oversight of ARTF contributions. As a result, since December 2018, ARTF donors have been invited to attend in-person MC meetings as observers² and to include comments in the meeting summaries.

The SC and MC are supported by the ARTF **Strategy Group (SG)**, which develops the PFFP for SC approval, oversees its implementation, provides analysis and advice on the ARTF as a whole, and makes recommendations to the SC for annual updates and adjustments to the PFFP. SG membership comprises MOF, usually represented by a Deputy Minister and the head of the Aid Management Department, the WB Country Director, and ARTF donor heads of cooperation and ARTF focal points. The SG meets monthly, gathering more frequently as needs arise. In developing its recommendations to the SC, the SG consults with two related working groups. The **Incentive Program Working Group (IPWG)** meets as needed to agree with GoIRA on the policy benchmarks to be tied to releases of funds under the

² Some routine financial transfers are conducted by virtual email approval. These decisions are discussed and reviewed at subsequent in-person meetings.

annual IP-DPG programs and reports on progress and results to the SC and the SG. The **Gender Working Group (GWG)** meets monthly to review gender aspects of ARTF-financed activities and makes recommendations to the SC and SG on improving gender outcomes, mainstreaming and reporting in ARTF-financed projects. IPWG and GWG members comprise technical specialists from MOF, the WB, and donor partners.

GoIRA, as the main beneficiary and stakeholder of the ARTF, and the WB as the Trustee and Administrator of the trust fund participate at all levels of the governance framework. GoIRA is responsible for setting development priorities that guide all ARTF initiatives, as well as for project design and implementation. The WB is responsible for ensuring that ARTF-funded initiatives are developed and implemented in a manner consistent with GoIRA guidance and WB policies. It provides co-chairing and secretariat support for the governance bodies, and provides implementation, monitoring and reporting support for ARTF-funded initiatives implemented by GoIRA.

Box 3 Sustaining ARTF governance during remote work

On February 24, 2020, GoIRA announced the first confirmed case of COVID-19 infection in Afghanistan. Within a month, donor partners and international organizations had begun to draw down international staff presence in Afghanistan, and most offices moved to a remote work modality to promote social distancing. Internationally based WB staff, including a majority of the ARTF secretariat team, began working remotely from their home countries, while Afghan WB staff worked remotely from their homes. The WB cancelled mission-related travel and moved to a stance of conducting implementation supervision and support via remote engagement.

The ARTF governance structure relies on frequent in-person meetings among partnership members, typically including at least two and at times up to four formal meetings monthly, accompanied by frequent informal briefings by project teams. The shift to remote work across multiple time zones created some risk that governance processes would be disrupted at a key moment when GoIRA, the WB and ARTF donors were working to prepare Afghanistan's COVID-19 response seeking to replenish the ARTF.

Prior investments in information transparency, shared knowledge of the ARTF portfolio, and technology solutions helped the ARTF partnership sustain trust fund governance during remote work. The 2018-2020 PFFP targeted improvements in ARTF partnership collaboration as one of six thematic operating priorities for the fund (later also incorporated in the Geneva Mutual Accountability Framework). To respond, the WB expanded ARTF staffing, established new protocols for dissemination of program information, and increased the frequency of donor updates on fund operations. Donors committed to regular engagement in ARTF governance bodies. Collectively, these measures generated important improvements in partnership collaboration, recognized by the ARTF SC at its annual meeting in 2019. Discussion of the ARTF priorities, including the substantial adjustments required to support GoIRA's response to the COVID-19 pandemic, were aided by the extensive CPPR conducted in January and February 2020, and by joint review of WB-drafted sectoral policy notes with recommendations for future engagements in March 2020. Finally, a longstanding practice of arranging ARTF meetings for both in-person and video conference engagement (necessitated by Kabul's periodic security and traffic disruptions) enabled a relatively smooth transition to virtual meetings.

All ARTF governance bodies sustained their regular pace of engagements during remote work. Meetings have been supplemented by additional engagements convening capitals-based senior officials. Frequent staff rotation is a particular challenge to the ARTF partnership, and many donor representatives rotated as the 2021-2024 PFFP was being prepared. Continued engagement of capitals-based donor representatives, including at the technical level, was helpful to ensure smooth transitions and retain knowledge continuity.

A refreshed ARTF Administration Agreement clarifies key features of the ARTF partnership

Key aspects of the ARTF governance structure are described in the Administration Agreement signed by individual donors and the World Bank as ARTF Administrator. The Administration Agreement includes an Annex setting out Standard Terms and Conditions Governing Contributions to the ARTF (ARTF STC). This document has been amended over the years to reflect changes to the ARTF structure and fees. Most recently, the ARTF STC was amended in October 2018 to create the ASIST and ACRReMAP windows after the SC endorsed the 2018-2020 PFFP.

In 2020 Sweden, Norway, Denmark, Finland and Netherlands (collectively, the “Nordic+” group) jointly proposed seven amendments to the ARTF STC. All seven proposed changes are drawn from language in a 2016 model agreement adopted by the headquarters-level Consultative Group on Operational Principles. The 2016 model agreement itself applies only to new trust funds, and therefore cannot be applied to the ARTF. However, in light of the longevity and the unique scale of the ARTF, the WB agreed, on an exceptional basis, to incorporate specific language from the 2016 model agreement into the ARTF STC if the ARTF SC endorsed the Nordic+ proposal and all ARTF donor members signed the amendment.

The SC endorsed the proposal at its 2020 annual meeting, held September 2, 2020. The amendments required endorsement of all 19 active ARTF donors. All 15 inactive ARTF donors were likewise required to sign the amendments or, alternatively, to formally withdraw from the ARTF. The WB began collecting signatures of active and inactive donors upon the SC’s endorsement. Almost all active and inactive donors have signed, but it remains possible that a couple of donors’ signatures will still be outstanding at the time the PFFP is endorsed.

An overview of the proposed amendments is set out in Annex 2. Once fully adopted, these changes are expected to contribute to the continuous process of strengthening the ARTF governance and partnership structures.

C. Finances: an improved financial footing with uncertainty ahead

The ARTF began the 2018-2020 PFFP period under financial stress ...

The ARTF parent account began the 2018-2020 PFFP financing period under stress. Contributions in the previous period had not reached commitment levels. Donors pledged US\$2.45 billion to the core ARTF program during the 2015-2017 Financing Strategy period. Approximately 82 percent of these pledges were fulfilled. Large-scale programs approved during the 2015-2017 Financing Strategy incorporated future tranches of financing in their design; these are program activities that will proceed subject to the availability of financing when GoIRA fulfills conditions to access tranche payments.

Altogether, as a result of the lower-than expected contributions and the anticipated future commitments to currently approved programs, the ARTF parent account held a negative net position of US\$ 302.16 million (representing the difference between the formally unallocated cash balance of US\$ 749.08 million and the outstanding commitments to programs with future financing tranches) in January 2018. Careful balancing of cash resources was required to ensure the ARTF continued to deliver on financial commitments. Annex 3 outlines how ARTF finances evolved over the 2018-2020 PFFP period.

... but concluded the 2018-2020 PFFP period on more solid financial footing.

The ARTF closed the 2018-2020 PFFP financing period on more solid financial footing than when the period began.

Contribution predictability improved. After initially committing US\$ 2.49 billion to the 2018-2020 PFFP, donors increased commitments to the ARTF, expanding the envelope to US\$ 2.5 billion, slightly above the level in the 2015-2017 Financing Strategy period. Funding predictability also improved relative to the 2015-2017 period, when 82.8 percent of planned contributions had been received. Overall, donors fulfilled 90.9 percent of their commitments during the 2018-2020 PFFP, though annual predictability dropped after the high of 2018, when donors fulfilled 99 percent of annual commitments. Predictability declined to 87 percent in 2019 and recovered somewhat to 90 percent in 2020.

The ARTF concluded 2020 with an unallocated cash balance of US\$ 547.65 million. This sum is sufficient to finance outstanding tranche commitments as well as some of the planned commitments in the first year of the 2021-2024 period. The cash carryover provides an important assurance as the ARTF and Afghanistan move forward together in a period of high uncertainty.

Indicative commitments for the 2021-2024 period have declined from earlier periods and are subject to considerable uncertainty

Most ARTF programs are fully financed at the time of approval. Financing for programs that are active or approved at the end of the financing period is therefore secure into the next phase of the ARTF, subject to continued delivery and re-confirmation in annual CPPR discussions. With a contingency of cash reserved and carried over into the next financing period, the fund begins the 2021-2024 financing period in an improved position relative to the start of the last cycle. However, it faces a much higher level of uncertainty than it did under the 2018-2020 PFFP.

Indicative commitments to the ARTF in 2021 total approximately US\$ 600 million. Error! Reference source not found. sets out the overall pledge to ARTF as of this endorsement. Funding commitments for 2021 have been confirmed, and processing of contributions will continue throughout the year—with most contributions, by volume and by value, typically received in the third and fourth quarters. Section 6 sets out in more detail how the ARTF partnership will annually determine the envelope of available programming resources following review of progress on APF commitments. Donor commitments are

expected to be based on Government's progress advancing APF commitments

D. Institutional context: leveraging resources and providing global leadership

ARTF is a cornerstone of the WB strategy in Afghanistan

ARTF is fully integrated in the WB strategy in Afghanistan and forms a cornerstone of WB planning. It has remained the main source of financing ensuring that implementation of the [WB Afghanistan Country Partnership Framework](#) (CPF) and financing program remained on track as reported by the 2019 [Performance Learning Review](#) of the CPF. The ARTF supported steady progress in delivering the program, especially in macroeconomic and fiscal management and provision of essential services. It has helped the government improve the revenue-to-GDP ratio, supported engagement in community development, citizen empowerment, health and education. Through these initiatives, the ARTF played a critical role in sustaining vital services to the population, even in conflict-affected areas.

ARTF contributions leverage significant additional resources from other sources of development grant financing

As the main platform for pooled on-budget financing of civilian and development expenditures and coordinated implementation support to GoIRA, ARTF leverages significant support from other sources of development grant financing. These resources include the International Development Association (IDA18 and IDA19 cycles, see Figure 2), Global Partnership for Education, Global Financing Facility and other funds that pool resources around critical development issues.

IDA18 complemented ARTF with more than US\$ 1.1 billion

IDA complemented the ARTF with US\$ 1.16 billion in FY18-FY20.³ Under IDA18, Afghanistan received a performance-based core allocation (PBA) of special drawing rights (SDR) 560.2 million⁴ as well as access to the Regional Window and the Private Sector Window (PSW). Given the uncertainties caused by the Parliamentary and Presidential elections, as well as peace settlement discussions, IDA18 resources were significantly front-loaded, allowing to use nearly 90 percent of the PBA in the first two fiscal years of the cycle. IDA windows—the [Private Sector Window](#) and the [Regional Window](#) have been instrumental in ensuring timely, tailored support to both short- and long-term needs of Afghanistan.

IDA19 continues to complement ARTF financing

Under IDA19, the PBA was significantly increased to SDR 712.9 million, in line with the overall increase of the IDA financing and policy package as well as the strengthened focus on fragile and conflict-affected states. In addition, IDA19 helped GoIRA advance and scale up its support to Afghanistan's COVID-19 response during the final

³ The WB fiscal year runs from July of the preceding calendar year through June of next calendar year.

⁴ IDA performance-based allocations (PBA) depend on: (a) total IDA resources available; (b) the number of IDA-eligible countries; (c) the country's performance rating, per capita GNI, and population; and (d) the performance and other allocation parameters for other IDA borrowers.

year of the 2018-2020 PFFP, when the remaining ARTF financing envelope was limited and the future ARTF envelope highly uncertain. FY21⁵ allocations on aggregate were increased to 43 percent of IDA19 resources (as compared to one third, which is a regular practice), subject to countries establishing their Performance and Policy Actions (PPAs) by October 31, 2020. This would enable Afghanistan to use over US\$ 430 million of IDA19 in the first year of IDA cycle, helping bridge the uncertainty regarding the ARTF envelope.

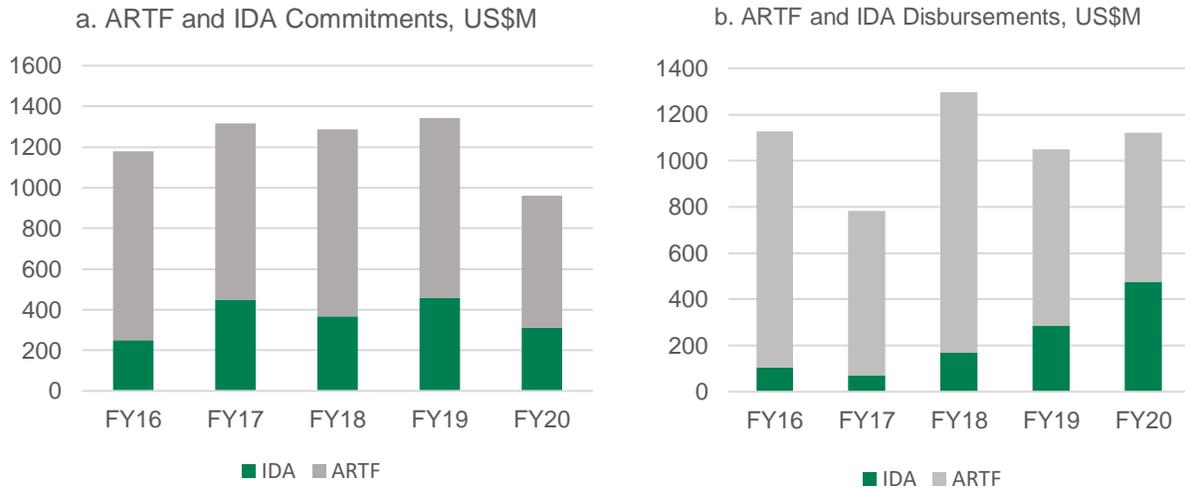
Finally, flexibility of IDA rules allowed recommitment of IDA18 resources during the early IDA19 period and thus provided additional space to design and finance emergency interventions. Replenishment of IDA resources will be sought by December 2021, bringing the IDA 20 cycle forward by one year, reducing a risk of declining resources associated with frontloading for the COVID-19 response.

Linking IDA and ARTF financing has been operationally successful

Linking IDA and ARTF financing under the 2018-2020 PFFP proved successful from the operational standpoint. There were synergies not only in joint financing and leveraging resources from other partners, but also in integrated management of pipeline and portfolio implementation, and strengthening anti-corruption mechanisms and partnerships across portfolio, improving effectiveness and increasing impact. Joint IDA and ARTF programming also allowed consistent support of policy reforms under the innovative IPDPG series of operations, which will continue under the 2021-2024 PFFP. Joint support by IDA and ARTF allowed these operations to apply a multi-tranche approach to disburse budget support throughout the year on a reform-by-reform basis. This has proven effective in maintaining continuous incentives for reform, while also improving predictability in much-needed budget support flows, with disbursements made against individual reforms, rather than completion of an overall program.

Figure 2: ARTF and IDA Delivery to Afghanistan

⁵ The World Bank fiscal year differs from the calendar year or the Afghan fiscal year. The World Bank fiscal year runs from July 1 through June 30 of the next calendar year. The ARTF follows the Afghan fiscal year, 1 JADI in the Afghan solar year through 30 Qaws of the next solar year, generally December 21 or 22 of the calendar year through December 20 or 21 of the next calendar year. Because these dates align closely with calendar year, ARTF annual cycles are often referred to by the calendar year, for convenience. Thus, the first year of the current PFFP cycle began on 1 JADI 1399 (December 21, 2020) and is often referred to as 2021, for convenience.



Source: World Bank Group

ARTF aligns with the global policy commitments of IDA19

The ARTF is fully aligned with the IDA19 overarching theme of "Ten Years to 2030: Growth, People, and Resilience". IDA19 supports the world's poorest and most vulnerable countries to implement country-driven solutions that are people-centered, boost economic growth, and bolster resilience to climate shocks and natural disasters. ARTF supports the five special themes of IDA: (i) climate change; (ii) fragility, conflict and violence; (iii) gender; (iv) governance and institutions; and (v) jobs and economic transformation.

Strategic and operational frameworks outlined in the 2018-2020 PFFP and in the Afghanistan CPF brought Afghanistan to the forefront of implementing the [World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025](#) (FCV strategy). The World Bank has prepared an Afghanistan Risk and Resilience Assessment (RRA) in connection with its regular cycle of country engagement and analysis. RRA analysis and recommendations will help ensure that both ARTF operations financed under this PFFP and the next CPF are well-informed by the lessons of operating in conflict situations, including by recommending introduction of a conflict and governance filter in the Afghanistan program to assist in prioritizing and monitoring investments. Basic elements of such a filter were piloted in the 2021 CPPR.

ARTF also allows Afghanistan to advance the 23 implementation measures of the FCV Strategy, including, e.g. implementing digital solutions in FCV settings (e.g., the [Payments Automation and Integration of Salaries in Afghanistan](#) project, the [Digital ASIST initiative](#), the [ARTF third-party monitoring agent's](#) use of technology, and the [geo-enabling initiative for monitoring and supervision](#)), enhanced use of operational flexibilities (e.g. High-Risk Area

Implementation Strategies⁶), increasing the footprint on the ground and face time with the client and partners.

ARTF generates global lessons on working effectively in FCV settings

The ARTF generates lessons for other countries on what has been and remains critical to working effectively in FCV settings. Afghanistan represents a classic example of an FCV context. Development needs are massive, prioritization between short-term and long-term goals is challenging, resources are limited, and staff are constrained by movement restrictions and other safety and risk considerations. Under these circumstances, the ARTF facilitates close coordination among development partners and detailed, substantive prioritization dialogue with GoIRA under tightening resource constraints. Its flexibility and responsiveness to the rapidly evolving situation in Afghanistan enabled Afghanistan quickly to develop COVID-19 relief programs with wide coverage even as the partnership sustained support to core programming priorities and continued to focus on selectivity and streamlining the portfolio.

ARTF paved the way for WB trust fund reform

The ARTF helped pave the way for WB trust fund reform. Modeled on programs like the ARTF, the ongoing reform process aims to transition the WBG trust fund portfolio into fewer and larger Umbrella 2.0 Programs that support client countries progressively to advance their development agendas and achieve the Sustainable Development Goals. Umbrella 2.0 programs aim to provide timely and sizeable financial resources along with impactful solutions. (See [Trust Fund Reform](#)).

ARTF has been among the nine early movers globally for implementing the Umbrella 2.0 principles, including preferencing, governance, results framework and reporting and use of a broad range of WB instruments to support country outcomes. Because almost all of its disbursements are for recipient-executed trust fund (RETF) grants, ARTF is also the largest “early mover” Umbrella 2.0 program. Notably, 57 percent of the WB’s entire recipient-executed trust fund disbursements to FCV-affected countries are made by the ARTF⁷. As a single country Umbrella Trust Fund, the ARTF is recognized for delivering transformative solutions and maximizing value by avoiding fragmentation, supporting strategic alignment of donor financing, and providing enhanced portfolio oversight.

Certification as an Umbrella Trust Fund requires no major structural or governance changes to the ARTF. However, this PFFP incorporates

⁶ Several projects in Afghanistan such as the Citizens’ Charter have prepared and adopted ‘High Risk Area Implementation Strategies’ that factor security risks – including those emerging during pandemics - into the design and implementation modalities for the program in difficult/insecure areas.

⁷ “Moving the Needle for Greater Impact” 2020 Trust Fund Annual Report (draft, August 7, 2020).

two priorities agreed in the trust fund reform process that have not been formally documented in past PFFPs or ARTF Financing Strategies.

- First, the ARTF partnership is taking steps to develop a results framework. See Figure 13 for an illustration of an indicative results framework as well as a gender-specific results framework. Annex 2 summarizes the in-process changes to the ARTF administration agreement that will formalize this commitment.
- Second, this PFFP includes a formal ARTF Communication and Visibility Plan. The ARTF has a well-established approach to communications that has ensured consistent branding for the fund and ensures equitable visibility of all contributing partners. The PFFP does not propose significantly to alter this longstanding approach, but rather to document it for clarity and as a shared point of reference. Annex 5 Communication and Visibility Plans sets out the details of this plan.

E. Managing risks: a multi-layered approach to risk monitoring and controls

The ARTF operates in a high-risk environment

The ARTF has established a strong record of delivery, but risks to the fund, the projects and operations it finances, and their expected outcomes are high. Security conditions deteriorated during the 2018-2020 PFFP period and remain challenging, despite the commencement of Afghanistan Peace Negotiations, which were broadly welcomed. Political, institutional and macro-economic risks likewise remain high, and in Afghanistan's fragile and rapidly evolving context, unexpected shocks such as the emergence of the COVID-19 pandemic can pose serious risks to vulnerable populations and to development outcomes.

As ARTF Administrator, the WB continuously monitors risks and provides a high degree of transparency to ARTF donors

Recognizing that Afghanistan presents a high-risk and rapidly evolving context, the WB monitors risks continuously. Specific mitigation measures evolve in response to emerging needs, guided by standardized WB frameworks and risk-rating tools. Risk is monitored at two levels:

At the individual project level, WB task teams develop risk matrices during the design phase of preparations, considering specific areas of risk and generating an overall project risk rating. The WB applies the same standard of oversight to all projects, regardless of whether the projects are financed by WB resources or global trust funds, the ARTF, or a combination of financing sources. Oversight mechanisms have evolved significantly over time. Project risks are monitored during implementation. Risk ratings are updated during twice-yearly implementation support missions that assess environmental and social safeguards and fiduciary issues. Updated risk ratings are made publicly available through Implementation Status and Results (ISRs) reports that follow these missions. In Afghanistan, GoIRA has also authorized the WB to

disseminate management letters and aide-memoires prepared for government to ARTF donor partners. The correspondence summarizes implementation support mission findings and adds context and narrative to the public data reported in ISRs. Weekly dissemination of the latest correspondence enables ARTF stakeholders to remain current on the most recent project-related developments. Annual Country Portfolio Performance Reviews (CPPR) provide an opportunity for the WB, MOF and donors to assess and address implementation challenges.

Figure 17 provides an update of key findings from the 2021 CPPR.

At the strategic trust fund level, an ARTF risk matrix identifies risks to the ARTF portfolio as a whole and summarizes mitigating measures. Given the breadth of the ARTF portfolio and the frequently changing context, mitigation measures at the trust fund level cannot be overly prescriptive. The matrix outlines broad principles and summarizes key mitigation measures along critical parameters, leaving room for adaptation in response to a changing environment. Risk monitoring benefits from cooperation among GoIRA, WB technical teams, and ARTF donors to ensure that risks in the ARTF operating environment are clearly understood and appropriately managed. Annex 6 presents the ARTF risk matrix.

ARTF supports an enhanced fiduciary control framework to mitigate high corruption risks in Afghanistan

Corruption remains a persistent risk in Afghanistan, which ranks among countries with the highest perceived rates of corruption in [Transparency International's Corruption Perception Index](#). Combatting corruption, and its corrosive effects on the impact of development programs, is a top priority shared among GoIRA, the WB, and ARTF donors.

The WB applies a multi-layered enhanced fiduciary control framework to ARTF projects. Annex 7 details the approach.

- Three “layers” of the fiduciary control framework are based on standard WB-project controls, which apply to all ARTF-financed projects. Project design establishes project-specific governance and management structures, as well as routine management measures, for which GoIRA is responsible. GoIRA is also responsible for monitoring and reporting responsibilities of the project and annual audits. The WB provides project supervision and implementation support through ongoing engagement with project teams and formal implementation support missions conducted twice yearly.
- Since the fund began operations in 2002, ARTF resources have supported a customized fourth “layer” of fiduciary control with a program of third-party monitoring (TPM). Initially focused solely on monitoring the financial eligibility of expenditures through the ARTF’s RCW, a second contracted third-party monitor was added in 2011 to provide on-site monitoring of certain

geographically dispersed projects. Together, the two contracts grew to become the largest TPM program administered by the WB globally.

- With the establishment of the ACRéMAP window under the 2018-2020 PFFP, the ARTF partnership further scaled up fiduciary oversight and monitoring, adding a fifth “layer” to the enhanced fiduciary control framework. Key ACRéMAP accomplishments have included a consolidation of the ARTF TPM program under a single contract, and an expansion of monitoring activities (including during COVID-19 related movement restrictions, with additional safety controls in place). ACRéMAP also introduced the process of in-depth fiduciary reviews. These are detailed, evidence-based retrospective reviews of transactions funded by an individual World Bank-financed project. Figure 15 summarizes the findings and impact of the two in-depth fiduciary reviews conducted to date. Each generated candid and challenging dialogue with the GoIRA and donor partners, ultimately serving to identify new ways to supplement the enhanced fiduciary control framework.

Program investments support portfolio-wide efforts to promote transparency and accountability

Operating alongside these “layers” of fiduciary control, a targeted program of project investments and policy support aims to build capacity for GoIRA procurement, financial management, and audit staff, strengthening the government’s technical ability to deliver on anti-corruption measures. Investments in public systems, such as digital payments infrastructure, aim to reinforce transparency and reduce vulnerabilities to corruption, while policy reforms supported through the RCW ensure a sustained focus on public financial management and accountability.

The 2021-2024 PFFP will continue to prioritize implementation of the enhanced fiduciary control framework, together with complementary programming, as essential mechanisms for operationalizing the policy commitments set out in GoIRA’s anti-corruption strategy and reform programs. As individual processes generate learning and insights, the framework itself will continue to evolve, incorporating lessons learned and building on successful practices.

Multiple reporting channels are available for cases of suspected fraud and corruption

Even the strongest fiduciary controls cannot prevent fraud and corruption entirely. The [WB Integrity Vice Presidency](#) (INT), an independent unit within the World Bank Group, investigates and pursues sanctions related to allegations of fraud and corruption in World Bank Group-financed projects, including projects financed by WB-administered trust funds such as the ARTF. The WB provides multiple channels, both attributable and anonymous, for reporting concerns about corruption. A selection of these channels available on WB webpages is illustrated in Figure 3. Representatives of INT

engage periodically with ARTF donors to respond to questions about INT’s processes and update donors on concluded INT investigations.⁸

Figure 3 Multiple channels for reporting suspected fraud or corruption

The screenshot displays the World Bank Integrity Vice Presidency (INT) website. On the left, there are two contact boxes: one for 'Country Office Contacts' in Kabul with the email 'infoafghanistan@worldbank.org', and another for 'Work With Us In Afghanistan' listing 'Jobs', 'Procurement', and 'Report Fraud or Corruption'. The main content area features the INT logo and navigation menu. A prominent section titled 'REPORT SUSPECTED FRAUD OR CORRUPTION' includes a call to action: 'Concerned about fraud or corruption in World Bank Group-financed projects? Fill out the online Integrity Complaint Form'. Below this, there are links for 'Report Suspected Fraud or Corruption' and 'Scams and Fraudulent Investment Schemes That Misuse Our Name'. A 'NEWS' section is also visible at the bottom.

⁸ To preserve the integrity of its processes and the confidentiality of individuals who cooperate with those processes, INT does not brief donor representatives on ongoing cases.

3. The ARTF has driven impressive development results

A. The ARTF has played a key role in building core government functions

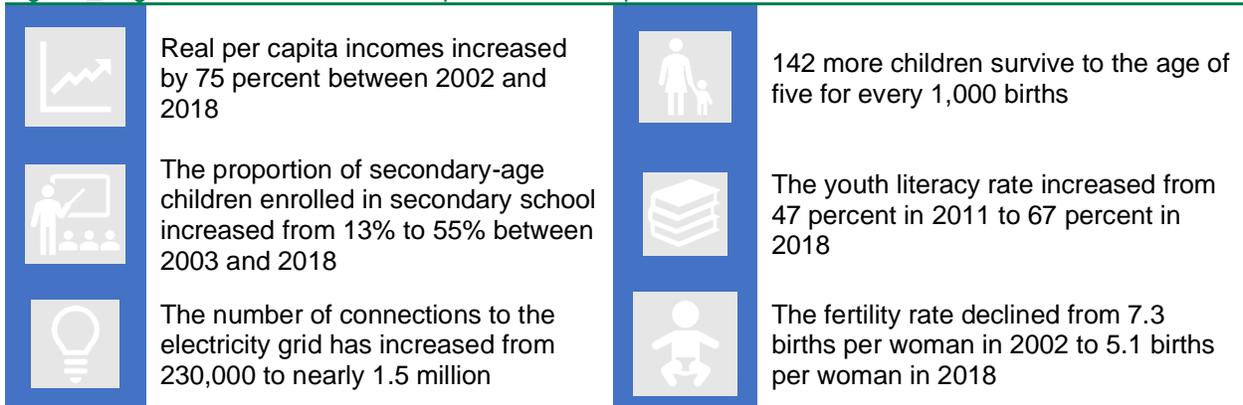
Financing through the ARTF has supported core government programs

ARTF resources are channeled through government agencies and programs, helping to sustainably build institutional capacity to deliver development results. ARTF support combines financing with technical assistance and policy advice to build government delivery systems. Through the rebuilding of core government institutions, Afghanistan has been able to achieve impressive development results. Over just 19 years, against many metrics, outcomes have improved from among the worst in the world to average levels for low-income countries.

Development progress has been underpinned by sound economic management and public finance reforms.

Expansions in access to services and opportunities have been underpinned by: i) strong economic growth (averaging seven percent per annum between 2001 and 2018); ii) impressive improvements in revenue performance (revenue as a share of GDP has grown from around three percent in 2002 to more than 14 percent in 2019); iii) limited fiscal deficits, allowing Afghanistan to maintain one of the lowest levels of debt of any low-income country; and iv) low and stable inflation (inflation has averaged just six percent since 2002).

Figure 4 Afghanistan has achieved impressive development results



Source: World Bank and IMF data, NSIA household surveys

B. ARTF recurrent cost support has helped drive policy and institutional reforms

Support to Government recurrent costs has provided a vital platform for policy dialogue

Incentive Program Development Policy Grants and the Fiscal Sustainability Facility have provided vital resources to meet government payroll and other operational costs. A rigorous system of fiduciary controls ensures that funds are used only for the purposes for which they were intended. In 2020, support through the IP-DPG was equal to around 25 percent of government recurrent expenditure. Negative revenue impacts of COVID-19 are expected to increase fiscal pressures in the coming years, indicating a continuing potential role for discretionary grant support linked to a program of policy reforms as an important element of the ARTF portfolio.

Recurrent cost support is fully incentivized against policy reforms

Since 2018, 100 percent of recurrent cost support has been incentivized against policy reforms. The ARTF IPWG provides a forum for open discussion between GoIRA, ARTF partners, and the WB regarding current economic and fiscal challenges. Through the IPWG, partners identify reforms for economic development and financial management, monitor progress, and coordinate required technical assistance and support. The IPWG coordinates with the GWG to ensure that annual IP-DPGs include meaningful gender targets.

Figure 5: Reforms under the Incentive Program have delivered tangible short-term results

- **Tax reforms.** Introduction of electronic systems that allow firms and individuals to file their tax returns and make tax payments, reducing administrative burdens for taxpayers and corruption.
- **Civil service reforms, including measures to increase the numbers of women in senior civil service positions.** Computerized testing is now in place to recruit grade 1-4 officials, minimizing the incidence of corruption in hiring. Legal changes have allowed female-only advertisements, quotas, and additional scoring in selections for women.
- **Energy utility reform** has helped reduce technical losses and lower transaction costs to acquire a connection to the electricity grid. More than US\$50 million in pending electricity bills with government ministries have been cleared.
- **Fiscal transparency reforms** have supported the Ministry of Finance to publish online its full revenue data biweekly, minutes of cash committee meetings, and cash reports, amounting to an unprecedented level of fiscal transparency and accountability.
- **Improving operations and maintenance spending.** The Ministry of Finance has developed a new policy to ensure that adequate allocations for operations and maintenance expenditures are included in the annual budget. When fully implemented, this policy will ensure that infrastructure assets are properly maintained, ensuring the sustainability of economic benefits.

Source: World Bank

C. ARTF projects and programs have directly improved lives

Programs financed by the ARTF have directly impacted the lives of millions of Afghans.

ARTF programs in health, education, community development, and infrastructure have delivered measurable and directly attributable benefits to the Afghan people. Result-level targets are established in approval documentation for all programs. Results are assessed regularly in program evaluations and the ARTF annual reports.

Figure 6: ARTF programs have delivered direct benefits to millions of Afghans



Source: World Bank and IMF data, NSIA household surveys

D. ARTF supports international coordination beyond the trust fund partnership

ARTF enabled donors to fulfill Geneva Mutual Accountability Framework commitments

The ARTF is both a platform for coordination and a contributor to other coordination mechanisms that support Afghanistan's development and reform priorities.

In the 2018-2020 PFFP, the ARTF SC articulated six thematic operating priorities aimed at strengthening the ARTF partnership. The broader international community later signaled its support for the measures by incorporating these six priorities as an international commitment (short-term deliverable 16) in the [Geneva Mutual Accountability Framework](#), which called on the ARTF partnership to implement the reforms and review their progress in ARTF governance bodies. Through regular discussion in the ARTF SG and formal annual reporting to the ARTF SC in [2019](#) and [2020](#), ARTF stakeholders significantly strengthened the ARTF partnership and fulfilled a mutual accountability commitment to GoIRA partners.

Under the 2021-2024 PFFP, the ARTF will continue supporting mutual accountability dialogue. As in past framework cycles, ARTF-financed programs will continue to support, directly or indirectly, many [Afghanistan Partnership Framework](#) (APF) actions and targets. The ARTF partnership will finalize a results framework following the endorsement of this PFFP. An initial indicative framework, presented in Figure 13, is structured around the peace building, state building, and market building pillars incorporated in the ANPDF 2 and the APF. And as the APF review process evolves, the WB will continue to offer its support to GoIRA and its international partners in the process of discussing and assessing progress on APF priorities.

