



AFGHANISTAN RECONSTRUCTION TRUST FUND  
**FY1398 (2019) Update to the Partnership Framework and  
Financing Program: FY1397-FY1399 (2018-2020)**

ENDORSED BY THE ARTF STEERING COMMITTEE  
May 20, 2019



## ABBREVIATIONS AND ACRONYMS

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AAIP	:	Afghanistan Agricultural Inputs Project
ACReMAP	:	ARTF Anti-Corruption and Results Monitoring Action Plan
AHP	:	Ad Hoc Payments facility
ALASP	:	Afghanistan Land Administration System Project
ANPDF	:	Afghanistan National Peace and Development Framework
ARTF	:	Afghanistan Reconstruction Trust Fund
ASIST	:	Advisory Services Implementation Support and Technical Assistance window
CIP	:	Cities Investment Program
CPF	:	Country Partnership Framework
CPPR	:	Country Portfolio Performance Review
DPF	:	Development Policy Financing
EQUIP	:	Education Quality Improvement Program
EZ-KAR	:	Eshteghal Zaiee - Karmondena
FSF	:	Fiscal Stability Facility
FSP	:	Fiscal Performance Improvement Support Project
FSRP	:	Financial Sector Rapid Response Project
GoIRA	:	Government of the Islamic Republic of Afghanistan
IDA	:	International Development Association
IP DPG	:	Incentive Program Plus Development Policy Grant
IPWG	:	Incentive Program Working Group
IW	:	Investment Window
KUTEI	:	Kabul Urban Transport Efficiency Improvement Project
MA	:	Monitoring Agent
MAIL	:	Ministry of Agriculture, Irrigation and Livestock
MC	:	Management Committee
MOE	:	Ministry of Education
MOF	:	Ministry of Finance
MPA	:	Multi-Phase Programmatic Approach
NATEJA	:	Non-Formal Approach to Training Education and Jobs in Afghanistan
NPP	:	National Priority Program
OFWMP	:	On Farm Water Management Project
PAISA	:	Payments Automation and Integration of Salaries in Afghanistan
PPFP	:	Partnership Framework and Financing Program
PPIAP	:	Public Private Partnerships and Public Investment Advisory Project
RAP	:	Research and Analysis Program window
RBF	:	Results-based financing
RCC-IPF	:	Recurrent and Capital Cost investment project financing
RCW	:	Recurrent Cost Window
SA	:	Supervisory Agent
SC	:	Steering Committee
SEHAT	:	System Enhancement for Health Action in Transition
SG	:	Strategy Group
SWAP	:	Sector-Wide Approach
TAF	:	Technical Assistance Facility
TAGHIR	:	Tackling Afghanistan's Government HRM and Institutional Reforms
WB	:	World Bank
WEE-NPP	:	Women's Economic Empowerment National Priority Program
WEE-NPP PPG	:	WEE-NPP project preparation grant
WEE-RDP	:	Women's Economic Empowerment Rural Development Project

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## PREFACE

The Afghanistan Reconstruction Trust Fund (ARTF) Partnership Framework and Financing Program: FY1397-FY1399 (2018-2020) (PFFP) set out an indicative financing program for expected ARTF resources of US\$ 2.485 billion during the FY1397-FY1399 (2018-2020) period. It was endorsed by the ARTF Steering Committee (SC) on June 25, 2018.

The PFFP is the third in a series of three-year ARTF strategies. These documents summarize the core areas of ARTF support to the Government of the Islamic Republic of Afghanistan (GoIRA), including civilian recurrent costs, policy reforms, and core development and service provision programs including agriculture, education, governance, health, infrastructure, social and rural development. First introduced at the 2010 London Conference on Afghanistan, the strategies have become a regular planning tool used by all ARTF partners to identify financing priorities for the Fund. Previous strategies ran from FY1391 to FY1393 (2012 to 2014) for financing totaling US\$ 3.6 billion, and from FY1394 to FY1396 (2015 to 2017) for financing totaling US\$ 2.4 billion.

The SC annually reviews and updates the strategy. This FY1398 (2019) PFFP update reviews data from FY1397 (2018) operations of the Fund and recommends adjustments for endorsement at the SC's May 20, 2019 meeting.

## BOX 1 SUMMARY OF PROPOSALS FOR STEERING COMMITTEE ENDORSEMENT

This ARTF Partnership Framework and Financing Program: FY 1398 (2019) Update asks the Steering Committee to endorse three recommendations made by ARTF governance bodies and processes since the original ARTF Partnership Framework and Finance Program FY 1397-1399 (2018-2020) was endorsed in June 2018. The recommendations will result in six changes to the ARTF portfolio and pipeline, and are summarized below. Parenthetical references point readers sections of this document that further explain the proposed changes.

1. The Steering Committee is asked to **ENDORSE**:

- The outcomes and recommendations of the January-March 2019 Country Portfolio Performance Review (Section D.5);
- The Incentive Program Working Group recommendation to redirect pipeline funding for the Fiscal Stability Facility into expanded Incentive Program Development Policy Grants in 2019 and in 2020 (Section D.2)
- The Strategy Group recommendation to close the Recurrent and Capital Costs investment project financing (RCC-IPF) operation in December 2019 (Section D.2).

2. The above endorsements will result in **SIX CHANGES** to the ARTF portfolio and pipeline, (as detailed in Section C.2). The endorsements will:

- **CLOSE** the Women's Economic Empowerment National Priority Program Project Preparation Grant and fold its activities into the Fiscal Performance Improvement Support Project;
- **DROP** the proposed second (2019) and third (2020) phases of the Fiscal Stability Facility, with a resulting increase in the ARTF financing for the Incentive Program Development Policy Grant phases in 2019 and 2020;
- **DROP** the proposed successor to the Ad Hoc Payments Facility, which will also **ADD** a pipeline justice project;
- **DROP** the proposed sub-national governance project; and
- **DROP** the proposed Kajaki Electrification and Benefit Sharing Support Project

While this update provides information on development of the IDA-financed portfolio, the Steering Committee is not asked to endorse or otherwise decide on these changes.

## BOX 2 SUMMARY OF FINDINGS AND COMMITMENTS RECOMMENDED TO THE STEERING COMMITTEE

This ARTF Partnership Framework and Financing Program: FY 1398 (2019) Update aims to build on measures undertaken in the last year to strengthen the partnership and deepen collaboration. To underscore that objective, the document asks the Steering Committee to affirm or update key commitments of the ARTF Partnership Framework and Finance Program FY 1397-1399 (2018-2020). The commitments are summarized below. Parenthetical references point readers sections of this document that further explain the proposed findings and commitments.

1. The Steering Committee is asked:

- To **RECOGNIZE** the improvements in communications amongst all partners during this PFFP period and to **REAFFIRM** that all ARTF partners commit to maintaining this standard of communication, including well-structured handover and introductory processes for incoming management and staff (Section D.6);
- To **ENDORSE** the process schematic of ARTF Partner Engagement During Project Preparation set out in Annex Figure 2 as the formal means of engaging donors in early stages of project design (Section D.6);
- To **COMMIT** to advancing, with priority, the objective of sector-wide approaches to programming and enhancing operational coordination of development initiatives. To **REAFFIRM THE RECOGNITION** that indicative financing allocations in this PFFP Update are set out at the program level, with the aim of underscoring the intent to move towards increasingly programmatic management of the development agenda

## A. Introduction

1. The Afghanistan Reconstruction Trust Fund (ARTF) Steering Committee (SC) endorsed the ARTF Partnership Framework and Financing Program FY1397-1399 (2018-2020) (PFFP) on June 25, 2018. This FY1398 (2019) update is presented to the SC on May 20, 2019.

## B. The ARTF in FY1397 (2018): operating context

2. GoIRA's Growth Strategy, introduced at the Geneva Ministerial Conference on Afghanistan, recognizes that accelerating broad-based growth is central to poverty reduction and self-reliance. The PFFP is organized around the principles of advancing GoIRA's development and self-reliance priorities while maintaining the ARTF's historic focus on poverty reduction and service delivery. These priorities have shaped the first year of the PFFP period.

3. [The operating context remains challenging](#). Security deteriorated in 2018, with civilian deaths reaching a record high.<sup>1</sup> Afghanistan has experienced slow growth since 2014, and most Afghans are poor. As of 2017,<sup>2</sup> 54.5 percent of the population lived below the national poverty line, and nearly half, 45 percent, experienced food insecurity.<sup>3</sup> While 2018 data are not yet available, drought conditions, slower growth, and continued displacement are likely to have exacerbated poverty in the last year.

4. [Renewed prospects for peace emerged, raising both hopes and uncertainty about the future](#). The unprecedented mutual ceasefire over the Eid al-Fitr holidays in 1397 (2018) generated cautious optimism about prospects for a reduction in violence. When it endorsed the PFFP, the SC called on the ARTF partnership to consider how the Fund's support for poverty reduction, service delivery and social cohesion could support peace and reintegration in the event of a political settlement.<sup>4</sup> Participants at the Geneva Ministerial Conference on Afghanistan reaffirmed their commitment to an Afghan-led and Afghan-owned peace process,<sup>5</sup> and agreed to collaborate on the socio-economic requirements for peace<sup>6</sup>. Work in support of that commitment, and based on the GoIRA Growth Strategy, has advanced through the partnership.

5. As the context evolves, the core work of the ARTF is ongoing. [Program implementation continues, and new programs have been delivered](#) that respond to existing priorities. In 2018, GoIRA and the WB initiated the next generation of service delivery and reform programs, began investments in women's empowerment, and began supporting communities affected by high levels of returns and displacement. In 2019, work to prepare new initiatives in the agriculture and extractives sectors, both central to Afghanistan's prospects for economic growth, will continue. Section C.2 of this PFFP Update details the progress of the ARTF pipeline. [The ARTF has changed](#). The [structure of the Fund has evolved](#) to support coordination of priority technical assistance and to ensure "value for money" in ARTF

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<sup>1</sup> Civilian deaths totaled 3,804. Civilian casualties reached 10,993 in 2018, also an increase relative to 2017, when 10,459 were recorded.

<sup>2</sup> Afghanistan Living Conditions Survey (ALCS), 2016/17. Poverty has increased. ALCS data from 2011/2012 recored poverty rates at 38.5 percent.

<sup>3</sup> ALCS data indicate that food insecurity increased 17 percentage points between 2007-2008 (28 percent) 2016-17 (45 percent).

<sup>4</sup> Remarks at the June 2018 SC meeting also stressed the importance of incentivization and anti-corruption. Sections D.2 and D.4 of this PFFP update outline ARTF progress in these areas.

<sup>5</sup> Joint communiqué of the Geneva Ministerial Conference on Afghanistan, paragraph 8.

<sup>6</sup> *Id.*, paragraph 15.

programming (as further discussed in Sections D.3 and D.4). The ARTF partnership has also progressed through measures aimed at deepening collaboration (addressed in Sections D.5 and D.6).

6. This PFFP FY 1398 (2019) Update summarizes developments in the first year of the PFFP period, and presents for the SC's endorsement recommended adjustments to the financing program.

## C. The ARTF financing program: an update

7. In the PFFP, the SC endorsed ARTF financing of US\$ 2.485 billion for FY1397-FY1399 (2018-2020). The ARTF financing would be complemented by US\$ 1.380 billion of expected IDA resources during the same period.

8. The SC approved the financing envelope on the basis of contributions pledged to the ARTF over the course of the financing period. Actual contributions are typically made annually. The total financing endorsed in the PFFP therefore exceeded cash resources available at the start of the PFFP period, which began at the opening of FY1397 (2018)<sup>7</sup>.

9. At that time, the ARTF had an unallocated cash balance of US\$ 447 million. Outstanding commitments to projects approved during earlier financing strategy periods amounted to US\$ 749 million to be allocated during the PFFP period. These commitments arising from previous project approvals have continued to be financed alongside new projects endorsed under the PFFP for FY1397 (2018) and FY 1398 (2019)<sup>8</sup>, requiring careful balancing of resources as the programmatic pipeline is managed.

10. Overall, the PFFP allocated 36 percent of expected ARTF resources to policy-based budget support through the Recurrent Cost Window (RCW); 61 percent to development investment financing through the Investment Window (IW); and three percent to World Bank-executed activities through the Advisory Services Implementation Support and Technical Assistance (ASIST) and Anti-Corruption and Results Monitoring Action Plan (ACReMAP) windows, combined. This section updates the status of ARTF finances and programming.

### C.1. ARTF resources and commitments

11. The **total estimated ARTF financing envelope now stands at US\$ 2.509 billion**, reflecting additional commitments by Denmark, Sweden, and the United Kingdom. In 2018, contributions reached 99 percent of the expected totals. As detailed in Annex Table 1, contributions fell somewhat short of recorded pledges in several cases because of bilateral policy determinations or because the donor's pledging currency declined against the US dollar. (Pledge amounts are recorded based on the applicable exchange rate at the time the pledge is confirmed, while contributions are recorded based on the applicable exchange rate at the time of receipt.) Shortfalls were somewhat offset by two factors: 1) exchange rate fluctuations in favor of some donors' pledging currency or 2) some donors' decision to pay portions of their planned 2019 contributions during 2018. The value of such advance payments totaled US\$ 48.7 million in 2018.

12. The ARTF began FY1397 (2018) with an unallocated cash balance of US\$ 447 million and a negative net balance of US\$ 302 million. Net donor contributions in 2018 totaled US\$ 1.012 billion during the year. A total of US\$ 1.101 billion was allocated (transferred) to child

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<sup>7</sup> Formal approval of the PFFP came in June 2018, six months after the start of the PFFP period.

<sup>8</sup> This update covers FY1398 (2019) developments through April 30, 2019.

trust fund accounts during the year, which led to an unallocated cash balance of US\$ 357 million, and a negative net balance of US\$ 426 million as of December 21, 2018, the last day of GoIRA's FY1397 (2018). The net balance at the end of FY 1397 (2018) is the difference between the opening net balance at the start of the year plus commitments (projects) approved by the ARTF MC during the year, minus any adjustments made to the old commitments<sup>9</sup>. Annex Table 2 summarizes the ARTF parent fund net balance and cash position of December 21, 2018.

13. The same balances in the ARTF parent account (unallocated cash at US\$ 357 million and a negative net balance of US\$ 426 million) were carried to the beginning of FY1398 (2019). Between December 22, 2018, the first day of FY1398, and April 20, 2019,<sup>10</sup> the total actual net donor contributions amounted to US\$ 82.49 million. Transfers (allocations) to child trust fund accounts totaled US\$ 150 million. In addition, a reflow of undisbursed balances from closed projects to the ARTF parent account is reflected as a *negative* commitment figure of US\$ 43 million. This leads to an unallocated cash balance of US\$ 332 million and a negative net balance of US\$ 350 million as of April 20, 2019. Annex Table 3 summarizes the ARTF parent fund net balance and cash position as of April 20, 2019.

## C.2. The ARTF-IDA portfolio and pipeline

### The portfolio in December 2018 and in April 2019

14. As of end-December 2018, the combined ARTF and IDA portfolio comprised 38 active or approved projects, with a total net commitment of US\$ 9.765 billion. Ten of the projects were financed solely by IDA. **ARTF financing supported 28 of these active or approved projects (either entirely or through co-financing with IDA), with a total net commitment value<sup>11</sup> of US\$ 7.665 billion.** details the portfolio as of December 31, 2018.

15. At end-April 2019, the number of active or approved projects in the combined ARTF and IDA portfolios stood at 37, with a total net commitment of US\$ 9.735 billion. The new total reflected the closure of three projects financed only by ARTF (the Fiscal Stability Facility (FSF), the EQRA project preparation grant, and the Technical Assistance Facility, which had been folded into the Fiscal Performance Improvement Support Project), and the later approval of two new projects co-financed by ARTF and IDA: the Afghanistan Land Administration System Project (ALASP) and the Payments Automation and Integration of Salaries in Afghanistan (PAISA). **ARTF financing supports 27 of the 37 active or approved projects in the combined portfolio as of end-April (either entirely or through co-financing with IDA), with a total net commitment value of US\$ 7.59 billion.** Annex Table 5 details the portfolio as of April 30, 2019.

