



AFGHANISTAN RECONSTRUCTION TRUST FUND

**FY1399 (2020) Update to the Partnership Framework and
Financing Program: FY1397-FY1399 (2018-2020)**

ARTF STEERING COMMITTEE

September 02, 2020

ABBREVIATIONS AND ACRONYMS

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
CPPR	:	Country Portfolio Performance Review
DPF	:	Development Policy Financing
EQUIP	:	Education Quality Improvement Program
GoIRA	:	Government of the Islamic Republic of Afghanistan
GWG	:	ARTF Gender Working Group
IDA	:	International Development Association
IP DPG	:	Incentive Program Plus Development Policy Grant
IPWG	:	ARTF Incentive Program Working Group
IW	:	Investment Window
KUTEI	:	Kabul Urban Transport Efficiency Improvement Project
MA	:	Third-party Monitoring Agent
MAIL	:	Ministry of Agriculture, Irrigation and Livestock
MC	:	ARTF Management Committee
MOE	:	Ministry of Education
MOF	:	Ministry of Finance
MPA	:	Multi-Phase Programmatic Approach
NPP	:	National Priority Program
PFFP	:	Partnership Framework and Financing Program
POSR	:	Portfolio Operational Status Review
RCC-IPF	:	Recurrent and Capital Cost investment project financing
RCW	:	Recurrent Cost Window
SA	:	Third-party Supervisory Agent
SC	:	ARTF Steering Committee
SG	:	ARTF Strategy Group
SWAP	:	Sector-Wide Approach
WB	:	World Bank
WEE-NPP	:	Women's Economic Empowerment National Priority Program
WEE-NPP PPG	:	WEE-NPP project preparation grant

Table of Contents

PREFACE	i
A. Introduction	1
B. The ARTF in FY1399 (2019): operating context	1
C. The ARTF financing program: an update	2
C.1. ARTF resources and commitments	2
C.2. The ARTF-IDA portfolio and pipeline	3
D. Progress updates: ensuring more impactful delivery and more effective collaboration 5	
D.1. Enhancing alignment through a more flexible and adaptable approach to programming	5
Where things stand	6
What we are asking of the Steering Committee	7
D.2. Moving towards increased use of incentivized results-based instruments	7
Where things stand	7
What we are asking of the Steering Committee	8
D.3. Providing more hands-on extended TA and implementation support	8
Where things stand	8
What we are asking of the Steering Committee	10
D.4. Ramping up monitoring and strengthening anti-corruption mechanisms	10
Where things stand	10
What we are asking of the Steering Committee	12
D.5. Adopting a more structured, GoIRA-led approach to improving ARTF portfolio performance	12
Where things stand	12
What we are asking of the Steering Committee:	17
D.6. Streamlining collaboration and decision-making procedures and strengthening communications and reporting	17
Where things stand	18
What we are asking of the Steering Committee:	19
E. Conclusion	19
Annexes	20
Table 1: ARTF FY 1397-FY1399 (2018-2020) PFFP: Pledges and Contributions.....	21
Table 2. ARTF Parent Fund Cash Balance Statement.....	22
Table 3. ARTF-IDA Portfolio: Active and Approved Projects as of December 21, 2019	25
Table 4. ARTF-IDA Portfolio: Active and Approved Projects as of July 21, 2020	28
Table 5. Summary of ARTF Pipeline Delivery From January 2019 to July 2020	31
Table 6. Detailed Status of Pipeline Initiatives as of December 2019 and July 2020	32
Table 7. Current Projects with Future Tranches.....	35
Table 8. Implementation Progress of the 2017 ARTF External Review Recommendations...	36

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. The ARTF Steering Committee (SC) endorsed it 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, development initiatives and service delivery programs. 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 FY1399 (2020) PFFP update reviews FY1398 (2019) activities and key developments in the first months of FY 1399 (2020) to recommend adjustments for endorsement at the SC's September 2, 2020 meeting.