Figure 7 2018-2020: mutual accountability commitments with six improvements to ARTF operations

1	ARTF became increasingly programmatic by co-financing new investments with ARTF and IDA resources, incorporating phased approaches to longer-term engagements such as the IPDPG series, and responding rapidly to GoIRA priorities in the COVID-19 response.	4	The new ACREMAP window deepened attention to anti-corruption initiatives across the ARTF with expanded TPM, in-depth fiduciary reviews and a range of other initiatives that aim to improve value for money across the ARTF portfolio.
2	ARTF financing became increasingly incentivized and linked to achievement of agreed objectives. 100 percent of RCW financing is incentivized. Results-based financing has been carefully expanded in the IW including in health and education service delivery programs.	5	Regular GoIRA-led Country Portfolio Performance Reviews ensured that ARTF partners understand achievements and challenges across the portfolio, providing more structured information to inform strategic decisions about priorities.
3	The new ASIST window provided GoIRA with better access to long-term technical assistance in strategic sectors, supporting advisory engagements in public financial management, national statistics, extractives, energy policy, and digital development.	6	Significant investments in communications, transparency and operations of the ARTF governance mechanisms improved collaboration within the ARTF partnership.

Source: World Bank

4. Strategic Priorities for the 2021-2024 Partnership Framework and Financing Program

ARTF investments from 2021-2024 will be shaped by an intervention logic that supports inclusive economic development and reduced poverty, responds to current development constraints and opportunities, and aims to maximize impact by engaging in areas of comparative advantage and with appropriately tailored instruments. Priorities will continue to align with the ANPDF 2 and the APF.

A. Strategic context: the ARTF will align with emerging national priorities, building on a foundation of previous commitments

On-budget financing is fully aligned

One hundred percent of ARTF financing for RCW and IW programs flows through GoIRA's budget and systems. Modest sums employed for WB-executed activities under the ASIST and ACREMAP windows support GoIRA-led on-budget programs and as such are themselves fully aligned with development priorities. ARTF provides donors with a powerful platform for directing coordinated resources to Afghanistan's development priorities.

Linking the ANPDF 2, the APF and the 2021-2024 PFFP will enhance reporting on Afghanistan's development progress

The timing of the 2021 ARTF replenishment and preparation of this new 2021-2024 PFFP provided an important opportunity. For the first time in recent financing cycles, a new national development strategy, a new mutual partnership framework and a new ARTF financing strategy were developed simultaneously. While posing some short-term coordination hurdles, the process has enabled a strong foundation of confirmed programming priorities, economic analyses, and sectoral research. Of equal importance, the prospect of increasingly aligning reporting frameworks supports a longstanding ARTF partnership interest in increasing the coherence of reporting on Afghanistan's development progress. It also reinforces advancement of critical cross-cutting agendas for Afghanistan's development, including anti-corruption, gender and climate change, among others.

The ARTF portfolio as a whole will support ANPDF 2 and APF priorities in peace-building, state-building and market-building

The ARTF will support ANPDF 2 and APF priorities in peace-building, state-building and market-building, including those identified in the recently approved revised National Priority Programs. At any given time, the ARTF portfolio comprises not only programs developed and financed during the current financing cycle, but also programs developed and financed in earlier cycles, for which implementation continues. These earlier programs were developed to respond to GoIRA priorities and strategic guidance in place at the time, such as the first [Afghanistan National Peace and Development Framework](#) and earlier papers such as [Realizing Self-Reliance: Commitments to Reform and Renewed Partnerships](#) and the [National Priority Programs](#). GoIRA's ANPDF 2 explicitly bases new priorities on a foundation of progress under these earlier strategies and aims to build on lessons from earlier implementation.

The current ARTF portfolio will remain fully aligned as an on-budget mechanism and is well-positioned to respond to ANPDF 2's call for continuity, progression and regular assessment. Annual GoIRA-led reviews of the portfolio will continue (see Section F), informing both the annual updates of this strategy and assessments envisioned under the umbrella of the APF.

ARTF programming will continue to respond to the economic and fiscal context, including the acute needs driven by the COVID-19 crisis, and will account for the challenging context of fragility, adjusting in line with ANPDF 2 priorities should fragility worsen. If progress towards peace advances, the ARTF portfolio has the capacity, as demonstrated in the COVID-19 portfolio adjustments, to shift to take advantage of the opportunities for supporting growth and an expansion of services that would be enabled by a sustained reduction in violence.

B. Economic Context: Afghanistan faces difficult economic conditions

Afghanistan remains an undiversified economy, heavily dependent on aid and with a large illicit sector

Afghanistan's economy is shaped by fragility and aid dependence. The private sector is extremely narrow, with employment concentrated in low-productivity agriculture (44 percent of the total workforce works in agriculture and 60 percent of households derive some income from agriculture). Private sector development and diversification is constrained by insecurity, political instability, weak institutions, inadequate infrastructure, widespread corruption, and a difficult business environment (Afghanistan was ranked 173rd of 190 countries in the [2020 Doing Business Survey](#)). Weak institutions and property rights constrain financial inclusion and access to finance, with credit to the private sector equal to only three percent of GDP. Weak competitiveness drives a structural trade deficit, equal to around 30 percent of GDP, financed almost entirely from grant inflows. Grants continue to finance around 75 percent of public spending. Security expenditures (national security and police) are high at around 28 percent of GDP in 2019, compared to the low-income country average of around three percent of GDP, driving total public spending of around 57 percent of GDP. The illicit economy accounts for a significant share of production, exports, and employment, and includes opium production, smuggling, and illegal mining.

The economy is estimated to have contracted by 1.9 percent in 2020

Based on proxy indicators and preliminary National Statistics and Information Authority (NSIA) data, real GDP is estimated to have contracted by around 1.9 percent in 2020. The agricultural sector is estimated to have grown by 5.3 percent, mainly due to favorable weather conditions throughout 2020 and limited impacts of COVID-19 disruptions on the rural economy. The industry and services sectors, however, were heavily impacted by lockdown measures and border restrictions, and are estimated to have contracted by 4.2 percent and 4.8 percent, respectively.

Some recent gains in poverty reduction were

Results of a new NSIA Integrated Expenditure and Labor Force Survey (IE-LFS, formerly the Afghanistan Living Conditions Survey) show that

lost through the COVID-19 crisis

poverty declined to 47.1 percent in 2019-20 from 54.5 percent in 2016-17. Rural poverty declined from 59 percent in 2016-17 to 47.6 in 2019-20, mainly reflecting expanded agricultural output after recovery from the 2018 drought. Urban poverty, however, increased to 47.6 percent in 2019-20 compared to 41.6 in 2016-17. Urban poverty may have since increased further, with several private sector studies showing increased unemployment and loss of income for urban households through the COVID-19 crisis.

Income and wealth are unevenly distributed, with economic growth and poverty reduction weakly correlated.

Inequality fell between 2016–17 and 2019–20, from a Gini of 31.2 to 30.1. The Gini index measures the extent to which the distribution of consumption among individuals or households differs from a perfectly equal distribution: 0 represents absolute equality with everybody consuming the same amount, and 100 absolute inequality, where all consumption is concentrated in one person. The decline in the national Gini index occurred even though rural inequality increased from 25.4 to 27.1, driven by a narrowing of the distance in welfare between urban and rural areas.

Food prices soared in 2020 while credit to the private sector declined

Period average inflation reached 5.6 percent in 2020, up from 2.3 percent in 2019. Border closures and lockdown measures led to a food price spike of 17 percent in April year on year. Food prices moderated from May, with increased supply through a good agricultural harvest. Non-food prices remained largely stable throughout 2020 largely due to lower international energy prices.

Credit to the private sector declined by 1.1 percent in 2020 in the context of weak business confidence, reaching around 3.03 percent of GDP by the end of the year. With increasing deposits, as firms and individuals sought to reduce cash holdings amid increasing political uncertainty and insecurity, the loan to deposit ratio declined to 13.8 percent from 15.8 percent in 2019.

Both imports and exports declined, reflecting COVID-19 induced border closures, weak domestic economic conditions, and weakened demand from major trade partners. With the decrease in the level of imports outstripping the decrease in the level of exports, the trade deficit narrowed by two percentage points from 30.4 percent in 2019 to 27.6 percent of GDP in 2020. Reflecting large grant inflows, the current account surplus grew to 2.9 percent of GDP, and foreign exchange reserves remained at very comfortable levels (16 months of import cover). Consistent with the growing current account surplus, the Afghani remained stable against the US dollar.

The economic outlook is subject to uncertainty, but under a baseline scenario, growth is expected to remain sluggish in the medium term

Afghanistan's economic and development prospects remain highly uncertain. Major sources of uncertainty include: i) future political developments; ii) security conditions; iii) domestic, regional, and global economic conditions in the context of the ongoing COVID-19 pandemic. iii) future levels of international security and aid support.

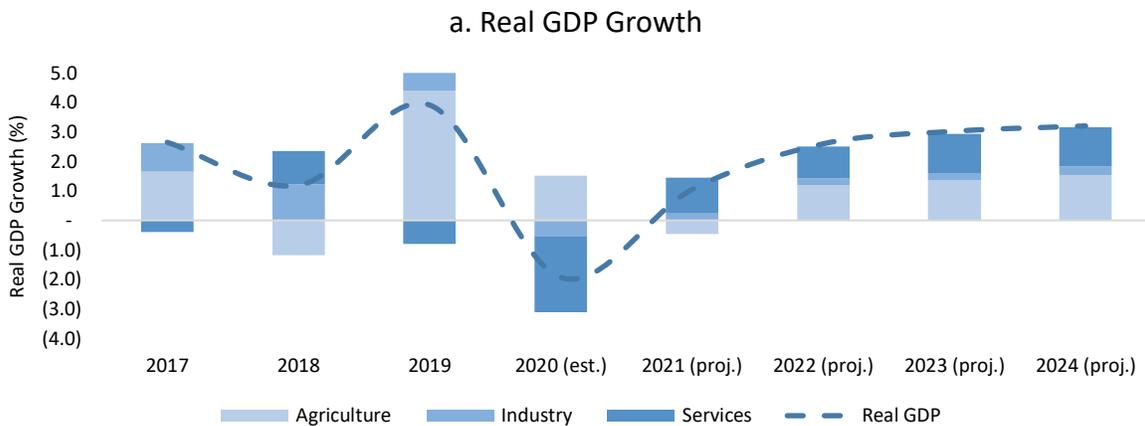
At the November 2020 Afghanistan Conference held in Geneva, Switzerland, donors renewed their commitment to aid support to Afghanistan for 2021-2024. However, several major donors provided only single-year pledges, with future support made conditional upon

the government achieving accelerated progress in efforts to combat corruption, reduce poverty, and advance ongoing peace talks. Aid support is now expected to decline by around 20 percent from the previous pledging period (US\$15.2 billion over 2016-2020) but could fall even lower if conditions are not met or if major donors further reduce commitment levels amid domestic fiscal pressures.

Under a baseline scenario that envisages continued uncertainty as outlined above and civilian aid delivery at the levels indicatively pledged at the Afghanistan 2020 conference, real GDP is expected to grow by one percent in 2021. Reflecting low precipitation through the 2021 winter season, agriculture growth is expected to be weak amid widespread drought conditions. While both rainfed farming and livestock are likely to contract, irrigated farming is expected to experience moderate growth. The industry and services sectors are expected to grow at a sluggish two percent, reflecting weak private sector confidence.

Over the medium term, real GDP growth is expected to average around three percent reflecting ongoing uncertainty, aid declines, continued insecurity, and slow reform progress. In the context of rapid population growth (around 2.3 percent), per capita incomes are not expected to recover to pre-COVID levels until 2025.

Figure 8 Economic conditions and incomes are expected to recover only slowly from the COVID-19 crisis



Source: World Bank staff estimates

C. Fiscal context: resources are expected to remain tightly constrained over the PFFP period

Government revenues fell below budget targets in 2020

Afghanistan achieved rapid revenue growth between 2015 and 2019, supported by progress in strengthening revenue administration. Revenues increased from around 10.1 percent of GDP in 2015 to around 14.1 percent of GDP in 2019, close to the average for low-income countries.

Much of this recent progress has been reversed through the COVID-19 crisis. Domestic revenues collapsed to 11.4 percent in 2020. Poor revenue performance reflects: i) reduced collections at customs points in the context of border disruptions; ii) a rapid slow-down in economic activity driven by lockdowns and social distancing measures; and iii) deteriorating compliance in the context of COVID-19 related administrative disruptions.

Recovery in revenue is expected to take time

Experience suggests that revenue recovery may take several years. Revenues recovered only slowly following sharp declines in the leadup to and aftermath of the 2014 presidential elections. The WB currently projects that revenue as a percent of GDP could recover to 2019 levels by 2024, contingent on effective implementation of the new Value Added Tax.

Under any realistic scenario, resources available for service delivery will decline over the PFFP period

Difficult economic conditions combined with sharp recent revenue declines suggest that fiscal resources are likely to remain tightly constrained over the next PFFP period (2021-2024). In the context of lower government revenues, slow economic growth, and rapid population growth, real spending per capita through the national budget is likely to decline over coming years, under any realistic ARTF financing scenario. To sustain real per capita spending at 2020 levels, ARTF contributions would have to increase above 2018-2020 levels, to approximately US\$1.5 billion per year. Sustaining ARTF contributions at close to 2018-2020 level would result in a real per capita expenditure reduction by around 20 percent over the PFFP period to 2024. At currently projected levels, representing an estimated 25 percent reduction in ARTF contributions relative to 2018-2020 levels, real per capita spending will decline further, by around 25 percent over the PFFP period to 2024. Recognizing the increased pressure on scarce resources, ARTF investments will require clear prioritization and robust controls to maximize impact in the 2021-2024 period.

D. Fragility context: Afghanistan has recently experienced intensifying fragility pressures

Insecurity remains pervasive

Insecurity continued throughout 2019 and into 2020, despite calls for a ceasefire amid the pandemic. Total civilian casualties reached 10,392 in 2019, slightly lower than 2018, with 3,403 deaths and 6,989 injured. Totals declined by 15 percent in 2020, with the United Nations

Assistance Mission in Afghanistan (UNAMA) documenting 8,820 civilian casualties (3,035 killed and 5,785 injured), the lowest number of civilian casualties since 2013. In 2020, 404,142 people from 32 provinces fled their homes due to conflict, a slight increase compared to 399,087 conflict-induced displacements in 2019.

Afghanistan Peace Negotiations commenced in September 2020, with the goal of a comprehensive peace agreement. Prospects for a sustainable political settlement, however, remain highly uncertain. Calls from the government and international community for a ceasefire during the process of negotiation have so far been rejected by the Taliban, and attacks on Afghan security forces continue. With the commencement of Peace Negotiations, civilian casualties declined over the first three quarters of the year, but increased again sharply over the fourth quarter of 2020 (45 percent over fourth quarter 2019) and the first quarter of 2021 (29 percent above first quarter 2020), reflecting casualties from ground engagements, improvised explosive devices, and targeted killings.

Amid active fighting in many areas, around 30 percent of Afghanistan's 407 districts are under Government control. Around 20 percent are controlled by the Taliban, while control over the rest of the country remains contested.

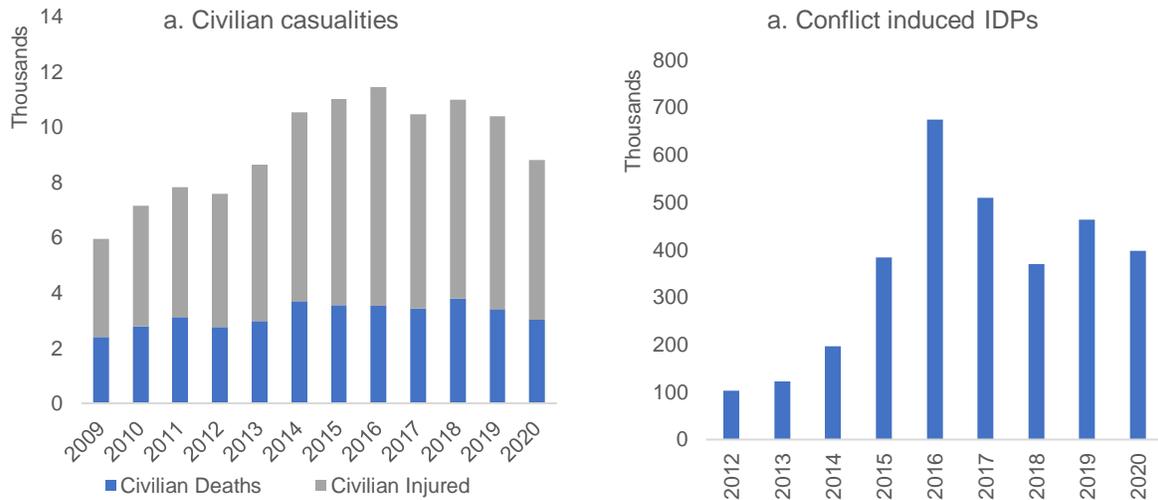
Political and governance risks persist

Security uncertainties have been intensified with the recent announcement that the United States will withdrawal all security forces by September 11, 2021. Other NATO forces are also expected to withdraw. The National Assembly has recently taken a more active stance, delaying passage of the budget mid-year review, initially opposing a new IMF program, declining to confirm several key ministerial appointments, rejecting laws that have been passed into force by Presidential Decree, and opposing key elements of the Government's response to the COVID-19 crisis due to concerns of corruption and mismanagement. Contestation and competition continue regarding appropriate representation in the various institutions involved in negotiating a peace agreement with the Taliban. Political instability and associated administrative disruptions continue to delay the pace of critical reforms and constrain confidence and investment.

The COVID-19 crisis is exacerbating fragility

The COVID-19 crisis has increased fragility pressures, including through: i) increased poverty and hardship due to the imposition of lockdown measures; ii) an accelerated flow of returnees from neighboring countries leading to increased displacement; iii) broad public perceptions of corruption and mismanagement in the Government COVID-19 response; and iv) increased gender-based violence, including sexual exploitation and abuse.

Figure 9 Conflict continues to exact a large toll on Afghan civilians



Source: World Bank staff estimates

E. Fragility context: political and security risks are likely to persist over the PFFP period

A political settlement with the Taliban brings enormous opportunities

Conflict has been the binding constraint to Afghanistan’s development over several decades. A sustained peace would bring enormous opportunities in terms of: i) improved access to services and infrastructure and ii) increased private sector development and accelerated economic growth, due to reduced costs and risks of investment and trade.

Sustaining and consolidating a peace agreement presents important challenges

There can be no guarantee, however, that a peace agreement will be reached over the 2021-2024 PFFP period, or that any political settlement will effectively resolve long-standing problems of conflict, insecurity, and weak governance. The withdrawal of international security forces may lead to a deterioration of security conditions and an increase in areas under Taliban control. Even if a peace agreement can be reached, critical challenges will include: i) providing alternative livelihood opportunities to former combatants, in the context of very difficult economic conditions and existing high levels of unemployment; ii) financing the provision of services and infrastructure in new areas, in the context of severe fiscal constraints; iii) maintaining the capacity of critical government institutions in the context of demands for politically-driven distribution of public sector jobs; iv) providing services and infrastructure in ways that address rather than exacerbate local-level contestations and grievances, v) the sustainable reintegration of large numbers of returnees; and vi) protecting standards of governance, human rights, including in particular rights of women and girls, and equitable access to services in the context of new power-sharing arrangements under which the Taliban are likely to play a major role. International experience shows that failure to adequately

Ongoing dialogue
required to monitor
operating conditions

address these challenges may lead to the breakdown of any peace agreement and further repeated cycles of violence.

ARTF programs are designed to be robust to Afghanistan's evolving security context, and this PFFP prioritizes attention to conflict sensitivity in ongoing operations. High levels of uncertainty in the current operating environment nevertheless require that the ARTF partnership be prepared to consider how it would respond in the event of a sharp change in the security context that affected the Government's ability to continue delivering programs.

The experience of remote work during 2020 demonstrated the ARTF partnership's ability to sustain operations during reasonably extended disruptions. COVID-19 related office closures in Kabul required GoIRA and ARTF donors to find new ways of engaging remotely. This has been achieved with reasonable success and offers a model that can help the ARTF partnership prepare to sustain operations in the event of security developments that impose a similar impact.

As outlined in Figure 1, in a worsening security environment, the WBG would expect to prioritize protecting programs that support the human capital of vulnerable groups, including women and girls, and strengthening selected institutions to preserve development gains and build capacity for future recovery. Programming would emphasize a "do no harm" approach, emphasizing communication, transparency, and drivers of peace and resilience. The WBG would aim to work with partners that could ensure inclusive and effective implementation, along with high-quality supervision and monitoring, with particular emphasis on working across the humanitarian-development-peace nexus. There is considerable flexibility within the current ARTF framework to select from among implementing agencies and facilitating service providers that are best placed to ensure service continuity in a challenging environment.

In the event of a more marked change in security conditions that affect the Government's ability to sustain program operations, the WBG would expect to apply a principles-based approach with the aim remaining engaged in Afghanistan, and would apply the same principles-based approach to planning RTF-financed programs. These principles, outlined in the WBG Strategy for Fragility, Conflict and Violence 2020-2025 (FCV Strategy), emphasize areas of WBG comparative advantage, and focus on how active engagement could help the country prepare for post-crisis recovery. Box 4 illustrates how the approach has informed recent WB support in Yemen. It is important to emphasize that changes to the ARTF's operating modalities would require substantial consultation and consensus among ARTF partners in Kabul, in capitals, and likely with the WBG Board of Executive Directors.

Box 4 Yemen: the humanitarian-development peace nexus in practice

The WBG has remained engaged in Yemen since conflict broke out in 2015, and early lessons demonstrate the value of applying a humanitarian-development nexus approach. In a complex humanitarian crisis, the WBG's development funding supports a system-oriented approach that complements the emergency response of humanitarian agencies, which is generally predicated on a substitution approach. The WBG's predictable multi-year funding adds value and helps preserve institutional capacity, protect human capital, and bolster national preparedness for shock response. Working in close partnership with local institutions and the UN actors who pursue life-saving emergency response, IDA's multi-year development funding makes a significant difference in scale/outreach and flexibility/speed, both of which are critical in crisis contexts.

Coordination across the HDP nexus is critical but entails defining shared or collective outcomes. This should take into consideration the different actors' comparative advantages and capacity to deliver in a given context. The coordination between development and humanitarian efforts enhances the overall impact of respective programs. The Yemen WBG-funded operations have demonstrated that it is possible to combine both short- and medium-term objectives while maintaining national systems—and even strengthening them through innovation. Such institution-focused investments can result in considerable savings in the medium and longer term. Since July 2016, IDA grants have reached \$1.76 billion to finance emergency operations that benefit people across the country.

WBG operations are anchored in a selective and integrated programmatic approach that leverages the WBG's comparative advantage in basic service delivery, institutional preservation, and resilience-building. The portfolio includes sectors not covered by

humanitarian actors (e.g., energy, urban development, and agriculture). Projects being implemented in tandem with UN agencies include the Emergency Crisis Response Project (\$840 million, in partnership with UNDP and UNICEF); the Yemen Emergency Health and Nutrition Project (\$683 million, with WHO); the Smallholder Agricultural Production Restoration and Enhancement Project (\$36 million financed from the Global Agriculture and Food Security Program, with FAO); and the Yemen Integrated Urban Services Emergency Project (\$150 million) and the Emergency Electricity Access Project (\$50 million) with UNOPS.

WBG support to the private sector has fostered resilience in ways not covered by traditional humanitarian response. During conflict, it is vital to invest in the private sector to sustain jobs and livelihoods and to preserve basic private sector capacity for post-conflict recovery, including by promoting the resilience of micro-level and informal sector activity. The solar energy Yemen Emergency Electricity Access Project is a key example of finding ways to support value chains that had been developed by Yemenis themselves out of necessity, rather than launching a more conventional intervention.

WBG knowledge products also provide a convening platform for strategic dialogue on development, resilience, and recovery that complements the work of humanitarian partners. The WBG's Advisory Services and Analytics portfolio serves three purposes in Yemen: (a) to inform operations and strategic engagement; (b) to remain engaged in sectors not currently supported by a lending portfolio; and (c) to facilitate strategic dialogue with external and internal partners on long-term sustainable reconstruction.

Source: WBG Strategy for Fragility, Conflict and Violence 2010-2025

F. Strategic priorities for this PFFP are informed by analysis of the context and development needs

The WBG has identified key development constraints and priorities

The WBG program in Afghanistan is informed by 18 years of in-depth analytical work on growth, institutional, and service delivery priorities. The current program has been shaped by the 2016 [Systematic Country Diagnostic](#) and by the 2018 report [Afghanistan to 2030: Priorities for Economic Development under Fragility](#). In 2019, the WBG worked with international partners to develop a draft [Post-Settlement Economic Initiatives Report](#), identifying critical development priorities to be pursued to sustain and consolidate peace following a future political settlement with the Taliban. More recently, the World Bank has produced a series of 20 policy notes in close collaboration with

Government and development partners, clearly articulating overall priorities for economic growth and development progress at the sectoral level.

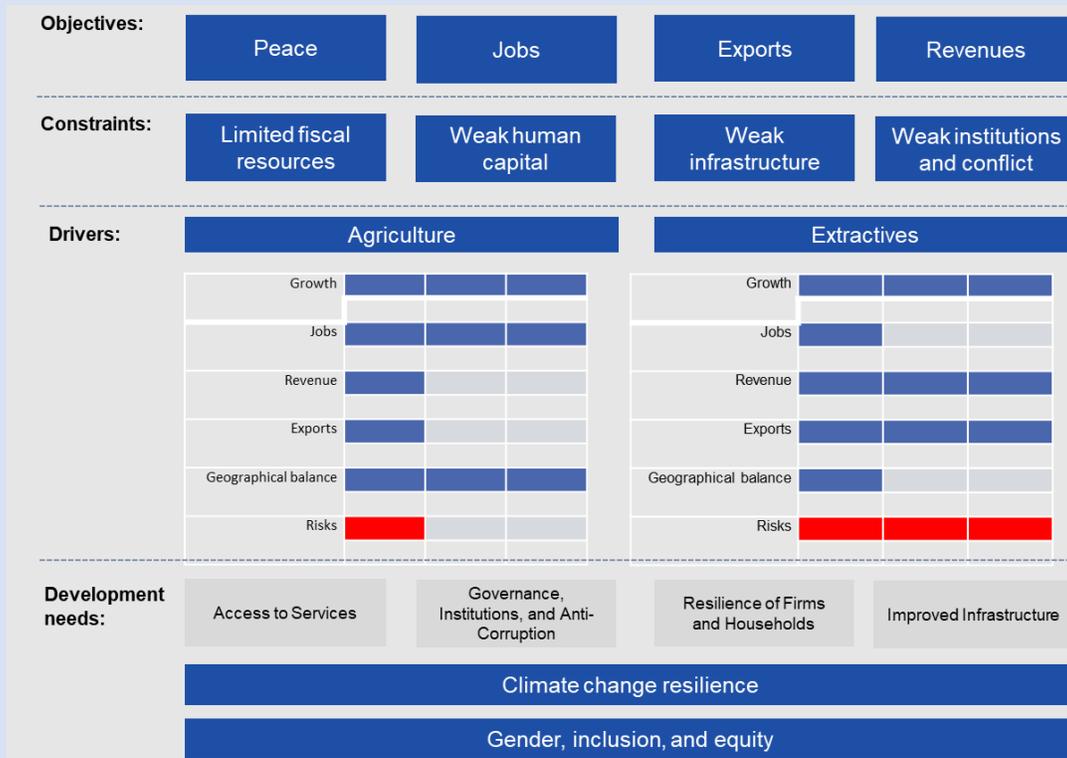
Figure 10 Analytical framework: development constraints and priorities

An inclusive growth strategy for Afghanistan must achieve multiple objectives. Policies and public investments must: i) maximize the opportunities for sustaining and consolidating peace following any potential political settlement with the Taliban; ii) generate employment opportunities for the 400,000 young Afghans entering the labor force every year; iii) generate new sources of foreign exchange receipts to finance the very large trade deficit (currently financed almost entirely by aid inflows); and iv) generate new sources of revenues with which to replace currently very-high grants, which are expected to decline over the medium-term.

A growth strategy must be viable within binding constraints that are unlikely to be addressed over the short-term. These constraints include: i) limited fiscal resources, given limited revenue potential and expected declines in grant support; ii) weak human capital, given low levels of education; iii) limited infrastructure, reflecting damage to the capital stock over decades of war; and iv) weak institutions, with associated issues of ubiquitous corruption and mismanagement of public resources, reflecting continued contestation over power and resources.

Agricultural development will be central to Afghanistan’s future development. Improving agricultural productivity presents the greatest potential for employment creation and poverty reduction, with half of households relying on agriculture and 90 percent of the poor living in rural areas. Agricultural development, however, will not be enough given limited export and revenue potential, given high levels of informality and limited international competitiveness in the medium-term. Despite associated governance, conflict, and environmental risks that will need to be adequately managed,, Afghanistan’s extractives potential must be realized, as the only sector with viable prospects to replace aid as a source of revenues and foreign exchange receipts over the medium-term.

Improvements in services, governance, and infrastructure are vital both to attract investment in potential growth sectors, but also to ensure that the benefits of growth are more-equitably shared. Immediate measures must be taken to address poverty and protect households from negative shocks that undermine human capital development and long-term growth prospects. No growth strategy is likely to be successful unless the full potential contributions of women and girls and other vulnerable groups such as internally displaced persons and the disabled are realized. Measures must be taken to ensure resilience to climate and weather-related shocks, which are likely to increase in frequency and severity over coming years.



Source: World Bank Policy Notes 2020

G. The ARTF will engage where impacts can be maximized

ARTF engagements align with government priorities.

The ARTF partnership will seek to ensure and strengthen alignment with ANPDF 2 priorities and to support the principles, objectives and actions of the APF. Government priorities of peacebuilding and reintegration are reflected in a continued emphasis on community governance through the Citizens' Charter program and a mainstreamed focus on inclusion and gender for resilient community development. Priorities of state-building are reflected in the core ARTF focus on service delivery in health and education, a mainstreamed focus on governance and anti-corruption, and continued support to economic management, civil service strengthening, land reform, and public financial management reform. GoIRA's priorities of market-building are reflected in ARTF's focus on realizing Afghanistan's natural resource potential through agricultural and extractives development, as well as continued support to key infrastructure, including energy and water. ARTF priorities are fully aligned with the new NPPs recently approved by government leadership (National Health, National Human Capital, Citizen's Charter, National Water and Resource Management, National Accountability and Digitalization, National Essential Infrastructure, National Energy and Extractives, National Financial Sector). The ARTF partnership will sustain continued dialogue with GoIRA as it develops National Priority Programs to guide sector-level strategies, to ensure that programming remains well-aligned with both the national and sector-level strategies.

ARTF will prioritize investments with a short-term impact on poverty reduction.

ARTF priorities will remain aligned with the WBG twin goals of eliminating extreme poverty and promoting shared prosperity. The poverty reduction focus is reflected in: i) support to core public services, including health and education, which are critical for human capital development and to break cycles of poverty; ii) a renewed emphasis on food security and social protection in order to protect the most vulnerable households against negative shocks, including those related to the impacts of climate change; iii) support to agricultural sector development, reflecting heavy reliance of poor households on employment in agriculture; and iv) continued support to community development with a mainstreamed and community-driven focus on supporting the poorest households.

ARTF will engage in areas where the WB has a clear comparative advantage.

Engagements will be informed by consideration of the WB's comparative advantage relative to other development partners. As the main vehicle for on-budget support to GoIRA, the ARTF program will continue to encompass core sectors where sustainable development of institutional capacity is critical for long-term development success, including in basic health and education services, community development, and agriculture. Infrastructure engagements will be coordinated with other on-budget partners and will reflect an agreed division of work at the sub-sector level (for example, ARTF energy sector engagements focus on distribution and financial sustainability while the Asian Development Bank-managed [Afghanistan Infrastructure Trust Fund](#) investments focus on core transmission

infrastructure). The ARTF will also engage in areas where the WBG has a comparative advantage due to specific technical capacities, including in: i) extractives development; ii) economic management and public financial management; iii) governance and civil service reform; and iv) social protection.

ARTF will continue to respond to the institutional and absorptive capacity of implementing agencies.

The governance and institutional context is expected to remain challenging and fluid over the 2021-2024 PFFP period. ARTF investments will remain flexible and responsive to the enabling environment and absorptive capacities of implementing agencies. Engagements and investments will be prioritized towards agencies that have demonstrated commitment and capacity to partner effectively with the WB and deliver results. Selectively calibrating engagement in response to improvements or deterioration in the capacities of implementing agencies is expected to align investment around performance. The planned roll-out of a conflict and governance filter is expected to contribute by helping to systematize consideration of implementing agency commitment, integrity, and capacity to addressing drivers of fragility, including with respect to gender and displacement.

H. The ARTF will continue to employ the full range of available instruments

Investment projects will continue to form the core of the ARTF program.

A consolidated program of investment projects will form the core of the ARTF program. Investment projects will continue to maximize the use of incentive mechanisms, including disbursement-linked indicators. Major program engagements in critical sectors will not only provide vital financing to service delivery, but will also, through the ARTF's on-budget modalities, support sustainable improvements in institutional capacity over time. Primary priorities will include sustainment and expansion of major programs in: i) health; ii) education; iii) community development; and iv) agriculture. Secondary priorities will include: i) continued program engagements in key infrastructure sectors of energy and water; and ii) strengthened investment and technical assistance support to extractives and private sector development.

Analytical and advisory activities will inform project engagements and help shape the policy and institutional environment.

The WB analytical program will be subject to substantial consolidation over the PFFP period, with a reduced number of analytical activities and an increased focus on critical, policy-relevant analysis. Analytical activities will be increasingly integrated with programming and policy engagements and designed with the necessary flexibility to respond to potentially significant changes in country and policy priorities. Priorities will include: i) technical analysis and advisory support to strengthen governance and anti-corruption; ii) continued analytical and advisory support to Government and development partners on economic management priorities; and iii) analysis to directly inform ARTF program engagements, including with respect to governance and conflict sensitivity.

Development Policy Financing will be used to drive critical reforms and create space for policy dialogue.