<sup>9</sup> ARTF resources and managed, and accounted for, conservatively. The "outstanding commitments" total reflected the accumulation of all approvals from the 2015-2017 financing strategy period for which actual transfers from the ARTF parent fund to specific child trust funds had not yet been made. The Administrator records all commitments as outstanding upon the Management Committee's approval of a project, even for forward tranches for which a legal agreement will not be signed until some point in the future. Once the legal agreement for a project (or a tranche) has been negotiated and signed, funds for that project are transferred to a child trust fund account. A transfer to a child trust fund account "locks" the funds under a project.

<sup>10</sup> An additional US\$ 2.2 million and US\$ 52 million were paid-in by Japan and Sweden during late March and April 2019, respectively. These funds are not yet reflected in ARTF financial statements and accordingly are counted in the total contributions reported here between December 22, 2018 and March 20, 2019.

<sup>11</sup> The total net commitment value of US\$7.59 billion reflects the sum of all commitments made through ARTF to all active projects, which includes open projects approved during previous financing strategy periods, as well projects approved during the PFFP period. Thus, the total net commitment exceeds the value of financing approved in the PFFP.

16. The recent Country Portfolio Performance Review (CPPR), discussed in more detail in section D.5, concluded that portfolio alignment and performance is generally satisfactory, while noting that addressing several systemic challenges could enhance the development impact of ongoing projects. These challenges, together with action plans for addressing them, are set out in the report of the CPPR.

### **The pipeline from January 2018 through December 2018 and April 2019**

17. In the PFFP, the SC endorsed 20 planned (or “pipeline”) projects to receive ARTF support. The ARTF Management Committee (MC) approved ARTF financing for 12 new projects in FY 1397 (2018), which means that GoIRA and the WB delivered<sup>12</sup> more than half of the endorsed pipeline projects in the first year of the financing period. Ten of these will be co-financed with IDA resources, a thematic priority of the PFFP that is discussed in more detail in section D.1, below.

18. The new projects respond to major ANPDF priorities: the Incentive Program Development Policy Grant (IPDPG) and the FSF expanded incentivization and balanced concerns about the potential risks of doing so during a parliamentary election cycle. In governance, Tackling Afghanistan’s Government HRM and Institutional Reforms (TAGHIR), replaced Capacity Building for Results to support continued civil service reforms, and the Public Private Partnerships and Public Investment Advisory Project (PPIAP) will work to help GoIRA attract private sector investment to support development priorities. Two major new projects support continued service delivery required for human capital development: in the health sector, Sehatmandi replaced the System Enhancement for Health Action in Transition (SEHAT) program, and EQRA succeeded the Education Quality Improvement Program (EQUIP). In FY 1397 (1398), ARTF also financed a project preparation grant to support preparations for EQRA, which has now closed. The Women’s Economic Empowerment Rural Development Project (WEE-RDP) responds to the Women’s Economic Empowerment National Priority Program (NPP) and succeeds the Afghanistan Rural Enterprise Development Program. Eshteghal Zaiee - Karmondena (EZ-Kar) builds on existing programmatic platforms to support communities affected by returns and internal displacement, improving social cohesion. The Cities Investment Program (CIP) aims to strengthen municipal governments and implement high-priority public investments in line with the Urban Development NPP.

19. In the first months of FY 1398 (2019), pipeline delivery advanced further. The ARTF Management Committee approved two projects for ARTF financing in April. The Payments Automation and Integration of Salaries in Afghanistan (PAISA) program complements TAGHIR’s civil service reforms with initiatives to improve payroll administration and support digital finance. The Afghanistan Land Administration Systems Project supports improvements in the land administration system, a priority for private sector investment and conflict resolution.

20. In total, 14 (70 percent) of the 20 pipeline initiatives endorsed in the PFFP have been approved as of April 2019. New ARTF financing commitments from January through December 2018 totaled US\$ 1.075 billion. The two new projects in April were approved for ARTF financing of US\$ 45 million together, bringing the total of new ARTF commitments from January 2018 through April 2019 to US\$ 1.120 billion. Annex Table 6 provides a summary of pipeline delivery from January 2018 through April 2019. The following two tables provide additional detail.

### **Updates to the ARTF Financing Program**

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<sup>12</sup> Delivery in this context refers to the completion of all preparations, appraisals, and negotiations, and final approval by the ARTF Management Committee.

21. Financing allocations for three new projects delivered in 2018, PAISA, TAGHIR, and EQRA, shifted slightly as preparation advanced. In September 2018, the MC also approved additional financing for the existing Higher Education Development Project (HEDP), in the amount of US\$ 5 million. Final allocations are reflected in Annex Table 5.

22. Four projects have closed on schedule since the PFFP began: SEHAT, the EQRA Project Preparation Grant, CBR, and the FSF. Two projects were closed early, with the balance of funds cancelled - the Non-Formal Approach to Training Education and Jobs in Afghanistan (NATEJA), and the Technical Assistance Facility (TAF). NATEJA was originally scheduled to close on December 31, 2018. GoIRA requested early closure of the project on October 31, 2018 given the project's unsatisfactory ratings on the achievement of Project Development Objective and Implementation Progress.<sup>13</sup> TAF activities were folded into the Fiscal Performance Improvement Support Project (FSP).

23. In 2019, an additional four existing projects are scheduled to conclude. The Afghanistan Agricultural Inputs Project (AAIP) will close in June 2019. Three projects, the On-Farm Water Management Project (OFWMP), the Kabul Urban Transport Efficiency Improvement (KUTEI), and the Recurrent and Capital Costs investment project financing (RCC-IPF, discussed in more depth in D.2, below), are all scheduled to close in December 2019. The CPPR confirmed that all four projects should continue implementation and close on schedule.

24. CPPR discussions also generated a recommendation to close one additional project in 2019. The Women's Economic Empowerment National Priority Program Project Preparation Grant (WEE-NPP PPG) is currently scheduled to continue through July 2020. The WEE coordination unit, originally based at the Ministry of Labor and Social Affairs, is being moved to MOF. The unit's work will continue, but the CPPR recommended that financing for its activities be transferred to FSP under MOF.

25. CPPR and ARTF working group discussions generated recommendations to drop five pipeline projects: 1-2) the second (2019) and third (2020) planned phases of the FSF, with a resulting increase in the ARTF financing for the IP DPG phases in 2019 and 2020; 3) a successor to the AHP; 4) the proposed sub-national governance project; and 5) the Kajaki Electrification and Benefit Sharing Support Project. The rationale for merging the FSF with the IPDPG, and the basis for the decision not to pursue a successor to the AHP, are further discussed in Section D.2<sup>14</sup>. A related decision, to add a new justice sector program, to the ARTF pipeline, is also discussed in Section D.2. Finally, a new financial sector support investment program is being considered as a successor to the Financial Sector Rapid Response Project (FSRRP), which has been active since 2011. FSRRP is entirely financed from IDA funds; no recommendation has yet been made as to whether the successor project, if any, should be co-financed with ARTF.

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## What we are asking of the Steering Committee

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<sup>13</sup> Activities under component 3.2 of the project were complete by end of October 2018, including the associated Impact Evaluation of business grants. Activities under the remaining, larger, components of the project never took off and only component 3.2. was implemented in a satisfactory manner.

<sup>14</sup> The CPPR initially endorsed preparation of a successor to the AHP as an ARTF pipeline initiative. At the time, the WB was continuing to seek an alternative instrument that could provide the same functionality after the closure of the investment operation on which the AHP relies for disbursing funds to GoIRA. Final confirmation that there was no suitable alternative instrument came after the CPPR discussions concluded, and was presented to the ARTF SG in March 2019, as detailed elsewhere in this PFFP update. Note, however, that the European Union had reached an advanced stage of preparing support for the justice sector to be channeled through the AHP at the time of this determination. To avoid disruption of planned support to GoIRA from the abrupt termination of an advanced pipeline initiative, the WB has agreed to work with the European Union to develop a justice project that will build on the existing preparatory work.

- To **ENDORSE** the CPPR recommendation to **close** the Women’s Economic Empowerment National Priority Program Project Preparation grant and fold its activities into the Fiscal Performance Improvement Support Project.
  - To **ENDORSE** the CPPR and ARTF working group recommendations to **drop** five pipeline projects:
    - 1-2) the proposed second (2019) and third (2020) planned phases of the Fiscal Stability Facility, with a resulting increase in the ARTF financing for the Incentive Program Development Policy Grant phases in 2019 and 2020;
    - 3) a proposed successor to the Ad Hoc Payments Facility, which will also add a pipeline justice project as outlined in Section D.2;
    - 4) the proposed sub-national governance project; and
    - 5) the proposed Kajaki Electrification and Benefit Sharing Support Project.
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## D. Progress Updates: ensuring more impactful delivery and more effective collaboration

26. The ARTF has provided a uniquely successful platform for pooling on-budget financing from multiple partners in support of Afghanistan’s development priorities, but ARTF partners are committed to continuously seeking to enhance impact and effectiveness. Analysis and discussion by the ARTF SG, the findings of [Taking Charge: Government Ownership in a Complex Context](#), the 2017 External Review of the ARTF, and recommendations from other review and audit procedures,<sup>15</sup> identified opportunities to enhance ARTF operations to ensure more impactful delivery and effective collaboration. The SC endorsed six initiatives to act on these opportunities in the PFFP. The broader GoIRA and donor communities later signaled their endorsement for the initiatives in Geneva Mutual Accountability Framework (GMAF) indicator 16, adopted at the November 2018 Geneva Ministerial Conference on Afghanistan.

27. This section summarizes the status of each initiative. Additional detailed information on the status of all External Review recommendations is included in Annex Figure 1.

### D.1. Enhancing alignment through a more flexible and adaptable approach to programming

28. In the PFFP, the SC acknowledged GoIRA’s efforts to adopt a more “programmatic” (sector-wide) approach to selected NPPs, in a bid to align support provided through the ARTF, as well as bilateral and multilateral initiatives, with GoIRA development and reform priorities.

29. The PFFP endorsed measures to support this programmatic approach, including endorsing a gradual move towards Sector-Wide Approaches (SWAPs) where possible, linking IDA and ARTF-financed programs, and promoting the use of adaptive and programming to

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<sup>15</sup> For example, see Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How It Monitors Implementation, Shares Information, and Determines the Impact of Donor Contributions, United States Special Inspector General for Afghanistan Reconstruction Audit Report 18-42, April 2018. The WB accepted four recommendations in SIGAR 18-42 and has undertaken prompt measures to implement improvements. A fifth recommendation (to allow donors to cancel financing) would have contradicted existing ARTF governance arrangements and administration agreements.

enable WB clients to structure a long, large, or complex engagements through linked operations (or phases) with intermediate shorter-term targets.

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### Where things stand

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- The broader government and development community signaled its support for an increasingly programmatic approach to development planning in the Geneva Mutual Accountability Framework, which commits partners to exploring how to adopt a SWAP to education support in 2019, and to exploring SWAPs in at least two other sectors in 2020. The WB and ARTF partners began participating in discussions around an education sector SWAP in late 2018, and discussions have continued in 2019. Through a series of discussions among the MOF, the Ministry of Education (MoE), selected ARTF partners and the WB, it has been decided that the “SWAP” in education would focus on the general education sub-sector. A consensus has emerged that a “SWAP” in the strict sense (e.g., pooled funding under common procedures) would not be a realistic goal at the moment, and that the effort should focus on increasing alignment of policies and program implementation among the MOE, the WB and the bilateral partners offering off-budget assistance. The United Kingdom Department for International Development has engaged a consultant to assess strengths, weaknesses and opportunities for improvements in coordination and harmonization among GoIRA and the development partners active in the general education sub-sector. A report is due by June.
- Eighty-six percent (12 of 14) of the new projects approved for ARTF financing in 2018 and the first quarter of 2019 are co-financed with IDA. (Two initiatives financed solely through ARTF, a project preparation grant to support preparation of EQRA, and the Fiscal Stability Facility, are now closed.) Overall, more than 50 percent of all ARTF programs are co-financed. Co-financing serves three purposes. First, by frontloading Afghanistan’s IDA country allocation, the WB was able to advance preparation of core programs (e.g. Sehatmandi) in the first year of this PFFP, even as the PFFP itself was being finalized. Second, co-financing helps to prevent fragmentation by more strongly focusing IDA and ARTF resources in support of critical NPPs. Finally, co-financing helps to promote visibility of ARTF-financed projects in WB governance structures, and likewise helps to promote visibility of IDA-financed activities by ARTF governance structures, strengthening coordination. That mutual visibility was re-enforced by the 2019 CPPR, which considered the ARTF- and IDA-financed portfolios together.<sup>16</sup>
- ARTF-financed programming seeks to employ a phased approach for complex engagements where possible. For example, the 2018 IP DPG agreed on a one-year program of reforms set in the context of an indicative three-year framework. The reform program itself was designed to reinforce key priorities required to advance ARTF Investment Window (IW) programming. The 2019 IPDPG, now being finalized, builds on the advances of the 2018 program and the three-year framework to identify a program of reforms for the current year, reflecting an approach that is both structured and adaptive to the developing context. The IW Cities Investment Project design, approved in December 2018, also incorporates phased programming. The WB will continue to incorporate phased programming where appropriate to future programs.

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<sup>16</sup> The WB is currently preparing a Performance and Learning Review of its overall Country Partnership Framework, to which the ARTF PFFP is aligned. ARTF stakeholders, including GoIRA, donor partners, and other development stakeholders have been briefed on the progress of the work and invited to provide inputs, which will contribute to strengthening links between ARTF and IDA programming.

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## What we are asking of the Steering Committee

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- To **COMMIT** to advancing, with priority, the objective of sector-wide approaches to programming, and enhancing operational coordination of development initiatives. Specific measures may include acting on recommendations of the forthcoming report on coordination and harmonization in the general education sub-sector, conducting multi-donor joint sector reviews ahead of major meetings, or other initiatives to be identified through ongoing dialogue among partners.
  - To **REAFFIRM THE RECOGNITION** that indicative financing allocations in this PFFP update are set out at the program, rather than project level, with the aim of underscoring the intent to move towards increasingly programmatic management of the development agenda.<sup>17</sup>
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### D.2. Moving towards increased use of incentivized results-based instruments

30. In the PFFP, the SC endorsed two initiatives to increase the use of incentivized, results-based instruments.

31. The first initiative aimed to broaden the scope of policy-based budget support under the ARTF Recurrent Cost Window (RCW). It was linked to the overall objective of regularizing the ARTF RCW into a standard WB Development Policy Financing operation. Regularization of the ARTF RCW aimed to incorporate the strong oversight, well-defined processes, transparency, and monitoring arrangements associated with standard WB program preparation, oversight, and review practices; and to enable the WB to mobilize IDA and ARTF in a linked fashion. Recognizing that the increased emphasis on structural reforms posed potential risks to fiscal stability, the PFFP proposed two mitigation measures: 1) introduction of a Fiscal Stability Facility (FSF) to create a pool of funding GoIRA could access in the event of a liquidity shortage, subject to certain conditions being met; and 2) retaining the functionality of the RCW AHP.

32. The second initiative aimed to increase the use of results-based financing (RBF<sup>18</sup>) modalities under the IW. Both initiatives aimed to respond to GoIRA's request, in the Afghanistan National Peace and Development Framework (ANPDF), for international partners to move towards a more results-based approach to aid delivery, in which GoIRA is held accountable for results but has discretion to determine how results are achieved.