The FY1399 (2020) PFFP Update also reviews the current and planned portfolio and recommends adjustments to the program based on recommendations from ARTF working groups and Country Portfolio Performance Review processes.

BOX 1 SUMMARY OF PROPOSALS FOR STEERING COMMITTEE ENDORSEMENT

The Steering Committee is asked to **ADOPT** the recommendations of the 2020 Country Portfolio Performance Review process and the supplemental review conducted to adjust the program to respond to the COVID-19 pandemic. Adopting these recommendations will alter the PFFP in three ways. It will:

1. **ADD** three approved COVID-19 emergency projects to the ARTF-financed portfolio:
 - COVID-19 Emergency Development Policy Grant;
 - COVID-19 Relief Effort for Afghan Communities and Households (REACH); and
 - Emergency Agriculture and Food Supply Project (EATS).
2. **ADJUST** the pipeline of future ARTF-financed projects to reflect the delay or consolidation of pipeline initiatives and related adjustments made to facilitate the COVID-19 response and implement recommendations of the CPPR processes.
3. **REVISE** the SC's 2019 recommendation to combine the Women's Economic Empowerment National Priority Program Project Preparation Grant (WEE-NPP PPG) with the Fiscal Performance Improvement Support Project, continuing WEE-NPP PPG in MOF as a separate project through June 2021. The WEE-NPP PPG was originally scheduled to close in July 2020. This adjustment represents an *extension* of the original WEE-NPP PPG timelines.

The FY1399 (2020) PFFP Update also reviews progress against the six thematic operating priorities outlined in the PFFP and offers recommended findings for the SC's endorsement.

BOX 2: SUMMARY OF FINDINGS AND RECOMMENDATIONS FOR ENDORSEMENT

The Steering Committee is asked to:

1. **RECOGNIZE** the flexibility of the ARTF partnership and its responsiveness in developing nationwide programs to support GoIRA's response to COVID-19.
2. **REAFFIRM** the need for effective application of the Enhanced Fiduciary Control Framework and timely responses to findings of regular and in-depth fiduciary monitoring findings.
3. **REAFFIRM** ARTF support for regular Portfolio Operational Status Reviews but **ADJUST** the expected frequency to once per year as a complement to the annual Country Portfolio Performance Reviews, with a focus on engaging ARTF partners in the process.
4. **ENDORSE** the Nordic+ proposal for the WB to present a refreshed ARTF Administration Agreement to current and former donors for signature..

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 and updated the PFFP at its May 20, 2019 meeting. This FY1399 (2020) update is presented to the SC on September 2, 2020.

B. The ARTF in FY1399 (2019): operating context

2. 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 continued to shape implementation of the PFFP in 2019 and early 2020, even as Afghanistan navigated the presidential election process, progress in security dialogue, and the emergence of COVID-19, with its widespread impact across multiple sectors.

3. The emergence of COVID-19 undermined the economic progress that had begun in 2019 as Afghanistan recovered from the effects of 2018 drought. Growth is estimated to have reached 2.9 percent in 2019. The agriculture sector is estimated to have grown by 7.5 percent, driven by recovery from drought conditions in 2018. Industry and services, on the other hand, are estimated to have grown by two and 1.8 percent respectively reflecting weak confidence associated with political uncertainties and continued conflict. Afghanistan's economy is estimated to have contracted sharply over the first half of 2020, due to the impacts of the COVID-19 crisis. Wheat production (mostly in the subsistence sector) has supported continued agricultural growth, but industry and service output have been heavily impacted by lockdowns and border closures. Household consumption is expected to have declined significantly due to reduced incomes, disruption to services and retail activities, and lower remittances (expected to decline by around 40 percent from 2019 levels). Investment is also expected to have sharply declined given the negative impacts of COVID-19 on already-weak confidence.