Development Policy Financing is a critical tool to support the overall effectiveness of the ARTF. Support provided through IPDGs provides much-needed financial resources for GoIRA's recurrent costs, including civil service salaries and vital operations and maintenance costs. Equally important, however, the IPDPGs provide: i) a vital mechanism to drive policy and institutional reforms that can support growth, enhance governance and transparency, and maximize the impact of investment project engagements, through unlocking policy, legal, or regulatory constraints in relevant sectors; and ii) a broad platform for dialogue on economic management issues between the WB, GoIRA, and ARTF partners, through the IPWG. Over the 2018-2020 PFFP period, dialogue through the IPWG has on several occasions helped convey collective messages from ARTF partners to GoIRA on important economic reform and management issues. Reforms supported by the IPDGs have delivered impacts and results (see Figure 5).

Over the 2021-2024 PFFP period, the WB will work with GoIRA and ARTF partners to identify a new program of critical reforms. In line with recommendations from recent reviews, the policy focus will be narrowed, and the number of reform actions will be reduced. Reforms will continue to be selected in close collaboration with ARTF partners and WB sectoral teams to ensure that they: i) reflect shared priorities of GoIRA and ARTF partners; and ii) can be supported through the provision of required technical assistance. The new program of IP-DPG reforms will focus on critical measures to manage upcoming fiscal adjustments and enabling recovery from the economic impacts of COVID-19. This will involve: i) fiscal expenditure reforms to reform the public sector wage bill and pensions, and to maintain and prioritize operations and maintenance expenditures; ii) fiscal revenue reforms, including reforms to support increased use of electronic systems and implementation of the value-added tax (VAT); iii) measures to manage risks and restore confidence, including enhanced fiscal reporting on expenditures and contingent liabilities, and strengthened governance of critical institutions including the power utility and state-owned banks.

Figure 11 Recurrent cost support: strengthening incentives for reform

Recurrent cost support has remained a critical element of the ARTF program since 2003. Around 60 percent of ARTF resources were allocated to recurrent cost support on average during the early years following the establishment of the ARTF (2002-2011). Following the Kabul Bank crisis, from 2012, the proportion of resources devoted to recurrent cost support declined substantially to around 35 percent, a level at which it has since remained.

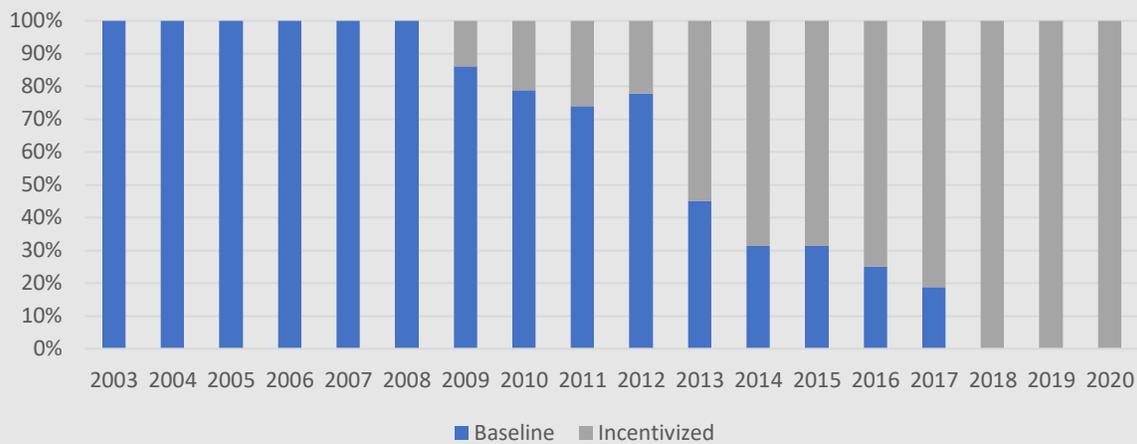
Over this time, the proportion of recurrent cost support provided as unconditional 'baseline' support has declined rapidly from 100 percent over the first years of the program to just 14 percent by 2017. From 2018, all recurrent cost support has been made conditional on the effective completion of an annual program of policy and institutional reforms jointly agreed between the Government, ARTF partners, and the WBG.

Over the 2021-2024 PFFP period, the proportion of ARTF resources allocated to recurrent cost support is expected to remain at approximately current levels under all financing scenarios. 100 percent of recurrent cost support will be incentivized against critical institutional and policy reforms.

Recurrent cost support as a share of ARTF commitments



Proportion of incentivized and baseline recurrent cost support



Source: World Bank

I. Intervention logic and indicative results framework

Activities under the new PFFP are informed by a clear intervention logic.

Activities under the new PFFP will reflect a clear intervention logic taking account of the strategic considerations discussed above. Key elements of this intervention logic are presented in [Figure 12](#).

The overarching outcome pursued through the ARTF will be inclusive economic development supported by self-reliant institutions and private sector for reduced poverty. These goals are tightly linked to and fully consistent with government priorities as established in the ANPDF 2 and the APF and with the World Bank’s mission.

Overall outcomes will be pursued through the achievement of three intermediate outcomes.

The overall outcome will be achieved through progress towards three inter-related intermediate outcomes:

- **Improved access to and equity in the provision of quality basic services and infrastructure, in support of the ANPDF 2/APF peace building pillar.** Rectifying current major gaps in infrastructure and service access will be critical to poverty

reduction and growth in Afghanistan and deficits in access to health and education constrain development and progress. An underdeveloped infrastructure network, including in energy and water and at the community level, constrains opportunities for private sector development and undermines service provision. Enhanced targeted social protection and emergency support are essential to provide direct support to households, firms and communities.

- **Improved, accountable and self-reliant institutions, in support of the ANPDF2/APF state building pillar.** Transparency, inclusivity and efficiency of core public financial management and civil service functions will be central to Afghanistan's self-reliance agenda in an era of constrained fiscal resources. Progress in these priority areas, complemented by investment in institutional capacity for the effective and sustainable delivery of core government services, will be essential for advancing ANPDF 2 priorities. ARTF programs will continue to support this pillar.
- **Improved enabling environment for inclusive growth, private investment, and poverty reduction, in support of the ANPDF 2/APF market-building pillar.** International experience is clear that sustainable growth and poverty reduction relies on private sector development. A critical goal of the ARTF will be to ensure progress towards an enabling environment that encourages and facilitates private sector investment, including through both addressing cross-cutting constraints and directly meeting strategic sector-specific needs arising from the pervasive market failures encountered in low-income fragile settings.

Intermediate outcomes will be achieved through the delivery of four major outputs.

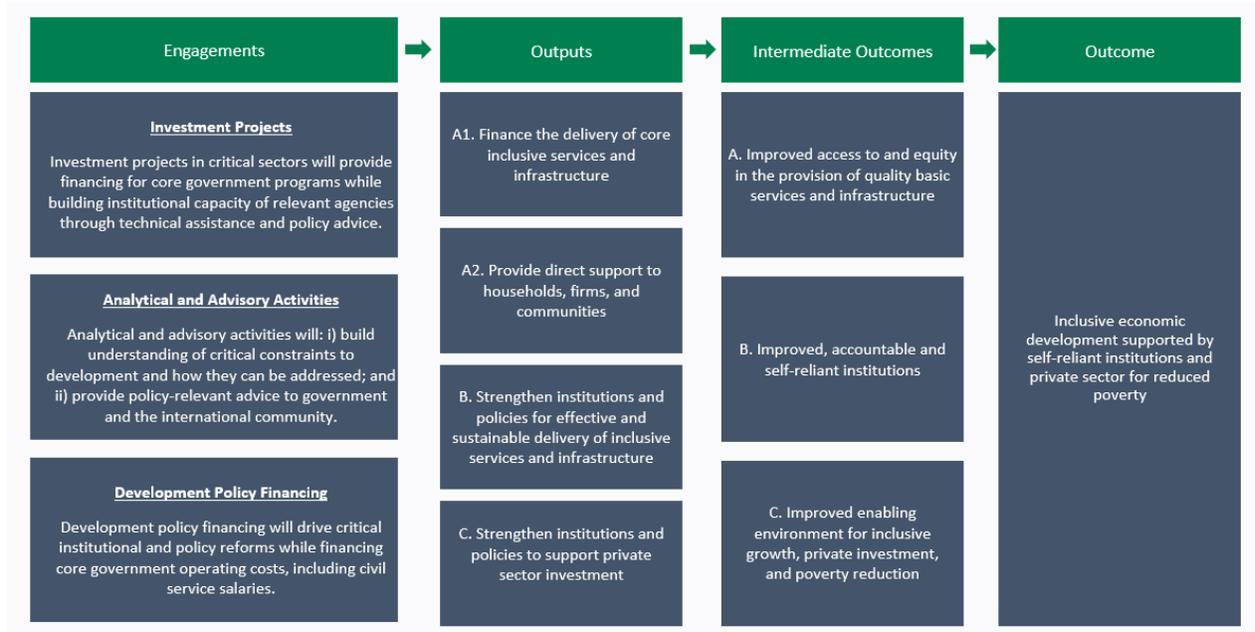
Overall and intermediate outcomes will be achieved through the delivery of four major outputs. These outputs are:

- **Finance the delivery of core inclusive, quality services and infrastructure.** The ARTF will continue to focus on its core role as a mechanism for providing coordinated donor financing in support of basic government programs. Critical financing support will be provided through major investment projects in: i) basic health services; ii) basic education services; iii) community development; and iv) core infrastructure in areas where the ARTF exhibits a clear comparative advantage (specifically, specific elements of water and energy provision). Investments in the energy sector will enable a medium-term adjustment towards renewable and low-emission energy sources.
- **Provide direct support to households, firms, and communities.** Through investment project financing engagements in community development, social protection and

emergency support, ARTF will provide critical protection to households to withstand the impacts of major shocks, including the current COVID-19 crisis, weather-related shocks, and displacement. Through project engagements in small rural businesses and in agriculture, ARTF will directly enhance firms' access to vital inputs, including financing, in a context where pervasive market failures sometimes necessitate provision of direct support.

- **Strengthen institutions and policies for effective, sustainable delivery of inclusive services and infrastructure.** The ARTF will continue to focus on building institutional capacity for sustained delivery. A key comparative advantage of the ARTF is the ability to deliver through government systems and agencies, allowing for sustainable capacity building. Leveraging a combination of investment project financing engagements, analytical and advisory activities, and development policy financing, ARTF will drive necessary institutional and policy reforms to ensure sustainably enhanced capacity for delivery in key service delivery and infrastructure agencies and sectors.
- **Strengthen institutions and policies to support private sector investment.** ARTF engagements will draw on global expertise and experience of the WBG to build the foundations for private sector investment. Through a combination of investment project financing, analytical and advisory activities, and policy reforms supported through the Incentive Program, the ARTF will support financial sector development through further integration of payment systems and improvements to the business regulatory environment, including addressing key constraints identified through the WBG Doing Business survey. Through sector-level engagements in agriculture and extractives, ARTF will address sector-specific institutional and policy constraints in areas where Afghanistan has potential for significant economic growth. Support to extractives development will focus both on enabling growth and on the management of associated conflict, social, and environmental risks through the strengthening of the associated regulatory and institutional frameworks.

Figure 12: Intervention logic for inclusive economic development in Afghanistan



Source: World Bank

Results will be tracked against this intervention logic, using a robust but adaptive results framework.

An indicative results framework for tracking ARTF investment results against this intervention logic is presented in Figure 13, together with a gender-specific results framework. The results framework is fully aligned with the ANPDF 2 and APF pillars and provides robust support to achievement of the Sustainable Development Goals (SDGs). The figure organizes outcomes and outputs under the ANPDF 2/APF pillars and illustrates how specific indicators from projects in the current portfolio or in-development pipeline initiatives will contribute, with annotations of links to key SDGs. Upon endorsement of the PFFP, the WB will work with ARTF partners to further develop and refine the indicative results framework, and will incorporate objectives, outcomes and output reporting on the function of the ARTF as a financing mechanism, including with respect to the thematic operating priorities outlined for the fund in this period in Section 5. Thereafter, the WB will adjust the design of regular ARTF reporting to incorporate the agreed results framework. The annual process of updating the ARTF PFFP will also be an opportunity regularly to refresh the results framework in consultation with partners, including to add indicators when pipeline projects outlined in section 6 are approved.

The intervention logic and results framework are subject to a range of assumptions and risks.

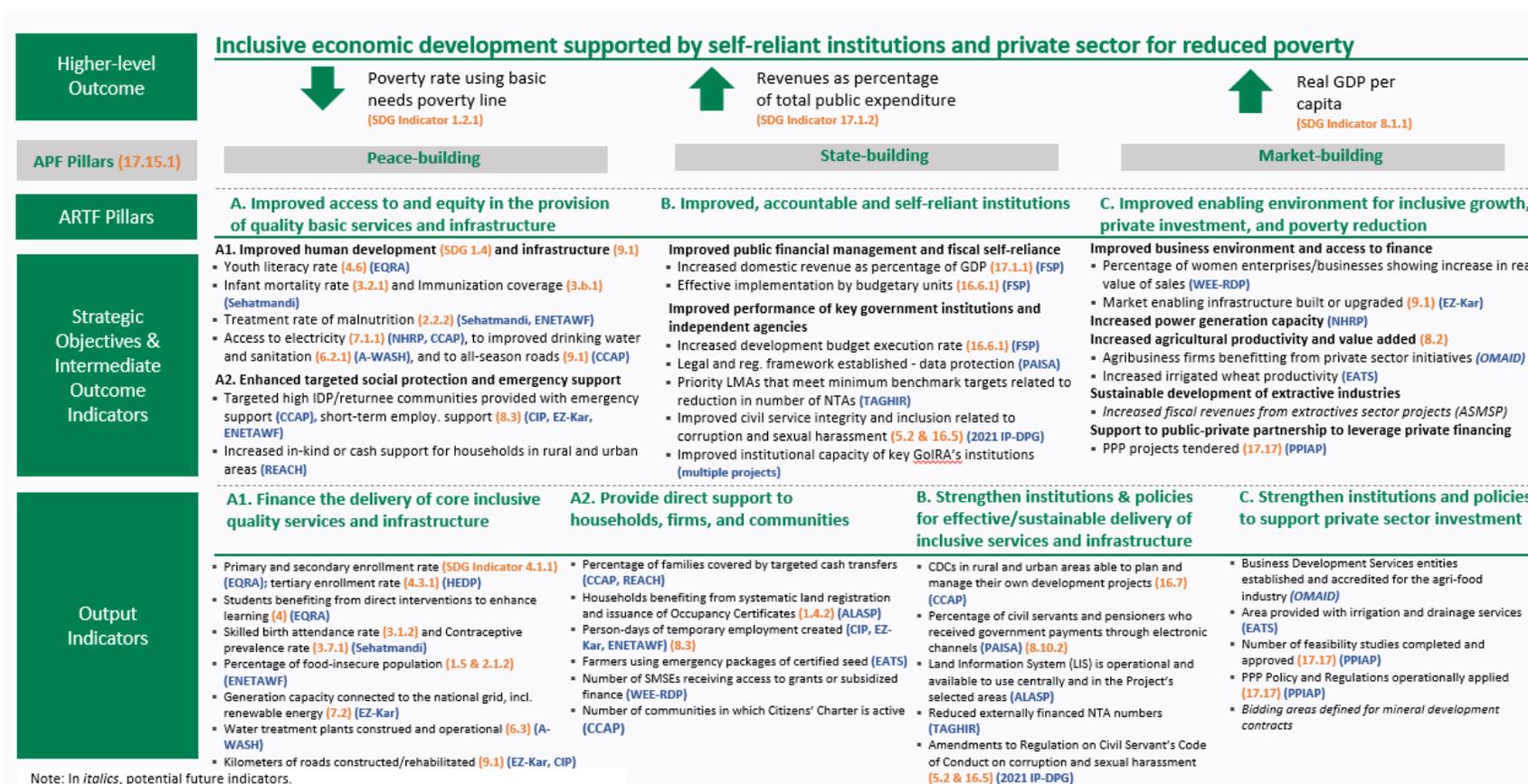
Critical assumptions include: i) security conditions will permit continued engagement through current modalities of support; ii) political and governance developments do not undermine capacity building through disruptive reconfigurations of agencies and staffing; iii) global economic conditions remain sufficient to facilitate the mobilization of international investment in key growth sectors; and iv) international security and aid support remains sufficient to maintain macroeconomic stability and finance critical planned activities. Key risks to the achievement of planned

outputs and outcomes are mapped in Annex 6 ARTF Standardized Operations Risk Rating Tool.

An adaptive approach will be taken.

The PFFP is being prepared in the context of high uncertainty. Consistent with good development practice, an adaptive approach to monitoring and reporting will be adopted, allowing for at least annual updating and modification of the intervention logic and expected results as country circumstances and priorities change.

Figure 13: Indicative Results Framework



Source: World Bank

Indicative gender results framework with relevant sex-disaggregated indicators

Higher-level Outcome	Increased Social and Economic Empowerment of Women		
APF Pillars (SDG 17.15.1)			
ARTF Pillars			
WBG Gender Strategy (SDGs 1-5, 8)			
Strategic Objectives & Intermediate Outcome Indicators	<p>Peace-building</p> <p>A. Improved access to and equity in the provision of quality basic services and infrastructure</p> <p>Human Endowments (Education/Health) (SDGs 3.1.1, 3.1.2, 3.7.1, 4.a, 4.3, 4.5 & 5.6)</p> <p>Improved human development & infrastructure</p> <ul style="list-style-type: none"> Reduced number of out-of-school girls in selected provinces; increased girls' regular attendance and learning (EQRA) Increased access of women to vocational education, training; and to higher education (ASDP II, HEDP) Increased access of women to health care providers: increased contraceptive prevalence rate (modern methods) & increased skilled birth attendance rate (Sehatmandi) Food Consumption score of female headed HHs (ENETAWF) 	<p>State-building</p> <p>B. Improved, accountable and self-reliant institutions</p> <p>Voice and Agency (SDGs 5.1, 5.2, 5.5)</p> <p>Improved performance of key government institutions & independent agencies</p> <ul style="list-style-type: none"> Increased women's voice and participation in CDCs (CCAP, CASA-CSP) Increased female participation in civil service and line ministries (TAGHIR) Increased access to identity and mobility (passports, and the frequency with which they can move outside of their dwelling) (EZ-Kar) Reduced incidence of sexual harassment of women in the civil service (revisions to Code of Conduct and sanctions for sexual harassment) (2021 IP-DPG) Improved school safety environment for students and staff (ASDP, COVID-DPL) Improved quality of women's participation in projects (Portfolio-wide) Improved access to grievance redress mechanisms (Portfolio-wide) Improved SEA/SH risk mitigation and survivor-centered (Portfolio-wide) Increased share of female staff in PIUs (All projects with PIUs) 	<p>Market-building</p> <p>C. Improved enabling environment for inclusive growth, private investment, and poverty reduction</p> <p>Jobs & Assets (SDG 1.4.2, 2.3, 5.a, 5b, 8.10.2, 5.5, 5.c, 8.5.2)</p> <p>Improved business environment, access to finance, productivity</p> <ul style="list-style-type: none"> Increased access of women to income generating activities (WEE-RDP) Increased access to finance (formal and informal) (WEE-RDP) Increased productivity of women enterprises/businesses through increased real value of sales (WEE-RDP) Increased access to economic opportunities measured by days of short-term female labor (EATS, EZ-KAR) Increased access to productive assets (EATS) Increased land rights for women (ALASP) Increased representation of women in licensed financial inst. (PAISA) Increased in-kind/cash support for female-headed households in rural and urban areas (REACH) <p>Support to PPP to leverage private financing</p> <ul style="list-style-type: none"> PPP projects tendered considering gender issues (PPIAP)
	Output Indicators	<p>Finance the delivery of core inclusive quality services & infrastructure</p> <ul style="list-style-type: none"> Female students benefiting from direct interventions to enhance learning (EQRA, HEDP, ASDP II) Female enrollment in priority degree programs in the 1st year of public universities (HEDP) # of girl schools with electricity serv. (Herat Electrification) Female students with access to adequate residential facilities for women on university campuses (HEDP) Deliveries attended by skilled health personnel and % of health facilities staffed with at least one female health worker (Sehatmandi) Participating provincial capital cities with at least one gender-focused municipal investment (CIP) # of female-headed households covered by targeted cash transfers (CCAP, REACH) Staff trained gender sensitive dist. of transf. to HHs (REACH) 	<p>Strengthen institutions & policies for effective/sustainable delivery of inclusive services & infrastructure</p> <ul style="list-style-type: none"> % of CDC members in rural/urban areas who are women, and % of sampled CDCs/comm. whose CDPs include at least one women's priority activity (CCAP) # of passports issued to female Afghan returnees in Pakistan (EZ-Kar) Eligible women's SHGs federated into village-level primary federat. (WEE-RDP) Gender budget statements developed for key ministries (HEDP) % of female civil servants and pensioners who received government payments through electronic channels (PAISA) Amendments to Regulation on Civil Servant's Code of Conduct on corruption and sexual harassment (2021 IP-DPG) # of students and teachers trained in Code of Conduct (ASDP II) Civil servant positions held by women (TAGHIR) Gender Strategy and Policy developed and adopted by AUWSSC (A-WASH) Share of projects with Code of Conduct and GRM in place (All projects w/ GRM and support for Code of Conduct)

Source: World Bank

5. Operating Priorities for the 2021-2024 Partnership Framework and Financing Program

Discussions among ARTF partners have confirmed that ensuring that the PFFP addresses both the ARTF's resources and program of support, and also its operating priorities during the financing period adds value and strengthens the partnership. Consensus on operating priorities has enabled the ARTF partnership to advance portfolio-wide improvements, structure policy dialogue within ARTF governance bodies, and support broader international community-wide commitments to Afghanistan's development.

During the 2021-2024 PFFP period, the ARTF partnership's approach – how it works – will focus on “six plus one” thematic operating priorities. Six of the priorities will focus on how the ARTF implements projects during the PFFP period. The ARTF will intensify mainstreaming of 1) gender, 2) climate, and 3) conflict sensitivity, including attention to drivers of fragility (e.g., forced displacement) and sources of resilience (e.g., labor mobility) considerations at the portfolio level. It will continue three priorities from the 2018-2020 PFFP period, with attention to 4) “value for money” in the partnership, 5) provision of coordinated, quality technical assistance in support of GoIRA's development aims, and 6) a structured, partnership-wide approach to portfolio monitoring, adjustment, and reporting. Finally, as the ARTF approaches its currently scheduled closing date of December 31, 2025, the ARTF partnership commits to one forward-looking priority 7) beginning a structured approach to planning for the scheduled end-date of the ARTF.

A. Advancing gender equality and combatting gender-based violence

A strategic, country-driven approach to gender equality.

The [WBG Gender Strategy FY2016-2023](#) presents gender equality as integral to smart development policy. Successful implementation of the strategy will contribute to achievement of the WB's own twin goals of reducing poverty and boosting shared prosperity, and toward the achievement of the SDGs, including SDG #5 on gender equality. Afghanistan's long-term social and economic development depends on achieving greater gender equality. More specifically, development hinges on the realization of women's human capital and their meaningful participation in the economic sectors and society at-large. The WB has developed and applied over the past years critical measures to address key gender issues across the ARTF program and will continue to strengthen quality and depth of gender outcomes in its portfolio.

Closing gender gaps and empowering women across the portfolio.

ARTF is committed to making the portfolio more inclusive of gender and contributing to reduce gaps between men and women, boys and girls in endowments, jobs, assets, voice and agency among others. All ARTF-financed projects approved since 2018 have been “gender-tagged”. (Annex 8 Gender Tagging Operations to Mainstream Gender Equality provides an overview of the gender-tagging approach.) Gender-tagged operations require country-level analysis of critical gender gaps, actions to narrow the identified gaps, and monitoring and reporting of the gender actions outcomes. The WB team, comprising national and global gender experts, works closely with project teams and GoIRA partners to design and implement gender actions, improve

the quality of women’s participation in projects, and ensure capturing of gender outcomes in the portfolio.

This approach is applied in all sectors and in policy reforms. As recent examples, the 2020 IP-DPG contributes to narrowing the gender gap in civil service recruitment, particularly at the senior management level, and in formal land ownership through policy reforms, and the 2021 IP-DPG (under development) will build on civil service reforms with attention to ensuring adequate codes of conduct in government workplaces. In addition to this strategic gender-mainstreaming work, efforts continue to promote women’s economic empowerment through standalone operations as part of the ARTF program.

The Gender and Social Inclusion Platform, a Bank-executed advisory services and analytical program, will continue to anchor analytical support to inform the portfolio, including evaluations of approaches to promote women’s productive and financial inclusion, and annual Country Portfolio Performance Reviews offer an opportunity to assess how project implementation is contributing to gender priorities and/or where implementation can be adjusted. Continued targeted improvements to portfolio-wide monitoring and evaluation, including: the development of relevant results indicators and collection of sex disaggregated data, will be essential to documenting and improving gender outcomes.

Applying World Bank guidance to manage and mitigate sexual exploitation and abuse/sexual harassment risks across the portfolio

Proactive measures to advance empowerment are complemented with risk mitigation that takes explicit consideration of sexual exploitation, abuse and harassment risks. ARTF operations, especially those with civil works, are evaluated during project preparation according to a standard sexual exploitation and abuse/sexual harassment (SEA/SH) risk assessment tool. Risk scores are assigned based on the Afghan country context and project-specific information. Projects are supported to design appropriate mitigation measures proportionate to risk, in line with the WB [Good Practice Note on Sexual Exploitation and Abuse/Sexual Harassment \(SEA/SH\)](#).

As Human Development tools and additional guidance are becoming available, a similar approach is being taken in the social protection, education, and health sectors. For example, new projects, such as Relief Effort for Afghan Communities and Households (REACH) design SEA/SH sensitive-Grievance Mechanisms that are in line with the new WB guidance on reporting, recording, and response. Other projects, with elevated risk, such as the IDA-only Trans-Hindukush Road Connectivity Project, are hiring specialized firms and service providers to support key aspects of survivor response and implementation. Going forward, given the overall low supply of quality gender-based violence (GBV) services (including health, psycho-social support, and legal assistance) in the country, coordination and partnerships with the GBV Sub-Cluster of the Humanitarian Country Team and its members will remain critical for expanding the provision of services to survivors. However, all projects irrespective of their sectors and risk rating will

have minimum risk mitigation measures in place. For example, there will be Codes of Conduct (CoC) with a focus on SEA/SH for all staff and GRM with specific features to respond to SEAH/SH grievances.

Taking an adaptive approach that employs country-specific measures for tackling gender-based violence in key sectors.

Standard risk management and mitigation measures will continue to be complemented, where appropriate, by country-specific interventions. For example, in 2019 and 2020, reports and incidents of gender-based violence surfaced in Afghanistan's health and education sectors. The cases have invigorated the government, the World Bank and development partners to take more robust measures to mitigate, report, and respond to cases of GBV. To this end, an Inter-Agency Technical Working Group (IATWG) co-chaired by the Ministry of Finance and the WB was launched in January 2020. The IATWG has identified education and health as high-risk sectors. Guided by the IATWG and supported by a team of GBV technical experts, the health and education projects funded both by ARTF and IDA are in various stages of designing and implementing targeted GBV Action Plans. Just as one example, EQRA's Action Plan commits to developing and rolling out CoC in 50 percent of schools (around 8,000) by the end of 2021 and in all 16,000 schools by the end of 2022. Lessons learned from applying the approach in these critical sectors can inform the roll-out to other sectors in the portfolio.

Leveraging the ARTF Gender Working Group as a technical platform.

Since its creation in December 2012, the Gender Working Group (GWG) has been providing a technical advisory platform to improve gender outcomes across the ARTF program. The terms of reference of the GWG were updated in July 2020 and will continue to guide its activities in the coming years in implementing the 2021-2024 PFFP. The GWG engages with the WB and the government teams during both project preparation and implementation to review and advise ways to improve gender outcomes and reporting in ARTF projects; and supports knowledge sharing on gender-related topics across the ARTF partnership to better coordinate development support. The GWG will continue to make recommendations to the Strategy Group on gender-related topics at monthly Strategy Group meetings. For sustainable gender outcomes, the government's ownership of gender equality is most critical. Active involvement of the government in GWG, especially of the Ministry of Finance and the Ministry of Women's Affairs, remains important. Representatives of the government are expected to actively raise issues related to gender, set the agenda, and monitor the implementation progress for stronger ARTF program benefiting all Afghan people.

B. Building climate change resilience through mainstreaming, targeted interventions, and capacity building

Measures to address Afghanistan's unique vulnerability to climate

Afghanistan, with its consistently high rankings on the [Global Climate Risk Index](#), is among the most vulnerable countries to the effects of natural hazards and climate change. Climate change poses a significant threat to Afghanistan's natural resources, in particular the

risk requires portfolio-wide attention

agriculture sector, on which the majority of Afghans depend for their livelihoods. Climate change and natural disasters are a substantial contributor to displacement. While floods have to date represented the most frequent natural hazard in Afghanistan, droughts already cause an average of US\$ 280 million in economic damages to agriculture each year with the potential for an extreme drought event to result in economic losses of up to US\$3 billion. Climate change is also expected to increase the frequency of heavy precipitation events leading to more flooding, as well as contribute to earlier spring snowmelt, reducing the availability of water over the summer months and making efficient irrigation system even more critical for agricultural productivity.

GoIRA has placed climate change at the core of its development plans and aims to prioritize adaptation and mitigation measures at the regional, national and sub-national levels in programming, with the agriculture sector as a key focus given its potential to assist vulnerable populations in adapting to the effects of climate change. Building resilience for vulnerable communities and populations is likewise an increasingly prominent strategic priority for ARTF donors and for the WB itself, both as a [special theme of IDA 19](#) policy commitments and . because climate change is recognized as [a driver of fragility, conflict and violence in the FCV strategy](#). Together, these priorities call for the ARTF to integrate climate considerations throughout the portfolio.

Climate will continue to be mainstreamed throughout the portfolio through project design and supervision; with emphasis on increasing climate co-benefits

All ARTF projects are subject to environmental impact assessment in line with the WB Environmental and Social Framework (ESF) as part of the project preparation and approval process, including consideration of climate impacts. Climate co-benefits assessment is performed for all ARTF-funded operations, to determine the portion of financing in the project that delivers positive benefits associated with reduction or sequestration of greenhouse gas emissions (climate change mitigation) and/or enabling project beneficiaries to adapt to negative impacts of climate change (climate change adaptation). The 2021-2024 PFFP will continue to employ these tools to integrate environmental considerations across project design. The 2021-2024 PFFP will increase the emphasis on achieving climate co-benefits in project design, with the aim of bringing Afghanistan's co-benefits in line with other regional countries.

Address capacity constraints and build national leadership on environmental priorities

The 2021 CPPR observed that line ministries and project implementation units continue facing capacity constraints and a shortage of dedicated environmental and social staff. With the introduction of the WB ESF, capacity of the implementing agencies needs to be strengthened to meet the ESF requirements. At the same time, lack of proper mechanisms to ensure safeguards compliance as well as a lack of access of project teams to the field, due to the security situation, are main problems. The WB has taken new measures by developing and implementing a Safeguards Standard Operating Procedure to provide guidance to support project teams with the timely preparation and implementation of projects while meeting safeguards standards. WB has also carried out a comparative analysis of its ESF

standard and the national social and environmental systems to identify gaps and priority actions including providing trainings and hands-on implementation support as immediate measures. These efforts will be informed and complemented by the analytical work being undertaken through ACREMAP's pillar of work dedicated to improving safeguards implementation. The analytical work is complemented by a white paper which summarizes the key challenges faced by the World Bank and the Government in managing environmental and social risks. The White Paper proposes critical recommendations and actions to improve delivery and sustainability of development programs.

Direct project and policy reform investments to support climate adaptation and mitigation measures

The 2021-2024 PFFP will direct ARTF resources in support of GoIRA's climate change priorities. Under the RCW, the IPDPGs will continue to support policy reforms that target improved responsiveness to climate shocks and natural disasters. Under the IW, investment projects will support community resilience, climate-friendly agriculture, and related measures. Investments will be underpinned by analytical and advisory work to support implementation of Afghanistan's Hydromet Modernization Roadmap and promote climate and disaster resilience. Among other benefits, such policy reforms will help address displacement pressures.

C. Strengthening and embedding conflict sensitivity in ARTF programming

The current ARTF portfolio responds to the major drivers of fragility in Afghanistan

The WBG [2016 Systematic Country Diagnostic](#) (SCD) employed a conflict and fragility perspective in providing recommendations to shape the WBG program of operations and analytical work. Consistent with the findings of this analysis, the WBG has worked closely with GoIRA to pursue development interventions: i) with the greatest impact on addressing the principal drivers of conflict; ii) that help mitigate the immediate consequences of conflict; and iii) that can help build longer-term stability, and sustained growth and poverty reduction. Examples of such interventions under the ARTF program include: i) technical assistance to revenue mobilization and expenditure prioritization, which are powerful tools for addressing endemic corruption and weak governance and for addressing geographic disparities in access to resources; ii) investments in agricultural development, which will support improved employment opportunities in a sector that is relatively resilient to conflict; and iii) general support to basic service delivery, where improving access can help to address poverty and contribute to reducing geographic and ethnic disparities. Conflict sensitivity in programming can help address displacement pressures, both through reducing the incidence of conflict-induced displacement and supporting peaceful integration of displaced people into host communities.

Conflict sensitivity is embedded in the design of all ARTF programs.

Throughout the design and implementation of ARTF programs, WBG technical teams draw on the expertise of global practices, including the [Fragility, Conflict, and Violence \(FCV\) Group](#), which is responsible for providing cross-cutting solutions to global practices as well as

providing advisory support to country management teams. ARTF program planning, implementation support, and monitoring incorporate social and conflict analyses help to identify and mitigate risks that any project may exacerbate existing tensions, negatively affect stability and human security, or be unduly affected by conflict and instability.