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## Where things stand

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- In the first year of the PFFP, the WB continued to expand the use of RBF modalities in the IW. RBF was already an integral feature of the existing Higher Education Development Project. The designs of two new investment projects approved in 2018—Sehatmandi and EQRA—also incorporate RBF modalities. The Cities Investment Project foresees the use of incentive triggers in its next phase. The groundwork for

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<sup>17</sup> The PFFP recognizes that some partners are legally required to preference contributions in favor of specific projects. This request to the SC neither requires nor asks partners to change legally-mandated preferencing. Rather, it asks partners to support the principles outlined in this section, and to consider adjusting preferencing practices only to the extent legally possible.

<sup>18</sup> Result Based Financing (RBF) focuses on results-based forms of assistance and funding that seek to provide greater incentives for achieving development outcomes and outputs.

incentivization of municipalities is being laid through the current phase of the project and through the Urban Development Support Project.

- For the first time in 2018, 100 percent of ARTF support delivered through the ARTF's RCW was incentivized.
- The 2018-2019 IPDPG encompassed both public financial management reforms and selected broader reform measures envisioned by the ANPDF, as called for in the PFFP. The WB Board of Executive Directors approved the IDA financed portion of the program (US\$ 90 million) in June 2018, and the ARTF MC approved ARTF financing (US\$ 210 million) in July 2018. GoIRA has achieved all benchmarks, and the program will formally close in the coming quarter. The Incentive Program Working Group (IPWG) has agreed on the prior and policy actions that will comprise the 2019 program, which is on track for approval in June 2019.
- In November 2018, the ARTF MC approved the FSF (US\$ 100 million), one of the two measures aimed at mitigating the fiscal risk of increased incentivization. The development objective of the program was to support improved predictability of GoIRA recurrent expenditure payments during the period of political transition. Disbursement was linked to GoIRA achieving targets on revenue collection, Treasury cash balance, and salary payments. GoIRA satisfied the conditions, funds were disbursed, and the program closed in January 2019. In the same month, the IPWG considered options for the next round of preparation. The IPWG concluded that the FSF should not be renewed, and pipeline funds should instead be redirected to an expanded IPDPG in 2019 and in 2020. **A recommendation to revise the PFFP to reflect that no future iterations of the FSF will be developed is presented to the SC for endorsement below.**
- In line with the second mitigation measure, the AHP remained open through 2018. The AHP relies, operationally, on the Recurrent and Capital Costs investment project financing operation (RCC-IPF) to disburse funds to GoIRA. Until the end of 2017, the RCC-IPF also served as the primary RCW instrument. With the approval of the IPDPG and FSF in 2018, and with the decision to combine the two into a single operation in 2019 and in 2020, the RCC-IPF is no longer the primary RCW instrument. The RCC-IPF has been open for an unusually long period—since 2002. Its closure, originally scheduled for March 2019, is required to complete the regularization of the RCW as envisioned in the PFFP. In March 2019, the SG discussed the RCC-IPF. At the recommendation of the WB, the SG endorsed a proposal to extend the RCC-IPF through December 2019, which will enable two existing donor arrangements that rely on the AHP to conclude. The WB informed the SG that it has attempted to identify alternative instruments that could offer similar functionality, but has concluded that no such instrument exists. As a result, closure of the RCC-IPF in December 2019 will terminate the AHP functionality. **A recommendation to revise the PFFP to reflect the closure of the AHP is presented for SC endorsement below.**

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### What we are asking of the Steering Committee

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- To **ENDORSE** the January 2019 recommendation of the Incentive Program Working Group to redirect pipeline funding for the Fiscal Stability Facility into expanded Incentive Program Development Policy Grants in 2019 and in 2020. Because the pipeline funding will be redirected, the Fiscal Stability Facility will not be renewed in 2019 or in 2020.

- To **ENDORSE** the March 2019 recommendation of the Strategy Group to close the Recurrent and Capital Costs investment project financing (RCC-IPF) operation in December 2019. Because the Ad Hoc Payments facility relies, operationally, on the RCC-IPF, and because no alternative instruments with equivalent functionality exist, the Ad Hoc Payments facility will also close at this time.
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### **D.3. Providing more hands-on extended TA and implementation support**

33. In the PFFP, the SC endorsed a proposal to establish the Advisory Services Implementation Support and Technical Assistance (ASIST) window as a new WB-executed window in the ARTF. The SC also approved core funding of US\$ 15 million over three years to support ASIST.

34. ASIST replaced the Research and Analysis Program (RAP) window established under the previous Financing Strategy. In contrast to RAP, which focused exclusively on research and analytical work, ASIST enables the WB to provide longer-term, specialized technical expertise in priority sectors beyond the regular program implementation support and technical assistance normally provided by WB technical teams.

35. Under the PFFP, new proposals for use of the ASIST window are presented to the SG by the Ministry of Finance (MOF) for endorsement (as with all other ARTF-financed programs, financing must be approved by the MC). The procedure enables SG members to ensure that new proposals for technical assistance align with existing and planned assistance provided through bilateral support. SG review also provides an opportunity to consider the appropriateness of budgetary allocations to the window. The SG has the authority to increase the allocation to ASIST if needed, subject to approval by the MC. ARTF partners have the option to provide incremental contributions (supplemental to current pledges to the core ARTF program) that are preferenced to ASIST to support specific technical assistance initiatives, subject to presentation by MOF and approval of the SG.

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### **Where things stand**

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- To date, the ARTF MC has allocated US\$ 6 million in core funds to ASIST window, slightly less than half the total US\$ 15 million authorized in the PFFP. The allocations were approved in two separate decisions, in July 2018 (US\$ 2 million) and in September 2018 (US\$ 4 million).
- The ARTF SG endorsed procedures for reviewing ASIST proposals in July 2018<sup>19</sup>. At its next meeting, it reviewed and approved three proposals: the Fiscal Performance Improvement Plan Advisory Facility (US\$ 2 million), the Extractives Sector Asset and Institutional Development Task Force (US\$ 2.1 million), and Evidence for Action (initially US\$ 3 million, subsequently reduced to US\$ 1 million). The Evidence for Action proposal was supported by supplemental pledges from the European Union and the United Kingdom Department for International Development.

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<sup>19</sup> The ASIST Facility limits its focus to national priority engagements where GoIRA requests a sustained and more hands-on engagement from WBG. Areas of support under ASIST are therefore selected based on clear demand from GoIRA and expressions of interest from ARTF donor partners.

- The ARTF Administration Agreement was amended in October 2018 to reflect the creation of the new ASIST window.<sup>20</sup>
- In line with the procedures endorsed by the SG, the three initiatives provided semi-annual updates in February 2019. All three initiatives demonstrate satisfactory performance. One was adjusted. The original budget for Evidence for Action included funding for the WB to procure and contract survey fieldwork for an integrated expenditure and labor force survey, as originally requested by the National Statistics and Information Authority (NSIA, formerly the Central Statistics Organization). Following NSIA's decision to fund survey fieldwork from the national budget, rather than through a WB-procured contractor, the budget for Evidence for Action was reduced.
- The SG-endorsed procedures for ASIST contemplate quarterly review of GoIRA proposals for technical assistance under the window. No proposals were received in December 2018 or in April 2019. The WB has received preliminary indications of interest regarding three new proposals that may be presented for funding in 2019.

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### What we are asking of the Steering Committee

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- Implementation of the ASIST window can continue under the PFFP as structured. **NO CHANGES** to the PFFP are recommended at this time.
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#### D.4. Ramping up monitoring and strengthening anti-corruption mechanisms

36. In the PFFP, the SC endorsed a proposal to establish the Anti-Corruption and Results Monitoring Action Plan (ACReMAP) window as a new WB-executed window in the ARTF. The SC also approved core funding of US\$ 60 million over three years to support ACReMAP.

37. All ARTF-financed initiatives, including the RCW, are subject to multiple layers of fiduciary oversight aimed at ensuring funds are used for the intended purposes and to achieve development objectives. Establishment of the ACReMAP window signaled ARTF stakeholders' shared objective of strengthening results monitoring and anti-corruption measures across all ARTF and IDA-financed operations and formalized the ACReMAP proposal first discussed by the SG in August 2017.

38. Third-party monitoring (TPM) arrangements include both the Monitoring Agent's (MA) review of ARTF RCW expenditures and the Supervisory Agent's (SA) review of ARTF-IDA investment operations. ACReMAP supports an expansion of this work, including by increasing the number of physical verifications of GoIRA employees in connection with RCW expenditure eligibility, increasing the number of ARTF and IDA investment operations that benefit from TPM, broadening the scope of SA assessments on investment operations, enhancing the technical methodologies used to select sample project sites for monitoring, and piloting innovative data collection methods.

39. In addition to TPM, ACReMAP supports an intensified focus on financial accountability through a range of analytical activities and in-depth reviews, including fiduciary reviews. Approaches will vary according to the circumstances of particular projects, and are applied by

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<sup>20</sup> The amendment also reflected the creation of the new Anti-Corruption and Results Monitoring Action Plan window, discussed in section D.4. Note that at the time the amendment was put in place, the RAP window remained open to allow final accounting and delivery of remaining projects, which have now concluded.

the WB as TPM, audit, or other external findings warrant.<sup>21</sup> In support of these in-depth reviews, ACRReMAP can also pilot initiatives aimed at prevention and improved data generation.

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## Where things stand

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- The ARTF Administration Agreement was amended in October 2018 to reflect the creation of the new ACRReMAP window.<sup>22</sup> Actual costs of ACRReMAP activities in 2018 were primarily attributable to TPM contract expenses, and continued to be financed from allocations for those contracted services, which extended into the early part of 2019. In 2019, the ARTF MC has allocated US\$ 9.2 million to finance activities under the ACRReMAP window, including TPM expenses, which will continue to be the largest expense under the window.
- Contracts for the MA and SA have been extended through December 2019 with expanded scopes of work in line with the commitments in the PFFP, including for expanded physical verification and an increased coverage of ARTF-IDA financed projects. A request for expressions of interest has been published to procure the next phase of TPM services, to be managed under a single contract beginning in January 2020, under which all ARTF-IDA projects that are amenable to TPM will be covered.
- An in-depth fiduciary review of historical ARTF support to the Ministry of Education required more time than first projected. Weaknesses in the Ministry's record management have contributed to some delays and limitations on the scope of the review, but the work is nearing completion and will be reviewed by WB leadership and discussed with the authorities when it is finished, prior to dissemination of findings. Scoping work has begun for a similar review of project support to the Ministry of Agriculture, Irrigation and Livestock.
- The ARTF SG has received quarterly updates on these initiatives, as well as descriptions of pilot efforts begun under the ACRReMAP umbrella, including risk-based implementation support, expanded civil society engagement with the ARTF, and new methodologies for selecting and sampling sites for SA data collection.

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## What we are asking of the Steering Committee

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- Implementation of the ACRReMAP window can continue under the PFFP as structured. **NO CHANGES** to the PFFP are recommended at this time.

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### D.5. Adopting a more structured, GoIRA-led approach to improving ARTF portfolio performance

40. In the PFFP, the SC endorsed a proposal to conduct quarterly Portfolio Operational Status Reviews (POSRS) and annual Country Portfolio Performance Reviews (CPPRs) of the

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<sup>21</sup> For example, methods can include detailed eligibility reviews of specific transaction types in a given project (subjecting ineligible expenditures to refund), conducting in-depth fiduciary reviews of support to a particular entity or Ministry, or reviewing both RCW support (e.g., salary payments) and costs of related IW projects. The fiduciary reviews may consider eligibility of expenditures, whether funds have been used as intended, whether payroll is properly administered, whether existing oversight processes are adequate and properly functioning, and the reason for any inadequacy or lack of functionality.

<sup>22</sup> The amendment also reflected the creation of the new ASIST window, as discussed in section D.3.

ARTF portfolio under the leadership of GoIRA, with participation by line ministries, the WB, and ARTF donors.

41. The PFFP emphasizes monitoring, performance and value-for-money in ARTF programs. In developing the PFFP, GoIRA, the WB, and ARTF donors reached a consensus view that enhanced monitoring supported by the newly introduced ACREMAP window should be complemented by a GoIRA-led approach to monitoring the portfolio and resolving operational bottlenecks. The conclusion also aligned with recommendations of the 2017 ARTF External Review. Quarterly POSRs and annual CPPRs were agreed as the mechanisms by which to achieve the more structured and GoIRA-led approach sought by all ARTF partners.

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### Where things stand

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- Despite strong support for the POSR proposal, the initial quarterly review meetings planned following endorsement of the PFFP were not held. MOF Deputy Ministers sought to participate in the sessions to demonstrate the ministry's strong support, but scheduling proved difficult owing in part to obligations arising from preparations for the Geneva Ministerial Conference on Afghanistan. The WB did, however, develop an initial list of operational bottlenecks, which was shared with MOF for its preliminary review. Operational bottlenecks information was updated ahead of the CPPR scheduled the following quarter and reviewed as part of the CPPR process.
- HE the Minister of Finance launched the CPPR in January 2019, emphasizing the importance of self-reliance, which the operationalization of the Growth Strategy presented at the Geneva Ministerial Conference on Afghanistan can help to accelerate, mutual accountability, and alignment. MOF staff led a series of discussions with the WB, line ministries, project teams, and donors over the next three weeks. The discussions reviewed 32 active projects and 23 pipeline initiatives. In line with the WB's objective to manage IDA- and ARTF-financed programming as a unified portfolio wherever possible, and the expanded co-financing from both sources across the portfolio, the CPPR covered all ARTF and IDA financing. MOF invited donors to join all discussions, and participation was strong.
- The CPPR concluded in March 2019 at a meeting co-chaired by HE the Minister of Finance and the WB, which reviewed outcomes and recommendations of the process, as well as an MOF presentation on the GoIRA growth strategy. Key CPPR findings included the discussion of systemic challenges that affect project implementation in the areas of strategic and operational coordination, procurement, financial management, operating in insecure and high-risk areas, incorporation of TPM findings, project staffing, and management of environmental and social risks. The report of the CPPR process identifies actions to begin addressing the challenges. The SG will monitor progress on the recommendations.
- Of the existing ARTF-financed portfolio, the CPPR concluded that projects representing roughly 34 percent of the overall value are mid-implementation, and no restructurings or early closures were recommended at this time. Projects representing 21 percent of the overall value that are nearing completion were endorsed to continue implementation and close on schedule. Recently approved projects representing 23 percent of the overall value will initiate implementation as approved. Projects representing just under 22 percent of the value may require restructuring, and a small project preparation grant representing less than one percent of the overall value was recommended for early closure, with the functions supported by the grant to be shifted to another existing project. Of the 23 pipeline initiatives, 11 envisioned support from the ARTF and were endorsed for further preparation, although in some cases subject to revisions in scale or further review of project concepts. Two of the 11 ARTF pipeline initiatives, Payments Administration and Integration of Salaries in Afghanistan (PAISA)

(US\$ 45 million, of which US\$ 35 million in support is drawn from ARTF, and US\$ 10 from IDA) and the Afghanistan Land Administration Systems Project (ALASP) (US\$ 35 million, of which US\$ 10 million is drawn from ARTF and US\$ 25 million from IDA) were delivered the following month, in April.

- With the initial CPPR completed, MOF and WB will soon aim to start preparations for regular quarterly POSRs, but drawing from lessons of the first experience, may aim to hold the meetings at the working/technical level so as to ease scheduling. The SG will further discuss other lessons learned from the CPPR process to streamline and improve the process in the remaining years of the PFFP period. The next CPPR review is tentatively planned for January 2020.

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### What we are asking of the Steering Committee

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- To **ENDORSE** the outcomes of the January-March 2019 Country Portfolio Performance Review, including recommendations on project closure timeline for ARTF-financed projects and amendments to the ARTF pipeline as set out in this PFFP update.

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### D.6. Streamlining collaboration and decision-making procedures and strengthening communications and reporting

42. In the PFFP, the SC recognized the complexity and visibility of coordination around the ARTF, and endorsed proposals for streamlining partner collaboration, with commitments by GoIRA, the WB, and donor partners. The proposals align with recommendations from the 2017 ARTF External Review.