4. Afghanistan's economy faces multiple overlapping challenges. COVID-19 hit Afghanistan in the midst of a difficult political transition, an intensifying conflict, and significant uncertainty regarding future grant support. The global COVID-19 crisis compounded the daunting challenges currently facing Afghanistan. With major disruptions to domestic economic activity, regional trade, and remittance flows, the economy is now contracting rapidly. With declining incomes and increasing food prices, hardship is increasing, with the poverty rate expected to increase to up to 72 percent over 2020. Due to reduced trade, administrative disruptions, and declining economic output, government revenues fell by more than a third below target levels in May, placing major pressure on government finances.

5. Uncertainty regarding the future of international development commitments to Afghanistan adds to the challenges facing Afghanistan. The ARTF has recorded no donor commitments beyond the end of FY 1399 (2020). Work to prepare the next Partnership Framework and Financing Program began in January 2020, and has been accompanied by intensive discussions among ARTF partners on how best to ensure "value for money" in the ARTF portfolio through the application of an enhanced fiduciary control framework. The 2020 SC meeting will review progress of these plans.

6. As planning for the next financing cycle advances, the FY1397-FY1399 (2018-2020) PFFP guides the current portfolio. Program implementation continues, new programs have been delivered that respond to existing priorities, and the ARTF has served as a platform that enabled partners to discuss how development planning could

support an eventual peace settlement, and that enabled a rapid national response to the COVID-19 pandemic. This PFFP FY 1399 (2020) Update summarizes financial and portfolio developments in 2019 and the first months of 2020, 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\$ 1.656 billion of expected IDA resources during the same period. 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).

8. When the current PFFP period began, 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), FY 1398 (2019) and the first half of FY 1399 (2020), requiring careful balancing of resources as the programmatic pipeline is managed. Overall, the PFFP allocated 38 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

9. The **total estimated ARTF financing envelope now stands at US\$ 2.506 billion**, reflecting additional pledges by several donors. Pledges are recorded in US dollars, applying the exchange rate that applies when the pledge is recorded. Contributions to the ARTF are also recorded in US dollars, using the exchange rate that applies at the time of receipt. Contributions are recorded against the year in which they are received, regardless of whether the payment was made in support of a pledge for an earlier year.

10. As detailed in Annex Table 1, **2019 contributions reached 87 percent of pledges, a decline relative to 2018, when the fulfillment reached 99 percent of the expected totals**. Bilateral policy determination, exchange rate fluctuations, and contribution of 2019 pledges in early 2020 all contributed to the declining fulfillment rate. As in 2018, shortfalls were minimally offset by exchange rate fluctuations in favor of some donors' pledging currency early payment of some planned 2020 contributions in 2019.

11. The ARTF began FY1398 (2019) with an unallocated cash balance of US\$ 359 million. Donor contributions in 2019 totaled US\$ 770.9 million during the year. A total of US\$ 547.6 million was allocated (transferred) to child trust fund accounts during the year, which led to an **unallocated total ARTF cash balance of US\$ 756 million as of December 21, 2019**, the last day of GoIRA's FY1398 (2019). The net balance at the end of FY 1398 (2019) is the difference between the opening net balance at the start of the year plus commitments (projects) approved by the ARTF Management Committee (MC)

during the year, minus any adjustments made to the old commitments^[2]. Annex Table 2 (1398/2019 Actual column) summarizes the ARTF parent fund cash position as of December 21, 2019.

12. The unallocated cash balance of US\$ 756 million was carried over to the beginning of FY1399 (2020). Between December 22, 2019, the first day of FY1399, and June 21, 2020, the total actual donor contributions amounted to US\$ 270.9 million. Transfers (allocations) to child trust fund accounts totaled US\$ 494.9 million. In addition, a reflow of undisbursed balances from closed projects or refunds to the ARTF parent account is reflected as a negative commitment figure of US\$ 30 million. This leads to an **unallocated total ARTF cash balance of US\$ 586 million as of June 21, 2020**. Annex Table 2 (“As of June 21, 2020” column) summarizes the ARTF parent fund cash position as of as of June 21, 2020.