Strengthening engagement in fragile contexts is a priority for the WBG

Over the 2021-2024 PFFP period, the WB will implement commitments for enhanced engagement in fragile states under the [special themes of IDA19](#) and the [FCV Strategy](#). These commitments include: implementing digital solutions in FCV settings; enhanced use of operational flexibilities (e.g. High-Risk Area Implementation Strategies); increasing the footprint on the ground and face time with the client and partners; the use of portfolio reviews with peace and conflict lens; enhance conflict-sensitive approaches to private sector investments; scaling up regional cross-border cooperation; pursuing gender equality outcomes for resilience and sustainability; and strengthening engagement with humanitarian actors and the UN.

New analysis will strengthen our capacity to work effectively amid conflict

Consistent with commitments under IDA19 and the WBG Strategy for Fragility, Conflict, and Violence, the WBG has completed a Risk and Resilience Assessment (RRA) to identify potential sources of fragility and resilience in Afghanistan. Operational recommendations from the RRA will help the ARTF program: i) address the drivers of fragility and conflict; ii) address the negative consequences of fragility and violence; and iii) protect service delivery and program results under a deteriorating security environment.

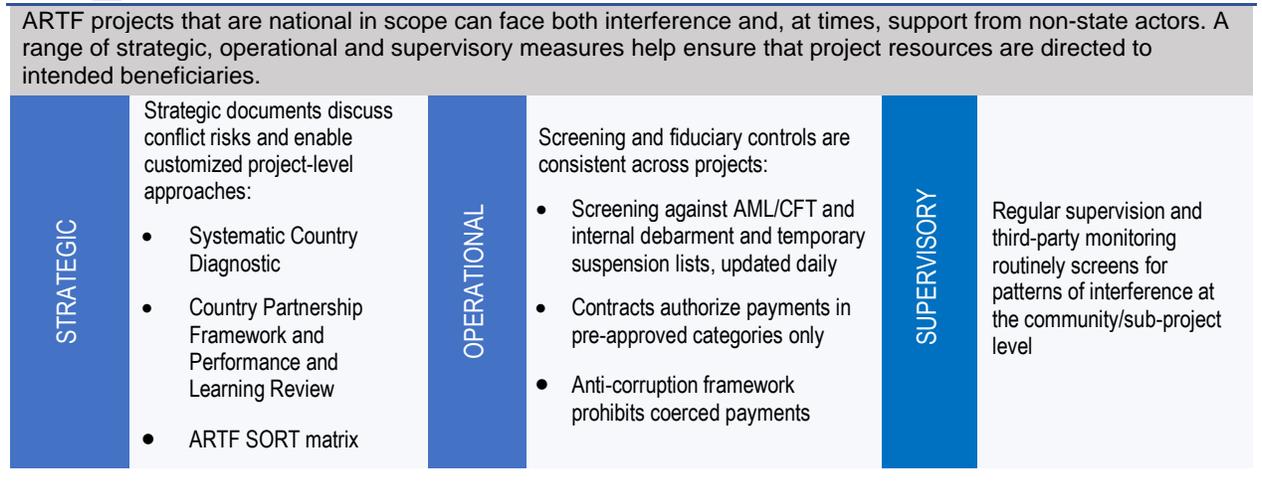
The WBG will strengthen conflict sensitivity in program design and implementation and strengthen coordination with humanitarian actors

Initial recommendations include:

- Strengthening internal processes to ensure adequate consideration of fragility and conflict issues during the design and implementation of programs through the implementation of a conflict and governance filter. Teams will be provided with enhanced support and guidance to ensure that fragility considerations are built into upstream program design, and adequately reflected through the approval and implementation process.
- Considering options for increased emphasis on short-term job creation through core ARTF programs, potentially including labor-intensive public works mechanisms. This reflects successful international experience with job-creation as a mechanism for moving incentives away from violence and signaling change immediately following any political settlement.
- Developing plans and principles for maintaining core services in circumstances where operating and security conditions become constrained.

- Strengthening coordination with humanitarian actors, including development of mechanisms through which enhanced coordination can be mainstreamed and institutionalized.
- Utilizing the ARTF as a mechanism for coordinating aid flows to maximize the incentive power of aid flows in support of core service delivery objectives under a deteriorating governance environment, including through the Incentive Program.
- Over the medium-term, considering options for utilizing ARTF and WBG engagements to better align incentives of regional partners with Afghanistan’s development. This could include investments in regional trade and integration.

Figure 14 Strategic, operational, and supervision considerations for conflict sensitivity and fiduciary controls



Source: World Bank

D. Advancing the Anti-Corruption and Results Monitoring Action Program (ACReMAP)

Enhancing value for money in ARTF-financed operations by reducing vulnerability to corruption while strengthening monitoring of implementation progress and results.

The WB portfolio in Afghanistan is highly exposed to risks of fraud, corruption and compromised development impacts due to the politicized public sector, under-developed public institutions for control and checks and balances, and capacity limitations. Continued insecurity severely constrains WB staff ability to conduct in-person supervision of programming. Given Afghanistan’s dependence on increasingly constrained grant financing from international partners, opportunity costs of wasted funds are correspondingly high. In view of the heightened risks to fiduciary control and development impacts and responding to the concerns of ARTF donor partners, the 2018-2020 PFFP established the Anti-Corruption and Results Monitoring Action Program (ACReMAP) as a new Bank-executed window in 2018.

ACReMAP serves as an umbrella program for initiatives that enhance value for money in WB-financed operations by 1) reducing vulnerability to corruption while 2) strengthening monitoring of implementation progress and results. It has financed dedicated staff in the [WBG](#)

[Integrity Vice Presidency](#) to provide investigatory support to the Afghanistan portfolio. It finances third-party monitoring of WB programs, in-depth fiduciary reviews of individual projects, specialized systems and advice to improve oversight and results monitoring, and analysis and action to improve implementation of the WB Environmental and Social Framework across the portfolio, including with a specific focus on persons with disability, which is a particular priority given the high per capita rates of disability in Afghanistan. ACRMAP generates quarterly reports for donor partners and has prompted challenging and valuable dialogue within the ARTF partnership. ACRMAP remains a top priority in the 2021-2024 PFFP.

Figure 15 In-depth fiduciary reviews: what was found and how programming changed as a result

EQUIP II In-depth fiduciary review	Project	NHLP In-depth fiduciary review	Project
	Review Method		Review Method
	Findings		Findings
Sectoral lessons and change		Sectoral lessons and change	
Portfolio lessons and change			
<ul style="list-style-type: none"> Disbursement method changed to statement of expenditure-based, requiring detailed transactions log and adding supplemental review by TPMA for accuracy and completeness of documentation In progress changes to centralize procurements in excess of US\$ 100,000 and engage a procurement agent Measures to improve visibility and oversight of project staffing expenditures, increased emphasis on leveraging existing reliable institutions for project implementation (avoid creating new structures) 			

Source: World Bank

Figure 16 Towards a collaborative approach for selecting in-depth fiduciary review subjects

Donors have expressed interest in a forward-looking and consultative process for selecting new projects for in-depth fiduciary reviews. The reviews are time-consuming and resource intensive. Forward planning is therefore valuable effectively to direct finite resources, although some flexibility needs to be retained to respond as needed to emerging circumstances and indicia of need. A framework for in-depth fiduciary review planning could include:

Selection factors

- GoIRA audit findings and project record on audit follow-up.
- Requests from GoIRA authorities.
- WB technical team, fiduciary team, and INT recommendations.
- Third-party monitoring agent findings.
- Patterns of external complaints.
- Concerns flagged by ARTF donors and forwarded to the WBG.

Consultation and planning

- ARTF donors invited to provide recommendations annually following Country Portfolio Performance Review process.
- WBG will retain the final decision-making/selection responsibility in line with its responsibilities as ARTF administrator, but will provide advance notice of selections following post-CPPR donor consultation.

Source: World Bank

Expand third-party monitoring to ensure coverage of COVID-19 programming and assess effectiveness of TPM services

Under the 2018-2020 PFFP, ACREMAP expanded the scope of third-party monitoring, doubling the number of field site visits in 2019 and again in 2020, consolidated the previously separate ARTF financial and field third-party monitoring operations under a single contract that began operating in 2020, and ensured continuity of contracting arrangements with no gap between service providers. The expanded contract introduced an innovative process whereby the third-party monitors review project statements of expenditure for accuracy and completeness before new disbursements are certified. The procedure will continue to be refined under the 2021-2024 PFFP

Third-party monitoring will be complemented with other pilot efforts aimed at exploring options to enhance monitoring and evaluation functions in projects, including in the use of new technologies and initiatives to supplement third-party monitoring and explore less-costly alternatives to in-person third-party monitoring.

Box 5 Third-party monitoring: reflecting on lessons and expanding operations during Covid-19

ARTF third-party monitoring (TPM) services have been assessed as well-designed, well-executed, and useful to a range of stakeholders. An independent evaluation of ARTF third-party monitoring (TPM) contract services from 2015-2019 concluded that TPM during this period was well-designed for the context and well-executed by the contractors but identified a need to better integrate financial and physical monitoring findings. The current TPM contract, which began operations in January 2020, takes important steps in that regard by consolidating TPM operations under a single contract and expanding the scope of financial monitoring for investment projects throughout the portfolio.

The current TPM contract has proven to be an adaptable tool, successfully expanding coverage even as Covid-19 imposed movement limitations. At the outset of its contract in early 2020, the ARTF third-party monitoring agent (TPMA) delivered a contingency operating plan outlining its approach to sustaining operations in

a worsening security environment. The Covid-19 pandemic was beginning to emerge at this time, so the TPMA included specific measures for operating in the context of a pandemic within its plan.

The TPMA continued operations in line with this plan in 2020, exceeding contract targets. Movement restrictions and office closures related to Covid-19 limited the TPMA's ability to verify GoIRA civil servants for several months, but sampling was increased as movement restrictions lifted, ensuring a statistically representative review. The TPMA also introduced new services to review project statements of expenditure (SOE) in line with the enhanced controls for project disbursements introduced by the World Bank in 2020. Investment Window monitoring doubled in pace and reached all 34 provinces, though TPMA teams were required to reduce face-to-face engagement during socially-focused field monitoring, pivoting to more use of remotely conducted telephone interviews to ensure social distancing. This approach had some effect on the TPMA team's ability to engage with rural women, who have lower rates of mobile phone access in some areas. Overall, however, the TPMA team exceeded the target of conducting 4,000 site visits over the course of the year, doubling the pace established in 2019. In November 2020, the TPMA contract was amended to provide for additional services to provide coverage for the extensive field operations envisaged by GoIRA's Covid-19 response program. New services will include verification of beneficiary registration, observation of package distribution, and phone services of beneficiaries, together with associated fiduciary measures. **The TPMA's success delivering monitoring services during periods of restricted movement requiring limited in-person engagement in communities offers a good model for how monitoring services could continue to be provided in other challenging contexts, potentially including worsening security.**

Apply the Enhanced Fiduciary Control Framework proactively to address the risks of ARTF resources being misused

ACReMAP also supports a range of measures to prevent fraud and corruption in the ARTF portfolio. Through the Hands-on Expanded Implementation Support initiative, ACReMAP provided accredited international procurement consultants to support complex procurements in five projects. Regular internal control assessments of ARTF-financed projects are conducted to gauge the quality of control measures in place. In-depth fiduciary reviews, while retrospective, aim primarily at generating learning to inform proactive measures to prevent fraud and corruption both within individual sectors and across the portfolio. As examples, designs of the EQRA basic education and the EATS COVID-19 emergency agriculture project were specifically informed by the findings of earlier in-depth fiduciary reviews in the education and agriculture sector. Portfolio-wide, the review findings also shaped new financial management and procurement initiatives that are currently being rolled out across the portfolio. The 2021-2024 PFFP will support continued strong implementation of the enhanced fiduciary control framework, including through expansion of fiduciary support and capacity building, continuation of in-depth fiduciary reviews, and deepened analysis of human resource practices. On an annual basis, a fiduciary plan will be prepared focusing on key measures for advancing the ARTF's enhanced controls in the year ahead. An initial annual fiduciary plan has been set out in Annex 9 CY 2021 Annual Fiduciary Work Plan.

Strengthen implementation of safeguards controls

Adherence to fiduciary controls cannot be expected to achieve value for money if project implementation lacks appropriate environmental and social practices. GoIRA-led Country Portfolio Performance Reviews in 2019 and 2020 identified a need for enhanced attention to environmental and social safeguards across the portfolio, and as a result ACReMAP expanded to include support for safeguards implementation. With ACReMAP support, the 2021-2024 PFFP will finalize assessments to (a) identify gaps and bottlenecks in GoIRA's regulatory framework that could affect implementation of the WB ESF

standards on “Assessment and Management of Environmental and Social Risks and Impacts, Labor and Working Conditions, and Resource Efficiency and Pollution Prevention and Management”; (b) assess the effectiveness of social and environmental law implementation; (c) identify opportunities for improvement in the country’s regulatory system and implementation of law; and (d) identify areas where capacity building is crucial for effective implementation. These assessments will provide crucial guidance for WB Environmental and Social Framework (ESF) implementation in general, will support gender and environmental commitments set out in sections (5-A and 5-B), will form the basis for expanding ESF training, and will support planning for establishing safeguards-focused procedures and guidelines and developing specialized GoIRA capacity.

E. Strengthening coordination through strategic advisory services

In 2018 GoIRA requested coordinated technical assistance in specialized areas

When the 2018-2020 PFFP began, donors had reduced the number of bilaterally funded technical advisors embedded in line ministries. At the same time, GoIRA was working towards an increasingly programmatic approach to development management and aiming gradually to eliminate project implementation units in line ministries. In combination, these changes stretched the capacity of line ministries. Demand for external advisory services, particularly in highly technical areas such as fiscal management, energy, mining, and public-private partnerships, had increased. GoIRA faced difficulties recruiting, managing and supporting qualified external experts itself, owing in part to security requirements and the associated costs of supporting international consultants, and sought support from the WB and ARTF.

The ARTF partnership responded with a dedicated window for advisory services

The ARTF responded by establishing the dedicated Bank-executed Advisory Services Implementation Support and Technical Assistance (ASIST) window as one of the four windows under the ARTF. ASIST enabled the ARTF and WB to meet GoIRA’s need for longer-term, specialized technical expertise in priority sectors that extends beyond the regular program implementation support and technical assistance provided by WB technical teams. ASIST is financed with a modest allocation of core ARTF resources (one percent of 2018-2020 PFFP resources). Donors also have the option to supplement core pledges with additional contributions, leveraging the ASIST platform to coordinate technical assistance; new initiatives must fit within the structure of the WB’s tightly focused advisory program.

The 2021-2024 PFFP will continue to emphasize targeted, specialized technical assistance in select areas

GoIRA continues to require select high-quality advisory services on specialized topics. At times, individual line ministries have presented overlapping requests for such support to bilateral and multilateral donors. ARTF will continue to employ the ASIST window to support GoIRA’s policy objective of well-coordinated technical assistance, led by GoIRA needs and requests to support the objectives of ANPDF 2 and the Afghanistan Partnership Framework.

By design, ASIST is demand-driven. Initiatives are proposed on the basis of a request from a line ministry for assistance and must be approved by both the WB and the Ministry of Finance. While the MC continues to exercise financial oversight over allocations to ASIST and from ASIST to specific ASIST-financed initiatives, an additional layer of direct review by the SG has been included in ASIST processes. This additional step aims to ensure strong visibility on ASIST-funded work by SG partners, and to reduce duplication, overlap, and conflict in donor-funded technical assistance. Before any proposal to use ASIST resources is presented to the MC, it is first reviewed and discussed in the SG forum. SG endorsement is required before the proposal is presented to the MC for financing.

Together, these measures help ensure that ASIST remains tightly focused on the narrow objective of supporting GoIRA with a coordinated source of highly specialized technical assistance that may be critical to advancing strategic development priorities but not be readily available in Afghanistan. To date, the SG has endorsed the use of ASIST funds to support GoIRA priorities in Fiscal Performance Improvement Plan implementation, national statistics, the extractives sector, energy policy, and, since the 2020 CPPR, digital development and urban development. A sixth proposal, to support transaction advisory services for a project development facility and an infrastructure growth fund to be led by the Ministry of Finance, was deferred and has not been renewed.

F. Driving a results-focused ARTF through structured engagement, regular portfolio review and timely results reporting

Intensified collaboration has improved the ARTF partnership's responsiveness to GoIRA development priorities

The 2018-2020 PFFP emphasized operational approaches designed to deepen ARTF collaboration in support of GoIRA's development objectives. The fourth independent external review of the ARTF, [Taking Charge: Government Ownership in a Complex Context](#) was completed in December 2017. Commissioned in line with a commitment in the Self-Reliance through Mutual Accountability Framework ([2015-2018](#)), the review affirmed that "in a challenging and rapidly changing context, the ARTF remains a critical arena for joint analysis, discussion and decision; a mechanism for directive, prioritized collective action; a cost-efficient tool for channeling financial and technical support to the Government's priorities; and an enduring commitment and partnership with Afghanistan's future that allows and invites critical assessments of choices ahead."

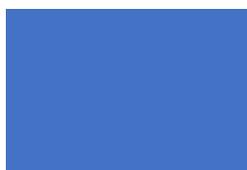
In parallel, the review offered recommendations to support shared priorities of ARTF stakeholders, including robust information dissemination and communications, strong GoIRA voice in ARTF strategy, program prioritization and oversight, and an intensified focus on results. Together with GoIRA's call, in the first ANPDF, for an increasingly programmatic approach to delivery of development assistance, the recommendations of *Taking Charge* shaped the thematic operating priorities of the 2018-2020 PFFP in three ways. The

2018-2020 PFFP committed the ARTF to 1) adopting a programmatic approach to development financing wherever possible; 2) performing regular GoIRA-led reviews of the ARTF portfolio; and 3) streamlining collaboration while strengthening communications and reporting.

The ARTF partnership made substantial progress on each of these priorities. The SC noted significant improvements in information dissemination within the partnership in its [2019 PFFP Update](#), including GoIRA's support for the WB to disseminate project Management Letters and Aide Memoires to ARTF donor and the protocol for engaging ARTF partners in project preparation. ARTF partners also noted improvements in the usefulness of the ARTF Scorecard synthesis report and appreciated MOF's leadership of the detailed 2019 CPPR. The [2020 PFFP Update](#) continued to emphasize the utility of the CPPR and accompanying Portfolio Operational Status Review (POSR) exercises, while adjusting the frequency of the latter. Of note, the SC observed that 2020 CPPR discussions had created a foundation of shared knowledge on portfolio issues that enabled the rapid reorientation of the ARTF portfolio during the COVID-19 crisis.

Figure 17 Findings of the 2020 Country Portfolio Performance Review

<p>Lessons for Portfolio Composition</p>	<ul style="list-style-type: none"> ➤ Current portfolio is broadly aligned with government priorities ➤ Some areas of overlap at the program level – need to be resolved ➤ Need to consolidate portfolio and strike the right balance between addressing immediate emergency relief and focusing on advancing Afghanistan's self-reliance agenda
<p>Lessons for Operations</p>	<ul style="list-style-type: none"> ➤ Need to strengthen project oversight and improve coordination amongst different line ministries. ➤ Gender remains at the forefront of investment projects and policy dialogues especially by: (i) incorporating concrete actions and indicators to narrow gender gaps in each investment project; (ii) monitoring GBV at the projects level to ensure timely remedial actions; (iii) making all efforts to recruit female project staff especially at the leadership level; (iv) fully empowering Inter-Agency Technical Working Group. <i>GBV updates were regularly sought during all individual project discussions.</i> ➤ TPM arrangements have proven to be a good mechanism for fiduciary oversight, although in some cases SOE reviews are delaying processing of withdrawal applications. ➤ Need to reduce reliance on NTAs and streamline the 'parallel public service' – reflected in ongoing efforts to reduce NTA numbers financed through projects and the dedicated NTA support program
<p>Key Project Risks</p>	<ul style="list-style-type: none"> ➤ Challenges associated with deteriorating security is affecting project implementation. Some large-scale projects with significant operations in the field have introduced operational flexibilities in high-risk areas. Conflict sensitivity approaches need to be introduced to projects at the design stages and adjusted to operating context. ➤ Some underperforming projects such as the THRCP and EZ-KAR will require continuous and extensive oversight. Need to improve performance, with on-going discussions to turn around these projects. ➤ Fiduciary risks are likely to persist, need to maintain strong oversight with the use of TPMA and other control mechanisms. ➤ Significant delays in procurement continue to risk delivery of activities for a number of projects. New procurement initiatives are expected to efficient and effective procurement. ➤ Need to proactively address issues associated with social and environmental safeguards at the project design stage especially addressing land acquisition and compensation. Need to establish the safeguards delivery unit and a centralized GRM system to timely address safeguards issues.



- The absence of Project Directors (or other key staff) significantly hinders the pace of project implementation (6 Project Director positions remain vacant).
- Implementation filters should be systematically applied at project preparation to ensure project implementation kicks off immediately after effectiveness. In many cases, tangible project results on the ground are noticeable only 3 years following effectiveness, as the first two years are devoted to putting in place implementation arrangements.

Source: World Bank

The ARTF will sustain the collaborative approaches developed under the 2018-2020 PFFP, with emphasis on delivery of, and reporting on, development results

The ARTF SG has [discussed](#) how best to sustain and build on the progress established under the 2018-2020 PFFP. The commitments to programmatic approaches, portfolio reviews, and sustained collaboration in that strategy share the unifying underlying objectives of delivering development outcomes for Afghanistan and meaningful progress reporting for its donor partners. As such, those priorities have been consolidated in this 2021-2024 PFFP under the theme of driving a results-focused ARTF.

The ARTF is a complex instrument. It supports projects over multiple financing periods and national development strategies, across multiple sectors of Afghanistan's development priorities, and within the framework of individual donor financing programs and the WB's own project reporting and [CPF](#) and [Performance and Learning Reviews](#). Reporting on ARTF initiatives is delivered at the project, program, country and thematic level. Program-level reporting has been the subject of substantial attention in ARTF governance discussions, with the Taking Charge report noting that the ARTF Scorecard is a uniquely sophisticated instrument that is both the most appreciated and the most criticized element of the suite of ARTF reporting products.

Under the 2018-2020 PFFP, the WB introduced changes to streamline the report, better integrate ARTF financial reporting, and introduce stronger narrative to provide context for annual development programs. In parallel, the WB expects to present a refreshed ARTF STC to ARTF partners for signature, as set out in Section 2-B and Annex . A key feature of the amendments calls for the ARTF partnership to develop a results framework for the 2021-2024 PFFP and employ that results framework in ARTF reporting. The amended ARTF STC will not be fully adopted until signed by all current ARTF contributors and former donors who remain partners in the ARTF. But work on the objective of developing an indicative ARTF-wide results framework to inform program-level reporting can begin before agreements are fully signed, and has been an integrated element of planning the 2021-2024 PFFP, beginning with the intervention logic outlined in [Figure 12](#). That the process of developing the next PFFP is occurring in parallel to the development of the second ANPDF and the next mutual partnership framework provides a uniquely valuable opportunity to integrate aspects of the reporting across the three framework agreements.

In the first year of the 2021-2024 PFFP, as the ARTF indicative results framework is refined, the ARTF Scorecard and related reporting materials will be re-assessed in parallel. The exercise will aim to define a reporting structure that usefully presents the progress of the ARTF-financed development programs and of the ARTF partnership in support of the

country's development agenda, in particular including the APF, the ANPDF2 and National Priority Programs now being developed.

Figure 18 Reporting on ARTF-financed initiatives is delivered at four levels

Project	Program	Country	Thematic
Program Development Objectives and Results Framework	ARTF Scorecard	Country Partnership Framework (CPF) Results Framework	Thematic reviews and evaluations
Required for all projects approved by ARTF / World Bank.	Specifies results expected through ARTF-financed programs.	Required for all World Bank country programs.	Regular thematic reviews undertaken on specific programs, sectoral engagements, or operational approaches.
Progress assessed through Implementation Completion Reports completed by World Bank staff and verified by the Independent Evaluation Group	Progress assessed through periodic monitoring by World Bank technical staff supplemented by GolRA-led portfolio-wide reviews	Progress assessed through Country Performance and Learning Reviews (mid-term) and Completion and Learning Reviews (end-term) by World Bank staff and verified by the Independent Evaluation Group	Undertaken by the Independent Evaluation Group (IEG) or World Bank teams working with IEG guidance and support
ICRs for all projects available from the World Bank website, including assessment of Bank performance, borrower performance, and progress against key results.	ARTF scorecard produced annually, tracking progress against project results across the ARTF portfolio, supplemented by reporting on GolRA-led portfolio-wide reporting	Country Performance and Learning Review completed in 2018. New Systematic Country Diagnostic planned for delivery in FY22 to inform a revised Country Partnership Framework.	Various operational reviews and evaluations have been conducted by IEG and available at IEG website .

Source: World Bank

G. Taking Stock and Preparing a Long-Term Plan

A structured dialogue regarding the future of the ARTF partnership will begin under the 2021-2024 PFFP

A key strength of the ARTF partnership has been its ability to evolve and respond to changing circumstances and emerging needs in a flexible manner. Originally established with a closing date envisioned for [June 2006](#), the ARTF was subsequently extended beyond the end of the “Decade of Transformation.” The ARTF closing date is currently planned for 12 months after the conclusion of the 2021-2024 PFFP, on December 31, 2025. During the 2021-2024 PFFP period, the ARTF partnership will conduct a series of stocktaking exercises and structured discussions to consider the future of the partnership’s support to the people of Afghanistan.

6. Looking Ahead: An Indicative Financing Program for FY1400-FY1403 (2021-2024)

Preceding sections of this document described key features of the ARTF structure, governance, finances, achievements and controls, reviewed the strategic, economic and security context in which ARTF-financed programs will operate, and articulated “six plus one” operating priorities that will shape how the ARTF partnership will approach its work in the coming financing period. This section describes how the ARTF will confirm the annual financing envelope available to support programming and describes an indicative financing program for the first years of the PFFP period in line with GoIRA’s development priorities and the current and expected resources of the ARTF partnership (what the ARTF partnership will do). Extensive joint planning exercises have enabled the ARTF partnership to develop a clear set of shared priorities on how the ARTF portfolio is expected to evolve moving forward.

A. Establishing the available ARTF envelope

Donors have affirmed continuing support to Afghanistan, but in line with international commitments total resources have declined somewhat and are subject to annual variability

The ARTF financing envelope determines the scale of recurrent cost and development investments the trust fund will be able to support. The financing envelope comprises the total of any uncommitted cash balance carried over from the preceding financing period and the sum of new commitments indicated (or contributions already made under the new financing cycle) by ARTF donors for the new period. These resources may be complemented by some release and redeployment of funds from current approved programs through regular portfolio oversight, including annual Country Portfolio Performance Reviews.

At the 2020 Afghanistan Conference, international partners confirmed their continued commitment of support for Afghanistan’s civilian development. After the conference, the WB invited ARTF partners to indicate the total amount of their overall pledges to Afghanistan that would be contributed to through the ARTF from 2021-2024. Some partners had indicated multi-year pledges at the conference, while others combined one-year pledges with a commitment to review support levels annually based on development, reform and peace progress. To accommodate the varying periods covered by donors’ pledges, the WB provided the form set out in Annex 10, which allowed partners to express their ARTF commitments annually or over a combination of years.

Indicative commitments to the ARTF in 2021 total approximately US\$ 600 million, representing roughly a 25 percent reduction in contributions relative to the annual average contribution during the last PFFP cycle. The donor pledges at the time of seeking the Steering Committee endorsement of the 2021-2024 PFFP have been set out in Annex 4. The WB will track contributions against these pledges in the coming years.

The annual ARTF process can accommodate

The ARTF’s ability to provide coordinated financing and support for GoIRA’s long-term development and fiscal planning is strongest when the PFFP can set out multi-year commitments. However, ARTF

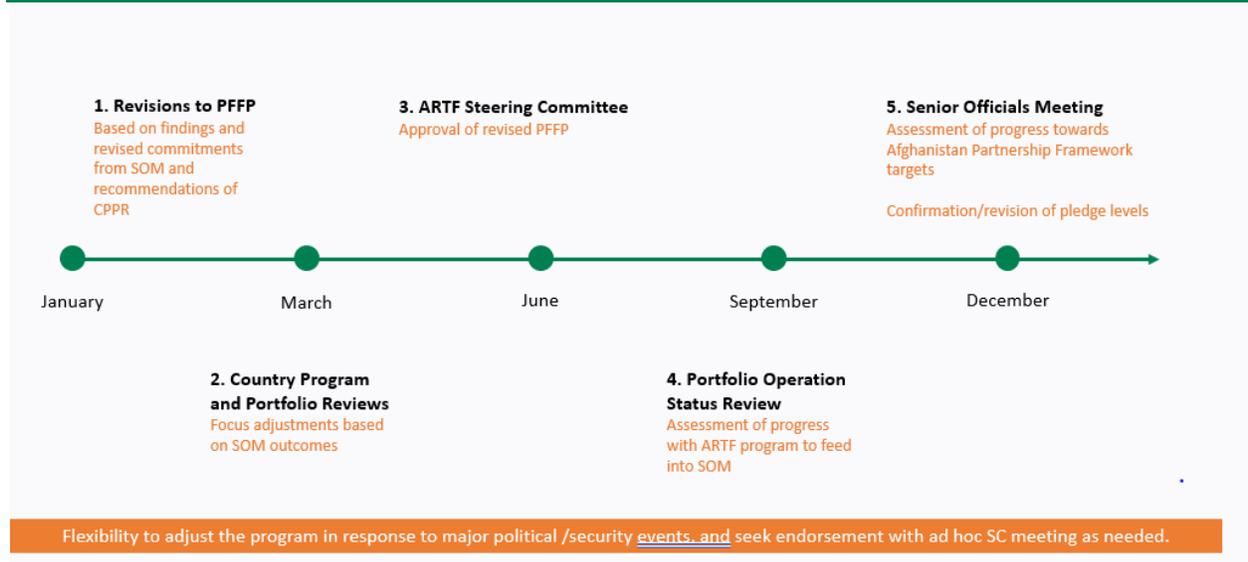
adjustments to pledging levels

processes can accommodate updates to donors’ financial commitments. The SC meets at least annually to review progress on the PFFP and discuss endorsements. Overall commitment levels, programming plans, and operating priorities can be adjusted at SC meetings based on advice from GoIRA, the WB, and ARTF governance bodies.

The ARTF’s importance to GoIRA budget planning cycles and the lead time required to design and prepare new programming will place renewed importance on ensuring a consistent cycle for the annual review and update of the ARTF strategy.

Many donors who expect to update commitments annually will link annual decisions to progress on APF principles and commitments, to be reviewed annually at senior officials or ministerial meetings. GoIRA and its partners plan to hold these annual meetings in November each year. Annual confirmation/updates to pledges at that time could be followed by the CPPR to assess recommended portfolio and results framework adjustments in the first quarter of the Afghan fiscal year, with updates to the PFFP and endorsement by the SC in the second quarter of the year, as set out in Figure 19.

Figure 19 Indicative ARTF calendar in the 2021-2024 PFFP cycle



B. Identifying investment priorities at varying financing levels

To guide the allocation of available ARTF resources, we developed indicative costs for agreed priorities under several financing levels

Extensive dialogue in ARTF governance forums has generated consensus around broad programming priorities in the financing and security scenarios set out in Figure 1. This PFFP aligns programming with APF, ANPDF2 and the recently defined National Priority Programs. As such, it establishes a pipeline of new programming that can support GoIRA priorities in current security conditions, while retaining

flexibility to address new opportunities arising from a peace settlement or to address new challenges should security conditions worsen.

As Figure 1 illustrates, under current security conditions, the ARTF partnership initially identified two broad sets of prioritization, for financing at levels sustained from the 2018-2020 PFFP (*“Maintaining Progress”*), and for financing levels below what was available in that earlier period. (*“Sustaining Key Gains”*). To understand the specific financing requirements for each financing level, the WB estimated overall costs of sustaining programming in key engagement areas of the ANPDF 2 and APF, and then estimated the required ARTF contribution to overall costs. Costing for each engagement area became a “building block” that could be assembled with other engagements relevant to priorities under each scenario.

Initial cost estimates for key engagements were based on: i) the historical annual average expenditure in each sector under the previous PFFP period; and ii) the timeframe over which existing commitments will be fully utilized and new financing will be required in each area.