43. Partners have demonstrated a significant commitment to renewed collaboration during the first year of the PFFP. GoIRA supported an enhanced flow of project communications by authorizing the WB to share draft project preparation materials and project-related correspondence, and by opening CPPR meetings for donor participation. This dissemination has expanded donor partners' visibility into project preparation, oversight, and engagements. The WB increased the regularity of communications to donor partners, and project teams made themselves available for direct interaction with donors, both in regular ARTF governance body meetings and in project-specific briefings. Donors participated in ARTF governance mechanisms, portfolio reviews and project engagements, and offered regular input into project design processes and ARTF-specific products.

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### Where things stand

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- In 2018, with support from GoIRA, the WB significantly expanded donor partners' access to regular communications around project preparation, oversight, and management, which now include regular emails distributing project related correspondence and offering a rolling calendar of meetings and events.
  - In November and December 2018, the ARTF SG began a discussion to further elaborate on the protocols for communications around preparation of ARTF financed programming, following some expressions of concern about difficulties coordinating bilaterally financed portfolios with ARTF-financed programming. In February 2019, the SG endorsed an updated protocol around project preparation. Annex Figure 1 illustrates the agreements reached at the SG on key points of engagement during the project preparation cycle.

- In November 2018, ARTF donor partners began observing MC meetings on an optional basis, which provides enhanced visibility on program approvals and enables partners to add forward-looking perspectives on the project to MC records.
  - ARTF partners have provided feedback into the ARTF Scorecard reporting product, which is now being refreshed based on that input and on the discussions in the CPPR.
  - The ARTF coordination structures have also supported coordinated engagement around broader development issues, including SWAPs, the humanitarian-development nexus, and economic planning for a potential political settlement.
  - The PFFP observes that rotation ARTF partner staff into and out of Kabul is a factor that complicates the information flow on which ARTF governance and collaboration depends. Partners committed to reducing the gaps that can follow handover. The summer months following the SC meeting are expected to be a period of significant turnover. The joint commitment of both donor partners and the WB to ensure well-structured handover and introductory processes for technical and management teams is thus expected to be particularly important to the ongoing process of streamlining ARTF coordination and communications.
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### What we are asking of the Steering Committee

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- To **RECOGNIZE** the improvements in communications amongst all partners during this PFFP period;
  - To **ENDORSE** the process schematic of ARTF Partner Engagement During Project Preparation set out in Annex Figure 2 as the formal means of engaging donors in early stages of project design;
  - To **REAFFIRM THE COMMITMENT** that all ARTF members will maintain this standard of communication and maintain well-structured handover and introductory processes for incoming management and staff.
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## E. Conclusion

44. This 1398 (2019) Update to the Partnership Framework and Financing Program: FY1397-FY1399 (2018-2020) reflects the outcome of continued dialogue and engagement among GoIRA, the WB, donor partners and ARTF stakeholders in the first year of the financing period. Together, ARTF partners advanced GoIRA's ambitious reform and national development agenda during the first year and in the initial months of the second year of the PFFP period. Twelve ARTF-financed initiatives have been prepared and delivered in support of six NPPs, policy reforms have been achieved, GoIRA-led dialogue has deepened consensus around implementation of the existing portfolio and identified challenges to be addressed in the coming year, and partner coordination has expanded. ARTF stakeholders have advanced the six PFFP initiatives aimed at strengthening the ARTF as a platform for GoIRA and its partners to move the development agenda towards more sustainable and programmatic approaches.

45. "Taking Charge: Government Ownership in a Complex Context", the report of the 2017 external review of the ARTF, concluded 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". Evidence of the past year demonstrates that this conclusion remains sound.

46. The PFFP aims to enhance the flexibility and responsiveness of ARTF-financed programming to enable the ARTF partnership to respond effectively to evolving priorities and to manage the risks of the operating context. Continued collaboration will be required as the ARTF partnership works to progress existing development priorities and while preparing for the post-2020 period. Attention to long-term issues of fiscal sustainability, including after the expected end date of the ARTF on December 31, 2025, will remain fundamental.

## ANNEXES



TABLE 1: ARTF FY 1397-FY1399 (2018-2020) PFFP: PLEDGES AND CONTRIBUTIONS

(Status as of April 30, 2019)

ARTF PARTNER	CORE-ARTF <sup>23</sup>									AD HOC PAYMENTS <sup>24</sup>		
	PLEDGES <sup>25</sup> (US\$ million)				CONTRIBUTIONS (US\$ million)					(US\$ million)		
	2018-20	2018	2019	2020	PAID-IN <sup>26</sup>				BALANCE <sup>27</sup>	PLEDGES	PAID-IN	
	2018-20	2018	2019	2020	2018-20	2018	2019	2020	INDICATED <sup>28</sup>	2018-20	2018-20	
UNITED STATES	900.0	300.0	300.0	300.0	300.0	300.0			0.0	600.0	100.0	100.0
EU-EC <sup>^</sup>	400.0	122.0	148.0	130.0	115.1	79.8	35.3		60.6	224.3	169.0	61.5
UNITED KINGDOM <sup>29</sup>	370.7	127.3	130.3	113.0	127.3	127.3			129.2	114.2		
GERMANY <sup>30</sup>	184.0	92.0	92.0		71.3	71.3			0.0	112.7		
SWEDEN <sup>31</sup>	168.0	56.0	56.0	56.0	52.1	52.1			50.5	65.4		
CANADA <sup>+</sup>	130.3	36.3	43.0	51.0	77.8	77.8			0.0	52.2		
NORWAY	73.2	24.4	24.4	24.4	35.2	35.2			0.0	38.0		
AUSTRALIA <sup>+</sup>	61.2	19.2	21.0	21.0	38.5	24.1	14.4		0.0	22.7		
NETHERLANDS	68.3	22.7	22.8	22.8	22.7	22.7			22.6	23.0		
DENMARK <sup>32</sup>	61.4	29.5	16.4	15.5	50.5	34.0	16.5		4.5	6.4		
ITALY	38.0	15.0	11.5	11.5	11.4	11.4			2.8	23.8		

<sup>23</sup> CORE-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. For some donors, (noted with an asterisk\*) the difference between the US\$ equivalent amount pledged and the actual paid-in contribution received in 2018 is due to exchange rate fluctuations. Other differences (noted with+) are due to the donor making an additional contribution or advancing payment of part of their 2019 pledge in 2018. 2018 contribution that was received after December 21, 2018 and therefore counted in the new financial year are noted as (^).

<sup>24</sup> AD 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.

<sup>25</sup> Indicative PLEDGES made at the time the 2018-2020 Financing Program was finalized, have been updated in some instances based on more recent communications.

<sup>26</sup> Contributions are recorded as PAID-IN when the funds have been transferred to the ARTF, converted into US\$ from original currency.

<sup>27</sup> The BALANCE remaining from the initial indicative pledge, after the paid-in and indicated contributions are taken into account.

<sup>28</sup> Contributions are recorded as INDICATED when written notification is received from the ARTF partner indicating intent to contribute a specified amount.

<sup>29</sup> UK revised its pledge from the original £85 million to £100 million for the period 2018 and 2019.

<sup>30</sup> Germany pledged EUR 80 million (US\$ 92 million) annually for 2018 and 2019, and has indicated an intent to increase its pledge for 2019. The pledges are bound to bilateral conditions with GoIRA. In 2018, Germany contributed EUR 62.5 million (US\$ 71.3 million) based on the evaluation of the fulfillment of the conditions by GoIRA. For 2019, the evaluation of the fulfillment of conditions is upcoming.

<sup>31</sup> Sweden increased its pledge from SEK 450 million annually to SEK475 million.

<sup>32</sup> Denmark revised its pledge from the original US\$ 46 million to US\$ 61.4 million.



ARTF PARTNER	CORE-ARTF <sup>23</sup>									AD HOC PAYMENTS <sup>24</sup>		
	PLEDGES <sup>25</sup> (US\$ million)				CONTRIBUTIONS (US\$ million)					(US\$ million)		
	2018-20	2018	2019	2020	PAID-IN <sup>26</sup>				INDICATED <sup>28</sup>	BALANCE <sup>27</sup>	PLEDGES	PAID-IN
					2018-20	2018	2019	2020				
FINLAND*^+	35.5	12.5	11.5	11.5	14.4	11.6	2.8		0.0	21.1		
SWITZERLAND+	9.0	2.4	3.3	3.3	4.8	4.8			1.0	3.2		
REPUBLIC OF KOREA	5.0	5.0			5.0	5.0			0.0	0.0		
JAPAN	2.3	2.3			4.5	2.3	2.2		0.0	0.0		
ESTONIA*^	0.9	0.3	0.3	0.3	0.5		0.5		0.0	0.4		
CZECH REPUBLIC^	0.9	0.9			0.9		0.9		0.0	0.0		
POLAND	0.3	0.3			0.3	0.3			0.0	0.0		
<b>TOTAL</b>	<b>2,509</b>	<b>867.8</b>	<b>880.0</b>	<b>760.3</b>	<b>932.3</b>	<b>859.4</b>	<b>72.9</b>	<b>0.0</b>	<b>271.2</b>	<b>1,307.7</b>	<b>269.0</b>	<b>161.5</b>

TABLE 2 ARTF PARENT FUND NET POSITION AND CASH BALANCE STATEMENT

DATE: December 21, 2018 (End FY 1397)

		NET position (USD MILLION)	CASH balance (USD MILLION)
<b>A. ACTUAL VALUES AT START OF PERIOD:</b>	<b>June 21, 2018</b>	<b>(637.64)</b>	<b>208.05</b>
ACTUAL CONTRIBUTIONS, COMMITMENTS AND TRANSFERS: June 22, 2018 to December 21, 2018			
<b>B. CONTRIBUTIONS (= 1+2)</b>		<b>774.37</b>	<b>774.37</b>
1. CONTRIBUTIONS to the CORE ARTF (= a)		732.61	732.61
a. ACTUAL PAID-IN contributions		748.26	748.26
Admin Fee minus Investment Income		15.65	15.65
2. CONTRIBUTIONS to the AD-HOC PAYMENTS MECHANISM (= b)		41.76	41.76
b. ACTUAL PAID-IN contributions		41.76	41.76
<b>C. COMMITMENTS AND TRANSFERS (= 3 + 4 + 5 + 6)</b>			
3. COMMITMENTS and TRANSFERS to RECURRENT COST WINDOW (= d)		352.00	352.00
d. ACTUAL commitments and transfers to RECURRENT COST WINDOW		352.00	352.00
2018 Fiscal Stability Facility: commitment	Nov 5, 2018	100.00	
2018 Incentive Program DPG: commitment	Jul 9, 2018	210.00	
2018 Fiscal Stability Facility: transfer	Nov 30, 2018		100.00
2018 Incentive Program DPG: transfer	Dec 8, 2018		210.00
Transfer of AHP Payment from the EU	Nov 13, 2018	42.00	42.00
4. COMMITMENTS and TRANSFERS to INVESTMENT WINDOW (= e)		204.64	266.57
e. ACTUAL commitments and transfers to project-specific child-RETFs under INVESTMENT WINDOW		204.64	266.57
PLACED: PPG-adjustment entry <sup>2</sup>		(5.00)	
CBR: adjustment entry <sup>3</sup>		(50.00)	
SEHAT: adjustment entry <sup>4</sup>		(37.00)	
Women's Economic Empowerment Rural Development Program (WEE-RDP)	Sep 17, 2018	75.00	
Education Quality Reform in Afghanistan (EQRA): commitment	Sep 17, 2018	100.00	
Higher Education Development Project (HEDP) - AF	Sep 17, 2018	5.00	
Tackling Afghanistan's Government HRM & Institutional Reforms (TAGHIR)	Dec 17, 2018	50.00	
Eshteghal Zaiee - Karmondena (EZ-KAR) Project	Dec 17, 2018	50.00	
Cities Investment Program (CIP)	Dec 17, 2018	25.00	
PPP & Public Investment Advisory Project (PPIAP): transfer	Aug 27, 2018		30.00
Citizens' Charter Program: second tranche:	Aug 27, 2018		100.00
Placing Labor Abroad Connecting to Employment Domestically (PLACED): PPG	Sep 28, 2018		1.50
Women's Economic Empowerment Rural Development Program (WEE-RDP)	Nov 12, 2018		75.00
Higher Education Development Project (HEDP) - AF: transfer	Nov 20, 2018		5.00
System Enhancement for Health in Transition Project (SEHAT)	Jun 29, 2018		60.00
EQRA PPG	Jul 5, 2018		3.43
Afghanistan Resource Corridors Project - Reflow to ARTF parent fund	Nov 12, 2018	(0.28)	(0.28)
AREDP Additional Financing - Reflow to ARTF parent fund	Dec 10, 2018	(0.24)	(0.24)
Public Financial Management Reform II: refund of undisbursed balance	Aug 8, 2018	(7.06)	(7.06)
Second Judicial Reform Project: refund of undisbursed balance	Aug 13, 2018	(0.78)	(0.78)
5. TRANSFERS to ADVISORY SERVICES, IMPLEMENTATION SUPPORT AND TA (ASIST) WINDOW (= f)		6.00	6.00
f. ACTUAL transfers to ASIST WINDOW		6.00	6.00
ASIST Window Initial Allocation	Jul 9, 2018	2.00	2.00
ASIST Window Second Allocation	Sep 21, 2018	4.00	4.00
6. TRANSFERS to ACREMAP WINDOW (= g)		0.51	0.51
g. ACTUAL transfers to ACREMAP WINDOW		0.51	0.51
Cumulative commitments and transfers during the period		0.51	0.51
<b>D. ACTUAL VALUES AS OF REPORT DATE (= A + B-C):</b>	<b>Dec 21, 2018</b>	<b>(426.42)</b>	<b>357.34</b>

<sup>1</sup>CTF stands for "child trust fund"—there is a designated CTF for each project funded by ARTF.

<sup>2</sup>The International Labor Migration PPG was approved under the 2015-2017 Financing Strategy, and included in commitments carried to the PFFP. The budget was later reduced to US\$ 1.5 million. A US\$ 5 million adjustment entry was made in the net balance.

<sup>3</sup>For CBR, US\$ 50 million was included in the net balance carried over from the 2015-2017 Financing Strategy. This commitment is no longer available for CBR.