C.2. The ARTF-IDA portfolio and pipeline

Portfolio snapshots in December 2019 and in July 2020

As of end-December 2019, the combined ARTF and IDA portfolio comprised 37 active or approved projects, with a total net commitment of US\$ 4,834 million. Twelve of the projects were financed solely by IDA. **ARTF financing supported 24 of these active or approved projects (either entirely or through co-financing with IDA and other trust fund financing), with a total net commitment value^[3] of US\$ 2.607.5 billion.** Table 3 details the portfolio as of December 21, 2019. Between December 2019 and the end of July 2020, several projects closed on schedule, one project in the SC’s endorsed 2019 ARTF plan was approved, and one emergency project not previously envisioned in the ARTF plan had been added as part of the overall response to COVID-19.

^[2] ARTF resources are 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.

13. Table 4 details the portfolio as of July 21, 2020. **ARTF financing supported 23 of the 35 active or approved projects in the combined portfolio as of end-July (either entirely or through co-financing with IDA), with a total net commitment value of US\$ 2.507 billion.** As of that date, two additional COVID-19 emergency response projects not originally envisioned in the endorsed ARTF portfolio had reached an advanced stage of preparation. One, the Relief Effort for Afghan Communities and Households (REACH) had been approved by the MC to receive US\$ 125 million in ARTF financing. The Emergency Agriculture and Food Supply Project (EATS) was being finalized and would be approved by the MC to receive US\$ 45 million in ARTF financing on August 4. **Both projects received final approval from the WBG Board on August 4, bringing the total portfolio to 25 of 37 active or approved projects, with a total net commitment value of US\$ 2.677 billion.**

How the portfolio developed in 2019 and during first half of 2020

14. Since the SC last reviewed the PFFP in May 2019, three projects in the ARTF Recurrent Cost Window (RCW) have closed. In SC endorsed an ARTF Strategy Group (SG) recommendation to close the long-running Recurrent and Capital Costs investment project financing (RCC-IPF). The RCC-IPF had, since the ARTF's inception, provided a gradually declining amount of baseline, unconditioned, support to GoIRA's recurrent operating costs, and supported the Ad Hoc Payments facility for donors' bilateral incentive programs, closed in December 2019. One hundred percent of the ARTF's support to GoIRA's recurrent operating costs is now incentivized, with disbursement linked to GoIRA's progress on agreed policy reforms. The 2018 version of the annual Incentive Program Development Policy Grant (IP DPG) was closed and replaced in June 2019 with the 2019 IP DPG. In the first half of 2020, the 2019 IP DPG closed in turn, and was replaced with the 2020 IP DPG, approved in May.

15. Four ARTF Investment Window (IW) projects have closed since the SC last met. Two projects supporting the Comprehensive Agriculture Development National Priority Program closed: the Afghanistan Agricultural Inputs Project closed in June 2019 and the On-Farm Water Management Project closed in December 2019. One project supporting the Infrastructure and Connectivity National Priority Program closed: the Da Afghanistan Breshna Sherkat Planning and Capacity Support project closed in July 2020. Two ARTF-financed project preparation grants, in the extractives sector and in support of preparations for a labor migration project, closed during this period, as well.

16. In the PFFP, the SC initially endorsed 20 planned (or "pipeline") new projects to receive ARTF support during the financing period. The MC approved ARTF financing for 9 new projects in FY 1397 (2018). **In FY 1398 (2019), three new projects in FY 1398 (2019) were approved.** Two of these, the Afghanistan Land Administration Systems Project and the Payments Automation and Integration of Salaries in Afghanistan program, were approved in April 2019 and reviewed at the SC's May 2019 meeting. The third and final project approved by the MC in 2019 was the 2019 Incentive Program Development Policy Grant (IP DPG). **Two projects planned for approval in 2019 have been delayed.** A planned labor migration project is expected to be considered during the next financing period as part of a broader youth engagement, and a planned extractives sector engagement covering both gas and mining activities was divided into two initiatives, with the IDA-financed gas portion of the program approved in 2019 and the mining engagement, envisioned for ARTF support, deferred. **In 2020, one additional project in the SC-endorsed pipeline has been approved.** The 2020 IP DPG was approved in May 2020 and replaces the 2019 IP DPG. Annex Table 5 summarizes pipeline delivery from January 2019 through July 2020.