Figure 20: Financing needs are built from the costs of maintaining engagement in key areas and NPP Priorities

	Investments			Reforms
Access to Services	1. Basic health program (Health NPP)	2. Basic education program (National Human Capital NPP)	3. Higher education and skills program (National Human Capital NPP)	14. Required institutional and policy reforms, supported through the next series of Incentive Program Development Policy Grants
Strengthened Governance, Institutions, and Anti-Corruption	4. Civil service reform, including the phase-out of NTA assistance (National Accountability and Digitalization NPP)	5. Public Financial Management, with emphasis on accountability and transparency (National Accountability and Digitalization NPP)	6. Land reform, supporting institutional strengthening and transition to administrative system (National Accountability and Digitalization NPP)	
Improved Infrastructure	7. Roll-out of Citizen’s Charter to an additional third of districts across all provinces (Citizen’s Charter NPP)	8. Energy sector – strengthen distribution, sustainable financial management, and private participation (National Energy and Extractives NPP)	9. Water and sanitation program (National Water and Resource Management NPP)	
Resilience of firms and households	10. Livelihoods program, supporting rural and urban livelihoods through small infrastructure and business support		11. Enhanced social protection program, providing direct support to vulnerable households	
	(Cross-cutting across NPPs)			
Mobilizing growth from agriculture	12. Continued investment project engagement in the agriculture sector. Maintaining progress in institutional strengthening of key agencies, farmer support and training, supplies of critical inputs, expansion of irrigation, and food security investments (Cross cutting across National Water and Resource Management, Essential Infrastructure, and Financial Sector NPPs)			
Mobilizing growth from extractives	13. Expanded investment in building institutional capacity in the extractives sector, including for gas and mining. (National Energy and Extractives NPP)			
Priorities mainstreamed through investments and policy-based support	Climate change resilience			
	Gender, inclusion, and equity			

Source: World Bank

The analysis incorporated three key assumptions

The preliminary cost estimates made three assumptions: 1) available IDA resources will be fully used; 2) the next phases of GoIRA’s COVID-19 response will be fully integrated in PFFP planning; 3) programming that may be required to

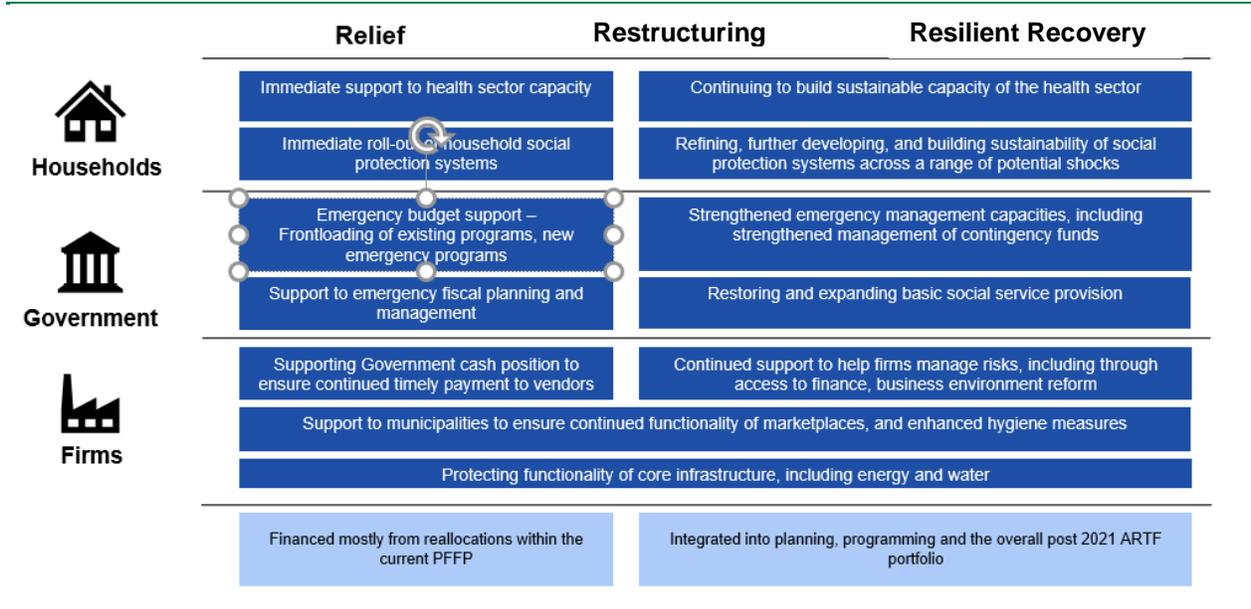
support a peace settlement would require additional resourcing to be re-assessed at a future date.

Full utilization of estimated IDA resources. After estimating *total* future costs of engagement in each sector, the analysis deducted available resources to determine the ARTF financing that would be required to fully sustain the engagement.

Financing for future phases of GoIRA's COVID-19 response is integrated in the PFFP plan. The immediate COVID-19 relief phase was largely financed from the substantial portfolio restructuring undertaken in 2020. The analysis assumes that future phases of the response (recovery, resilience) will be fully integrated into the PFFP portfolio plan. As with other programming in the overall portfolio plan, financing for future elements of the COVID-19 response will be drawn *primarily* from available cash and new ARTF contributions, rather than depending exclusively on portfolio restructuring exercises to source funding. Of course, unused or unneeded funds identified during regular portfolio monitoring, including annual CPPR processes, will be made available as a supplemental source of financing.

In line with this approach, in February 2021 the MC has already approved the first new commitment in the 2021-2024 PFFP period, an ARTF grant of US\$ 50 million financed from cash carryover to support GoIRA to purchase COVID-19 vaccines. This grant was supplemented with US\$ 63 million in resources from IDA and other trust funds.

Figure 21 The COVID-19 response has been mainstreamed in 2021-2024 PFFP plans



Source: The World Bank

Support for consolidating peace will require additional financing above current levels. Development programming is expected to play an important role in consolidating peace should a political agreement be reached that could bring an end to the conflict. The 2019 [Post-Settlement Economic Initiatives Report](#) identifies a range of programs that could be pursued through ARTF and off-budget mechanisms following a peace agreement.

High-priority programs that could be financed through the ARTF include further expansions of: i) the Citizens’ Charter; ii) health service provision; and iii) primary education access; as well as iv) implementation of a labor-intensive rural road program. These programs could be implemented at a total cost of around US\$ 300 million per year, or a total of US\$ 1.2 billion over the PFFP 2021-2024 period.

The analysis maintained modest current allocations to WB-executed windows of the ARTF

The WB-executed ASIST and ACRReMAP windows provide portfolio-wide support that is strategically important to ARTF operations, including targeted technical assistance, enhanced fiduciary controls, and third-party monitoring. Costing for this PFFP period has maintained resources for these windows at levels consistent with the 2018-2020 PFFP, when one percent of ARTF resources was allocated to ASIST, and two percent was allocated to ACRReMAP.

Prioritizing basic service delivery under a **Safeguarding Key Gains** scenario would require an estimated

Under a tightly constrained financing envelope, the ARTF partnership would focus on **Safeguarding Key Gains** in social service delivery. The number of programs and sectoral coverage will decline substantially. New financing would be employed to replace or extend existing programs in: i) basic education (US\$ 250 million); ii) primary

US\$ 608 from the ARTF in CY 2021 and an average annual commitment of US\$ 487 for the PFFP period

health care (US\$ 250 million); iii) community development (US\$ 500 million); and agriculture (US\$ 250 million).

Engagements in other sectors, including salary support components of civil service programming, public financial management, higher education, and livelihoods would be gradually phased out (though policy and reform engagements could continue). Engagements in infrastructure, including in the energy and water sectors, would end, and pipeline programs to expand social protection and mobilize private investment in the extractives sector would not be pursued.

Recurrent cost support to GoIRA would be reduced to 75 percent of the resources made available from 2018-2020 PFFP, exacerbating current fiscal pressures. (US\$ 300 million per year, of which ARTF would finance US\$ 200 million annually, representing 31 percent of ARTF commitments in CY 2021 and an estimated 41 percent of ARTF commitments through the period.)

Financing this program overall would require total (IDA and ARTF) resources of US\$2.507 billion over the 2021-2024. **ARTF contributions of US\$ 608 million would be required in FY1400/calendar year 2021, and US\$ 1.947 billion over the full four-year 2021-2024 PFFP period.** Note that recently announced changes to the IDA cycle can be expected to alter these estimates. We await specific details to enable us to update the calculations.

Figure 22 Indicative portfolio costing: **Safeguarding Key Gains**

	2021			2021-2024		
	Total	ARTF	IDA	Total	ARTF	IDA
Minimum Recurrent Cost Support	300	200	100	1,200	800	400
Basic Education	-	-	-	250	200	50
Primary Health	250	170	80	250	170	80
Community Development	-	-	-	500	500	-
Agriculture	250	220	30	250	220	30
Sub-total	800	590	210	2,450	1,890	560
BETF (ASIST and ACREMAP)	18	18	-	57	57	-
TOTAL	818	608	210	2,507	1,947	560

Source: World Bank

Expanding new investments to support sustainable and inclusive growth under a **Maintaining Progress** scenario would require an

With ARTF financing closer to 2018-2020 PFFP period levels, new ARTF investments could expand beyond service delivery to also support programming for sustainable and inclusive growth.

Under the **Maintaining Progress** scenario, overall portfolio consolidation would continue, but support to service delivery would be accompanied by intensifying engagement in sectors that are critical for

estimated US\$ 953 from the ARTF in CY 2021 and an average annual commitment of US\$ 886 for the PFFP period

sustainable and inclusive growth. ARTF would support new financing to replace or extend existing programs in: i) civil service reform to support the sustainable phase-out of national technical assistance positions (US\$ 60 million); ii) public financial management (US\$ 180 million); iii) land administration reform (US\$ 20 million); iv) higher education and skills (US\$ 100 million); v) expanded social protection (US\$ 300 million); vi) livelihoods and women's economic empowerment (US\$ 130 million); vii) energy (US\$ 100 million); viii) water and sanitation (US\$ 175 million); and ix) mining and extractives (US\$ 75 million). Engagements in urban development would be gradually phased out. Portfolio simplification and streamlining would continue by aiming to narrow programming focus within sectors on projects with strong potential for demonstrated impact. Recurrent cost support to GoIRA would be maintained at or near 2018-2020 PFFP levels (US\$ 400 million per year, of which ARTF would finance US\$ 300 million annually, representing 31 percent of ARTF commitments in CY 2021 and an estimated 35 percent of ARTF commitments through the period.)

Financing this program would require IDA and ARTF resources of US\$4.091 billion. **ARTF contributions of US\$ 953 million would be required in FY1400/calendar year 2021, and US\$ 3.466 billion over the 2021-2024 PFFP period.** Note that recently announced changes to the IDA cycle can be expected to alter these estimates. We await specific details to enable us to update the calculations.

Figure 23: Indicative portfolio costing: *Maintaining Progress*

	2021			2021-2024		
	Total	ARTF	IDA	Total	ARTF	IDA
Sustained Recurrent Cost Support	400	300	100	1,600	1,200	400
Basic Education	-	-	-	250	200	50
Primary Health	250	170	80	250	170	80
Community Development	-	-	-	500	500	-
Agriculture	250	220	30	250	220	30
Civil Service Reform	-	-	-	60	60	-
Support to PFM and Public Investment	-	-	-	180	150	30
Land Reform	-	-	-	20	20	-
Youth / Skills / Higher Education	-	-	-	100	80	20
Expanded Social Protection	-	-	-	300	300	-
Livelihoods	-	-	-	130	130	-
Energy	-	-	-	100	100	-
Water	175	175	-	175	175	-
Mining and Extractives	75	60	15	75	60	15
Sub-total	1,150	925	225	3,990	3,365	625
BETF (ASIST and ACREMAP)	28	28	-	101	101	-
TOTAL	1,178	953	225	4,091	3,466	625

Source: World Bank

With careful cash management, ARTF can come close to financing a “Maintaining Progress” scenario in the initial years of this PFFP, despite reduced commitments

Total donor commitments for the overall 2021-2024 period are subject to considerable uncertainty owing to the renewable one-year commitments made by a number of partners at the 2020 Afghanistan Conference.

2021 commitments to the ARTF total approximately US\$ 600 million. The sum is much closer to the CY 21 “Safeguarding Key Gains” requirement than it is to the CY 21 requirement for “Maintaining Progress”.

Nevertheless, based on preliminary calculations, contributions at this level would enable ARTF to come close to delivering elements of a “Maintaining Progress” portfolio in 2021. The approach would require careful use of unallocated cash carried over from the 2018-2020 PFFP and careful management of cash flow. Provided that ARTF contributions are sustained at this level into CY 2022, a “Maintaining Progress” portfolio could continue to be delivered in the following year.

However, this approach is expected to deplete ARTF cash reserves. To continue delivering a “Maintaining Progress” portfolio with annual ARTF contributions totaling US\$ 600 million would require one or more of several measures to improve the availability of unallocated cash:

- If feasible, exploring options to hold Senior Officials/ministerial meetings earlier in the calendar year could support better clarification of the annual ARTF envelope and enable more effective forward planning.
- Large new ARTF-financed programs could be designed with some activities conditional on the receipt of tranching financing; and/or
- Additional funds could be released from underperforming projects and programs in the currently financed portfolio.

Figure 24 Summary CY 21-CY 22 portfolio plan

(USD MILLION)

ANPDF PILLARS, NATIONAL PRIORITY PROGRAMS AND ASSOCIATED PRIORITIES	TOTAL	ARTF 2021-2022 FINANCING PROGRAM	IDA 2021-2022 FINANCING	OTHER IDA-MANAGED FINANCING
TOTAL	2213.0	1506.0	634.5	72.5
POLICY-BASED BUDGET SUPPORT (RECURRENT COST WINDOW)	832.0	600.0	232.0	0.0
2021 Incentive Program Development Policy Grant	432.0	300.0	132.0	
2022 Incentive Program Development Policy Grant	400.0	300.0	100.0	
DEVELOPMENT INVESTMENT FINANCING (INVESTMENT WINDOW)	1341.0	866.0	402.5	72.5
GOVERNANCE AND STATE EFFECTIVENESS	120.0	90.0	30.0	0.0
National Accountability and Digitalization NPP	120.0	90.0	30.0	0.0
Support to PFM Reform (Follow up to FSP)	100.0	70.0	30.0	
Customs Strengthening	0.0			
Incentivizing Reforms in the AGO (Legacy Prog)	20.0	20.0		
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION	856.0	581.0	240.0	35.0
National Health NPP	350.0	235.0	80.0	35.0
Basic Health (Sehatmandi II)	350.0	235.0	80.0	35.0
National Human Capital NPP	100.0	60.0	40.0	0.0
Afghanistan Skills Creation and Economic Inclusion for National Development (ASCEND)	100.0	60.0	40.0	
Citizen's Charter NPP	406.0	286.0	120.0	0.0
Citizen's Charter Afghanistan Project II	350.0	250.0	100.0	
Additional Financing to REACH	56.0	36.0	20.0	
ECONOMIC GROWTH AND JOB CREATION	365.0	195.0	132.5	37.5
National Energy and Extractives NPP	35.0	0.0	35.0	0.0
Mining and Extractives	35.0		35.0	
National Water and Resource Management NPP	230.0	125.0	67.5	37.5
Opportunity for Mobilizing Agribusiness Investments and Development	175.0	125.0	50.0	
Additional Financing to Emergency Agriculture and Food Supply Project (EATS)	55.0	0.0	17.5	37.5
National Essential Infrastructure NPP	100.0	70.0	30.0	0.0
Rural Roads	100.0	70.0	30.0	
WORLD BANK EXECUTED ACTIVITIES	40.0	40.0	0.0	0.0
Advisory services and implementation support (ASIST)	5.0	5.0		
Anti-corruption and Results Monitoring (ACReMAP)	35.0	35.0		

NOTES:

- Estimates rely on the calculations that may be affected by changes to the IDA cycle.
- Preliminary table does not yet reflect estimated costing for investment in customs infrastructure, as recently requested by GoIRA, or estimated costing/timing for potential follow-on to current civil service programming that concludes at the end of 2022.

Source: World Bank

7. Conclusion

A framework for
continued dialogue

Both the development and the implementation and annual adjustment of ARTF PFFPs are joint efforts that benefit from the input and advice of all members of the ARTF partnership.

This 2021-2024 PFFP, as well as the three discussion drafts that preceded it, has been made possible by the substantive, structured dialogue within the partnership that began in January 2020. It aims to reflect the shared priorities set out in those engagements. The PFFP will remain as a flexible framework that can guide ARTF stakeholder planning but adjust to evolving circumstances and respond to emerging needs of Afghanistan. For any major course corrections, ARTF donors' strategic advice and SC endorsement will be sought at least on an annual basis, but as and when needed.

ANNEXES

Annex 1: Evolution of the 2018-2020 PFFP program

This table illustrates how the 2018-2020 PFFP ARTF Recurrent Cost Window and Investment Window financing program evolved over time. It presents ARTF allocations to individual programs (shown in millions of US dollars) as initially proposed at the start of the 2018-2020 PFFP period, at the first update of that program presented to the ARTF Steering Committee in May 2019, and at the second update of that program presented to the ARTF Steering Committee in September 2020. Allocations are shown in **bold** in the year they were approved by the ARTF Management Committee. (Several COVID-19 response programs remain to be approved in 2020; these are presented **italicized in bold**.) In connection with the supplemental Country Portfolio Performance Review process conducted in 2020 to release portfolio funds in support of the COVID-19 response, ARTF allocations to several projects were reduced; reduced amounts appear under the second update, which is the time they were presented to, and endorsed by, the ARTF Steering Committee. The table enables readers to track how original 2018-2020 PFFP plans evolved over time.

Table 1 Evolution of the 2018-2020 Partnership Framework and Financing Program

SECTOR	PROJECT	INITIAL: At PFFP Endorsement in 2018			FIRST UPDATE: At SC PFFP Update in 2019			SECOND UPDATE At SC PFFP Update in 2020			2021- 2024	MC approval
		2018	2019	2020	2018	2019	2020	2018	2019	2020		
POLICY BASED BUDGET SUPPORT & RCW												
Governance	RCW-Incentives Program	300.0			225.0			225.0			2018 Incentives Program payment was a carryover from the final phase of incentive programming under the previous financing strategy. Ad Hoc Payments facility transfers are shown for information but did not form part of the core PFFP (AHP contributions were supplemental to core ARTF resources)	
	RCW-Ad Hoc Payments	42.0		33.0	42.0		33.0	42.0		33.0		
	ARTF Fiscal Stability Facility	100.0	100.0	100.0	100.0			100.0				
	Incentive Program DPG	200.0	200.0	200.0	210.0	300.0	300.0	210.0	300.0	240.0		
	Covid-19 Response DPG									100.0		
INVESTMENT WINDOW												
Governance	Public-Private Partnerships and Public Investment Advisory Project	30.0			30.0			17.8				13-Mar-18
	Payments Automation and Integration of Salaries in Afghanistan (PAISA)		40.0			35.0			19.4			7-Apr-19
	Tackling Afghanistan's Government HRM and Institutional Reforms	50.0			50.0			36.6				17-Dec-18
Justice and Legal Sector Reform	Afghanistan Land Administration System Project		30.0			10.0			7.1			7-Apr-19
Human development	EQRA	100.0			100.0			100.0				17-Sep-18
	EQRA PPG	3.4										9-Jul-18
	Higher Education Development Program AF	5.0			5.0			5.0				17-Sep-18
	SEHATmandi	425.0			425.0			425.0				12-Mar-18
	PLACED Program		60.0			50.0						

ARTF 2021-2024 PFFP ANNEXES

SECTOR	PROJECT	INITIAL: At PFFP Endorsement in 2018			FIRST UPDATE: At SC PFFP Update in 2019			SECOND UPDATE At SC PFFP Update in 2020			2021- 2024	MC approval
		2018	2019	2020	2018	2019	2020	2018	2019	2020		
	PLACED PPG	1.5				1.5			1.5			17-Sep-18
	Early Warning, Early Finance and Early Action Project									115.0		Pipeline – 2020
Agriculture	Opportunity for Mobilizing Agribusiness Investments and Development		125.0			125.0					125.00	Pipeline – 2021
	Agro-Water Management and Climate Resilience						80.0			0		Replaced by COVID-19 EATS in 2020
	Emergency Agriculture and Food Supply Project									45.0		4-Aug-20
Women's Economic Empowerment	Women's Economic Empowerment Rural Development Program	75.0			75			75.0	75.0			17-Sep-18
Returnee-IDP Integration	Afghanistan: Eshteghal Zaiee - Karmondena (EZ-Kar) Project	50.0				50.0			43.8			17-Dec-18
Citizen Engagement	Second AF to Citizens' Charter Afghanistan Project									158.0		Part of COVID-19 response Pipeline 2020
Social Development	COVID-19 Relief Effort for Afghan Communities and Households (REACH)									125.0		4-Aug-20
Extractives	Afghanistan Sustainable Management of the Mining Sector Project (ASMSP)		5.0				5.0					Dropped from the ARTF portfolio
Urban Services & Infrastructure	Afghanistan Water Supply and Sanitation Services and Institutional Support Program ⁹		150.0				150.0			150.0		Replaced by COVID-19 AWASH
	Afghanistan Water, Sanitation, Hygiene and Institutional Support									150.0		Pipeline- 2020 COVID-19 response,
	Cities Investment Program	25.0			25.00			17.50				17-Dec-18

⁹ Originally the Kabul Water Supply Improvement Project

Table 2 Overview of project mid-term reviews

OVERVIEW OF PROJECT MID-TERM REVIEWS (MTR) Current as of May 30, 2021					
8 projects in the current ARTF-IDA financed portfolio completed mid-term reviews during the 2018-2020 PFFP period					
PROJECT NAME	APPROVAL	CLOSING	MTR Planned	MTR Actual	Summary of MTR Decisions
CASA-1000 Community Support Program (P149410)	24-Mar-14	30-Jun-22	30-Mar-20	20-Jul-20	MTR for the project took place together with the regional CASA-1000 project. Implementation progress was discussed during the mission, proposal of subprojects and maintenance concerns regarding some subprojects such as the solar mini grid. Restructuring of the project was also discussed after reallocation of \$10 million within the project for the Covid-19 response.
Afghanistan Sehatmandi Project	28-Mar-18	30-Jun-21	31-May-20	25-Jun-20	The MTR reviewed project implementation progress, assessed the results of the project specific political and operational challenges, including the demands on Service Providers (SPs) by Anti-Government Elements, discussed mitigation of GBV risks in health sector and calibration of cap and tariff of SPs' contracts. In addition, the MTR agreed that the closing date of the project should be revised from June 30, 2021 to June 30, 2022 and that the possibility of additional financing for the project will also be considered.
Fiscal Performance Improvement Support Project (FSP):	19-Dec-17	28-Dec-22	30-Jun-20	16-Jun-20	The MTR was conducted during June 16-July 11, 2020, where it was agreed to process a restructuring to reflect the cancellation of the 40% of project amount (\$40M) due to COVID-19 response reallocations and fine-tune the results framework (RF). Most of the cut was absorbed by the IOC plan, from which only the NTA allocations survived, but in smaller size and only for 2020 and 2021.
Tackling Afghanistan's Government HRM and Institutional Reforms	19-Dec-18	31-Dec-22	30-Jun-20	08-Apr-20	The MTR reviewed and discussed restructuring the project to release \$20 million from the project for the Covid-19 relief response. The MTR also recommended a one-year no-cost extension to allow the project to achieve its PDO. Project Political and Governance risk was also reduced from High to Substantial reflecting continuation of the existing leadership of the country
Citizens' Charter Afghanistan Project	27-Oct-16	31-Oct-21	26-Jan-20	26-Jan-20	The MTR mission reviewed implementation progress since the project inception which was assessed to be on track to achieve the PDO. The mission also reviewed the design of the proposed urban expansion, Kuchi and peace pilot programs; and the progress and implementation of the emergency displacement response under the CCAP additional financing. The Mission also briefly discussed the planned second Additional Financing to the project.
Naghlu Hydropower Rehabilitation Project	14-Dec-15	30-Sep-22	13-Jun-19	13-Jun-19	The review assessed project's progress toward achieving its development objective as Moderately Satisfactory. It identified measures to improve progress, including some that require a formal restructuring. Options of including rehabilitation of Darunta Hydropower Plant was also assessed and found to be feasible to be undertaken by the project due to overall cost savings under the project.

OVERVIEW OF PROJECT MID-TERM REVIEWS (MTR)									
Current as of May 30, 2021									
Higher Education Development Project	07-Jul-15	21-Dec-22	31-May-18	03-May-18	The MTR reviewed the overall progress of the project implementation including land acquisition and transfer of compensation for Badghis and Bamyan female hostels. The mission also discussed preparation for the \$5 million Additional Financing of US contribution to the project.				
Trans-Hindukush Road Connectivity Project (IDA-financed only)	20-Oct-15	31-Dec-22	17-Jun-19	16-Jun-19	The MTR mission reviewed implementation issues faced by the project and assessed restructuring options. As a result, three options were presented to the government to choose from including one option in which Additional Financing and extension of project closing date were recommended. The project is currently being restructured to rescope in light of the cancelled \$100 million from the project in response to covid-19 and address key implementation challenges.				
Herat Electrification Project	13-Jun-17	31-Jan-22	15-Feb-21	28-Feb-21	The MTR mission reviewed implementation issues and delays caused by COVID-19 disruptions and security issues especially in the under Component 2 (grid densification, extension, and off-grid pilots in Herat province. As a result, the MTR recommended a 12-month extension of the project closing date from January 2022 to January 2023.				
CASA 1000 Electricity Transmission and Trade Project	27-Mar-14	31-Mar-23	Dec-17-20	30-Apr-21	The MTR was conducted for the whole regional project including each country components. It reviewed project progress, implementation timelines, and project costs.				
14 projects in the current ARTF-IDA-financed portfolio are expected to conduct mid-term reviews in the future									
<p>Nine current ARTF-financed projects are expected to produce mid-term reviews during the new PFFP period: Public-Private Partnerships and Public Investment Advisory Project (approved Jun 2018, MTR originally planned in Dec 2020, rescheduled to Mar 2021 but not yet held due to the suspension of the project disbursement); EQRA (approved Sep 2018, MTR originally planned in March 2021 but rescheduled to June 2021); Women's Economic Empowerment Rural Development Project (approved Sep 2018, MTR planned Sep 2021); Afghanistan: Eshteghal Zaiee - Karmondena project (approved Dec 2018, MTR planned Oct 2021); Cities Investment Program (approved Dec 2018, MTR planned Dec 2021); Payments Automation and Integration of Salaries in Afghanistan (approved Apr 2019, MTR planned Feb 2022); Afghanistan Land Administration System Project (approved Apr 2019, MTR planned Jul 2022). COVID-19 Relief Effort for Afghan Communities Households (REACH) (approved Aug 20, MTR planned Jun 21); and Emergency Agriculture and Food Supply Project (approved Aug 2020, MTR planned Nov 21).</p> <p>Four current IDA only financed projects are scheduled to produce mid-term reviews during the new period: Afghanistan Digital CASA Project (approved Mar 2018, MTR planned Feb 2021 but is likely to take place in June); Afghanistan Gas Project (approved Nov 2019, MTR planned Mar 2022); Afghanistan COVID-19 Emergency Response and Health Systems Preparedness Project (approved Apr 2020, MTR planned May 2022); Strengthening Afghanistan's Financial Intermediation (approved Sep 2020, MTR planned Jun 2023).</p> <p>There are two ARTF and IDA financed projects that were approved recently for which MTRs have not yet been scheduled. These projects are Afghanistan Water, Sanitation, Hygiene and Institutional Support Project (approved Dec 2020); and Early Warning, Early Finance and Early Action Project (ENETAWF) (approved Feb 2021 but not signed by the government yet).</p>									
7 projects in the current ARTF-IDA-financed portfolio completed mid-term reviews before the 2018-2020 PFFP began									
PROJECT NAME	APPROVAL	CLOSING	MTR Planned	MTR Actual	PROJECT NAME	APPROVAL	CLOSING	MTR Planned	MTR Actual

OVERVIEW OF PROJECT MID-TERM REVIEWS (MTR) Current as of May 30, 2021									
Afghanistan: National Horticulture and Livestock Productivity Project	12-Apr-13	31-Dec-20		05-Oct-14	AF Irrigation Restoration and Development Project	28-Apr-11	31-Dec-20	25-Jun-14	03-Dec-14
Afghanistan Rural Access Project	26-Jun-12	31-Dec-20	15-Jan-15	15-Sep-15	Kabul Municipal Development Program	03-Apr-14	30-Jun-21	15-Mar-16	27-Apr-16
Afghanistan Access to Finance	26-Nov-13	30-Jun-21	01-Dec-16	15-Nov-16	Kabul Urban Transport Efficiency Improvement Project	03-Apr-14	31-Dec-20	30-Jun-16	01-Aug-17
Afghanistan - Second Skills Development Project	19-May-13	30-Jun-21	31-Oct-15	11-Oct-15					

Annex 2 Proposed Updates to the ARTF Administration Agreement Standard Terms and Conditions

The ARTF Administration Agreement includes an Annex comprising Standard Terms and Conditions Governing Contributions to the ARTF (ARTF STC). This document has been amended over the years to reflect changes to the ARTF structure and fees. Most recently, the ARTF STC was amended in October 2018 to create the ACRemap and ASIST Bank-executed windows, in line with the ARTF SC's endorsement of the 2018-2020.

In 2018, Norway asked the WB to consider adopting a new form of the ARTF STC. It sought to adopt the Consultative Group on Operational Principles-developed December 2016 Model Form of Administration Agreement for newly established Single Donor Trust Funds / Multi-Donor Trust Funds (CGOP STC) as the basis for the ARTF STCs. Because the CGOP STCs had been endorsed solely for application to new trust funds, this was not possible. However, in light of the ARTF's significance, the WB agreed, on an exceptional basis, to allow select provisions of the CGOP STC to be added to the ARTF STC, provided that all current and former ARTF donors agree to endorse the amendment. In June and July 2020, ARTF donors discussed the proposed revisions and the SG agreed to recommend the revisions to the SC. At its September 2020 meeting, the SC endorsed a proposal for the WB to begin presenting the revised ARTF administration agreement to all current and former ARTF donors for signature. This process has begun and is expected to continue in parallel with the finalization of the 2021-2024 PFFP. The signature process is distinct from PFFP finalization, and it is expected that not all former donors' signatures will have been obtained by the time the 2021-2024 PFFP is endorsed by the SC. The WB will keep current ARTF donors up to date on the signature process and welcomes current donors to participate in outreach to former ARTF donors to support the signature process. The full text of the amendments (in "agreement" or "arrangement" file as preferred by individual donors) has been disseminated to ARTF partners and is available on request to the WB ARTF team.

The revisions are summarized in Table 3. They would make seven changes to the ARTF STC. They would: 1-2) provide for a results framework to be developed and used in ARTF reporting, 3) set out donor actions in the event of a material breach by the World Bank, 4-5) enhance language around prevention and investigation of fraud and related practices, and clarify expectations around 6) confidentiality and 7) disclosure, visibility and dispute resolution. All changes are drawn from language of the CGOP STCs agreed at the headquarters level. To ensure standardization of these important provisions across trust funds, the World Bank strongly discourages revisions to the agreed language or any addition or modification of the standard clauses in the template. Accordingly, no changes other than what is proposed here in will be made to the administration agreement of the ARTF trust fund.

Table 3 Summary of Changes Proposed by Nordic+ Group to the ARTF STC

1. Summary	Change ¹⁰	Source
1. Indicative results framework	<p>Adds Paragraph 4.3 to the ARTF STC</p> <p>“Indicative Results Framework. An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the “Results Framework”), in consultation with the Donors, shall be available at the Development Partner Center website. Such Results Framework, may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.”</p>	<p>The addition is modeled on the December 2016 Consultative Group on Operating Principles Model Form of Administration Agreement for newly established Single Donor Trust Funds / Multi-Donor Trust Funds [CGOP STC] Annex 1 paragraph 5.</p>
2. Reporting	<p>Adds Paragraph 11(b) to the ARTF STC</p> <p>“The Bank shall provide the Donors with annual written progress reports. The progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.”</p> <p>The addition of this language would also amend paragraph numbering, changing the current Paragraph 11(b) to 11(c).</p>	<p>The addition is modeled on CGOP STC Annex 2 paragraph 4.1</p>
3. Donor action in case of material failure by WB	<p>Adds Paragraph 8(d) to the ARTF STC</p> <p>“If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of a Contribution that has not yet been disbursed to the Bank, until such time as the measures have been taken.”</p>	<p>The addition is modeled on CGOP STC Annex 2 paragraph 5.3.</p>

¹⁰ Language for this comparison table is drawn from the “Agreement”-style format of the Administration Agreement Annex. The “Arrangement”-style format, appended to this document, includes some distinction in terminology.

1. Summary	Change ¹⁰	Source
4. Preventing fraud and related practices	<p>Adds Paragraph 11(d) to the ARTF STC</p> <p>The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Sub-grant Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.</p>	The addition is modeled on CGOP STC Annex 2 paragraph 4.3.
5 Investigating fraud and related practices	<p>Adds Paragraph 11(e) to the ARTF STC</p> <p>In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an “Investigation”), the Bank shall, in accordance with its applicable policies and procedures:</p> <ul style="list-style-type: none"> (i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions; (ii) as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to sub-paragraph 14(c) below, unless such information is already publicly available; (iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to sub-paragraph 14(c) below; (iv) take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and (v) to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor. 	The addition is modeled on CGOP STC Annex 2 paragraph 4.4.
6. Confidentiality	<p>Adds Paragraph 14(c) to the ARTF STC</p> <p>Notwithstanding sub-paragraphs 14(a) and 14(b) above the information provided under sub-paragraphs 11(e)(ii) and 11(e)(iii) above shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are</p>	The addition is modeled on CGOP STC Annex 2 paragraph 6.3.

1. Summary	Change ¹⁰	Source
<p>7. Disclosure, Visibility, Dispute Resolution</p>	<p>obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.</p> <p>Also adds Paragraphs 14(a)-14(b) and 14(d). And 15(a) to 15(b) to the ARTF STC</p> <p>14. Disclosure; Visibility</p> <p>(a) The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank’s and the Donor’s possession may be publicly disclosed in accordance with (i) the Bank’s policies and procedures with respect to any such information in the Bank’s possession; and (ii) the Donors’ applicable laws with respect to any such information in the Donors’ possession.</p> <p>(b) Notwithstanding sub-paragraph 14(a) above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.</p> <p>(c) [Also added. Discussed separately above under Item 6, Confidentiality.]</p> <p>(d) Where appropriate to do so, the Bank will acknowledge, the Donors’ contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.</p> <p>15. Dispute Resolution; and Limitation on Donor Liability</p> <p>(a) The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.</p> <p>(b) In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.</p>	<p>The addition is modeled on CGOP STC Annex 2 paragraphs 6.1-6.2, 6.4.</p> <p>The addition is modeled on CGOP STC paragraphs 7.1-7.2</p>

Annex 3: ARTF finances 2018-2020

This Annex outlines the financial status of the ARTF during the 2018-2020 PFFP period, providing an overview of the funds available at the start of the PFFP, donor contributions received, funds committed during the three-year period, and the closing cash and net balances expected to be carried over to the 2021-2024 PFFP.

Table 4 shows the cash balance and net position of the ARTF parent trust fund account at the beginning of GoIRA fiscal year 1397 and 2018-2020 PFFP and December 21, 2017, together with outstanding commitments from previous years. **2018-2020 PFFP ARTF Cash and Net Balances:** The ARTF entered the 2018-2020 PFFP period with a negative net balance of US\$ 302.16 million after taking into account the unallocated cash balance of US\$446.92 carried over from the previous year and all outstanding commitments as of December 21, 2017.