<sup>4</sup>US\$ 97 million was the commitment for SEHAT carried over in the net balance from the 2015-2017 Financing Strategy, of which only US\$ 60 million was allocated during the current PFFP. US\$ 37 million is no longer needed  
RETF stands for Recipient Executed Trust Fund. BETF stands for Bank Executed Trust Fund

**TABLE 3 ARTF PARENT FUND NET POSITION AND CASH BALANCE STATEMENT**  
**DATE April 20, 2019**

		NET position	CASH balance
		(USD MILLION)	
<b>A. ACTUAL VALUES AT START OF PERIOD:</b>	<b>Dec 21, 2018</b>	<b>(426.42)</b>	<b>357.34</b>
ACTUAL CONTRIBUTIONS, COMMITMENTS AND TRANSFERS: December 22, 2018 to April 20, 2019			
<b>B. CONTRIBUTIONS (= 1+2)</b>		<b>82.49</b>	<b>82.49</b>
1. CONTRIBUTIONS to the CORE ARTF (= a)		82.49	82.49
a. ACTUAL PAID-IN contributions		72.57	72.57
Admin Fee minus Investment Income		9.92	9.92
2. CONTRIBUTIONS to the AD-HOC PAYMENTS MECHANISM (= b)		0.00	0.00
b. ACTUAL PAID-IN contributions			
<b>C. COMMITMENTS AND TRANSFERS (= 3 + 4 + 5 + 6)</b>			
3. COMMITMENTS and TRANSFERS to RECURRENT COST WINDOW (= d)		0.00	0.00
d. ACTUAL commitments and transfers to RECURRENT COST WINDOW		0.00	0.00
4. COMMITMENTS and TRANSFERS to INVESTMENT WINDOW (= e)		3.61	108.61
e. ACTUAL commitments and transfers to project-specific child-RETFs under INVESTMENT WINDOW		3.61	108.61
Education Quality Reform in Afghanistan (EQRA): transfer	Feb 14, 2019		100.00
Non Formal Approach to Training, Educ. & Jobs : refund of undisbursed balance	Jan 14, 2019	(9.47)	(9.47)
Afghanistan Technical Assistance Facility: refund of undisbursed balance	Jan 22, 2019	(3.75)	(3.75)
Tackling Afghanistan's Government HRM and Institutional Refo (TAGHIR)	Apr 1, 2019		50.00
System Enhancement for Health in Transition Project (SEHAT): reflow	Apr 11, 2019	(28.17)	(28.17)
Afghanistan Land Administration System Project (ALASP)	Apr 7, 2019	10.00	
Payments Automation and Integration of Salaries in Afghanistan (PAISA) Project	Apr 7, 2019	35.00	
5. TRANSFERS to ADVISORY SERVICES, IMPLEMENTATION SUPPORT AND TA (ASIST) WINDOW (= f)		(1.64)	(1.64)
f. ACTUAL transfers to ASIST WINDOW		(1.64)	(1.64)
Reflow of funds from ASIST Window to the Parent Account	Feb 15, 2019	(1.80)	(1.80)
Cumulative transfers during the period		0.16	0.16
6. TRANSFERS to ACREMAP WINDOW (= g)		4.00	0.00
g. ACTUAL transfers to ACREMAP WINDOW		4.00	0.00
Replenishment of the ARTF Monitoring Agent: commitment	Apr 7, 2019	4.00	
Replenishment of the ARTF Supervisory Agent: commitment	Apr 24, 2019	5.00	
<b>D. ACTUAL VALUES AS OF REPORT DATE (= A + B-C):</b>	<b>Apr 20, 2019</b>	<b>(349.90)</b>	<b>332.86</b>

## NOTES:

<sup>1</sup>CTF stands for "child trust fund" - there is a designated CTF for each project funded by ARTF

<sup>2</sup> The International Labor Migration PPG was approved under the 2015-2017 Financing Strategy, and included in commitments carried to the PFFP. The budget was later reduced to US\$ 1.5 million. A US\$ 5 million adjustment entry was made in the net balance.

RETF stands for Recipient Executed Trust Fund

BETF stands for Bank Executed Trust Fund

**The monthly report for April 2019 is yet to be finalized; hence a minor difference is expected in the closing cash balances**



TABLE 4 ARTF-IDA PORTFOLIO: ACTIVE AND APPROVED PROJECTS AS OF DECEMBER 31, 2018

Rows highlighted in grey with red text identify projects that were active as of December 31, 2018 but had closed as of April 30, 2019.

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>33</sup>	ARTF	IDA	OTH
<b>POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)</b>					5417	90	
<i>Fiscal stability</i>	<i>ARTF-Fiscal Stability Facility</i>	<i>To help fund essential recurrent expenditures, including expenditures on wages, benefits, and other payments for government employees as well as operations and maintenance and interest payments.</i>	<i>MoF</i>	<i>2018</i>	<i>100</i>		
Fiscal stability	ARTF - Recurrent and Capital Costs <sup>34</sup>	Provide a coordinated financing mechanism so that the govt can make predictable, timely, and accurate payments for approved recurrent costs related to salaries and wages; and government operating and maintenance expenditures, except security.	MoF	2002	5107		
Governance and state effectiveness	2018 DPG - Incentive Program <sup>35</sup>	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2018	210	90	
<b>INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)</b>					2,247	1,868	143
<b>GOVERNANCE AND STATE EFFECTIVENESS</b>							
Effective governance NPP					163	70	0
<i>Improving fiscal performance</i>	<i>Afghanistan Technical Assistance Facility</i>	<i>Strengthen the fiscal management and the budget planning performance of the Government of Afghanistan.</i>	<i>MoF</i>	<i>2016</i>	<i>5</i>		
Improving fiscal performance	Fiscal Performance Improvement Support Project (FSP)	Contribute to the improvement of domestic revenue mobilization and public expenditures management, and of reinforcing a performance-oriented management culture in the Ministry of Finance.			75	25	
Improving fiscal performance	Public-Private Partnerships and Public Investment Advisory Project	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	2018	33	20	
Reforming the public sector	Tackling Afghanistan's Government HRM and Institutional Reforms	Redesigned next phase of CBR program to tackle core challenge of professionalizing the civil service in a fiscally sustainable manner.	IARCSC	2018	50	25	
<b>POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION</b>							
Human capital development NPP					585	295	133
Primary healthcare	Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	2018	425	140	35
<i>Basic education</i>	<i>EQRA (PPG)</i>	<i>PPG to support preparation of EQRA.</i>	<i>MoEd</i>	<i>2018</i>	<i>5</i>		
Basic education	EQRA	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	100	100	98
Youth engagement & skills	Afghanistan - Second Skills Development Project	Improving TVET teacher competencies and curriculum in selected priority areas.	MoLSA	2013		55	

<sup>33</sup> Refers to the Afghan fiscal year.

<sup>34</sup> Reflected in the 2018-2020 Financing Plan table as well since US\$ 128 million has been funded through the PFFP.

<sup>35</sup> Reflected in the 2018-2020 Financing Plan table as well since it was part of the pipeline endorsed by the SC in June 2018.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>33</sup>	ARTF	IDA	OTH
Higher education	Higher Education Development Project	To increase access to, and improve the quality and relevance of, higher education in Afghanistan.	MoHE	2015	55		
Women's Economic Empowerment NPP					80	25	0
Women's economic empowerment	Women's Economic Empowerment Rural Development Project	Anchor for WEE-NPP, designed to promote economic empowerment for poor women through creation of Self-Help Groups and enterprise development assistance.	MoRRD	2018	75	25	0
Women's economic empowerment	WEE-NPP Support Project Preparation Grant. <sup>36</sup>	Support the GoIRA to establish a National Priority Program on Women's Economic Empowerment (WEE-NPP) that advances women's access to economic assets and opportunities.	MoLSA	2017	5		
Social cohesion					90	150	0
Returnee-IDP reintegration	Eshteghal Zaiee - Karmondena (EZ-Kar)	Implementation of National Action Plan for reintegration of returnees-IDPs targeted primarily at enhancing economic opportunities in urban areas with high numbers of returnees-IDPs.	MoEc, IDLG, MoF	2018	50	150	0
	CASA-1000 Community Support Program	To provide access to electricity or other social and economic infrastructure services to communities in the project area to strengthen community support for CASA-1000 transmission line.	MoRRD	2014	40		
Citizens' Charter NPP					244	227	0
Citizen engagement	Citizens' Charter Afghanistan Project	Continuing support for flagship Citizens' Charter NPP.	MoRRD, IDLG	2016	244	227	0
<b>ECONOMIC GROWTH AND JOB CREATION</b>							
Comprehensive Agricultural Development NPP					327	20	10
	AF On-Farm Water Management	To improve agricultural productivity in project areas by enhancing the efficiency of water used.	MoAIL,	2011	70		
	Afghanistan Agricultural Inputs Project	Attain strengthened institutional capacity for safety and reliability of agricultural inputs and sustainable production of certified wheat seed.	MoAIL	2013	67		
	Afghanistan Strategic Grain Reserves	To establish a wheat strategic reserve to be available to Afghan households to meet their needs following emergency situations and improve the efficiency of the grain storage management.	MoAIL	2017		20	10
	National Horticulture and Livestock Productivity Project	To promote adoption of improved production practices by large farmers, with gradual rollout of farmer-centric agriculture services systems and investment support.	MoAIL	2013	190		
National Mineral and Resource Development NPP					7.3		
Promoting extractives for development	Afghanistan Extractives for Development PPG	Support development of the new operation to help develop the extractive sector and provide bridge financing to the MoMP and MoIC.	MoMP/MoIC	2017	7.3		
Infrastructure and connectivity NPP					525.5	900	0
Transport connectivity	Trans-Hindukush Road Connectivity Project	Improve road transport connectivity across the Hindukush mountain range.	MoPW	2015		250	
Transport connectivity	Afghanistan Rural Access Project	Enable: (a) rural communities benefit from all-season access to basic services and facilities and (b) an early emergency response in the event of an eligible crisis or emergency.	MoPW	2012	312	125	

<sup>36</sup> Early closure planned in 2019, with continued support for WEE-NPP activities through the FSP, led by the DM Policy responsible for overall NPP coordination.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>33</sup>	ARTF	IDA	OTH
ICT connectivity	AF: Digital CASA	Provide complementary publicly-financed investment to crowd in private capital in optical fibre networks and promote regional digital connectivity.	MoCIT	2018		51	
Energy	Naghlu Hydropower Rehabilitation Project	Improve dam safety and to increase the supply of electricity at the Naghlu Hydropower Plant.	DABS	2015	83		
Energy	DABS Planning and Capacity Support	Improve DABS capacity in distribution investment planning, implementation, operation and maintenance.	DABS	2016	6		
Energy	Herat Electrification Project	Provide access to electricity to households, institutions, and businesses in selected areas of Herat Province, Afghanistan.	DABS	2017		60	
Energy	Central Asia South Asia Electricity and Trade	To create the conditions for sustainable electricity trade between the Central Asian countries of Tajikistan and Kyrgyz Republic and the South Asian countries of Afghanistan and Pakistan.	DABS	2014		316	
Energy	Mazar e Sharif Gas to Power PPG	Technical assistance to support the MoEW in providing supervision engineers, transaction advisory and current AMEN plant optimization	MoEW	2017	6.5		
Water	AF Irrigation Restoration and Development Project	Improve access to irrigation in targeted areas and strengthen capacity for water resources management.	MoEW	2011	118	98	
Urban Development NPP					225	45	0
Urban services and infrastructure	Kabul Municipal Development Program	Increase access to basic municipality services in selected residential areas of Kabul city; redesign KM's Financial Management system to support better service delivery; and enable early response in the event of an eligible emergency.	KM	2014	110		
Urban services and infrastructure	Kabul Urban Transport Efficiency Improvement	Improve road condition and traffic flows on selected corridors of Kabul city.	KM	2014	90		
Urban services and infrastructure	Cities Investment Program	Support strengthening of municipal planning and administration and implementation of high-priority public investments in selected cities.	IDLG-MUDL	2018	25	25	
Urban services and infrastructure	Urban Development Support Project	Create an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level; and strengthen city planning, management and service delivery capacity in five Provincial Capital Cities	MUDL	2017		20	
Private Sector Development Program (PSD NPP)						136	
Financial stability and deepening	Financial Sector Rapid Response Project	Assist DAB to develop action plans for improved banking supervision and to establish key building blocks of financial sector infrastructure: payment system, movable collateral registry, and public credit registry.	DAB	2011		46	
Financial stability and deepening	Afghanistan Access to Finance	Support access to finance for Micro, Small and Medium Enterprises, and ultra-poor households in selected communities.	DAB, MISFA	2013		50	
Financial stability and deepening	Modernizing Afghan State-Owned Banks	Support the implementation of strategy for modernizing Afghanistan's State-Owned-Banks once strategy is approved by HEC. Approval of strategy is a benchmark under the IMF-ECF.	MoF	2018		40	



TABLE 5 ARTF-IDA PORTFOLIO: ACTIVE AND APPROVED PROJECTS AS OF APRIL 30, 2019

Rows highlighted in grey with red text identify projects that were approved after December 31, 2018.

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>37</sup>	ARTF	IDA	OTH
<b>POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)</b>					5317	90	
Fiscal stability	ARTF - Recurrent and Capital Costs <sup>38</sup>	Provide a coordinated financing mechanism so that the govt can make predictable, timely, and accurate payments for approved recurrent costs related to salaries and wages; and government operating and maintenance expenditures, except security.	MoF	2002	5107		
Governance and state effectiveness	2018 DPG - Incentive Program <sup>39</sup>	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2018	210	90	
<b>INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)</b>					2,283	1,903	143
<b>GOVERNANCE AND STATE EFFECTIVENESS</b>							
Effective governance NPP					193	80	0
Improving fiscal performance	Fiscal Performance Improvement Support Project (FSP)	Contribute to the improvement of domestic revenue mobilization and public expenditures management, and of reinforcing a performance-oriented management culture in the Ministry of Finance.			75	25	
Improving fiscal performance	Public-Private Partnerships and Public Investment Advisory Project	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	2018	33	20	
Reforming the public sector	Payments Automation and Integration of Salaries in Afghanistan	Introduce unique ID based biometrics to process digital salary payments for civil servants and set up platform for digital finance.	DAB, MoF	2019 <sup>40</sup>	35	10	
Reforming the public sector	Tackling Afghanistan's Government HRM and Institutional Reforms	Redesigned next phase of CBR program to tackle core challenge of professionalizing the civil service in a fiscally sustainable manner.	IARCSC	2018	50	25	
Justice and Legal Sector Reform NPP					10	25	0
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	ARAZI	2019 <sup>41</sup>	10	25	
<b>POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION</b>							
Human capital development NPP					580	295	133
Primary healthcare	Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	2018	425	140	35

<sup>37</sup> Refers to the Afghan fiscal year.

<sup>38</sup> Reflected in the 2018-2020 Financing Plan table as well, since US\$ 128 million has been funded through the PFFP.

<sup>39</sup> Closing in the next quarter.

<sup>40</sup> Delivered in the 1<sup>st</sup> Quarter of CY 2019.

<sup>41</sup> Delivered in the 1<sup>st</sup> Quarter of CY 2019.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>37</sup>	ARTF	IDA	OTH
Basic education	EQRA	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	100	100	98
Youth engagement & skills	Afghanistan - Second Skills Development Project	Improving TVET teacher competencies and curriculum in selected priority areas.	MoLSA	2013		55	
Higher education	Higher Education Development Project	To increase access to, and improve the quality and relevance of, higher education in Afghanistan.	MoHE	2015	55		
<b>Women's Economic Empowerment NPP</b>					80	25	0
Women's economic empowerment	Women's Economic Empowerment Rural Development Project	Anchor for WEE-NPP, designed to promote economic empowerment for poor women through creation of Self-Help Groups and enterprise development assistance.	MoRRD	2018	75	25	0
Women's economic empowerment	WEE-NPP Support Project Preparation Grant. <sup>42</sup>	Support the GoIRA to establish a National Priority Program on Women's Economic Empowerment (WEE-NPP) that advances women's access to economic assets and opportunities.	MoLSA	2017	5		
<b>Social cohesion</b>					90	150	0
Returnee-IDP reintegration	Eshteghal Zaiee - Karmondena (EZ-Kar)	Implementation of National Action Plan for reintegration of returnees-IDPs targeted primarily at enhancing economic opportunities in urban areas with high numbers of returnees-IDPs.	MoEc, IDLG, MoF	2018	50	150	0
	CASA-1000 Community Support Program	To provide access to electricity or other social and economic infrastructure services to communities in the project area to strengthen community support for CASA-1000 transmission line.	MoRRD	2014	40		
<b>Citizens' Charter NPP</b>					244	227	0
Citizen engagement	Citizens' Charter Afghanistan Project	Continuing support for flagship Citizens' Charter NPP.	MoRRD, IDLG	2016	244	227	0
<b>ECONOMIC GROWTH AND JOB CREATION</b>							
<b>Comprehensive Agricultural Development NPP</b>					327	20	10
	AF On-Farm Water Management	To improve agricultural productivity in project areas by enhancing the efficiency of water used.	MoAIL,	2011	70		
	Afghanistan Agricultural Inputs Project	Attain strengthened institutional capacity for safety and reliability of agricultural inputs and sustainable production of certified wheat seed.	MoAIL	2013	67		
	Afghanistan Strategic Grain Reserves	To establish a wheat strategic reserve to be available to Afghan households to meet their needs following emergency situations and improve the efficiency of the grain storage management.	MoAIL	2017		20	10
	National Horticulture and Livestock Productivity Project	To promote adoption of improved production practices by large farmers, with gradual rollout of farmer-centric agriculture services systems and investment support.	MoAIL	2013	190		
<b>National Mineral and Resource Development NPP</b>					7.3		
Promoting extractives for development	Afghanistan Extractives for Development PPG	Support development of the new operation to help develop the extractive sector and provide bridge financing to the MoMP and MoIC.	MoMP/MoIC	2017	7.3		
<b>Infrastructure and connectivity NPP</b>					525.5	900	0
Transport connectivity	Trans-Hindukush Road Connectivity Project	Improve road transport connectivity across the Hindukush mountain range.	MoPW	2015		250	