17. **New ARTF project approvals in 2020 have also included three projects that respond to the COVID-19 emergency. These projects were not included in the updated ARTF PFFP pipeline that the SC endorsed in 2019.** As the COVID-19 pandemic began to emerge, the ARTF partnership moved quickly to support Afghanistan's response. Alongside the Afghanistan COVID-19 Emergency Response and Health Systems Preparedness project (financed by World Bank resources), the MC approved the use of ARTF resources for projects that address fiscal, community and food security needs. The emergency nature of the preparations prevented the WB from seeking the SC's advance endorsement to add the projects to the pipeline and portfolio. However, GoIRA, WB and SG donor teams exhibited considerable flexibility to ensure that the projects were consulted with ARTF donors before presentation to the MC. Section D.5 of this update, which reviews the Country Portfolio Performance Review process, details the recommended changes to the ARTF portfolio.

D. Progress updates: ensuring more impactful delivery and more effective collaboration

18. 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,¹ identified opportunities for more impactful delivery and effective collaboration.

19. The SC endorsed six initiatives to act on these opportunities in the PFFP. The broader GoIRA and donor communities later signaled their endorsement for these thematic operating priorities in Geneva Mutual Accountability Framework indicator 16, adopted at the November 2018 Geneva Ministerial Conference on Afghanistan. This section summarizes the status of each initiative. Annex Table 8 updates the status of all other recommendations from the 2017 External Review.

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

20. The PFFP takes note of GoIRA's interest in programmatic/sector-wide approaches to selected National Priority Programs. The PFFP committed the ARTF to exploring options that could support a programmatic approach. These potential options include exploring a gradual move towards Sector-Wide Approaches (SWAPs) where possible, linking IDA and ARTF-financed programs, and promoting program structures that help GoIRA ministries structure long, large, or complex engagements through linked operations (or phases) with intermediate shorter-term targets.

¹ 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.

Where things stand

21. The 2019 PFFP Update outlined measures the ARTF partnership and WB were exploring to emphasize alignment and flexible programming. The efforts continued through 2019 and into 2020. With the exception of the (closed) Fiscal Stability Facility and project preparation grants, all new ARTF-financed initiatives during the PFFP period have been co-financed with IDA resources, improving donors' visibility into the portfolio as a whole.² Longer-term engagements continued to be structured in phases, notably including the Incentive Program Development Policy Grants (IP-DPG), which are developed annually, building each year on achievements of past years within the framework of an indicative three-year program. WB teams participated in donor and GoIRA-led discussions to explore introduction of sector-wide approaches (SWAPs) in basic education and in other sectors throughout 2019 and into 2020. Health service delivery continued to operate, functionally, as a SWAP.

22. The second quarter of FY 1399/CY 2020 introduced new tests of the partnership's ability flexibly to adapt to changing circumstances as the COVID-19 pandemic emerged. The WB financed the initial health sector response to the COVID-19 pandemic with IDA and COVID-19 Fast Track Facility Funds. The approach helped expedite preparations, enabling Afghanistan to be one of the two first countries (with Ethiopia) to bring a COVID-19 response project to the WBG Board of Executive Directors for approval.

23. GoIRA and its partners quickly concluded that further programmatic responses were needed, and that these responses would require ARTF resources. The partnership met the challenge of addressing the fiscal and socio-economic impacts of COVID-19, as further detailed in Section D.5 below. A portion of the response was financed by streamlining plans for future projects and re-purposing funds set aside for those initiatives. But the full costs of the emergency response exceeded what could be financed from re-purposing pipeline resources. Fully financing the emergency programs also required GoIRA to cancel (release) undisbursed funds from existing projects across the portfolio. MOF and GoIRA leadership, line ministries, WB teams, and donor partners worked together to finalize these changes.