Table 4 Ending Cash Balance and Net Position as of December 21, 2017

(USD MILLION)

ARTF PARENT TRUST FUND CASH BALANCE & NET POSITION AS OF DECEMBER 21, 2017	
ARTF PARENT FUND: CASH BALANCE [A]	446.92
ARTF PARENT FUND: OUTSTANDING COMMITMENTS (PENDING TRANSFERS) [B= [1+2]]	749.08
Pending transfers to the Recurrent Cost Window [1]	215.58
- Pending payments for 2017 Incentive Program benchmarks	300.00
- Undisbursed balance in the Recurrent Cost Window	(84.42)
Outstanding commitments (pending transfers) to projects under Investment Window [2]	533.50
- Citizen's Charter	100.00
- Citizen's Charter committed in Oct 2016 (to be paid under PFFP 2018-2020)	200.00
- Capacity Building for Results	50.00
- System Enhancement for Health in Transition (SEHAT)	97.00
- International Labor Migration PPG	5.00
- Mazar Gas to Power Project PPG	6.50
- Fiscal Performance Improvement Support Project (FSP)	75.00
ARTF PARENT TRUST FUND: NET POSITION [C=[A]-[B]]	(302.16)

Table 5 presents the net positions during 2018-2020 PFFP period based on the starting value, donors' contributions, and the operational and advisory commitments approved for each year during the period.

Table 5 ARTF Net Balances During the 2018-2020 PFFP Period

(USD MILLION)

ARTF PARENT FUND: YEAR END NET POSITIONS DURING 2018-2020 (FY1397-99) PFFP PERIOD (USD million)			
	FY1397 (2018)	FY1398 (2019)	FY1399 (2020)
ACTUAL STARTING VALUES: [A]	(302.16)	(148.50)	440.57
SOURCES OF FUNDS: [B]	1,011.63	789.28	718.16
- Donors' contribution for Ad Hoc Payment Facility under RCW	161.46	9.46	22.00
- Donors' contribution for core ARTF	859.64	770.92	696.62
- ARTF Investment Income net of Administration fees	(9.47)	8.90	(0.46)
OUTSTANDING COMMITMENTS (PENDING TRANSFERS) [C]=[1]+[2]+[3]+[4]	857.97	200.21	1,011.04
Transfers to the Recurrent Cost Window [1]	395.82	298.18	334.24
- Payments for the 2017 IP Benchmarks	11.00	0.00	0.00
- Undisbursed balance in RCW Trust Fund	(84.42)	(11.35)	(1.82)
- AHP Contributions	159.24	9.53	16.06
- Recurrent Cost Window (FSP & IP DPG)	310.00	300.00	320.00
Outstanding commitments to project-CTFs under the Investment Window [2]	469.90	45.00	822.25
- Commitments approved by MC*	469.90	45.00	822.25
World Bank Executed Activities [3]	6.00	12.50	40.69
- ASIST WINDOW	6.00	0.00	0.90
- ACRReMAP	0.00	12.50	39.79
Total uses (allocations) minus refunds to the ARTF Parent Account [4]	(13.75)	(155.47)	(186.14)
- Refunds to the ARTF parent account	(13.75)	(155.47)	(186.14)
ARTF PARENT TRUST FUND: NET POSITION [D]=[A]+[B]-[C]	(148.50)	440.57	147.69

Notes: Initial allocation for **Sehatmandi in the total amount of US\$425m** was approved in March 2018, with initial Tranche of US\$130 approved by MC and transferred in early 2018 and 2nd Tranche of US\$160m in 2020. The third and last tranche of US\$135 million is not yet transferred but included in the FY1399 Outstanding commitment. FY1399 commitments also includes adjustments in the commitments carried over from the previous ARTF Financing Strategy.

Table 6 presents cash carried over from the previous year, donor contributions received, cash allocated and transferred to operations and advisory activities, and closing cash balance for each year during the 2018-2020. The parent fund had an unallocated cash balance of US\$547.65 million at the end of December 2020. Total donors' contributions during the PFFP period amounted to US\$2.33¹¹ billion plus another US\$192 million contributed to the now closed Ad Hoc Payment Facility (see Table 7). By December 20, 2020 (close of ARTF FY), a total of US\$975 million was already approved by the ARTF Management Committee (MC) – including US\$240 million 2020 IP DPG, US\$100 million emergency DPG, US\$125 RECH, US 45 million EATS, US\$115 million ENETAWF, US\$158 million Additional Financing to CCAP, and US\$150 million to Afghanistan WASH project. In February 2021 MC approved the first new commitment under the 2021-2024 PFFP period, an ARTF grant of US\$50 million to finance GOIRA's COVID-19 vaccine program support. Subject to the MC approval, US\$20 is planned to assist the previously supported Justice Sector program under Ad Hoc Payment Facility as an investment project and US\$135 million Sehatmandi as the third and last tranche of US\$ 425 million approved in 2018.

Table 6 ARTF Cash Balances During the 2018-2020 PFFP Period

(USD MILLION)

ARTF PARENT FUND: YEAR END CASH POSITIONS DURING 2018-2020 PFFP PERIOD			
	FY1397 (2018)	FY1398 (2019)	FY1399 (2020)
ACTUAL STARTING VALUES: [A]	446.92	359.02	755.95
SOURCES OF FUNDS: [B]	1011.63	789.28	718.16
- Donors' contribution for Ad Hoc Payment Facility under RCW	161.46	9.46	22.00
- Donors' contribution for core ARTF	859.64	770.92	696.62
- ARTF Investment Income net of Administration fees	(9.47)	8.90	(0.46)
Total Sources of funds [A]	1458.55	1148.30	1474.11
ARTF PARENT FUND: TOTAL ACTUAL TRANSFERS [C]=[1]+[2]+[3]	1113.30	547.82	1112.60
Cash Transfers to Recurrent Cost Window [1]	622.00	300.00	353.00
- Baseline disbursements	0.00	0.00	0.00
- Incentive Program disbursements	225.83	0.00	0.00
- AHP Payments	159.24	0.00	33.00
- Change in balance in RCW	(73.07)	0.00	0.00
- Fiscal Stability Facility and IP DPG	310.00	300.00	320.00
Cash Transfers to Investment Window [2]	486.43	235.00	724.00
World Bank Executed Activities [3]	4.87	12.82	35.60
Research & Analysis Program	0.21	(0.27)	0.00
ASIST Window	4.16	1.35	0.84
ACReMAP Window	0.50	11.74	34.76
- Third Party Monitoring Agent	0.00	9.00	30.81
- Other ACReMAP related allocations	0.50	2.74	3.95
Total uses (allocations) minus refunds to the ARTF Parent Account [C]	1099.53	392.35	926.46
- Refund to the ARTF Parent Account	(13.77)	(155.47)	(186.14)
Total uses (allocations) out of ARTF Parent Account (1+2+3)	1113.30	547.82	1112.60
ARTF PARENT TRUST FUND: CASH POSITION D=[A]+[B]-[C]	359.02	755.95	547.65

¹¹ This does not include Germany's \$115 million contribution under the 2018-2020 PFFP but paid in late in December 2020 and January 2021 thus counted in the PFFP 2021-2024.

Notes: Refunds to the ARTF parent account includes \$125 million cancellations from the ARTF active projects in FY1399 as well as more than \$18 million from the Ad Hoc Payment Facility that was closed at the end of 2019 and the funds are earmarked for the Justice program.

ARTF 2021-2024 PFFP ANNEXES

ARTF 2018-2020 PFFP - Pledges and Contributions: For the 2018-2020 PFFP, ARTF donors pledged a total of US\$ 2.6 billion for the core ARTF program, of which the total actual paid-in contributions during the almost three-year period has so far amounted to US\$2.33 billion. Commitments less paid-in contributions, less indicated contributions equals the balance of outstanding unfulfilled commitments at the end of the period. Some donors contributed or indicated commitment more than their initial pledges which were paid in during the next PFFP.

Table 7 ARTF 2018-2020 Pledges and Contributions

(USD MILLION)

ARTF PARTNER	CORE-ARTF ¹									AD HOC PAYMENTS ²		
	PLEDGES ³ (USD million)				CONTRIBUTIONS (USD million)					(USD million)		
	2018-20	2018	2019	2020	PAID-IN ⁴			INDICATED ⁵	BALANCE ⁶	PLEDGES	PAID-IN	
				2018-2020	2018	2019	2020		2018-20	2018-20	2018-20	
UNITED STATES-USAID	900.00	300.00	300.00	300.00	900.00	300.00	240.00	360.00	0.00		100.00	100.00
EU-EC	400.00	122.00	148.00	130.00	222.95	79.79	85.13	58.03	61.98	115.07	95.00	92.90
UNITED KINGDOM-DFID	368.96	127.31	128.65	113.00	372.19	127.31	128.65	116.23	0.00			
GERMANY ⁷	299.74	92.00	92.00	115.74	159.65	71.29	88.36	0.00	115.74	24.35		
SWEDEN	164.07	52.07	56.00	56.00	150.53	52.07	49.92	48.54	3.06	10.48		
CANADA	126.86	36.28	41.50	49.08	126.89	77.81	49.08	0.00	0.00			
NORWAY	73.20	24.40	24.40	24.40	93.59	35.23	26.25	32.11	0.00			
AUSTRALIA	55.90	19.00	19.00	17.90	55.94	24.06	19.86	12.02	0.00			
NETHERLANDS	68.32	22.72	22.80	22.80	69.04	22.72	22.49	23.83	0.00			
DENMARK	61.37	29.47	16.40	15.50	80.50	33.98	31.54	14.98	9.88			
FINLAND ¹¹	34.84	11.64	11.60	11.60	36.40	11.64	13.78	10.98	0.00			
ITALY	37.68	14.68	11.50	11.50	26.04	11.36	2.85	11.83	15.16			
SWITZERLAND	9.10	2.50	3.30	3.30	9.22	4.81	1.01	3.40	0.00			
REPUBLIC OF KOREA	12.00	5.00	7.00	0.00	15.00	5.00	7.00	3.00	0.00			
JAPAN	4.55	2.32	2.23	0.00	5.99	2.32	2.23	1.44	0.00			
ESTONIA	1.32	0.51	0.50	0.31	1.01	0.00	1.01	0.00	0.49			
POLAND	0.50	0.26	0.24	0.00	0.50	0.26	0.00	0.24	0.55			
CZECH REPUBLIC	1.75	0.88	0.87	0.00	1.77	0.00	1.77	0.00	0.94			
IRELAND	0.59	0.00	0.00	0.59	0.00	0.00	0.00	0.00	0.61			
TOTAL	2,620.75	863.04	885.99	871.72	2,327.21	859.65	770.93	696.63	208.41	85.13	195.00	192.90

NOTES:

¹CORE-ARTF refers to the pool of funds available for programming by the ARTF (as a multi-donor trust fund), for which the World Bank assumes a trustee responsibility.

ARTF 2021-2024 PFFP ANNEXES

²AD HOC PAYMENTS refer to the funding mechanism (under the ARTF) through which partners may channel on-budget funds to GoIRA as part of a bilateral agreement.

³Indicative PLEDGES made at the time the 2018-2020 Financing Program is finalized, updated in some instances based on more recent communications.

⁴Contributions are recorded as PAID-IN when the funds have been transferred to the ARTF, converted into USD from original currency.

⁵Contributions are recorded as INDICATED when written notification is received from the ARTF partner indicating intent to contribute a specified amount.

⁶The BALANCE remaining from the initial indicative pledge, after the paid-in and indicated contributions are taken into account.

⁷Germany made an additional pledge of EUR 95 million (\$115.74) in 2020 under the 2028-2020 PFFP. The contributions were made in two tranches in December 2020 and January 2021. Both tranches of payment of \$115.74 million is reported under 2021 FY and 2021 financial reports.

⁸For some donors, the difference between the USD equivalent amount pledged at the start of the FS and the actual paid-in contribution is due to the exchange rate fluctuation.

Annex 4 ARTF 2021-2024 Pledges

Table 8 ARTF 2021-2024 Pledges and Contributions

(USD MILLION)

ARTF PARTNER	PLEDGES ¹ (USD million)					CONTRIBUTIONS (USD million)					BALANCE ⁴ 2021-2024	
	2021-2024	2021	2022	2023	2024	PAID-IN ²						
						2021-2024	2021	2022	2023	2024		INDICATED ³
GERMANY	474.60	118.65	118.65	118.65	118.65	115.74	115.74					474.60
UNITED STATES-USAID	400.00	100.00	100.00	100.00	100.00	0.00						400.00
UNITED KINGDOM-FCDO	288.00	72.00	72.00	72.00	72.00	0.00						288.00
SWEDEN	195.21	43.87	51.09	51.45	48.80	3.06	3.06					195.21
CANADA	138.60	34.65	34.65	34.65	34.65	35.56	35.56					103.04
EU-EC	114.75	114.75				18.20	18.20				96.55	0.00
NETHERLANDS	91.20	22.80	22.80	22.80	22.80	0.00						91.20
NORWAY	84.40	21.10	21.10	21.10	21.10	0.00						84.40
ITALY	59.20	14.80	14.80	14.80	14.80	15.16	15.16					59.20
FINLAND	48.40	12.10	12.10	12.10	12.10	12.10	12.10					36.30
AUSTRALIA	45.38	9.52	13.18	11.34	11.34	0.00						45.38
DENMARK	16.50	16.50				9.83	9.83					6.67
JAPAN	12.50	12.50				12.50	12.50					0.00
CZECH REPUBLIC	2.40	0.60	0.60	0.60	0.60	0.94	0.94					1.46
SWITZERLAND	2.19	2.19				0.84	0.84				1.35	0.00
ESTONIA	1.00	0.50	0.50			0.49	0.49					0.51
IRELAND	0.61	0.61				0.61	0.61					0.00
POLAND	0.54	0.54				0.54	0.54					0.00
REPUBLIC OF KOREA	0.00					0.00						0.00
TOTAL	1,975.48	597.68	461.47	459.49	456.84	225.57	225.57				97.90	1,785.97

NOTES:

¹Indicative PLEDGES are based on pledged amounts for 2021-2024 PFFP communicated by donors; 2018-2020 PFFP pledged balances are not included.

If pledges made in own currency, USD exchange rate applied at the time of the pledges made.

Despite the pledges, many donors will determine the final commitments subject to progress made against APF outcomes

²Contributions are recorded as PAID-IN when the funds have been transferred to the ARTF, converted into USD from original currency; it includes contributions towards 2018-2020 PFFP that were received in 2021.

³Contributions are recorded as INDICATED when written notification is received from the ARTF partner indicating intent to contribute a specified amount.

⁴The BALANCE remaining from the initial indicative pledge, after the paid-in and indicated contributions are taken into account.

⁵Germany paid EUR 95 million (\$115.74m), Italy paid EUR 12.5 million (\$15.16m), and Sweden paid (\$3.06m) under 2018-2020 PFFP. But the payments were made in 2021, therefore, they are recorded under the 2021-2024 PFFP.

⁶There are currently 31 ARTF donors (3 out of the original 34 donors exited), of which 19 are actively contributing

Annex 5 Communication and Visibility Plan

Background:
Supporting
Afghanistan's partners
with coordinated
communication
materials

GoIRA takes the lead in designing strategic communications about ARTF-financed projects for the Afghan public, just as it takes the lead in designing and implementing ARTF-financed programs.

That said, the ARTF's objective is **“to provide a vehicle for donors to pool resources and coordinate their support to the program of the Government of the Islamic Republic of Afghanistan for the reconstruction of Afghanistan”**¹². As Administrator of the ARTF, the World Bank recognizes the importance of supporting the ARTF's coordination objective through a consistent approach to communications by and about the ARTF, highlighting in particular the role of contributing donors.

In line with new World Bank guidance and requests from ARTF partners, this Communication and Visibility Plan (CVP)¹³ describes the communications objectives and activities of the ARTF and describes how the ARTF, the World Bank, and ARTF donors are represented in ARTF documents, communications, and ARTF-financed programs.

Context: Making
annual decisions on
ARTF commitments

Donors renewed development commitments at the 2020 Afghanistan Conference co-hosted by GoIRA, Finland, and the United Nations from November 23-24, 2020. Like past ARTF financing strategies, this PFFP reflects the portion of those renewed commitments that will be delivered through the ARTF platform. In past financing strategies, most donors made multi-year commitments to the ARTF. Several partners have taken a different approach in the current cycle. In line with their overall approach at the 2020 Afghanistan Conference, some partners made one-year commitments to the ARTF. They plan to review and update their commitments annually. This approach creates flexibility to respond to emerging needs and circumstances, although it reduces certainty. The approach also means that donors will need ready access to well-targeted communications that can assist decision making in capitals and present a credible case for sustaining coordinated support to Afghanistan.

Objectives:
Presenting an
evidence-based
narrative of

Given GoIRA's role in leading ARTF initiatives and the overall context of fragility in Afghanistan, ARTF communications do not aim to promote

¹² Afghanistan Reconstruction Trust Fund Administration Agreement Annex on Standard Terms and Conditions Governing Contributions to the ARTF, ¶ 2.

¹³ The ARTF has been certified as an “early mover” Umbrella 2.0 Program trust fund in the World Bank's trust fund reform process. World Bank Guidance: Preparing a Communication and Visibility Plan (CVP) for an Umbrella 2.0 Program (forthcoming 2021) calls for Umbrella 2.0 trust funds to develop a CVP in consultation with partners.

development results achieved through a strong and accountable partnership

the fund widely to the Afghan public. Instead, ARTF communications aim to support constructive dialogue by and among key stakeholders.

ARTF communication products will support GoIRA and its donor partners by **(1) delivering a clear narrative of evidence-based results and development gains** achieved through international aid to Afghanistan, including the ARTF. Communications will also seek opportunities to highlight how GoIRA and its partners work together toward **(2) a partnership with strong accountability systems** and a commitment to transparent and effective use of international aid. Finally, the ARTF will promote **(3) candid dialogue about challenges, risks and opportunities** for improving development outcomes in Afghanistan.

Key messages:
Sustaining long-standing themes and engaging candidly on successes and challenges.

Key messages will align around the three objectives set out above and will comprise both long-standing core messages and responsive messages that provide accessible information on emerging results, events, and issues.

(1) Evidence-based narrative of results and gains. Core messages will be drawn from analytical products such as [Afghanistan's Development Gains](#). Responsive messages will be drawn from project-level results reporting and, as the ARTF results framework is refined and finalized, portfolio-wide reporting products.

- **Core message:** International aid has been a critical part of Afghanistan's development and has driven some of the fastest progress in the world in reducing infant mortality, improving education enrollment, and expanding access to electricity. From 2002 – 2018:
 - Real incomes per capita increased 75 percent – from \$1,027 to \$1,800.
 - Life expectancy has increased from 44 to 61 years.
 - School enrollment has increased from less than one million to more than eight million children, of whom 40 percent are girls.
 - Maternal mortality has dropped from 1,100 to 396 per 100,000 births.
- **Core message:** International aid has supported the development of government systems and institutions capable of delivering services such as healthcare, education, and water and sanitation to the people of Afghanistan.
- **Core message:** Today, Afghanistan's government has stronger systems to manage public finances than many other fragile states. Revenues have grown from 3 percent of GDP in 2002 to around 14 percent of GDP today – equal to the average for low-income countries.

(2) A partnership with strong accountability systems and a commitment to transparent and effective use of international aid. Core messages will be drawn from materials that [explain how ARTF operates](#), [describe its fiduciary controls](#), [review its operations](#), and [report publicly on its discussions](#). Responsive messages may highlight how the ARTF supports constructive dialogue between GoIRA and its partners on [Afghanistan’s development priorities](#), the [Afghanistan Partnership Framework](#) and other shared priorities.

- **Core message:** The ARTF is an important mechanism to coordinate international aid. Through ARTF, donors align and coordinate their support around key development programs, reducing aid fragmentation.
- **Core message:** Independent assessments conclude that ARTF is a vehicle of choice for pooled funding because of its low transaction and management costs, transparency, and accountability.
- **Core message:** In an environment as complex as Afghanistan, the ARTF and World Bank have robust systems to ensure that funds are spent as intended and to ensure that programs deliver results.
- **Core message:** The ARTF partnership works closely with government partners to monitor and supervise programs and employs a range of additional measures, such as third-party monitoring, tailored to help ensure “value for money” in Afghanistan’s development programs.

(3) Candid dialogue about risks, challenges and opportunities. Core messages will align around longstanding analyses that demonstrate the [importance of sustaining aid to Afghanistan](#). Responsive messages may be developed as new opportunities and challenges arise, and may include, among other topics, [analysis of fiscal and economic considerations for peace](#) planning and candid responses to [discussions](#) and [reviews](#) of the ARTF mechanism.

- **Core message:** While Afghanistan’s reliance on aid has declined over time, the country is still heavily dependent on international grant support. Grants of around \$8.6 billion a year finance 75 percent of public expenditures and 90 percent of security spending.
- **Core message:** Continued support from the international community can maximize the likelihood of sustained peace and ensure that the new economic and development opportunities arising from peace can be fully realized.
- **Core message:** Without continued grant support, hard-won development gains would be lost, undermining prospects for peace and raising risks of accelerated outflows of Afghans forced to seek safety and opportunities abroad.

Target audiences and key channels:
Ensuring ready access to timely ARTF information

Consistent with the overall supportive approach outlined here, ARTF communications will target three main audiences: **(1) GoIRA officials**, with the aim of supporting their development leadership, **(2) donor representatives**, with the aim of providing a dynamic resource for communications with capitals, domestic audiences, and the Afghan public, and **(3) Engaged members of the Afghan media and public**, with the aim of providing accessible and transparent information to support Afghan policy dialogue. The approach will use four primary channels: regular weekly email correspondence to core GoIRA and donor stakeholders, the [ARTF](#) and [World Bank Afghanistan](#) websites, and public dissemination of news and [people-focused storytelling](#). Figure 25 elaborates on the content each channel is expected to communicate. The ARTF partnership may also use these channels to support communication campaigns when partnership members are interested to coordinate development-focused communications ahead of major events (e.g. the 2020 Afghanistan Conference) or on key dates (e.g., International Women’s Day).

Figure 25 Key audiences and channels for ARTF communications

KEY AUDIENCE	GoIRA Stakeholders	Donor Partners	Media/Engaged Public
CHANNEL: Weekly emails, regular ARTF governance meetings			
Regular email updates to ARTF partners provide a rolling calendar of ARTF governance body meetings and events, as well as updated announcements and reporting products. Regular governance body meetings enable the partnership to reach timely decisions and review recent developments.			
CHANNEL: ARTF website			
ARTF reporting products, records of proceedings, and special features. Links to public World Bank information of special interest to ARTF stakeholders. Periodic features to support coordinated communications linked to developments in Afghanistan.			
CHANNEL: World Bank Afghanistan website			
Data, analysis, research and news regarding the World Bank’s overall work in Afghanistan, including its role as administrator of the ARTF. Periodic features to support coordinated communications around international development events related to Afghanistan.			
CHANNEL: Public dissemination			
Public dissemination of news and people-centered storytelling regarding the results and impact of ARTF-supported initiatives. Storytelling will be offered in photographic, narrative, and video formats and is available for re-use by ARTF stakeholders. Partners are requested to credit “World Bank” when re-using content. Where appropriate, cross-promotion through social media postings will continue to employ the #ProtectTheGains hashtag introduced ahead of the 2020 Afghanistan Conference.			

Source: World Bank

Measuring success:
Tracking use of ARTF
resources and
stakeholder opinions.

The World Bank tracks stakeholder opinions through Country Opinion Surveys. The surveys, conducted once every three years, solicit views from key stakeholders on the effectiveness, alignment and coordination of the World Bank's operations in country. Survey data are publicly available.¹⁴

Since 2012, the Afghanistan survey has asked respondents for views on the ARTF, as well as on the World Bank itself. Survey measures of the effectiveness of ARTF coordination will form a key metric for assessing the effectiveness of ARTF communications overall. New functionality on the ARTF website will also enable better tracking of which online features prove most useful to ARTF stakeholders, enabling more focused targeting of information.

In the event that ARTF partners elect to implement on one or more coordinated communications engagements, campaigns or short-term initiatives on development-focused-themes, specific tracking metrics (such as web and social media analytics or dashboards to track media and stakeholder engagement) can be established to assess the effectiveness of the effort(s). Analytics would be designed in line with the WB's Communications Measurement and Evaluation Framework, which establishes consistent measurement processes that link communications goals and activities directly to the mission of the WB and its partners.

Visibility and branding: A unifying program identifier with visible presentation of partnership members

Good practice for multi-donor funds recommends use of a unifying program identifier to avoid logo profusion. The ARTF employs a program identifier, in the form of the "Rebuilding Together" logo featuring script in two official languages of Afghanistan: Dari and Pashto. The program identifier is accompanied by a logo that identifies the World Bank as Administrator of the ARTF. See Figure 26. The identifier is used in routine ARTF documents and reporting products, as well as the ARTF website.

It is essential that the ARTF be recognized as a joint effort of the development partners that contribute to the trust fund. For this reason, the ARTF website, ARTF annual reports, and banners/signage used for public ARTF events hosted by the World Bank¹⁵ will also feature a development partners identifier that presents the approved flags of

¹⁴ See <https://countrysurveys.worldbank.org/>.

¹⁵ The WB signs a grant agreement with GoIRA for each project that receives ARTF financing. Standard language in these agreements and/or in the appended standard terms and conditions (depending on the year of signature) entitles the World Bank to require GoIRA to take reasonable measures publicly to identify publicly donors' support through the ARTF. Given security sensitivities in Afghanistan and the primary objective of supporting GoIRA development leadership, the World Bank typically does not actively require use of the ARTF program or Development Partner identifiers in project-produced reporting or branding, but regularly uses both in WB-produced documentation.

each current and former ARTF contributor. Flags will be presented in alphabetical order and equal in size. See Figure Figure 26.¹⁶

Figure 26 ARTF program, administrator, and Development Partner identifiers



Source: World Bank

¹⁶The Nordic+ proposal, approved in September 2020, to seek signatures to amend the ARTF Administration Agreement Standard Terms and Conditions is expected to lead several inactive donors to withdraw from ARTF membership. The Development Partners identifier may be amended to group former members separately but will continue to present the flags of all partners that have contributed to the fund.

Annex 6 ARTF Standardized Operations Risk Rating Tool

The Standardized Operations Risk Rating Tool (SORT) is applied to the ARTF at the trust fund level, which includes an assessment of risks in seven categories.

1. Political and Governance

Risk Area	Risk	Risk Rating ¹⁷	Mitigation Measures
Political and Governance	<p>The political situation remains fragile under the new government formed in 2020 and violence remains pervasive. The current political and governance situations present potential risks to the overall ARTF program.</p> <p>As the Afghanistan Peace Negotiations begin, there is an increase in violence around the country, which is adversely affecting the ability to implement projects, multiplied by the COVID-19 pandemic challenges.</p>	H	<p>The World Bank as the ARTF Administrator continues to monitor the risks and mitigate them to the extent possible through close cooperation with key government counterparts in the Ministry of Finance.</p> <p>ARTF-financed projects are implemented by the government. While violence affects government staff and is a constant challenge, line ministries and national staff have so far maintained their ability to reach most areas in the country to ensure project implementation and service delivery. This is also helped by project designs that take into consideration the difficult operating environment and make use of design models that rely on community involvement for implementation.</p>
	<p>Political volatility has affected the pace of certain reforms as well as the implementation progress of some ARTF-financed programs.</p>	H	<p>The ARTF Administrator continuously monitors the situation closely and, through ongoing policy and technical dialogue with key counterparts in the Ministry of Finance and other ministries, minimize adverse impacts on the ARTF program.</p> <p>The Administrator has worked to ensure that financing has been/will be allocated to all major service delivery programs in the portfolio so that delivery of health, education, community development, and other critical services continue. The Bank's technical teams continue to work closely with the key government agencies and development partners to address factors that might impede basic services reaching people.</p> <p>Administrator will maintain a flexible approach, adjusting the level of its ambition to address short-term service delivery if necessary, and downscaling engagement in reform areas where the political will or ability to make progress is lacking.</p>

¹⁷ H=High, S=Substantial, M=Moderate, L=Low.

2. Macroeconomics

Risk Area	Risk	Risk Rating	Mitigation Measures
Macroeconomic risks	Afghanistan's macroeconomic outlook is subject to substantial downside risks. Risks arise from uncertainties regarding: i) the duration and depth of negative impacts from the current COVID-19 crisis; ii) future levels of international security and aid support, and expected significant declines in international assistance over the medium-term; and iii) levels of domestic and international investment in the context of current political uncertainties related to current peace negotiations	H	Risks are partially mitigated through Government's proven capacity to maintain appropriate macroeconomic policies in the context of major shocks, including previous substantial reductions in aid support. Risks are further mitigated by strong current policy dialogue on macroeconomic management issues between the Government, World Bank, and IMF, in the context of IMF Extended Credit Facility Program, and ongoing World Bank budget support arrangements. Finally, risks are partially mitigated by continued provision of incentivized support for critical business environment and structural reforms through the Incentive Program Development Policy Grants.
Fiscal sustainability	Fiscal sustainability risks arise from: i) expected declines in on-budget grants over the medium-term; and ii) recent significant declines in revenue performance, associated with economic slowdown and deteriorating compliance during the COVID-19 crisis.	H	Risks are partially mitigated through continued World Bank and ARTF technical assistance support to improvements in revenue administration under the Fiscal Performance Support Project (FSP). Risks are further mitigated through a heavy emphasis on revenue and fiscal transparency reforms under the Incentive Program Development Policy Grants and the IMF Extended Credit Facility Program. Finally, the World Bank is providing direct advisory support to the Ministry of Finance on appropriate measures to manage emerging fiscal pressures, including just-in-time advice on the annual budget, and through a planned Public Expenditure Review. The World Bank is providing advice to major development partners regarding the need for continued grant support, including through providing background analysis to the pledging conference in 2020.

3. Technical design of a project

Risk Area	Risk	Risk Rating	Mitigation Measures
Project design	Project performance is easily affected by the challenging context, which risks impacting results.	M	<p>Project design should take into consideration the low capacity and challenging operating environment including security constraints and impact of the COVID-19. This requires use of flexible modalities and innovative project design, weighing long-term sustainability gains against short/medium-term service delivery:</p> <ul style="list-style-type: none"> Outsourcing service delivery model (Sehatmandi): Using NGOs to deliver a basic health package across the country; contracts managed by the Ministry of Public Health. An in-between model (CCAP): Using facilitating partners to work with communities in the field, but general operations maintained by the government implementing agencies. Using country systems (FSP): fully integrated into the ministry systems, no Project Implementation Units.
Portfolio performance	The overall ARTF program portfolio performance is impacted by the high-risk environment, coupled with weak institutional capacity for implementation and sustainability.	M	<p>Portfolio management requires an integrated approach with regular troubleshooting:</p> <ul style="list-style-type: none"> Careful and continuous monitoring at several levels: (i) Operational- through bi-weekly discussions of the World Bank technical teams on various program implementation issues; (ii) Six monthly portfolio review (annual Country Portfolio Program Reviews and mid-year Portfolio Operational Status Reviews). CPPR to identify key bottlenecks to portfolio performance and cross-cutting issues whereas POSR to review a subset of projects based on risks for which project-level operational bottlenecks and fiduciary, safeguards, governance or performance issues have been flagged during the CPPR Proactive approach to restructuring non-performing projects. Introduction of enhanced mechanisms to ensure quicker identification and resolution of program implementation bottlenecks through regular Afghanistan Country Leadership Team and Country Management Unit joint check-ins, and regular contacts with Ministry of Finance and other key ministries to ensure addressing key bottlenecks and ownership of projects.

4. Institutional capacity for implementation and sustainability

Risk Area	Risk	Risk Rating	Mitigation Measures
Implementation capacity	The absorptive and implementation capacity of line ministries is a key factor in how projects perform and how funds can be allocated and disbursed. While the ARTF portfolio is generally performing well with relatively high disbursement rates on average, implementation continues to face a number of challenges affected by the implementation capacity in line ministries and agencies.	S	<p>Implementation risks are mitigated through careful project design, capacity building supported by ARTF programs such as TAGHIR. The TAGHIR program aims to further support the professionalization of the Afghan Civil Service through support to human resource management and institutional reform. It also aims to support improved structures and strengthened capacity of priority line ministries and independent agencies. Risks are also mitigated through ongoing close implementation support by the WB technical teams to government agencies implementing projects</p> <p>The Advisory Services, Implementation Support and Technical Assistance (ASIST), enables the Bank to respond to GoIRA requests for external advisory services in high-priority and highly technical sectors, such as fiscal management, energy, mining and public-private partners.</p>
World Bank resources	The Bank’s capacity to support line ministries in project preparation and implementation support is critical to the quality and effectiveness of the portfolio.	L	<p>With increasing number of Bank’s technical staff based in the Dubai office, more frequent visiting missions take place, allowing the Bank to move in skills as needed for the program. Almost all ARTF programs either have a task team leader who is a national staff and based in Kabul or is co-led by a national staff based in country. The capacity of national staff is complemented with technical staff based in Washington, Dubai and elsewhere to provide strong technical support to the client. The total number of Bank staff based in Kabul is 93, with a steady increase in the number of national staff at technical analyst level and higher from 24 in 2011 to 43 in 2020. Note: During COVID-19, all international staff working on the Afghanistan program is working remotely.</p> <p>In terms of facetime¹⁸, the World Bank in Afghanistan continues to be at the forefront in the World Bank with about 20,003 days annually, compared to the average for fragile states (3,000 days) or IDA countries (7,500). As a result, Afghanistan leads within the World Bank for hands-on support to and engagement with the client.</p> <p>To continue supporting the large ARTF program, the World Bank has included an internationally recruited Operations Officer position to the ARTF program management team to focus on results monitoring and reporting of the ARTF. All three Program Leaders who provide operational advice to WB technical teams will soon to be relocated to Kabul (once the office the COVID-19 travel restrictions end)</p>

¹⁸ Facetime is a measure of the Bank’s engagement with client countries that aggregates in a single scale multiple forms of engagement, including field staff (both national and international) and mission travel (from both headquarters and nearby offices).