<sup>42</sup> Early closure planned in 2019, with continued support for WEE-NPP activities through the FSP, led by the DM Policy responsible for overall NPP coordination.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>37</sup>	ARTF	IDA	OTH
Transport connectivity	Afghanistan Rural Access Project	Enable: (a) rural communities benefit from all-season access to basic services and facilities and (b) an early emergency response in the event of an eligible crisis or emergency.	MoPW	2012	312	125	
ICT connectivity	AF: Digital CASA	Provide complementary publicly-financed investment to crowd in private capital in optical fibre networks and promote regional digital connectivity.	MoCIT	2018		51	
Energy	Naghlu Hydropower Rehabilitation Project	Improve dam safety and to increase the supply of electricity at the Naghlu Hydropower Plant.	DABS	2015	83		
Energy	DABS Planning and Capacity Support	Improve DABS capacity in distribution investment planning, implementation, operation and maintenance.	DABS	2016	6		
Energy	Herat Electrification Project	Provide access to electricity to households, institutions, and businesses in selected areas of Herat Province, Afghanistan.	DABS	2017		60	
Energy	Central Asia South Asia Electricity and Trade	To create the conditions for sustainable electricity trade between the Central Asian countries of Tajikistan and Kyrgyz Republic and the South Asian countries of Afghanistan and Pakistan.	DABS	2014		316	
Energy	Mazar e Sharif Gas to Power PPG	Technical assistance to support the MoEW in providing supervision engineers, transaction advisory and current AMEN plant optimization	MoEW	2017	6.5		
Water	AF Irrigation Restoration and Development Project	Improve access to irrigation in targeted areas and strengthen capacity for water resources management.	MoEW	2011	118	98	
<b>Urban Development NPP</b>					<b>225</b>	<b>45</b>	<b>0</b>
Urban services and infrastructure	Kabul Municipal Development Program	Increase access to basic municipality services in selected residential areas of Kabul city; redesign KM's Financial Management system to support better service delivery; and enable early response in the event of an eligible emergency.	KM	2014	110		
Urban services and infrastructure	Kabul Urban Transport Efficiency Improvement	Improve road condition and traffic flows on selected corridors of Kabul city.	KM	2014	90		
Urban services and infrastructure	Cities Investment Program	Support strengthening of municipal planning and administration and implementation of high-priority public investments in selected cities.	IDLG-MUDL	2018	25	25	
Urban services and infrastructure	Urban Development Support Project	Create an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level; and strengthen city planning, management and service delivery capacity in five Provincial Capital Cities	MUDL	2017		20	
<b>Private Sector Development Program (PSD NPP)</b>						<b>136</b>	
Financial stability and deepening	Financial Sector Rapid Response Project	Assist DAB to develop action plans for improved banking supervision and to establish key building blocks of financial sector infrastructure: payment system, movable collateral registry, and public credit registry.	DAB	2011		46	
Financial stability and deepening	Afghanistan Access to Finance	Support access to finance for Micro, Small and Medium Enterprises, and ultra-poor households in selected communities.	DAB, MISFA	2013		50	
Financial stability and deepening	Modernizing Afghan State-Owned Banks	Support the implementation of strategy for modernizing Afghanistan's State-Owned-Banks once strategy is approved by HEC. Approval of strategy is a benchmark under the IMF-ECF.	MoF	2018		40	

TABLE 6 SUMMARY OF ARTF PIPELINE DELIVERY FROM JANUARY 2018 TO APRIL 2019

PROJECT NAME	BASIC IDEA	GOIRA AGENCY	Approval	Status	ARTF	IDA	OTH
<b>POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)</b>							
ARTF-Fiscal Stability Facility	To help fund essential recurrent expenditures, including expenditures on wages, benefits, and other payments for government employees as well as operations and maintenance and interest payments.	MoF	MC: Nov-2018 IDA: N.A	Closed	100		
2018 DPG - Incentive Program	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	MC: Jul-2018 IDA: Jun-2018	Active	210	90	
<b>INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)</b>							
<b>GOVERNANCE AND STATE EFFECTIVENESS</b>							
Effective governance NPP							
Public-Private Partnerships and Public Investment Advisory Project	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	MC: Mar-2018 IDA: Jun-2018	Active	30	20	
Payments Automation and Integration of Salaries in Afghanistan	Introduce unique ID based biometrics to process digital salary payments for civil servants and set up platform for digital finance.	DAB, MoF	MC: Apr-2019 IDA: Apr-2019	Active	35	10	
Tackling Afghanistan's Government HRM and Institutional Reforms	Redesigned next phase of CBR program to tackle core challenge of professionalizing the civil service in a fiscally sustainable manner.	IARCSC	MC: Dec-2018 IDA: Dec-2018	Active	50	25	
Justice and Legal Sector Reform NPP							
Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	MoUDL (ARAZI)	MC: Apr-2019 IDA: Apr-2019	Active	10	25	
<b>POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION</b>							
Human capital development NPP							
Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	MC: Mar-2018 IDA: Mar-2018	Active	425	140	35
EQRA	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	MC: Sep-2018 IDA: Sep-2018	Active	100	100	98
EQRA (PPG)	PPG to "support" preparation of EQRA.	MoEd	MC: Jun-2018 IDA: N.A.	Closed	5		
Women's Economic Empowerment NPP							
Women's Economic Empowerment Rural Development Project	Anchor for WEE-NPP, designed to promote economic empowerment for poor women through creation of Self-Help Groups and enterprise development assistance.	MoRRD	MC: Sep-2018 IDA: Sep-2018	Active	80	20	
Social cohesion							
Eshteghal Zaiee - Karmondana (EZ-Kar)	Implementation of National Action Plan for reintegration of returnees-IDPs targeted primarily at enhancing economic opportunities in urban areas with high numbers of returnees-IDPs.	MoEc, IDLG, MoF	MC: Dec-2018 IDA: Dec-2018	Active	50	150	
<b>ECONOMIC GROWTH AND JOB CREATION</b>							
Comprehensive Agricultural Development NPP							
No new approvals in 2018 or Jan-April 2019							
National Mineral and Resource Development NPP							
No new approvals in 2018 or Jan-April 2019							
Infrastructure and connectivity NPP							
AF: Digital CASA (NOTE: solely IDA-financed)	Provide complementary publicly-financed investment to crowd in private capital in optical fiber networks and promote regional digital connectivity.	MoCIT	MC: N.A. IDA: Mar-2018	Active		50	
Urban Development NPP							
Cities Investment Program	Support strengthening of municipal planning and administration and	IDLG-MoUDL	MC: Dec-2018 IDA: Dec-2018	Active	25	25	

ARTF Partnership Framework and Financing Program: FY 1398 (2019) Update

PROJECT NAME	BASIC IDEA	GOIRA AGENCY	Approval	Status	ARTF	IDA	OTH
	implementation of high-priority public investments in selected cities.						
<b>Private Sector Development Program (PSD NPP)</b>							
Modernizing Afghan State-Owned Banks (NOTE: solely IDA-financed)	Support the implementation of the strategy for modernizing Afghanistan's State-Owned-Banks approved by HEC (fulfilling IMF benchmark)..	MoF	MC: N.A. IDA: Mar-2018	Active		40	

TABLE 7 DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 31, 2018

Rows highlighted in *grey* identify pipeline initiatives that had changed as of April 30, 2019. Text in *red* identifies the specific elements of the initiative that changed. Rows with *grey* text indicate IDA-only pipeline initiatives, which are included in this PFFP FY 1398 (2019) Update for information purposes only.

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>43</sup>	Status	ART F	IDA	OTH	
<b>POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)</b>						<b>1,028</b>	<b>300</b>		
Fiscal stability	ARTF-Fiscal Stability Facility	To help fund essential recurrent expenditures, including expenditures on wages, benefits, and other payments for government employees as well as operations and maintenance and interest payments.	MoF	2018	Delivered/ <i>Active</i>	100			
Fiscal stability	ARTF - Recurrent and Capital Costs	Provide a coordinated financing mechanism so the govt can make predictable, timely, and accurate payments for approved recurrent costs related to: i) salaries and wages of civil servants, and ii) government operating and maintenance expenditures, except security.	MoF	2002	Active, closing <i>March 2019<sup>44</sup></i>	128			
Governance and state effectiveness	2018 DPG - Incentive Program	Proposed new vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2018	Delivered/ Active	210	90		
Governance and state effectiveness	2019 Incentive Program Development Policy Grant.		MoF	2019	Pipeline	300	100		
Governance and state effectiveness	2020 Incentive Program Development Policy Grant.		MoF	2020	Indicative Pipeline	290	110		
<b>INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)</b>						<b>1,510</b>	<b>1,029</b>	<b>135</b>	
<b>GOVERNANCE AND STATE EFFECTIVENESS</b>									
Effective governance NPP							158	65	0
Improving fiscal performance	Public-Private Partnerships and Public Investment Advisory Project <sup>45</sup>	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	2018	Delivered/ Active	33	20		
Reforming the public sector	Payments Automation and Integration of Salaries in Afghanistan <sup>46</sup>	Introduce unique ID based biometrics to process digital salary payments for civil servants and set up platform for digital finance.	DAB, MoF	2019	<i>Pipeline</i>	35	10		
Reforming the public sector	Tackling Afghanistan's Government HRM and Institutional Reforms	Redesigned next phase of CBR program to tackle core challenge of professionalizing the civil service in a fiscally sustainable manner.	IARCSC	2018	Delivered/ Active	50	25		
Strengthening sub-national governance	TBD	Support first phase of SNG-NPP. Potential overlap with Cities Investment Program.	TBD	2019	<i>Pipeline</i>	40	10		
Justice and Legal Sector Reform NPP							10	25	0

<sup>43</sup> Refers to the Afghan fiscal year

<sup>44</sup> To be closed by March 2019.

<sup>45</sup> Project name revised from PIM-PPP Support Facility to Public-Private Partnerships and Public Investment Advisory Project.

<sup>46</sup> Project name revised from Digital Salary Payment to Payments Automation and Integration of Salaries in Afghanistan.

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>43</sup>	Status	ART F	IDA	OTH
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	MUDL/ ARAZI	2019 <sup>47</sup>	Pipeline	10	25	
<b>POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION</b>								
Human capital development NPP						570	253	133
Primary healthcare	Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	2018	Delivered/ Active	425	140	35
Basic education	EQRA <sup>48</sup>	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	Delivered/ Active	100	100	98
Basic education	EQRA (PPG)	PPG to "support" preparation of EQRA.	MoEd	2018	Delivered/ Closed	5		
Higher education	Higher Education Acceleration and Transformation	To enhance graduate employability, improve governance of higher education and establish a regional network of higher education institutions.	MoHE	2019	Pipeline NEWLY ADDED <sup>49</sup>		3	
Youth engagement & skills	Afghanistan Placing Labor Abroad and Connecting to Employment Domestically (PLACED) Program	Support pilot and potential scale-up of programs to facilitate international labor migration and domestic job-matching. Concept could be expanded to broader program for youth engagement and skills.	MoLSA	2019	Pipeline	40	10	
Women's Economic Empowerment NPP						80	20	0
Women's economic empowerment	Women's Economic Empowerment Rural Development Project	Anchor for WEE-NPP, designed to promote economic empowerment for poor women through creation of Self-Help Groups and enterprise development assistance.	MoRRD	2018	Delivered	80	20	0
Social cohesion						50	150	0
Returnee-IDP reintegration	Eshteghal Zaiee - Karmondana (EZ-Kar) <sup>50</sup>	Implementation of National Action Plan for reintegration of returnees-IDPs targeted primarily at enhancing economic opportunities in urban areas with high numbers of returnees-IDPs.	MoEc, IDLG, MoF	2018	Delivered	50	150	0
<b>ECONOMIC GROWTH AND JOB CREATION</b>								
Comprehensive Agricultural Development NPP						150	25	

<sup>47</sup> Initially planned to be delivered in CY 2018 but postponed to CY 2019.

<sup>48</sup> Initial financial contribution was ARTF USD 125 million and IDA USD 75 million but later changed to ARTF USD 100 million and IDA USD 100 million.

<sup>49</sup> Regional IDA project with 3 million contributions from Afghanistan IDA PBA.

<sup>50</sup> Project name revised from Economic response to regional displacement in Afghanistan to Eshteghal Zaiee - Karmondana (EZ-Kar).



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>43</sup>	Status	ART F	IDA	OTH
Strengthening agricultural value chains	Opportunity for Maximizing Agribusiness Investments and Development <sup>51</sup>	Strengthen agricultural value chains in selected regional centers through provision of entire range of services needed for agribusinesses to grow, and the job-creation and income-generating potential of agriculture to be realized.	MoCI, MoAIL, MoF	2020 <sup>52</sup>	Pipeline	150	25	
National Mineral and Resource Development NPP							25	
Promoting extractives for development	Afghanistan Extractive for Development Project	Support implementation of roadmap for responsible development of Afghanistan's natural mineral and hydrocarbon resources.	MoMP	2019	Pipeline		25	
Infrastructure and connectivity NPP						110	404	0
Transport connectivity	Mazar-Herat Railway	Potentially transformative investment for regional economic integration, linking China and Central Asia to the Middle East and South Asia. Part of the CAREC master plan. It will require consortium approach to financing.	MoPW	TBD	Indicative Pipeline		300	
ICT connectivity	AF: Digital CASA	Provide complementary publicly-financed investment to crowd in private capital in optical fibre networks and promote regional digital connectivity.	MoCIT	2018	Delivered		51	
Energy	Mazar-e-Sharif Gas-to-Power Project	Provide IDA Partial Risk Guarantee (PRG) for pioneer proof-of-concept power generation PPP.	MoEW-MoMP	2019 <sup>53</sup>	Pipeline		6.5	
Energy	Sheberghan Gas to Power Project <sup>54</sup>	Provide IDA Partial Risk Guarantee (PRG) for pioneer proof-of-concept power generation PPP.	MoEW-MoMP	2019 <sup>55</sup>	Pipeline		3.75	
Energy	Kajaki Hydroelectric Dam Addition	Provide IDA Partial Risk Guarantee (PRG) for PPP to complete 2nd phase of Kajaki Dam project, which should have significant development impact.	MoEW	2019 <sup>56</sup>	Pipeline		3.75	
Energy	Kajaki Electrification and Benefit Sharing Support	Ensure that additional power from Kajaki 2nd Phase benefits the communities in the area.	MoEW-DABS	2018	Dropped	25	25	
Water	Agro-Water Management and Climate Resilience	Strengthen agro-water management and climate resilience.	MoAIL	2020	Indicative Pipeline	85	15	
Urban Development NPP						205	75	0
Urban services and infrastructure	Afghanistan Water Supply and Sanitation Services and Institutional Support Program <sup>57</sup>	Improve coverage and quality of water supply service in Kandahar city and selected peri-urban areas and strengthen the performance of AUWSSC and Kandahar utility.	MoEW/AUWSSC	2020 <sup>58</sup>	Pipeline	180	50	

<sup>51</sup> Project name revised from Agribusiness Charter to Opportunity for Maximizing Agribusiness Investments and Development

<sup>52</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020 to allow time for finalizing feasibility and safeguards studies.

<sup>53</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.

<sup>54</sup> Project name revised from Bayat Mobile Gas Plant PRG to Sheberghan Gas to Power Project.

<sup>55</sup> Initially planned to be delivered in CY 2018 but delayed to CY 2019.

<sup>56</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.

<sup>57</sup> Project name revised from Kabul Water Supply Improvement Project to Afghanistan Water Supply and Sanitation Services and Institutional Support Program with change in scope and financing amount.

<sup>58</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>43</sup>	Status	ART F	IDA	OTH
Urban services and infrastructure	Cities Investment Program	Support strengthening of municipal planning and administration and implementation of high-priority public investments in selected cities.	IDLG-MDL	2018	Delivered	25	25	
Private Sector Development Program (PSD NPP)							40	
Financial stability and deepening	Modernizing Afghan State-Owned Banks	Support the implementation of strategy for modernizing Afghanistan's State-Owned-Banks once strategy is approved by HEC. Approval of strategy is a benchmark under the IMF-ECF.	MoF	2018	Delivered		40	



TABLE 8 DETAILED STATUS OF PIPELINE INITIATIVES AS OF APRIL 30, 2019

Row highlighted in grey with red text identifies new ARTF pipeline initiative as of April 30. Rows with grey text indicate IDA-only pipeline initiatives, which are included in this PFFP FY 1398 (2019) Update for information purposes only.

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>59</sup>	Status	ARTF	IDA	OTH
<b>POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)</b>						943	300	
Fiscal stability	ARTF-Fiscal Stability Facility	To help fund essential recurrent expenditures, including expenditures on wages, benefits, and other payments for government employees as well as operations and maintenance and interest payments.	MoF	2018	Delivered/closed <sup>60</sup>	100		
Fiscal stability	ARTF - Recurrent and Capital Costs	Provide a coordinated financing mechanism so the govt can make predictable, timely, and accurate payments for approved recurrent costs related to: i) salaries and wages of civil servants, and ii) government operating and maintenance expenditures, except security.	MoF	2002	Active, closing Dec 2019 <sup>61</sup>	128		
Governance and state effectiveness	2018 DPG - Incentive Program	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2018	Delivered/Active	210	90	
Governance and state effectiveness	2019 Incentive Program Development Policy Grant.		MoF	2019	Pipeline	300	100	
Governance and state effectiveness	2020 Incentive Program Development Policy Grant.		MoF	2020	Indicative Pipeline	290	110	
<b>INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)</b>						<b>1,510</b>	<b>1,029</b>	<b>135</b>
<b>GOVERNANCE AND STATE EFFECTIVENESS</b>								
Effective governance NPP						115	55	0
Improving fiscal performance	Public-Private Partnerships and Public Investment Advisory Project <sup>62</sup>	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	2018	Delivered/Active	33	20	
Reforming the public sector	Payments Automation and Integration of Salaries in Afghanistan <sup>63</sup>	Introduce unique ID based biometrics to process digital salary payments for civil servants and set up platform for digital finance.	DAB, MoF	2019	Delivered/Active <sup>64</sup>	35	10	

<sup>59</sup> Refers to the Afghan fiscal year

<sup>60</sup> Closed in January 2019.

<sup>61</sup> Was initially planned to be closed by March 31, 2019 but was extended to Dec 2019 to complete transfer of some outstanding financing under the AHP facility of the window. A new investment financing operation to be developed in the justice sector to channel funds to the government.

<sup>62</sup> Project name revised from PIM-PPP Support Facility to Public-Private Partnerships and Public Investment Advisory Project.

<sup>63</sup> Project name revised from Digital Salary Payment to Payments Automation and Integration of Salaries in Afghanistan.

<sup>64</sup> Approved and delivered in April 2019

ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>59</sup>	Status	ARTF	IDA	OTH
Reforming the public sector	Tackling Afghanistan's Government HRM and Institutional Reforms	Redesigned next phase of CBR program to tackle core challenge of professionalizing the civil service in a fiscally sustainable manner.	IARCSC	2018	Delivered/Active	50	25	
Strengthening sub-national governance	TBD	Support first phase of SNG-NPP. Potential overlap with Cities Investment Program.	TBD	2019	Dropped	40	10	
Justice and Legal Sector Reform NPP						10	25	0
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	MUDL/ARAZI	2019 <sup>65</sup>	Delivered/Active <sup>66</sup>	10	25	
	Justice Project (Name TBD) <sup>67</sup>		TBD	2020	Indicative Pipeline NEWLY ADDED			
<b>POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION</b>								
Human capital development NPP						570	250	133
Primary healthcare	Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	2018	Delivered/Active	425	140	35
Basic education	EQRA <sup>68</sup>	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	Delivered/Active	100	100	98
Basic education	EQRA (PPG)	PPG to "support" preparation of EQRA.	MoEd	2018	Delivered/Closed <sup>69</sup>	5		
Higher education	Higher Education Acceleration and Transformation	To enhance graduate employability, improve governance of higher education and establish a regional network of higher education institutions.	MoHE	2019	Pipeline NEWLY ADDED <sup>70</sup>		3	
Youth engagement & skills	Afghanistan Placing Labor Abroad and Connecting to Employment Domestically (PLACED) Program	Support pilot and potential scale-up of programs to facilitate international labor migration and domestic job-matching. Concept could be expanded to broader program for youth engagement and skills.	MoLSA	2019	Pipeline	40	10	
Women's Economic Empowerment NPP						80	20	0

<sup>65</sup> Initially planned to be delivered in CY 2018 but postponed to CY 2019.

<sup>66</sup> Approved and delivered in April 2019

<sup>67</sup> New program to absorb remainder of the EU's planned AHP contribution, following the closure of the AHP Facility planned for December 2019.

<sup>68</sup> Initial financial contribution was ARTF US\$ 125 million and IDA US\$ 75 million. The amounts were later changed to ARTF US\$ 100 million and IDA US\$ 100 million.

<sup>69</sup> Closed in December 2018.

<sup>70</sup> Regional IDA project with US\$ 3 million contributions from Afghanistan IDA PBA.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>59</sup>	Status	ARTF	IDA	OTH
Women's economic empowerment	Women's Economic Empowerment Rural Development Project	Anchor for WEE-NPP, designed to promote economic empowerment for poor women through creation of Self-Help Groups and enterprise development assistance.	MoRRD	2018	Delivered	75	25	0
Social cohesion						50	150	0
Returnee-IDP reintegration	Eshteghal Zaiee - Karmondena (EZ-Kar) <sup>71</sup>	Implementation of National Action Plan for reintegration of returnees-IDPs targeted primarily at enhancing economic opportunities in urban areas with high numbers of returnees-IDPs.	MoEc, IDLG, MoF	2018	Delivered	50	150	0
<b>ECONOMIC GROWTH AND JOB CREATION</b>								
Comprehensive Agricultural Development NPP						150	25	
Strengthening agricultural value chains	Opportunity for Maximizing Agribusiness Investments and Development <sup>72</sup>	Strengthen agricultural value chains in selected regional centers through provision of entire range of services needed for agribusinesses to grow, and the job-creation and income-generating potential of agriculture to be realized.	MoCI, MoAIL, MoF	2020 <sup>73</sup>	Pipeline	150	25	
National Mineral and Resource Development NPP						5	65	
Promoting extractives for development	Afghanistan Extractive Sector Development Project <sup>74</sup>	Support implementation of roadmap for responsible development of Afghanistan's natural mineral and hydrocarbon resources.	MoMP	2019	Pipeline	5	65	
Infrastructure and connectivity NPP						110	481	0
Transport connectivity	Mazar-Herat Railway	Potentially transformative investment for regional economic integration, linking China and Central Asia to the Middle East and South Asia. Part of the CAREC master plan. It will require consortium approach to financing.	MoPW	TBD	Indicative Pipeline		300	
ICT connectivity	AF: Digital CASA	Provide complementary publicly-financed investment to crowd in private capital in optical fibre networks and promote regional digital connectivity.	MoCIT	2018	Delivered		50	
Energy	Mazar-e-Sharif Gas-to-Power Project	Provide IDA Partial Risk Guarantee (PRG) for pioneer proof-of-concept power generation PPP.	MoEW-MoMP	2020 <sup>75</sup>	Pipeline		6.5	
Energy	Sheberghan Gas to Power Project <sup>76</sup>	Provide IDA Partial Risk Guarantee (PRG) for pioneer proof-of-concept power generation PPP.	MoEW-MoMP	2019 <sup>77</sup>	Pipeline		3.75	

<sup>71</sup> Project name revised from Economic response to regional displacement in Afghanistan to Eshteghal Zaiee - Karmondena (EZ-Kar).

<sup>72</sup> Project name revised from Agribusiness Charter to Opportunity for Maximizing Agribusiness Investments and Development

<sup>73</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020 to allow time for finalizing feasibility and safeguards studies.

<sup>74</sup> Project name revised from Afghanistan: Extractives for Development to Afghanistan Extractive Sector Development Project with changes to the scope and financing amount from USD 25 million to USD 70 million.

<sup>75</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.

<sup>76</sup> Project name revised from Bayat Mobile Gas Plant PRG to Sheberghan Gas to Power Project.

<sup>77</sup> Initially planned to be delivered in CY 2018 but delayed to CY 2019.



ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR <sup>59</sup>	Status	ARTF	IDA	OTH
Energy	Kajaki Hydroelectric Dam Addition	Provide IDA Partial Risk Guarantee (PRG) for PPP to complete 2nd phase of Kajaki Dam project, which should have significant development impact.	MoEW	2020 <sup>78</sup>	Pipeline		3.75	
Energy	Kajaki Electrification and Benefit Sharing Support	Ensure that additional power from Kajaki 2nd Phase benefits the communities in the area.	MoEW-DABS	2018	Dropped	25	25	
Energy	CASA-1000 IFI Guarantees (Afghanistan, Pakistan, Kyrgyz Republic, Tajikistan)			2020	Pipeline NEWLY ADDED <sup>79</sup>		2	
Energy	Scaling-up Solar in Afghanistan Guarantee	The project development objective is to increase solar generation in Afghanistan.		2020	Pipeline NEWLY ADDED <sup>80</sup>		100	
Water	Agro-Water Management and Climate Resilience	Strengthen agro-water management and climate resilience.	MoAIL	2020	Indicative Pipeline	85	15	
<b>Urban Development NPP</b>						<b>205</b>	<b>75</b>	<b>0</b>
Urban services and infrastructure	Afghanistan Water Supply and Sanitation Services and Institutional Support Program <sup>81</sup>	Improve coverage and quality of water supply service in Kandahar city and selected peri-urban areas and strengthen the performance of AUWSSC and Kandahar utility.	MoEW/AUWSSC	2020 <sup>82</sup>	Pipeline	180	50	
Urban services and infrastructure	Cities Investment Program	Support strengthening of municipal planning and administration and implementation of high-priority public investments in selected cities.	IDLG-MDL	2018	Delivered	25	25	
<b>Private Sector Development Program (PSD NPP)</b>							<b>40</b>	
Financial stability and deepening	Modernizing Afghan State-Owned Banks	Support the implementation of strategy for modernizing Afghanistan's State-Owned-Banks once strategy is approved by HEC. Approval of strategy is a benchmark under the IMF-ECF.	MoF	2018	Delivered		40	
Financial stability and deepening	New Financial Sector Operation (Name TBD)	Potential new operation to serve as the main standalone operation in the banking sector and fold the other operation into it.	DAB, MoF	TBD	Indicative Pipeline NEWLY ADDED <sup>83</sup>	TBD	TBD	

<sup>78</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.

<sup>79</sup> Newly added to the pipeline

<sup>80</sup> Newly added to the pipeline

<sup>81</sup> Project name revised from Kabul Water Supply Improvement Project to Afghanistan Water Supply and Sanitation Services and Institutional Support Program with change in scope and financing amount.

<sup>82</sup> Initially planned to be delivered in CY 2019 but delayed to CY 2020.

<sup>83</sup> Newly added to the pipeline



**TABLE 9 CURRENT PROJECTS WITH FUTURE TRANCHES**

Citizens' Charter NPP						200	0	0
Citizen engagement	Citizens' Charter Afghanistan Project	Continuing support for flagship Citizens' Charter NPP.	MoRRD, IDLG	2016	Active <sup>84</sup>	200	0	0

<sup>84</sup> Reported in the PFFP because the future tranches will be allocated through the 2018-2020 PFFP funding. US\$100 million allocated in 2018, and US\$100 million planned in 2019.



FIGURE 1 IMPLEMENTATION PROGRESS OF THE 2017 ARTF EXTERNAL REVIEW RECOMMENDATIONS (STATUS AS OF MAY 2019)

Several recommendations to further strengthen the ARTF emerged from [Taking Charge: Government Ownership in a Complex Context](#), the 2017 External Review of the ARTF, with the main elements incorporated in the ARTF Partnership Framework and Financing Program FY1397 to FY1398 (2018-2020). The following table provides an update on the progress implementing actions in response to the main review recommendations since the June 2018 Steering Committee meeting. Actions are grouped into four thematic areas: ARTF governance structure and management; financial management; results monitoring and reporting; and capacity building.

Category	Recommendation	Status	Actions Taken
<b>ARTF Governance Structure and Management</b>	For the world's largest and longest running MTFD to work efficiently and effectively, the team recommends that the Bank as the ARTF administrator, in consultation with its donors and GIRA, consider the following steps:		
<b>1A</b>	<ul style="list-style-type: none"> <li>Provide a rolling annual/semi-annual indicative calendar of events for the core bodies (SC, MC, SG), with agreements on better defined agendas; clearer linkages SG to SC; better preparations for meetings with documents available at least one week in advance.</li> </ul> <p>47.</p>	Completed/Ongoing.	<ul style="list-style-type: none"> <li>Since March 2018, with GoIRA's agreement, the WB has shared project visit schedules, mission announcement letters, and aide memoires with the ARTF donors (the SG and GWG). Documents are shared by email at the close of each week.</li> <li>As of late-2017, the SG has a standing meeting date of the third Wednesday of every month. The SG has met monthly in the past year with one exception<sup>85</sup>.</li> <li>The standing meeting date for the GWG is the first Tuesday of every month. Meetings have been held monthly over the past 11 months.</li> <li>MC meetings are held on the first or second Monday of the month in the quarter that projects are due for approval<sup>86</sup>.</li> <li>A six-month schedule of SG meetings to be developed from July 2019 onwards. A six-month GWG meeting schedule has been in effect since 2017, and continues to be developed and followed for the GWG.</li> <li>Meeting invitations, agendas and related documents are sent to the SG, GWG, MC a week prior to meetings.</li> <li>The SG decides on the issues to be tabled at the SC meeting, reflecting past discussions and forward-looking issues.</li> </ul>

<sup>85</sup> The November 2018 and December 2018 meetings were combined at the request of ARTF partners to accommodate preparations for the Geneva Ministerial Conference on Afghanistan during the week of November 26 and expected travel around the end of year holidays. The November-December meeting was held on December 5, 2018.

<sup>86</sup> The MC met five times between July 2018 and April 2019.