5. Fiduciary

Risk Area	Risk	Risk Rating	Mitigation Measures
Fiduciary risks	Fiduciary risks are significant despite good progress made with establishing and strengthening public financial management systems. ARTF financed investment operations (e.g., Public Financial Management Reform Project I and II) have helped to put in place adequate processes and practices for financial management, procurement, and control.	H	<p>Safeguarding funds is a multifaceted approach taking place through four complementary modalities:</p> <ul style="list-style-type: none"> • Technical assistance through individual investment projects. • Capacity building: through the Capacity Building for Results Facility, PFMR, and the Fiscal Performance Improvement Support Project (FSP) and other investment projects. The ARTF-financed PFMR II focused on technical assistance to further strengthen government control systems. • Policy reform work: supported through the Incentive Program. FSP continues to support implementation of reforms and the building systems and capacity in government. • The IP focuses on the timely implementation of PFM measures, which include better internal and external budget controls, greater budget transparency, procurement certification, deep customs reforms aimed at improving efficiency, enhancing controls, and reducing rent-seeking opportunities, and incentives for domestic revenue growth and improved budgetary spending. • A more comprehensive enhanced fiduciary framework has been developed and being implemented: (i) Strong community ownership and monitoring; (ii) Government-wide controls; (iii) World Bank technical assistance and implementation support; and (iv) Additional controls: through enhanced Third Party Monitoring activities.
Controls	Strong controls are needed to mitigate fiduciary risks, including independent verification, to ensure donor confidence in ARTF systems and fiduciary controls, and to allow donors to continue providing financing on budget.	H	<p>The enhanced Third Party Monitoring contract began in January 2020, which consolidated two traditional contracts of monitoring of civilian operating budget and supervisory services to carry out asset verification and quality assurance as well as data mapping of national infrastructure projects. It also provides the Bank with strengthened outreach to all 34 provinces of Afghanistan, including highly insecure areas, to collect critical development data to better design projects and plan execution of effective programs.</p> <p>In addition to the above the World Bank with the agreement of the government and ARTF donors in late 2017 developed the Anti-Corruption and Results Monitoring Action Plan (ACReMAP) a proposal to enhance the overall ARTF results monitoring and anti-corruption efforts. The ACReMAP supports expanded third-party monitoring of ARTF-financed operations, in-depth fiduciary reviews of selected ARTF-financed operations to assess the effectiveness of fiduciary controls, as well as hands-on procurement support for selected projects involving complex procurements.</p>

6. Environment and social

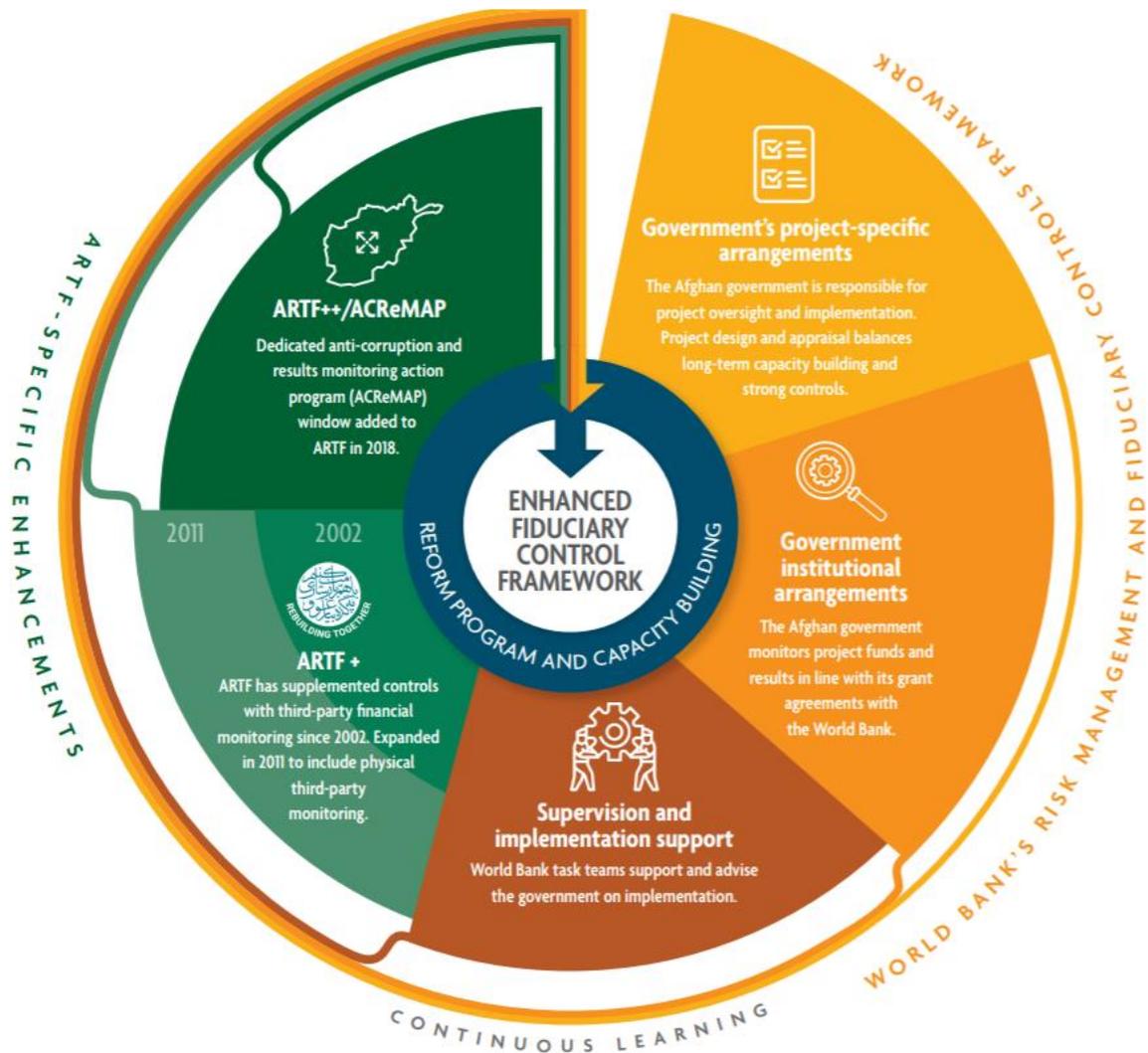
Risk Area	Risk	Risk Rating	Mitigation Measures
Environment	Lack of implementation and monitoring capacity of the national environmental law.	S	<p>Environment risks are analyzed on a project-by-project basis. All projects and operations financed under the ARTF follow World Bank policies and procedures for environmental safeguards, including the World Bank Group's Environmental and Social Framework (ESF) which has been applied to projects that are prepared after October 1, 2018. The ESF offers a broad and systematic coverage of environmental and social risks. The ESF makes important advances in areas such as transparency, non-discrimination, public participation, and accountability – including expanded roles for grievance mechanisms.</p> <p>Each investment project is required to develop environmental and social management plans.</p>
Social	Tenure insecurity and land conflicts plus multiple, inconsistent, and overlapping legal framework.	S	<p>Social risks are analyzed on a project-by-project basis. All projects and operations financed under the ARTF follow World Bank policies and procedures for social safeguards.</p> <p>Projects are required to develop environment and social management plans and resettlement action plans in case of land acquisition.</p>
Implementation and Monitoring	Weak implementation and monitoring capacity in implementing ministries.	H	Assessed during design phase and identified weaknesses addressed through project design, implementation arrangements, and ongoing World Bank technical assistance and implementation support.
Disasters	Natural disaster risks, including flooding, droughts, earthquakes, locusts.	H	The World Bank focuses on disaster risk management at the project level, where appropriate response mechanisms are incorporated into the project design to be activated in an emergency. Also, infrastructure quality specifications consider potential disaster risks.
Gender	Marginalization of women in the economy and broader development.	H	<p>The World Bank ensures that priority gender gaps, aligned to the WBG Gender Strategy and Country Gender Action Brief, are addressed as a cross-cutting issue in the ARTF portfolio. This includes careful attention to gender issues at the project level, whereby projects address gaps through a results chain that links gender analysis, actions, and indicators in the project's results framework</p> <p>The World Bank gender specialists work closely with all project teams and line ministries to provide input and guidance to ensure that projects contribute to closing strategic and priority gender gaps.</p> <p>Policy dialogue with line ministries and capacity building efforts are ongoing to ensure increased gender equity.</p>

7. Stakeholders

Risk Area	Risk	Risk Rating	Mitigation Measures
Stakeholder risks	<p>Considering Afghanistan’s aid dependency, continued donor support will be crucial for balancing the budget. The first year pledge to the ARTF indicates that the overall donor contributions for the first year of 2021-2024 PFFP would be reduced by one-quarter.</p> <p>Engagement with the population at large as beneficiaries of ARTF programs, and NGOs is important.</p>	M	<p>The performance of the portfolio and the delivery of the new ARTF Partnership Framework and Financing Program (PFFP) is likely to influence donors’ willingness to continue high levels of contributions to the ARTF. The ARTF therefore needs to ensure a continued focus on effectiveness and delivering results. To allow substantive discussions on effectiveness, the Administrator has strengthened the focus on results reporting. The ARTF Scorecard is published annually and feeds into a dialogue with the government and donors on results, effectiveness, and funding priorities. In the first year of the PFFP, the Administrator will engage stakeholders in discussions focused at enhancing the Scorecard as a tool for supporting these dialogues. As the first step, a draft results frameworks for the overall ARTF portfolio and for gender specific tracking have been developed. The Administrator will engage donors to finalize the RFs in July/Aug 2021.</p> <p>The Administrator manages the cash balance as well as supply and demand of funds very carefully, structured in the ARTF PFFP (former Financing Strategy), which is updated annually. This helps mitigate the risk of a deficit of funds. The Administrator works closely with the ARTF donors to regularly update their estimated contributions to allow for more accuracy in the planning of the ARTF Programs.</p> <p>Consultations were held with various stakeholders during the development of the WBG Country Partnership Framework for Afghanistan. Periodic WBG client surveys indicate overall strong support for the ARTF/WBG-financed program in Afghanistan.</p>
Security	<p>The World Bank’s ability to supervise the portfolio, and particularly the project sites located in high-risk and/or remote areas, is affected by the general security situation in the 34 provinces of the country.</p> <p>Access to project sites in the provinces is crucial to allow monitoring by line ministries, and implementation support and supervision by the World Bank. The worsening security situation in recent times, has affected the extent to which Bank technical teams can conduct field visits.</p>	H	<p>Access to the field happens in the following ways:</p> <ul style="list-style-type: none"> • Implementing agencies: <ul style="list-style-type: none"> o Working through the government ensures access to the field, using community monitoring, grievance redress mechanisms, information communication technology (ICT), and partners. o Projects have been able to adapt to a changing operating environment and government staff are so far still able to access most projects. o A limited number of field visits are still done by World Bank teams, factoring in security considerations on the o The ARTF third-party monitoring agent ensures constant monitoring of ARTF projects, even in conflict-affected areas, and a steady flow of verified data to feed into and enhance the ongoing dialogue with the implementing line ministries.

Risk Area	Risk	Risk Rating	Mitigation Measures
Beneficiaries			<ul style="list-style-type: none"> • Making use of ICT and third party monitoring agents to obtain data: <ul style="list-style-type: none"> o The ARTF third-party monitoring agent ensures constant monitoring of ARTF projects, even in conflict-affected areas, and a steady flow of verified data to feed into and enhance the ongoing dialogue with the implementing line ministries Individualized innovative approaches to use ICT in project implementation support are being developed and built into the project design to ensure access to data and establish beneficiary feedback mechanisms in communities.
	<p>Increased tension between different social and/or regional groups.</p> <p>Tension between centralization and devolution to the regional and provincial levels.</p>	M	<p>The World Bank social safeguard policies apply to ARTF projects to ensure social inclusion irrespective of gender, ethnic, and religious affiliation in ARTF-financed projects.</p> <p>The ARTF adheres to the policies of the Afghan government, but within ARTF-financed projects the World Bank strives to ensure a balanced regional spread of resources.</p>

Annex 7 Enhanced Fiduciary Control Framework for WB-financed projects in Afghanistan



Summary

1. World Bank (WB)-financed projects, including all those financed by the Afghanistan Reconstruction Trust Fund (ARTF), follow a common risk management and control framework. Because all WB-financed projects and programs are on-budget financing facilities, all are implemented by a government entity. The implementing government entity retains both the authority and the responsibility for project-related decision-making in accordance with both applicable national laws and regulations and World Bank rules and regulations. The WB provides fiduciary oversight through ongoing supervision of project activities and by reviewing project transactions. Transactions with a value that exceeds a pre-defined threshold (depending on expenditure category) are reviewed on an ex ante basis, meaning that WB no objection is required before the transaction can proceed. Transactions below the threshold are reviewed ex post on a sample basis. All WB projects are audited annually, usually by the country's supreme audit institution.



2. Although the framework is common across all WB-financed projects, the robustness of its application can vary between individual projects and/or implementing agencies. For example, some projects rely more on activities that are prone to higher fiduciary risks (e.g., those that are difficult to monitor on an ongoing basis or verify ex post). Likewise, capacities for project management vary across implementing agencies, often influenced by idiosyncratic factors such as the availability of experienced project directors.
3. Given the unique implementation challenges of the Afghanistan context, the WB supplements its regular control framework with its largest third-party monitoring program globally. Mobilized from the beginning of the ARTF in 2002, the ARTF Monitoring Agent provides fiduciary oversight. In 2011, the ARTF Supervisory Agent was brought in to monitor physical progress of project activities. Under the Anti-Corruption and Results Monitoring Action Program (ACReMAP), the WB in Afghanistan has been steadily ramping up fiduciary oversight and results monitoring since late 2017.
4. This note was first disseminated to the ARTF SG in October 2019. It presents an overview of the Enhanced Fiduciary Control Framework that applies to WB projects in Afghanistan. Periodic updates, including procurement and financial management action programs disseminated in June 2020, have been appended to update partners on completed and in-process measures to improve portfolio-wide controls, drawing on lessons learned from the ACReMAP-supported in-depth fiduciary reviews. At the request of ARTF partners, key ongoing measures have been synthesized in an annual fiduciary action plan appended included with this PFFP as a separate annex.

Part I: Fiduciary Control Framework in World Bank-financed Projects

Standard Features of World Bank Fiduciary Control Framework

1. The WB's risk management framework for the ARTF is described in Annex 2 of the ARTF Partnership Framework and Financial Program: FY1397-FY1399 (2018-2020). The risk management framework considers a broad range of risks, including macroeconomic, political and governance, institutional capacity for implementation and sustainability, environmental and social, among others. The fiduciary control framework is one aspect of the risks considered.
2. The fiduciary control framework in all WB-financed projects follows a two-tier structure. The government implementing agency (usually a ministry) holds the primary responsibility for implementing all project activities including internal controls (first tier). The WB task team exercises fiduciary oversight and provides technical advice, as needed (second tier). Specific details of how this framework is applied vary from one implementing agency/project to another, although all fiduciary activities must conform to relevant WB rules and regulations.
3. The control framework generally consists of the following control elements.
 - (i) Project governance/management structure (control environment): A project is usually overseen by a steering committee, typically headed by the minister, as an apex body to provide strategic guidance and review



progress. A dedicated project implementation/management unit is created for day-to-day management of project activities. In some cases, project management functions are “mainstreamed” into the implementing agency’s existing organizational structure. This “mainstreaming” aims to facilitate longer-term capacity building of government staff and institutions. In such cases, projects usually finance individual staff/consultants working within the implementing agency’s regular management structure to augment the existing units’ capacity. The Bank gives due consideration to balancing the longer-term objective of institutional capacity building on the one hand and the short-term imperative of safeguarding project funds through a “ring-fenced” fiduciary arrangement (which tends not to be conducive to capacity building) on a case-by-case basis.¹⁹

- (ii) Control activities: The primary responsibility for standard control activities such as authorizations, approvals, verifications, etc. of project transactions rests with designated officials of the implementing agency. All projects must develop an operations manual that complies with both the national laws and regulations and applicable WB rules and regulations (e.g., procurement regulations²⁰). Should there be any contradiction between a national law and WB rules, the latter takes precedence. An operations manual acceptable to the WB is often a condition for a start of activities under an approved project.²¹ Transactions with a value above a pre-agreed threshold are also subject to prior reviews and no objections by the WB.

¹⁹ The judgment is based on the level of fiduciary risk. Risk factors considered for assessing the procurement capacity of the implementing entity include [accountability for procurement decisions within the implementing agency](#) and availability/quality of [manuals for and clarity of the internal procurement process](#) for (i) [record keeping & document management systems](#); (ii) staffing, procurement planning; (iii) [bidding documents, \(pre-\) qualification, shortlisting, and evaluation criteria](#); (iv) [advertisement, pre-bid/proposal conference and bid/proposal submission](#); (v) evaluation and award of contract; (vi) [review of procurement decisions and resolution of complaints](#); (vii) and [contract management and administration](#) and procurement oversight arrangements.

²⁰ In carrying out procurement, the implementing agency is required to first develop a Project Procurement Strategy for Development (PPSD) as a basis for a procurement plan and use an online procurement management and tracking system, STEP (Systematic Tracking of Exchanges in Procurement). A PPSD considers specific procurement packages, market characteristics, supplier preferences and means for enhancing bidder participation, other social, economic, technological and regulatory aspects that influence the procurement, risks involved and the capacity of the implementing agency for undertaking the procurement. STEP allows Bank procurement specialists to monitor project procurement activities regularly.

²¹ WB-financed projects always follow an approved operations manual. If a manual is substantially completed before the project is approved, then it becomes unnecessary to make its readiness an effectiveness condition.



Procurement risk

Every project undergoes a procurement risk assessment during preparation. Each project is assessed and categorized in terms of fiduciary risk as High, Substantial, Moderate or Low. The procurement specialist assigned to the project proposes thresholds for prior reviews for different types of procurement (goods, works, non-consulting services, or consulting services) taking into account the assessed risk level (the higher the risk, the lower the prior review threshold) using the corporate matrix of thresholds as guidelines (see table below). In Afghanistan about 80% of the projects are rated as High risk. Risk ratings are updated twice a year when the Implementation Status and Results Reports (ISRs) are filed following formal bi-annual implementation support missions.

Procurement Prior Review Thresholds (USD million)				
Type of procurement/ Risk level	High	Substantial	Moderate	Low
Works (including turnkey, supply & installation of plant and equipment, and PPP)	5	10	15	20
Goods, information technology and non-consulting services	1.5	2	4	6
Consultants: firms	0.5	1	2	4
Consultants: individuals	0.2	0.3	0.4	0.5

Source: WB Procurement Procedure: Procurement in IPF and Other Operational Procurement Matters, 2016

- (iii) **Monitoring:** The primary responsibility for day-to-day monitoring of project activities rests with the implementing agency. The implementing agency periodically reports on agreed project performance indicators, as captured in the project’s results framework.²²
- (iv) **Annual Audits:** Agency-wide internal audit and government-wide external audit provide scrutiny over project activities independent of the PIU/PMU. WB policy requires each project’s financial statements to be audited annually by independent auditors and furnished to the WB by a date specified in the project’s legal agreement. GoIRA’s Supreme Audit Office (SAO) conducts the annual external audits (with support from external consultants due to current capacity constraints). The auditor is required to express an opinion as to whether project financial statements were prepared in line with applicable standards²³ and whether grant proceeds

²² The results framework is attached as an annex to the Project Appraisal Document. The indicators are divided between those linked to the approved Project Development Objectives (PDOs) and intermediate results indicators. Any change in the PDO would require a formal project restructuring with approval by the Board of Executive Directors.

²³ The SAO has adopted the International Standards of Supreme Audit Institutions as its authoritative standards.



were used for purposes intended. Under agreed terms of reference, auditors also give special attention to compliance with legal agreements, procurement and disbursement guidelines, and the project operations manual during the audit, along with identifying and evaluating risks related to fraud and corruption.

- (v) **Implementation Support/Supervision:** WB implementation support/supervision serves as the final layer of the monitoring arrangement. The main objectives of implementation support are to (i) assess and project implementation performance for both internal and external reporting and (ii) provide advice to the implementing agency on areas in need of improvement. The WB task team reviews data and reports shared by the implementing agency and, where feasible, supplements the information with direct observations through field visits, or occasionally by hiring a third party for additional scrutiny (e.g., spot checks). WB fiduciary (financial management and procurement) specialists review the implementing agency's handling of project-financed transactions, including through post reviews of sampled transactions.²⁴ When the task teams identify transactions that do not fully conform with the required WB rules and regulations through prior reviews, a "no objection" is withheld until the procedure is corrected.²⁵ When post reviews identify transactions that do not meet expenditure eligibility criteria, WB will declare these as ineligible expenditures and request the government to refund the corresponding amount.

²⁴ Task teams are led by one or more task team leaders (TTLs) who are technical specialists in the sector of the project. The TTLs are assisted by additional technical specialists or consultants, as needed, staff providing operational support, a country lawyer and disbursement officer, fiduciary (i.e., financial management and procurement) and social and environmental safeguards specialists.

²⁵ "No objection" given on the ground that the transaction has followed applicable Bank rules and procedures is different from "approval" in that the Bank does not consider substance of the procurement's content (e.g., quality of technical proposals) in issuing a no objection.



Ineligible Expenditures

Ineligible expenditures are project expenses that 1) do not satisfy the criteria of the project-specific legal agreement or 2) were incurred without fully complying with Bank procurement and financial management rules. For regular investment project financing, ex ante determination of eligibility is not a condition for disbursement. Rather, cases of ineligible expenditures are usually discovered through regular fiduciary oversight (especially post review of financial and procurement transactions, internal or external audit by the government) and occasionally through complaints filed by whistleblowers that are subsequently substantiated, for example, through INT investigations.

Should any transaction under a WB-financed project be found to be ineligible, the Bank can request the government to refund the equivalent amount. Should the government fail to process the refund promptly, the Bank could impose additional temporary remedies such as suspension of opening of new project designated accounts (without which new project funds cannot be mobilized) or suspension of negotiations (finalization of the project legal agreement before the project is presented to the World Bank's Board of Executive Directors for approval) for any new project. A persistent failure by the government to rectify the underlying causes of the ineligible expenditures (e.g., repeated misprocurements, a serious case of fraud and corruption that remains unaddressed, etc.) could result in temporary suspension or cancellation of an entire project or a portion of its financing.

In Afghanistan, the WB has declared 16 cases of ineligible expenditures since 2013 through 2019 (to date). In 12 of these cases, the Government has fully refunded the declared amounts. Four recent cases of refund are currently pending including the two cases related to EQUIP II. Of these cases, one (US\$ 2.2 million) resulted from the findings of the In-depth Fiduciary Review whereas the other (US\$1.2 million) related to misuse of funds for school construction identified in the Ministry of Education's internal audit (US\$ 0.86 million) and unliquidated cash advances noted by the Bank financial management specialist assigned to the Project (US\$ 0.34 million).

4. Within this general framework, the implementing agencies, with advice and consent of the WB task team, can vary design of some control elements depending on the requirements of the implementing agencies and/or specific projects.²⁶ Such variations are found, for example, in the use of a PIU/PMU vs. the implementing agency's existing structure; the PIU/PMU's structure (if used), composition and reporting lines vis-à-vis the leadership of the implementing agency; the extent to which transactions are subject to WB prior reviews (depending on the value of the transaction); and methods, frequency, etc., of monitoring activities.

²⁶ For example, the WB usually recommends a PIU/PMU if the implementing agency is assessed to lack sufficient capacity to implement a WB-financed project.



5. The WB's fiduciary framework is interlinked with its anti-corruption policy and framework including a system of administrative sanctions on firms or individuals directly involved in WB-financed projects.²⁷ The WB's sanctions do not apply to government officials or other actors with no direct link to a WB-financed project.

Tackling Administrative Corruption through a Two-Tier Sanctions Process

Promoting good governance and tackling corruption are critical to achieving sustainable development and poverty reduction. Diversion of funds from development projects through corruption impairs the ability of governments, donors, and the World Bank to achieve the goals of reducing poverty, attracting investment, and encouraging good governance.

One way that the World Bank Group combats corruption is through the use of administrative sanctions against firms or individuals who have engaged in fraud, corruption, coercion, collusion or obstruction (referred to collectively as Sanctionable Practices) in connection with WB-financed projects. The sanctions regime is designed to protect the funds entrusted to the WB, while offering the firms and individuals involved an opportunity to respond to the allegations against them.

There are five possible administrative sanctions: Debarment, Debarment with Conditional Release, Conditional Non-Debarment, Public Letter of Reprimand, and Restitution.

Allegations that a firm or individual engaged in a Sanctionable Practice are investigated by the World Bank Group's Integrity Vice Presidency (INT). If INT believes there is sufficient evidence to substantiate the allegations, the case is referred to the Office of Suspension and Debarment (OSD)*—the first tier of the WB's two-tier administrative sanctions process. If the OSD review determines that there is sufficient evidence of a sanctionable practice, the firm or the individual in question (respondent) will be temporarily suspended from eligibility for new WB-financed contracts, pending the final outcome of the sanctions process.

The respondent can choose not to contest the allegations or the recommended sanction, in which case the sanction recommended by the OSD is imposed. If the firm or individual contests the allegations or the recommended sanction, the case is referred to the World Bank Group Sanctions Board—the second tier of the WB's two-tier administrative sanctions process. The Sanctions Board carries out a full de novo review in each contested case without being bound by the OSD's recommendation. After completing its review, the Sanctions Board determines whether it is "more likely than not" that the respondent engaged in a sanctionable practice. If so, the Sanctions Board imposes one or more of the aforementioned sanctions, which may extend to a respondent's affiliates, successors and assigns. The decisions of the Sanctions Board are final and non-appealable.

Since 2001, more than 700 firms and individuals have been publicly sanctioned by the World Bank Group (visit www.worldbank.org/debarr for the full list of sanctioned firms and individuals). In fiscal year 2018, the World Bank Group debarred or otherwise sanctioned 83 firms and individuals and recognized 73 cross-debarments from other multilateral development banks. Sixty-six World Bank Group debarments were eligible for recognition by other multilateral development banks in fiscal year 2018.

The World Bank Group's sanctions do not extend to any actor (e.g., government officials) other than firms or individuals contracted by World Bank-financed projects.

²⁷ See <https://www.worldbank.org/en/topic/governance/brief/anti-corruption> for more information.



Additional Measures for Ramping Up Fiduciary Oversight in Afghanistan

6. Given the elevated fiduciary risks in the Afghanistan portfolio, the WB has committed to further ramping up its fiduciary oversight in Afghanistan through the Anti-Corruption and Results Monitoring Action Program (ACReMAP). ACReMAP was initially proposed in the fall of 2017 and was formally endorsed by the ARTF Steering Committee (SC) in June 2018, when the SC authorized creation of ACReMAP as a Bank-executed “window” of the ARTF. ACReMAP is designed to evolve and expand based on lessons learned. To date, key ACReMAP initiatives have included: (i) enhanced third-party monitoring (TPM); (ii) in-depth fiduciary reviews of selected, high-risk projects; and (iii) risk-based smart implementation support, primarily focused on procurement activities.²⁸

Enhanced TPM

7. The TPM arrangement for the WB in Afghanistan dates back to the beginning of the Afghanistan Reconstruction Trust Fund (ARTF) in 2002 when the Bank contracted a Monitoring Agent (MA) to review eligibility of government expenditures for reimbursements under the ARTF Recurrent Cost Window, an activity that continues today.
8. Over time, the WB has gradually strengthened the ARTF TPM arrangements. First, in 2011, the WB contracted a separate TPM firm (Supervisory Agent, SA) with the mandate to inspect physical progress of project activities. The SA’s work initially focused almost exclusively on infrastructure components in 6 priority projects under the ARTF Investment Window that were geographically dispersed and required on-site reviews of ongoing civil works. The scope of its monitoring work later expanded to cover “soft activities” such as female/community participation as well as compliance with social and environmental safeguards requirements. In 2014, the WB began to task the MA to verify physical presence of government employees on payroll as additional assurance.
9. To determine the specific scope of, and approach to, TPM on individual investment projects,²⁹ Bank task teams work directly with the SA to identify data needs and develop data collection protocols specific to each project, benefitting from the SA’s technical advice in determining specific collection measures. The varied natures of the projects lead to variations in the approaches to TPM and its scope. The distribution of the workload across projects is determined in the TPM annual work plan prepared by the SA at the start of each year. Once this is approved by the WB Country Management Unit, then the task teams of the relevant projects are invited to propose project-specific requirements in terms of (i) the types of monitoring; (ii) frequency; (iii) geographic coverage, etc. The agreed scope for each project will be reflected in the final version of the annual work plan, although both the Bank and the SA

²⁸ ACReMAP also includes a set of activities intended to strengthen the Bank’s oversight of social and environmental safeguards and relevant government agencies’ capacity to manage social and environment risks.

²⁹ The scope of the fiduciary oversight is determined by the Bank Country Management Unit and the Fiduciary team independent of individual task teams.



have retained flexibility to mutually agree the introduction of adjustments during the year, including reallocation of the assigned TPM resources between projects, as circumstances and requirements change.

10. Under ACRReMAP, the WB has accelerated the pace of strengthening TPM both in scope (i.e., types of monitoring work done) and scale (i.e., number of projects under scrutiny). The WB has increased the number of investment projects under monitoring by the SA from six in 2017 to 19 in 2019. From 2020 on, the plan is to place all WB-financed projects in Afghanistan under TPM in principle.³⁰ In parallel, the SA has conducted ad-hoc assessments such as why service delivery performance of selected health facilities changed drastically and whether distribution of emergency seeds reached intended beneficiaries.
11. Another aspect of strengthening the TPM arrangement is the movement toward a more integrated, collaborative approach to monitoring work between the MA and the SA. The original approach, where the MA exclusively focused on financial/fiduciary aspects of the Recurrent Cost Window operations and the SA exclusively covered physical aspects of the Investment Window projects, led to certain limitations in our portfolio monitoring. For example, when the MA developed a statistical sample of government employees for physical verification, it could not always reach each employee. The MA's contractual arrangements meant that the contractor lacked logistical setup and personnel on the ground to reach government employees in remote or otherwise hard-to-reach areas. The SA contract, on the other hand, was designed to ensure national coverage. The WB therefore asked the SA to collaborate with the MA to expand the actual coverage of the government employee physical verification exercises. This combined arrangement expanded the actual coverage from 50-60% to 95% of the sample, which averaged 11,000-12,000 each year over four fiscal years (2014-17).³¹ MA/SA collaboration has similarly been extended to fiduciary oversight of investment projects. While the SA was primarily responsible for oversight of Investment Window projects, under its contractual arrangements it lacked the expertise to assess internal control and financial arrangements of Investment Window projects. Beginning in 2018, the WB assigned the MA to assess project-level internal control and financial management to supplement regular fiduciary oversight by the Bank, especially by visiting project sites to which Bank fiduciary staff have no easy access.³² As of August 2019, MA has reviewed internal control of eight ARTF-financed projects, and finalized assessments of six. (Two are still in-process.) The WB is currently conducting a fully competitive procurement process for the next round of TPM contracting. The new contract, which is expected to become

³⁰ Certain projects that are judged not to require TPM (e.g., technical assistance project being implemented in Kabul) will be excluded on a case-by-case basis.

³¹ For details of the results of the physical verifications, please refer to the various ACRReMAP Quarterly Updates.

³² MA had traditionally limited its scope of work to assessing expenditure eligibility for the Recurrent Cost Window (RCW), and more recently, physical verification of government employees, also as a way of offering additional assurance on the eligibility of recurrent cost financing under RCW.



effective in 2020, will combine the MA and the SA functions under a single contract, which is expected to facilitate the continued integration of the two types of monitoring.

In-depth Fiduciary Reviews

12. To supplement its regular fiduciary oversight, the WB has begun to conduct in-depth fiduciary reviews of select high-risk projects. In-depth fiduciary reviews are detailed, evidence-based reviews of transactions funded by a WB-financed project. The primary objective of an in-depth fiduciary review is to identify risk areas and draw lessons for further strengthening the controls as applied to a specific project. An in-depth fiduciary review is distinct from an audit, which aims to establish the credibility of project financial statements. In-depth fiduciary reviews are also distinct from a fraud investigation, which is intended to substantiate a possible case of fraud or corruption and identify perpetrators for possible sanctions. Nonetheless, if indications of procedural non-compliance or fraud and/or corruption are uncovered during the course of an in-depth fiduciary review, the WB will take appropriate remedial measures, including declaration of ineligible expenditure and referral of specific cases to the Integrity Vice Presidency for independent review and investigation. A first in-depth fiduciary review was initiated in December 2017 on the Second Education Quality Improvement Program (EQUIP II). A second review is underway on the National Horticulture and Livestock Productivity Project (NHLP). The reviews have been completed at this time and synthesis notes were shared with ARTF donors.

Risk-based Smart Implementation Support

13. Since 2018, the WB's Afghanistan Office has introduced a series of measures to intensify project implementation support and reduce fiduciary risks that may arise where government implementation capacity is limited. These measures are currently concentrated in areas related to procurement, project hiring, and follow-up on remedial measures.
14. In procurement, risk-based support has included the application of the Hands-on Expanded Implementation Support (HEIS). Approved in 2016, HEIS is a method of providing enhanced procurement support to the government in "situations of urgent need of assistance or capacity constraints." When HEIS is invoked, WB task teams can provide additional "hand-holding" that is not permitted in normal project circumstances. The additional support can include, for example, drafting procurement documents, attending various procurement-related meetings (e.g., pre-bid meetings, contract negotiations, etc.) as observers, and supporting the government in addressing procurement-related complaints. The final decisions on all procurement matters still rest with the government. Although the primary objective of HEIS is capacity gap-filling rather than fiduciary oversight, closer involvement by a WB procurement specialist/consultant affords an opportunity for closer scrutiny of the key steps in a procurement process and hence the possibility of reducing opportunity for irregularities. In Afghanistan, the WB decided to utilize HEIS as part of ACRemap given the low capacity of most implementing agencies and recurrent concerns about transparency in procurement processes. The first HEIS was applied to the procurement of health service providers for the Sehatmandi Project in late 2018. A second HEIS has been implemented for



the Women's Economic Empowerment Rural Development Project in early 2019.