			<ul style="list-style-type: none"> <li>The IPWG terms of reference was discussed in December 2018 and updated in early 2019.</li> <li>The SG agreed on ways to enhance ARTF partner engagement at different stages of ARTF project preparation.</li> <li>Review of the SC, MC, and SG terms of reference is pending and is planned to be completed in the next six months.</li> <li>Since late 2018, SG members have been invited to attend MC meetings as observers.</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Strengthen the strategic role of the GWG by addressing the issues raised in the November letter (see box 4.1 of External Review Report) and put in place the required formal linkage to the SG.</li> </ul>	Completed.	<ul style="list-style-type: none"> <li>The GWG terms of reference were reviewed and updated in January 2018 in response to suggestions of ARTF donors. The roles of the members including the GoIRA were clarified. Since January 2018, the Ministry of Finance, the Ministry of Women's Affairs, and the WEE-NPP Secretariat attend GWG meetings. Other government agencies also participate in the monthly meetings depending on the topics of discussion.</li> <li>The standing meeting date for the GWG is the first Tuesday of every month. Meetings have been held monthly over the past 11 months.</li> <li>The GWG has met every month since January 2018.</li> <li>A six-month GWG meeting schedule has been in place since 2017, and continues to be developed and followed to plan GWG meetings.</li> <li>A standing item on the monthly GWG agenda is agreement on issues to report to the SG.</li> <li>The World Bank or GWG co-chair provide an update at the monthly SG meeting on key issues discussed at each GWG meeting. This has been made a standing item for the SG meeting agenda.</li> </ul>
<b>1C</b>	<ul style="list-style-type: none"> <li>Consider establishing better linkages between the SC and High Development Councils.</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>SG discussion pending on the issue of better linkage between the SC and the High Development Councils.</li> </ul>
<b>1D</b>	<ul style="list-style-type: none"> <li>Make the ARTF introduction courses for donors and GIRoA staff compulsory and on-line</li> </ul>	Ongoing.	<ul style="list-style-type: none"> <li>Courses continue to be offered face to face for now once a quarter. Options for the possibility of online content to be explored.</li> <li>GoIRA and ARTF partners committed to ensuring their new staff members attend the mandatory courses.</li> </ul>
<b>1E, F</b>	<ul style="list-style-type: none"> <li>Encourage, and coordinate with, GIRoA, to transfer to the extent possible, the ownership and responsibility of the agenda-</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>MoF hosted several CPPR technical working meetings and the CPPR wrap up meeting during the first quarter of 2019. ARTF SC meetings in 2017 and 2018 were hosted by GoIRA at the Palace. The agenda and planning for the SC, SG, IPWG meetings jointly managed by the WB and GoIRA.</li> </ul>



	<p>setting, preparation, and, security permitting, hosting for the various governance bodies, provided that GIRoA is willing and able to take on such a responsibility.</p>		<ul style="list-style-type: none"> <li>• Since 2018, the MoF Policy Action Coordination Platform (PACT) Secretariat has been responsible for organizing several IPWG meetings.</li> <li>• As noted in point 1B, the MoWA, MoLSA, and several other government agencies have been actively involved in GWG meetings since January 2018.</li> </ul>
<p><b>1G</b></p>	<p>Develop the proposed ARTF Anti-corruption Action Plan to contain: (i) a diagnostic of the concrete vulnerabilities to corruption that ARTF-funded activities face, (ii) identify RCW and project-specific steps to address vulnerabilities, (iii) establish links to national bodies – public and non-state – working in the field of anti-corruption to both benefit from their work and potentially support their work, (iv) define the roles and responsibilities of the MA and SA within this field, (v) establish an ARTF focal point responsible for monitoring and reporting on the ARTF’s anti-corruption work on a regular basis.</p>	<p>Ongoing with several milestones achieved.</p>	<ul style="list-style-type: none"> <li>• ACRReMAP was approved as a programmatic approach by WB management in October 2018, with four main pillars: 1) Addressing corruption vulnerabilities &amp; risks of resource misuse in the Afghanistan portfolio; 2) Supporting GoIRA’s anti-corruption strategy; 3) promoting open government and citizen engagement; and 4) strengthening safeguards.</li> <li>• Piloting of enhanced civil servant physical verification through collaboration between the Monitoring Agent and Supervisory Agent began in March 2018. In June 2018, the Supervisory Agent completed the first full round of physical verification of 2,800 civil servants not accessible by the Monitoring Agent. Cooperation on physical verification continues, with significantly enhanced coverage rates.</li> <li>• The number of investment projects monitored by the third-party Supervisory agent has progressively increased since late 2018, from seven to a projected 19 projects by the end of CY2019.</li> <li>• New terms of reference were finalized in April 2019 as a basis for competitive procurement of the next phase of third-party monitoring services. The new terms of reference will combine the management of Supervisory Agent and Monitoring Agent functions under a single contract. The new terms of reference also incorporate feedback on enhancements to the program, including expansion of monitoring to the entire ARTF-IDA investment project portfolio, and the US Special Inspector General for Afghanistan Reconstruction recommendation to include civil servant physical verification results in calculating the RCW eligibility rate. The selection process for the next phase of third-party monitoring services was launched on May 2, 2019.</li> <li>• In-depth fiduciary reviews of two ARTF financed projects- EQUIP and NHLP- were initiated in 2018 and early 2019 respectively.</li> <li>• Hands on Expanded Implementation Support (HEIS) on procurement/contracting matters was provided for Sehatmandi beginning in 2018 and has been initiated for WEE-RDP.</li> <li>• Pilot development of a geo-spatial project portal to facilitate external oversight of ARTF-IDA financed projects, as well as the pilot for civil society oversight of ARTF-IDA financed projects initiated in late 2018 with Integrity Watch Afghanistan, supported by Sweden, and is in progress.</li> </ul>



			<ul style="list-style-type: none"> <li>• Activities to strengthen WB oversight of environmental and social safeguards, including focused capacity building efforts to support government entities' abilities to comply with the WB's new Environmental and Social Framework have been initiated.</li> <li>• WB Governance Program Leader is the focal point responsible for coordinating and reporting on all the ACRéMAP activities.</li> <li>• Detailed ACRéMAP progress implementation updates have been shared quarterly with partners since April 2018.</li> </ul>
<b>1H</b>	Consider roles and responsibilities of the donors, and in particular how donor capacities in their respective capitals can be engaged in ARTF processes, by: (i) more use of video-links, (ii) linking ARTF events to international meetings (biennial International Conference, in-country Senior Officials' meetings) for more policy-level engagement, (iii) have donors inform well in advance of relevant HQ visits by policy or technical staff.	Achieved.	<ul style="list-style-type: none"> <li>• Since January 2018 WebEx/Video connections have been provided for all SG and GWG meetings to allow capitals to connect;</li> <li>• Side meetings were held at the 2018 and 2019 World Bank/IMF Spring meetings in Washington DC to engage with capitals on ARTF-related matters;</li> <li>• As noted in point 1A, project visit schedules are being shared with donors at least every week or every other week, and the Bank will continue to share these in advance as much as possible.</li> </ul>
<b>ARTF Financial Management</b>	The ARTF should develop greater flexibility regarding reallocations of funds, where the ARTF Partnership Framework and Financing Program (PFFP) should provide rolling three-year fiscal frameworks that align with ANPDF priorities and identified NPPs. To achieve this:		



<p><b>2A</b></p>	<p>Annual portfolio reviews, timed to feed into the Government’s budget process, should both look at the RCW incentive program and project/program funding. For IW funded projects, the budget for the coming year should be critically assessed, to free up excess funding and maximize possibilities for additional fiscal space</p>	<p>Ongoing.</p>	<ul style="list-style-type: none"> <li>• An ARTF-IDA CPPR was carried out jointly by the GoIRA and the WB with the participation of ARTF partners in January-February 2019, with the final wrap-up meeting chaired by the Minister of Finance in March 2019.</li> <li>• Decisions from the 2019 CPPR are reflected in this 2019 Update to the PFFP.</li> <li>• A portfolio operational status review meeting is planned for the next quarter to follow up on issues surfaced during the CPPR.</li> </ul>
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<p><b>2B/C</b></p>	<p>Multiphase Programming Approach (MPA) should be applied to eligible programs with more than a three-year time horizon, where subsequent phases are part of the portfolio review.</p> <p>Incentive based project disbursements should be applied more broadly, providing funding that is less inputs-determined, adding further fiscal flexibility for GIRA.</p>	<p>In progress.</p>	<ul style="list-style-type: none"> <li>• The World Bank’s Multiphase Programmatic Approach has been applied to the CIP and will continue to be applied where appropriate to future programs.</li> <li>• Results based financing is part of the HEDP, and new projects approved in 2018 Sehatmandi, EQRA, as well as the CIP which foresees the use of incentive triggers in its next phase.</li> <li>• The support for the GoIRA’s recurrent costs continues through the Incentive Program Development Policy Grants. For the first time in 2018, 100 percent of ARTF support to the GoIRA’s recurrent cost budget was fully incentivized.</li> </ul>
<p><b>2D</b></p>	<p>The <i>Ad Hoc Payments</i> facility should be maintained, but the conditions for all pass-through payments should be publicly available and harmonized with those for ARTF financing.</p>		<ul style="list-style-type: none"> <li>• With agreement of the WB and the SG, the AHP facility will be maintained till December 2019 when it will be formally closed.</li> </ul>
<p><b>2E</b></p>	<p>The PFFP should provide specific gender equality and anti-corruption objectives for programs to be funded, ensuring funding levels that make foreseen results realistic and achievable.</p>		<ul style="list-style-type: none"> <li>• The PFFP and ACREMAP documents outline the Bank’s approach to integrating these aspects in its programs.</li> </ul>
<p><b>ARTF Results Reporting</b></p>	<p>The ARTF has a comprehensive monitoring, reporting and communications strategy that covers results tracking from project activities to overarching ARTF results. The ARTF Scorecard is the central instrument, innovative and comprehensive, though should provide more information on Outcomes. External reviews and evaluations are undertaken, but not to</p>		

	the extent one would expect for a program that disburses US\$ 800-900 million/year. With the new reporting officer in place, the ARTF should:		
<b>3A</b>	The ARTF Scorecard should be structured as suggested: produced by calendar year with mid-year reporting on Outcomes, presented at the latest three months after the reporting period has ended, include more indicators, and more linkages to the SDGs	Ongoing.	<ul style="list-style-type: none"> <li>Discussions held with ARTF partners on enhancements that can be made to the ARTF Scorecard. Some of the feedback will be incorporated into the 2018 report.</li> </ul>
<b>3B/C</b>	<p>Do more external reviews of larger programs and projects, with focus on value for money but also qualitative and distributional Outcomes and Impacts, applying flexible methodologies (case studies, Most Significant Change), involving local knowledge centers</p> <p>Support systematic strengthening of community-based reporting, and their linkages to relevant authorities (community scorecards, local monitors, complaint mechanisms, whistle-blowing/ grievance redress mechanisms). Have MA/SA verify and support the development of such systems when and where they carry out on-the-ground verifications.</p>	<p>In progress.</p> <p>Already existing part of Bank engagement.</p>	<ul style="list-style-type: none"> <li>Some of the large ARTF programs (e.g. CCAP, Sehatmandi) include several reviews and studies on various aspects. The WB will continue to work with the GoIRA to explore opportunities to carry out more large-scale program evaluations where feasible.</li> <li>Citizen engagement, and community-based monitoring of programs are used in several key ARTF programs including CCAP and Sehatmandi. Bank teams will continue to work with the GoIRA to strengthen this where applicable in the pipeline programs.</li> </ul>
<b>3D</b>	Ensure that all ARTF funded activities, current and future, have a conflict sensitive design, and that all reviews/revisions contain a conflict analysis update.	In progress	<ul style="list-style-type: none"> <li>The PFFP outlines the Bank's approach in integrating conflict sensitivity during the design and implementation phases of programs. The social safeguards sections of project appraisal documents consider these elements and outline specific actions/approaches that will be taken to avoid fueling conflict in communities.</li> </ul>
<b>3E</b>	Define the indicators and set monitorable targets for important	Already existing part	<ul style="list-style-type: none"> <li>The Bank continues to work closely with the GoIRA agencies to identify and include indicators on these dimensions in new programs wherever possible.</li> </ul>



	cross-cutting dimensions: gender equality; conflict sensitivity, anti-corruption efforts; use where possible indicators from the OECD-DAC work on SDG indicators; apply where relevant Central Statistics Organization data	of program design.	Each program is assessed individually to see what indicators are most feasible to monitor.
<b>3F</b>	Coordinate reviews of ARTF-funded activities with bilateral actors engaged in that sector; develop annual review/supervision mission calendars for minimizing costs to GIRoA, opening possibilities for more broad-based/joint quality assurance activities.	Pending.	<ul style="list-style-type: none"> <li>• Discussion with ARTF partners and GoIRA pending on feasibility of this. ARTF donor technical teams are invited to join WB project implementation support missions (ISMs).</li> <li>• As noted in point 1A mission announcement letters and project visit schedules are now shared weekly with ARTF partners to enable them to participate in ISMs.</li> </ul>
<b>3G</b>	Given the size of the ARTF and the volatility in Afghanistan, commission external performance reviews of the ARTF every three years, as input to the preparation of the PFFP.	Pending.	<ul style="list-style-type: none"> <li>• SG (WN, GoIRA, and ARTF partners) to discuss at the SG and agree whether the ARTF external reviews should be synchronized with the development of subsequent PFFPs post-2020.</li> </ul>
<b>3H</b>	Review with GIRoA the national monitoring and evaluation structures and capacities, and review with Government if and how the ARTF can contribute to developing these	In progress.	<ul style="list-style-type: none"> <li>• This is an area that is being supported through the Bank's Poverty Monitoring and Evaluation engagement with funding from the ASIST Window. Support is being provided to the National Statistics and Information Authority (NSIA) to strengthen the quality and timelines of data generation (the supply of evidence) and to expand the use of data and statistics to inform policy and program design, implementation and monitoring (the demand for evidence).</li> </ul>
<b>Capacity Building</b>	ARTF should develop a more comprehensive capacity building strategy that could guide the significant and important capacity building activities being funded.	Ongoing.	<ul style="list-style-type: none"> <li>• Requires a discussion with WB management, GoIRA, and partners. As noted the ACREMAP is supporting capacity building for the government on safeguards, and for specific projects through the HEIS.</li> </ul>
<b>4B-E</b>	Track the FPIP process closely, as this comprehensive reform process has the potential for great success as well as failure, so it is important to track lessons for the future;  With the next phase CBR, consider taking a broad labor-market approach:	Ongoing.	<ul style="list-style-type: none"> <li>• The WB is working closely with the GoIRA on the implementation of the FPIP, through the support being provided under the Fiscal Performance Support Improvement Project, and the ASIST financed FPIP Advisory Facility (FAF). The FAF seeks to achieve improvements in fiscal management and service delivery outcomes through budgets that are credible and reflect fiscal constraints and national and sub-national priorities and strategies; and Increased transparency and accountability to reduce corruption and increase public confidence.</li> </ul>



<p>(i) put priority on skills that the public sector needs across administrative boundaries (accounting, IT management, PFM, procurement etc.) – <i>the supply side</i>, (ii) carry out functional reviews of key public bodies that are to be supported – <i>the demand side</i>, (iii) ensure hiring more females; (iv) do a systematic review of public training institutions, in particular how core institutions like ACSI can support, monitor, address consistency, completeness and comprehensiveness of public sector skills upgrading; (v) develop a 3-5 year program for rationalizing and getting a national public capacity building system in place;</p> <p>Explore options for links to similar institutions in the region to strengthen own capacity programs and systems through institutional twinning, peer reviews, particular skills contracting, etc.;</p> <p>Continue the work on public pay reform to lessen the gap between CBR/National Technical Assistants wage scales, and regular pay and grade salaries.</p>	<ul style="list-style-type: none"> <li>• The ongoing TAGHIR Program is working to address several areas on government capacity building including work on revision of the pay &amp; grading scales; creation of cadre of key civil service professionals; and increasing recruitment of females into the civil service. These activities go hand in hand with the Bank’s program of analytic and advisory services on the related civil service reforms, and with reinforcement from related IP DPG policy reform benchmarks.</li> </ul>
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\*SG: Strategy Group, SC: Steering Committee, MC: Management Committee, IPWG: Incentive Program Working Group, GWG: Gender Working Group, WB: World Bank

FIGURE 2 ARTF PARTNER ENGAGEMENT DURING THE PROJECT PREPARATION CYCLE



## ARTF Partner Engagement During Project Preparation

Government Request to WB  
Sent by Ministry of Finance



World Bank response to MOF &  
Activity Initiation Note (AIN)  
[NOTIFY PARTNERS OF AIN  
APPROVAL]