Staffing for Due Diligence: Organizational Set-up for WB Fiduciary Oversight

The WB's Governance Global Practice (GGP) is the institutional home of procurement and financial management specialists. For the Afghanistan program, the fiduciary team currently consists of four full-time staff each in financial management (3 national and 1 international) and procurement (3 national and 1 international) based in Kabul and Dubai as well as several others working out of the other WB offices who dedicate a portion of their time to the Afghanistan program. Each team is coordinated by an international senior specialist. The fiduciary staff are assigned to support specific projects as designated financial management or procurement specialists responsible for assessing the adequacy of project-level financial management or procurement arrangements, reviewing relevant transactions, and advising the project task team leader as well as the implementing agency on appropriate actions.

The financial management and the procurement specialists report to their respective regional/sub-regional managers. For Afghanistan, the financial management specialists are managed by a GGP manager based in Dubai who covers Afghanistan and Pakistan. The procurement specialists report to a manager based in Washington, DC, who oversees procurement staff in the entire South Asia Region. Central units in the Operations Policy and Country Services (OPCS) Vice Presidency, headed respectively by the Chief Financial Management Officer and the Chief Procurement Officer, provide strategic leadership on policies, procedures, instructions, guidelines, and tools for Bank-wide compliance.

Although only WB fiduciary staff have the authority to conduct regular fiduciary oversight of WB-financed projects, the fiduciary team sometimes engages external consultants for specific, discrete activities, such as conducting post transaction reviews or training for government fiduciary staff. Other WB staff with relevant skills and expertise, such as those belonging to the Preventive Services and the Forensic Accounting Services of the Integrity Vice Presidency (INT), may also reinforce the front-line fiduciary staff for discrete assignments, which in Afghanistan have included the in-depth fiduciary reviews.

15. Regular internal/external audits and WB supervision identify weaknesses and required remedial actions. [Follow-up on remedial actions](#) has at times been inconsistent. The WB is finalizing the development of a Compliance Management System, to be operational by December 2020. This online system will consolidate information on fiduciary and financial management concerns, and agreed remedial actions, in projects. The system will provide WB teams with real-time information on the status of pending remedial actions. Consolidating the tracking in a single system will enable more effective follow-up by WB teams, helping them ensure that issues are timely addressed. The system will also better enable the WB to track compliance issues across projects, enabling better identification and analysis of systemic concerns.



Measures for Strengthening Government Capacity for Financial Management and Procurement

16. The WB complements the ramped-up fiduciary measures supported by ACRReMAP with measures to support further strengthening of government systems and capacity for effective financial management and procurement.

Financial Management

17. To promote uniformity and consistency in the financial management practices of the ARTF-financed projects, and with a view to strengthening the fiduciary oversight and control environment, the WB has developed a comprehensive Financial Management Manual (FMM), which became applicable to all new projects beginning in 2019. The manual provides instructions and guidance to the project on the implementation of internal controls and on the application of policies and procedures. An intensive capacity building plan based on a training needs assessment has been developed and implemented to support the implementation of FMM. During the first half of 2019, the WB organized two five-day workshops that trained roughly 100 project staff on the use of the FMM. Intensive two-day training sessions that will offer a deep dive into specific risk-prone areas are planned for delivery during the remainder of the calendar year.
18. The WB is funding the development and implementation of a cloud-based financial and document management system linked to the Afghanistan Information Management System (AFMIS), to improve the record and document management for all projects in the ARTF portfolio. To ensure the completeness of data and records in the system, the WB will task the TPM to carry out periodic data audits.

Procurement

19. The WB Procurement Team is working closely with the Afghanistan National Procurement Authority to introduce e-Government Procurement for increased transparency and efficiency in government procurement and to professionalize a dedicated procurement cadre for expanding a supply of qualified procurement specialists in the public sector. Continuous efforts are made for capacity building of project staff on the WB Procurement regulations and methods. The WB has delivered two training programs on the Procurement Framework in 2019 with about 100 government staff in attendance. The Bank will deliver one more round of this training and two training programs on contract management over the next year.

External Audit

20. Afghanistan's 2018 Public Expenditure and Financial Accountability (PEFA) report³³ observed that SAO external audits are not fully compliant with the International Standards of Supreme Audit Institutions standards it has adopted. SAO also remains dependent on consultants to conduct annual external audits. To build capacity of local auditors, SAO has developed a one-year training program for audit qualification that will be delivered in batches beginning in the

³³ Accessible at <https://pefa.org/assessments/afghanistan-2018>.



last quarter of 2019. The WB will supplement this effort with training specifically targeted at enabling SAO auditors to better understand WB procurement regulations and guidelines.

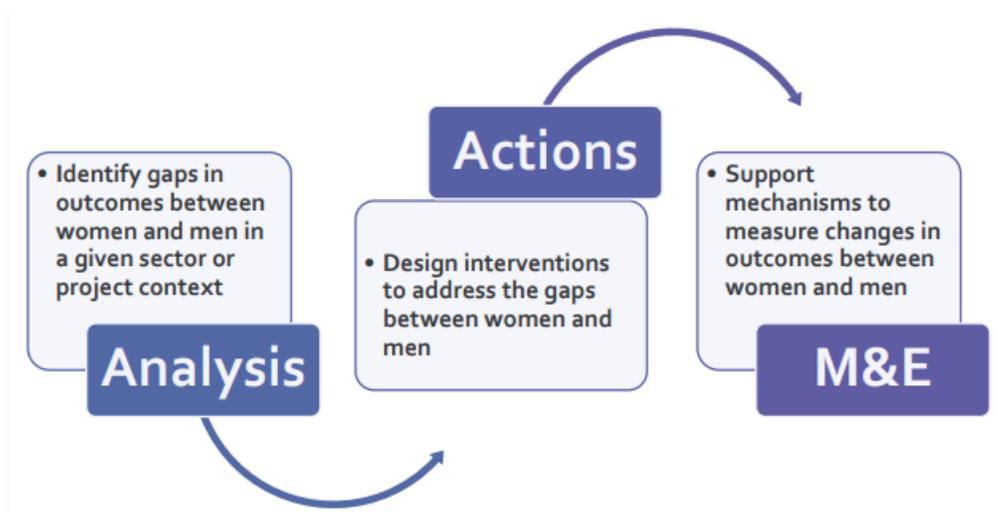
Annex 8 Gender Tagging Operations to Mainstream Gender Equality

In line with the implementation of the World Bank Group’s Gender Strategy 2016-2023, the Bank’s Gender Tag raises the bar on tracking projects that seek to close development outcome gaps between men and women. While the Bank has been identifying (“flag”) projects which have any gender-related component since 2011, the Gender Tag, which was rolled out in FY2017 deepens the Bank’s ability to track how and whether projects are reducing gender disparities.

The Gender Tag is applied to the Bank’s lending operations in IBRD and IDA countries, to identify projects that have clear actions related to the four pillars of the Gender Strategy: closing gaps in human endowments (i.e. education and health); closing gaps in employment and work; removing barriers to ownership of physical and financial assets; and improving agency and voice (especially related to reducing gender-based violence).

Projects are “tagged” if they meet all of the following criteria:

1. Identify critical gaps between men and women, boys and girls in endowments, jobs, assets, voice or agency, particularly in light of country-level gaps identified through analysis;
2. Aim to address those gaps through specific project actions; and
3. Link the actions to clear, specific indicators within the project’s results framework.



As well as being a corporate reporting tool, equally importantly, the Gender Tag encourages Bank projects to identify potential entry points to address gender disparities from the very early stages of project development, so that actions to promote gender equality is an integral part of the project development objective. At the same time, it is important to note that the Gender Tag is not a performance indicator, given that there are some operations that will not meet the Tag criteria by design.

Annex 9 CY 2021 Annual Fiduciary Work Plan

The annual fiduciary work plan for ARTF projects is organized around three pillars of activity that aim to support the overall fiduciary control framework and support enhanced assurance across the portfolio.

1. Oversight	2. Institutions	3. Facilitation
<ul style="list-style-type: none"> • Targeted In-depth Reviews • SOE Review • <i>Ex Ante</i> Due Diligence of Bidders • Audit Quality Assurance • Ineligibility Working Group • Physical & Financial Monitoring • Compliance Management System 	<ul style="list-style-type: none"> • e-procurement • NPA Dedicated Unit & International Procurement Agent • Procurement Accreditation • PFM Qualification & Cadre • FM Manual – Whole of Govt. • FDMIS 	<ul style="list-style-type: none"> • HEIS • Procurement ADM & SOPs • Procurement Coordination • Afghanistan Procurement Panel • Capacity Building

Pillar 1 - Oversight: For effective portfolio oversight, the WB will adopt several tools to mitigate various risks as outlined below. This effective risk management will not entail one integrated solution but a myriad of smaller solutions that effectively address specific risks.

ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities			
FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
Targeted In-Depth Fiduciary Reviews	WB, with the cooperation of MOF and implementing agencies	<p>The WB has completed and closed two in-depth fiduciary reviews to draw lessons that could be applied to strengthen projects' design and implementation arrangements.</p> <p>The WB selected the basic education EQUIP II project and the agriculture sector NHLP project for the initial reviews based on WB assessments of “materiality” and “vulnerability”</p>	<p>In the next phase of this analytical work, the WB expects to conduct tailored and issue-focused in-depth reviews.</p> <p>Future projects and areas for the in-depth reviews, WB would select in consultation with ARTF donors, who will be invited to provide suggestions following the 2021 Country</p>



ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
		<p>to corruption”.</p> <p>The reviews, which were time-consuming and resource-intensive, yielded findings with portfolio-wide implications. A number of improvements, including significant changes in disbursement and procurement processes, are being implemented under the enhanced fiduciary control framework. These will take some time to integrate into portfolio operations fully.</p>	<p>Portfolio Performance Review.</p> <p>The review of possible AGE payments by the Sehatmandi Service Providers is ongoing. The report would be finalized during the second quarter of 2021. Additional targeted and issue-focused in-depth fiduciary reviews would begin in the second half of 2021.</p> <p>Q3 21: Sehatmandi Review Report</p> <p>Q3 21: Initiate In-depth Review of one project</p>
<p>Statement of Expenditure Reviews (SOE)</p>	<p>WB, MOF, implementing agencies, and TPMA</p>	<p>The disbursement method changed from Report base to Transaction/SOE base for the entire ARTF portfolio. As part of the change, ARTF Third-Party Monitoring Agent (TPMA) reviews all SOEs and certifies that the expenditures reported are supported by a complete set of documents. The ARTF TPMA also verifies and considers expenses for compliance with the applicable control framework and the delivery of goods and services.</p>	<p>In 2021, the WB will continue engaging the TPMA to review and certify SOEs for all projects. The WB documents expenditures and disburses replenishment to project designated accounts to the extent expenditure has been certified by the TPMA. In addition, the WB conducts prior review of all withdrawal applications for direct payments. This supplemental layer of review provides assurance about the completeness of expenditure documentation, compliance with the applicable control framework, and expenditure reporting accuracy.</p> <p>The extensive ex-ante expenditure reviews are unique across the WB portfolio globally and aim to provide a very high level of assurance on the proper use of grant proceeds. The Bank</p>



ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
			<p>will perform periodic reviews to assess whether the change is proving effective in ensuring required fiduciary compliance.</p> <p>Implemented and Ongoing</p>
Ex Ante Due Diligence of Bidders	WB, NPA, Implementing Entities	<p>On select high-risk procurement activities, the bidding documents seek beneficiary ownership details. Based on this information, the ownership patterns, previous experiences claimed, and business registration details are verified to identify any red flags. For review, the WB uses an INT protocol and databases of bidders available in NPA, Ministry of Economy, INT, and procurement sources. The same is subsequently shared with the concerned project during the procurement process. The review was carried out for Sehatmandi BPHS contracts, EZ-KAR, and WEE RDP projects.</p>	<p>The process will continue with an additional focus for developing an Integrity Due Diligence (IDD) database with the active participation of the preventive services unit of INT. All complex and high-value contracts and high-risk exposure will be subject to such ex-ante due diligence.</p> <p>Implemented and Ongoing</p>
Audit Assurance Quality	WB, SAO, and TPMA	<p>As highlighted in the November 2020 ARTF audit letter, the FY1397 cycle (the most recent fully concluded cycle) of external ARTF project audits introduced an additional layer of review.</p> <p>The WB and SAO agreed to an independent third-party quality assurance review of selected annual project audits. The ARTF third-party monitoring agent (TPMA) performed this independent quality assurance, reviewing SAO</p>	<p>WB will continue with independent quality assurance of annual external audits to assess whether SAO has conducted annual project audits and expressed audit opinions in accordance with applicable standards set out by the International Standards of Supreme Audit Institutions (ISSAI), SAO's selected reference body. These reviews will be conducted in line with ISSAI 40-Audit Quality Control. Such assessment will assist the SAO to deliver high quality audits for all projects, including those with ARTF financing. High</p>



ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
		audit documentation and reports for four large investment projects.	<p>quality audits should be embedded in the SAO's strategy and policies over time to promote an internal culture of producing quality audits.</p> <p>The independent reviews will assess audit documentation and re-perform some audit tests. The reviews will assess whether adequate resources were allocated, meeting ethical requirements, integrity, independence, professional secrecy, competence and whether the audit was completed within budget and by the stipulated deadline. The WB received FY1398 (2019) audit reports in October 2020. The independent quality assurance review would be conducted in the last quarter of 2021.</p> <p>Q4 21: Independent Quality Assurance Report on 2019 External Audits of ARTF financed projects</p>
Ineligibility Working Group (IWG)	WB, MOF, and TPMA	IWG is not meeting at regular intervals, and there have been delays in addressing the ineligibilities identified by the TPMA.	To address systemic issues in public expenditure, we will intensify engagement with the MoF to address the TPMA monthly ineligibility findings on the recurrent budget. This will be achieved through a specific focus on procurement transactions and strengthening follow-up actions to rectify ineligibilities with support from the MoF and spending entities. In support of this task, the Bank will support the MoF in updating the ToRs of the Ineligibility Working Group (IWG) and establishing a regular cycle of meetings with follow-up actions. Starting from the third quarter of 2021, IWG will meet at least once a



ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
			<p>quarter, and MOF will issue minutes of each meeting. This grouping will also agree on ways to build capacity of MOF and sectoral staff in addressing core weaknesses noted through ineligible expenditure exercises.</p> <p>Q3 21: Revised IWG TORs notified Q4 21 onwards: Minutes of IWG quarterly meetings issued</p>
<p>Physical and Financial Monitoring</p>	<p>WB, MOF, implementing agencies, and TPMA</p>	<p>WB has adopted a comprehensive approach integrating physical and financial monitoring that gives a 360-degree view of the progress and compliance. During field visits, the TPMA not only monitors physical progress, but also compliance with engineering, safeguards, and fiduciary standards. Any deviation noted is costed, and the amount is considered ineligible if the government does not rectify the deviation.</p> <p>The Internal Control Assessments (ICAs) of 14 projects and 19 implementing agencies have been completed. The assessments cover the following areas: (i) management control environment, accounting systems and control procedures; (ii) procurement processes; (iii) contract administration functions; (iv) management of petty cash and operational advances; (v) inventory and asset management; (vi) management of records; (vii) compliance with internal/external audit</p>	<p>The comprehensive monitoring of the existing projects would continue in 2021. In addition, the Bank has expanded the scope of TPMA to concurrently monitor physical and financial progress for a large sample of sites in cases of high risk and quick disbursing projects so that there is a reasonable linkage between the financial outlays and results being delivered on the ground. For example, the sample size of the TPMA coverage for REACH has been enhanced to monitor at least 25% of the CDCs during benefit delivery across the country, whereas in other similar operations, TPMA monitors about 5-10% of the CDCs.</p> <p>Implemented and Ongoing</p> <p>During the year, work progressively to conduct Internal Control Assessments on project implementation units would continue covering the projects and implementing agencies, which have not been assessed. A review to assess compliance with recommendations of earlier ICAs to rectify the weaknesses identified is also planned.</p>



ARTF Annual Fiduciary Workplan: Pillar 1 Oversight Activities

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021-2022
		recommendations; (viii) grievance redress mechanism, fraud and corruption.	<p>Q4 21: Internal Control Assessment Reports of four (4) implementing agencies Q1 22: Internal Control Assessment Reports of another four (4) implementing agencies; total eight (8) implementing agencies assessed during the year Q2 22: Follow-up report assessing rectification of the identified weaknesses by the implementing agencies</p>
<p>Compliance Management System (CMS)</p>	<p>WB and implementing agencies</p>	<p>The WB has implemented a Compliance Management System (CMS) to provide WB teams with real-time information on issues and agreed-on remedial actions by projects to improve follow-up oversight consistency.</p>	<p>The WB will continue to track and follow-up on the fiduciary issues through CMS.</p> <p>Implemented and Ongoing</p>

Pillar 2 - Institutions: The Institutional element of fiduciary risk management captured in the plan will entail innovative capacity-building efforts which use modern tools for better fiduciary institutional change management, the introduction of modern fiduciary systems, the whole of government fiduciary reference point, and documentation retention efforts.



ARTF Annual Fiduciary Workplan: Pillar 2 Institutional Engagement

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
E-Procurement	NPA, WB, and implementing agencies	NPA has developed and tested an e-tendering system with support from an international consultant. e-procurement for works contract was launched in June 2020 as a pilot in 3 procurement entities. The current plan anticipates the development of modules for other types of procurement (goods and services) by the end of 2021.	WB will continue providing technical assistance through the Fiscal Performance Improvement Support Project for the development and roll-out of electronic Government Procurement (e-GP) in Afghanistan. During the year, the Bank will also conduct the mandatory e-GP assessment for Multilateral Development Banks (MDB) use, on successful completion of the pilot phase Q4 21: e-GP assessment report
NPA Dedicated Unit	NPA, WB, and implementing agencies	The National Procurement Authority (NPA) has established a dedicated unit to assume responsibility for procurements above \$100 thousand for roughly 30% of the ongoing projects in the Afghanistan World Bank portfolio. A competitive selection is currently underway to contract an international procurement agent to manage end-to-end procurement planning to contract administration for another 20% of projects. The WB has provided specialized training for 15 NPA staff on the WB Procurement Framework.	In line with new procurement management arrangements rolled out in Afghanistan with effect from January 1, 2021, procurement responsibility for all procurements above US\$ 100,000 ten projects has been handed over from line ministries to the NPA dedicated unit. Another six projects will be transferred to an International Procurement Agent currently under selection by NPA. Q4 21: Procurement Agent selected and at least 16 WB projects handed over to NPA for all procurements above \$100 thousand.
Procurement Accreditation	NPA and implementing agencies	National Procurement Institute (NPI) has begun implementing a two-year capacity-building program offering targeted training and accreditation for all Procurement Cadre civil servants in ministries implementing ARTF projects. The initiative has been designed to	NPI will continue implementing the capacity building plan. Ministries with trained and accredited procurement staff and implementing electronic procurement would be given full procurement authority.



ARTF Annual Fiduciary Workplan: Pillar 2 Institutional Engagement

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
		coincide with plans to develop and roll out electronic tendering in all procurement entities.	Q2 22: NPI capacity building plan progress report
PFM Qualification and Cadre	MOF	MOF has prepared the TOR to develop an FM/PFM qualification to improve the country's civil servants' applied knowledge base. The qualification explicitly targeted at the public sector would help address the current public sector's skills needs, develop a pipeline of qualified professionals moving into this sector, and enable civil servants successfully completing the course to later become professionally qualified accountants. In the medium-long term, the civil servants trained on the qualification will provide a cadre of skilled professionals able to champion and embed financial reforms across the public sector. In the longer-term, this initiative's successful delivery would contribute towards international standards adoption, resulting in better use of public funds public and donor confidence in the government.	MOF is in discussion with the Association of Chartered Certified Accountants (ACCA) to develop a PFM cadre qualification. The contract award is expected in the second quarter and will be financed under FSP. The estimated time frame to develop the qualification, including learning content, is 12 months. The syllabus for the qualification will be developed by the end of the year. This qualification is aimed at creating a core cadre of PFM experts at the national and sub-national levels to address current issues of capacity. Q4 21: Contract awarded to develop qualification Q1 22: Syllabus of the qualification
Whole-of-Government FM Manual	WB and MOF	MOF, with WB support, has developed a comprehensive Financial Management Manual (FMM) for ARTF and IDA financed projects. The manual was notified for implementation by all ARTF financed projects, and the TPMA monitors compliance with the FMM during financial monitoring.	MOF has requested WB to develop a manual on the pattern of FMM for the whole of the government. The objective is to consolidate all rules, regulations, and manuals into one document that becomes a single point of reference. Also, the manual would be a 'how to' guide specifying processes in detail and limiting discretion. This will establish a single PFM and accounting reference point,



ARTF Annual Fiduciary Workplan: Pillar 2 Institutional Engagement

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
			<p>simplifying all donors' capacity-building efforts and strengthening the existing country systems. The WB has advised MOF to prepare a concept note for the effort and seek endorsement by the Finance Minister to start the process.</p> <p>Q3 21: Finance Minister approves concept note for the whole of the government FM Manual</p> <p>Q4 22: MOF notifies the whole of the government FM Manual</p>
<p>Financial Document Management Information System (FDMIS) and System</p>	<p>MOF and WB</p>	<p>Missing documentation has been a critical weakness that systemically led to the declaration of ineligible expenditures. The primary reason is the absence of a document/data-archiving system at the projects. Developing FDMIS to overcome this issue was agreed upon as part of the enhanced fiduciary framework.</p> <p>MOF requested NSIA to develop FDMIS as it was mandated to develop all government IT systems. However, NSIA was not responsive, and MOF requested WB's assistance to develop the system.</p>	<p>The Bank, through ACRMAP will support MoF to develop and implement a cloud-based FDMIS for all projects in the ARTF portfolio. The system would be linked to AFMIS, and MoF would be responsible for system maintenance. The FDMIS would enhance document retention and consequently reduce the level of audit qualifications on account of the absence of supporting documentation during the conduct of audits.</p> <p>Q4 21: Contract Awarded to Develop FDMIS</p> <p>Q3 22: Development Completed and System Ready for Testing</p>



Pillar 3 – Facilitation: This pillar will deepen the fiduciary capacity-building efforts through practical hands-on engagement and interaction with project staff. The planned interventions include HEIS, standardizing project-specific operational processes, better procurement coordination, and sustained capacity building, which will be tracked.

ARTF Annual Fiduciary Workplan: Pillar 3 Facilitation			
FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
Hands-on Expanded Implementation Support (HEIS)	WB and implementing agencies	HEIS has been institutionalized as an ex-ante procurement implementation support tool in the Afghanistan portfolio. HEIS has been helping the government prepare technical specifications, bidding documents, procurement processing, and fast-track selections. So far, eight (8) projects have availed the HEIS facility, and out of these six (6) are continuing the services at present.	<p>In some of the highly specialized projects, WB will continue the HEIS through accredited procurement consultants. The Project Procurement Strategy for Development (PPSD) documents for the eight (8) projects initially identified for such support has justified the degree of Bank support needed, which, for example, may include: (a) drafting Procurement documents;(b)identifying the strengths and weaknesses of Bids/Proposals;(c)observing dialogues and negotiations with Bidders/Consultants; and (d)drafting procurement reports and contract award documentation</p> <p>In total, eight projects are expected to receive HEIS facility on an annual basis.</p> <p>Implemented and Ongoing</p>
Procurement Administration and Decision Matrix and Standard Operating Procedures	WB and NPA	In November 2020, National Procurement Commission (NPC) approved the Administration and Decision Matrix (ADM) Procurement Management in World Bank Afghanistan. NPA notified the ADM, which is applicable for all ARTF financed projects. The ADM covers standard operating procedures, roles and responsibilities of Procurement entities, including NPA/NPC, and process	<p>The ADM implementation would continue during 2021, and WB would monitor compliance as part of periodic supervision.</p> <p>Implemented and Ongoing</p> <p>One of the frequent complaints from CPPR is that the operational processes for various Procurement steps in Afghanistan are complex and complicated. These include setting up</p>



ARTF Annual Fiduciary Workplan: Pillar 3 Facilitation

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
		<p>timelines. It acts as a Service Level Agreement between Projects and NPA.</p>	<p>various committees, prescribing the process for reference checking of experience, evaluation protocols, review protocol at various ministries and NPA/NPA. The ADM issued addresses this concern. An assessment of the implementation progress of the ADM will be carried out involving procurement entities, projects, bidders and consultants</p> <p>Q4 21: Assessment of Implementation progress of ADM</p>
<p>Procurement Coordination</p>	<p>WB and NPA</p>	<p>Monthly coordination meetings between WB and NPA are in place. From April 2020 onwards, project teams are invited to these meetings.</p> <p>NPC has begun sharing meeting reports. WB task teams are informed of the agenda and the substance of NPC proceedings, which enables the WB team to promptly follow up with the NPC Secretariat promptly when issues arise.</p>	<p>Monthly Coordination meetings are conducted. For projects that are transferred to NPA, these review meetings are conducted once every two weeks.</p> <p>WB Procurement Team receives agenda before NPC meetings and Minutes detailing NPC decisions after the meetings. Based on the agenda items, WB Procurement Team updates the respective Task Teams and offers clarifications and technical assistance on procurement aspects.</p> <p>Implemented and Ongoing</p>
<p>Afghanistan Procurement Panel</p>		<p>The Afghanistan Procurement Panel (APP) is envisaged as a platform to identify and harness skills of a group of procurement experts from Afghanistan who have expertise in procurement specialization. The principal</p>	<p>WB will complete the selection of panel members and will provide Training of Trainers to the selected members. The trained resources would be eligible for employment at the projects, and the Bank employ some to</p>



ARTF Annual Fiduciary Workplan: Pillar 3 Facilitation

FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
		<p>objective of this panel is to create a critical mass of procurement experts knowledgeable of World Bank and Country Procurement Regulations and methods. It will lay down the foundation of institutionalizing the procurement expertise in Afghanistan to manage procurement process, contract management and reviews. WB started the process and requested applications through public advertisement.</p>	<p>deliver training and implementation support to the ARTF projects.</p> <p>Q4 21: APP Selection Process Completed</p>
<p>Capacity Building</p>	<p>WB, NPA, SAO, and implementing agencies</p>	<p>WB has provided specialized training for 15 NPA staff on the WB Procurement Framework. Building on this training, the WB has also provided three STEP training/clinics for about 80 project staff and specialized training on selecting consultants. A training session on the WB procurement was also organized for the external auditors.</p> <p>WB has developed a weeklong financial management training module for the project FM staff. Two training sessions were conducted where about 100 project staff were trained.</p>	<p>WB team offered online training and hands-on support to staff recruited in NPA's dedicated unit for managing procurement in ADB/World Bank projects. WB Procurement Team is also collaborating with National Procurement Institute (NPI) for delivering training programs.</p> <p>Implemented and Ongoing</p> <p>With restrictions on Face to face training for getting resources into Kabul, taking participants outside due to security, Govt policy, and COVID 19 situations, alternate learning options need to be developed. Specific fiduciary training programs with scenarios and a case study-based approach will be developed in English and local languages. These will be customized for the Afghanistan project and will be based on local law as well as Bank project management experiences.</p>



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FOCUS	Responsibility	Status as of Dec 2020	Plan for 2021
			<p>Q2 22: One E-Learning Training Module Developed</p> <p>WB will support SAO in developing forensic audit skills of external auditors. Consultant support will be provided through FSP, and the WB's INT will also provide training.</p> <p>Q1 22: SAO Issues Forensic Audit Report of One Project</p>

Annex 10 ARTF 2021-2024 Indicative Pledging Information

This ARTF Donor Indicative Pledging Information Form solicits information on ARTF contributors' commitments to the ARTF FY1400-FY1403 (2021-2024) Partnership Framework and Financing Program (2021-2024 PFFP).

Commitments are not binding until legal agreements are signed with the World Bank. However, to support GoIRA budget and development planning, and to enable the ARTF partnership to finalize the 2021-2024 PFFP, realistic pledges are expected. Partners are invited to use this form to formalize commitments to the PFFP period (for partners whose pledges remain indicative) or to update 2022-2024 commitments (for partners pledging information has been announced for 20201 only). Forms may be returned to the WB ARTF team (artf_team@worldbankgroup.org) and to Mr. Habib Daftani, Ministry of Finance Aid Management Directorate ARTF focal point (habib.daftani@mof.gov.af). The final 2021-2024 PFFP will include a summary of ARTF donors' indicative pledges (value calculated in US dollars). Publicly accessible financial reporting on the ARTF website (www.artf.af) will track donor commitments and contributions.

Summary: Donor Agency Information and Overall Commitment

Country:				
Donor Agency Name:				
Contribution Currency:				
Date of Indicative Pledging Information				
Donor Agency Financial Year Cycle:				
Total Indicative Pledge (own currency):				
Years Covered by Indicative Pledge (own currency):	FY1400 (2021)	FY1401 (2022)	FY1402 (2023)	FY1403 (2024)
Context for Future Indicative Pledges: If pledging for less than four years, please provide a brief statement of expected timing and condition(s) for indication of future pledges				

Pledge: Projected Timing of Planned Financial Contributions to ARTF

YEAR	Expected Contribution (Own currency)	Preference(s) If Known (Sector/Project, % of Contr) ³⁴	Expected Timing (Month or CY Qtr of Funds Transfer)
FY1400 (Dec 2020-Dec 2021)			
FY1401 (Dec 2021-Dec 2022)			
FY1402 (Dec 2022-Dec 2023)			
FY1403(Dec 2023-Dec 2024)			

³⁴ The World Bank does not require indicative preferencing. Subject to some variations set out in framework agreements established at the global level, donors may specify one or more indicative preference(s) to ARTF investment projects with each new contribution, in amount(s) **up to 50 percent** of the value of the donor's total annual contribution to ARTF.

Annex 11 ARTF-IDA Pipeline for 2021-2022

Table on the next page presents the indicative ARTF and IDA pipeline underpinning the 2021-2022 ARTF financing program presented in Figure 24.

Table 9 ARTF 2021-2024 Pledges and Contributions

(USD MILLION)

ANPDF PILLARS, NATIONAL PRIORITY PROGRAMS AND ASSOCIATED PRIORITIES	PROJECT NAME	BASIC IDEA	GoIRA AGENCY	YEAR	ARTF	IDA	OTH
TOTAL					1506.0	634.5	72.5
POLICY-BASED BUDGET SUPPORT (RECURRENT COST WINDOW)					600.0	232.0	0.0
Governance and State Effectiveness and Economic Growth and Job Creation	2021 Incentive Program DPG	New four-year budget support program focused on maintaining gains and restoring confidence amid shocks.	MoF	2021	300.0	132.0	
	2022 Incentive Program DPG		MoF	2022	300.0	100.0	
DEVELOPMENT INVESTMENT FINANCING (INVESTMENT WINDOW)					866.0	402.5	72.5
GOVERNANCE AND STATE EFFECTIVENESS					90.0	30.0	0.0
National Accountability and Digitalization NPP					90.0	30.0	0.0
Support to PFM Reform (Follow up to the ongoing FSP)	TBD	Successor to the PFS to support government in the development and implementation its new PFM reform plan.	MoF	2022	70.0	30.0	
Customs Strengthening	TBD	Support government in its customs reform agenda to improve revenue collection process.	MoF				
Reforming the legal sector	Incentivizing Reforms in the Attorney General's Office	Legacy AHP program aimed support AGO in strengthening its human resources and performance management capacity.	AGO	2021	20.0		
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION					581.0	240.0	35.0
National Health NPP					235.0	80.0	35.0
Basic Health	Sehatmandi II	Continue support for provision of primary health care and health system strengthening and focus on transition to government led health service delivery and phase out NGO service providers.	MoPH	2022	235.0	80.0	35.0
National Human Capital NPP					60.0	40.0	0.0
Youth skills development	Afghanistan Skills Creation & Economic Inclusion 4 National Development (ASCEND)	Support to TVET to provide increased skills development opportunities for productive employment.	TVETA	2022	60.0	40.0	
Citizen's Charter NPP					286.0	120.0	0.0
Citizen engagement	Citizen's Charter Afghanistan Project II	Continuing support for flagship Citizens' Charter NPP	MRRD-IDLG	2022	250.0	100.0	



ARTF 2021-2024 PFFP ANNEXES

ANPDF PILLARS, NATIONAL PRIORITY PROGRAMS AND ASSOCIATED PRIORITIES	PROJECT NAME	BASIC IDEA	GoIRA AGENCY	YEAR	ARTF	IDA	OTH
Relief support for the poor	Additional Financing to REACH	Continuing relief support through REACH in Hard to Reach Areas.	MRRD	2022	36.0	20.0	
ECONOMIC GROWTH AND JOB CREATION					195.0	132.5	37.5
National Energy and Extractives NPP					0.0	35.0	0.0
Promoting extractives for development	Afghanistan Sustainable Management of the Mining Sector Project (ASMSP)	Afghanistan Sustainable Management of the Mining Sector to support EITI implementation and commercialization of mining industry.	MoMP	2022		35.0	
National Water and Resource Management NPP					125.0	67.5	37.5
Agribusiness development	Opportunity for Mobilizing Agribusiness Investments and Development (OMAID)	Strengthening agricultural value chains in selected regional centers.	MoCL, MAIL, MoF	2021			
Food security	Additional Financing to Emergency Agriculture and Food Supply Project (EATS)	Support establishment of strategic grain reserve and provide emergency drought relief.	MAIL	2022	125.0	50.0	
National Essential Infrastructure NPP					70.0	30.0	0.0
Rural Roads	TBD	Labor intensive rehabilitation of rural roads to provide employment and maintain access to basic services	MoPW, MRRD	2022	70.0	30.0	
WORLD BANK EXECUTED ACTIVITIES					40.0	0.0	0.0
Advisory services and implementation support (ASIST)					5.0		
Anti-corruption and Results Monitoring (ACReMAP)					35.0		