24. In some cases, when donors "prefer" a portion of their contribution to indicate support to a particular project, large-scale cancellations can trigger significant internal processing requirements. The WB worked with donors to avoid these effects where possible, and donors responded with practical measures to fulfill their internal requirements when the effects were unavoidable. Partners' adaptable and practical approach enabled the ARTF rapidly to develop a socio-economic response that, by combining measures across the new Relief Effort for Afghan Communities and Households (REACH) with support through the Citizens' Charter Afghanistan Project (CCAP) will reach 90 percent of Afghan households.

² The pipeline project Incentivizing Reforms in the Attorney General's Office (IRAGO) is expected to be an exception to this practice. In 2019, the SC endorsed a recommendation to close the RCC-IPF project and its associated Ad Hoc Payments Facility (AHP) in December 2019. The European Union's bilateral arrangement with the Attorney General's Office had been planned to extend beyond 2019, and had expected to rely on the AHP for disbursements. The SC added IRAGO to the ARTF pipeline in the 2019 PFFP Update as a project to be developed by the WB and incorporating the priorities of the European Union's bilateral program, and to be financed through a supplemental ARTF Investment Window contribution from the European Union. This addition was designed to allow the Recurrent and Capital Costs project to close without negatively affecting the objectives of the European Union justice program.

What we are asking of the Steering Committee

- To **RECOGNIZE** the flexibility and responsiveness of the ARTF partnership in developing nationwide-efforts to support GoIRA's response to COVID-19.

D.2. Moving towards increased use of incentivized results-based instruments

25. In the PFFP, the SC endorsed two initiatives to increase the use of incentives in the ARTF. The initiatives responded to the Afghanistan National Peace and Development Framework (ANPDF) request for international partners to move to 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.

26. The first initiative aimed to eliminate the “baseline” (unconditional) support provided to GoIRA’s recurrent civilian operating costs under previous financing strategies and replace it with support fully conditioned on GoIRA achieving agreed reform objectives. Recognizing that the increased emphasis on structural reforms posed potential risks to fiscal stability, the original PFFP proposed two mitigation measures: 1) introducing 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 Recurrent Cost Window’s Ad Hoc Payments facility (AHP). In the 2019 PFFP Update, the SC adopted proposals to eliminate both mitigating measures.

27. The second initiative aimed to increase the use of results-based financing modalities in projects financed through the Investment Window. Investment Window projects that incorporate results-based financing elements in their design, including the Higher Education Development Project, EQRA, the Cities Investment Project and Sehatmandi, continued to be implemented in 2019 and 2020. No new Investment Window projects with results-based financing elements were introduced. One hundred percent of ARTF support delivered through the ARTF’s RCW continued to be incentivized in 2019, in line with the important shift begun in 2018.

Where things stand

28. The Fiscal Stability Facility, introduced in 2018, was discontinued in 2019 on the recommendation of the Incentive Program Working Group (IPWG) and with SC endorsement. The AHP also formally closed at the end of December 2019 in line with the SC’s 2019 decision to close the RCC-IPF instrument to which it was linked and made its final disbursements in June 2020. The WB has begun a review of ARTF RCW operations supported by the RCC-IPF. This work has benefitted from inputs of the IPWG and is expected to be concluded later in 2020.

29. With both the ARTF’s original “baseline”, or unconditioned, financing and the originally envisioned mitigation measures eliminated, the ARTF partnership used standard WB Development Policy Financing operations to help address the fiscal impacts of COVID-19 in 2020. Preparation of the US\$ 400 million 2020 IP DPG (US\$ 300 million ARTF and US\$ 100 million IDA) had nearly concluded as Afghanistan recorded its first cases of COVID-19. Recognizing the fiscal and economic impact of the pandemic, the IPWG took two actions: First, it adjusted the 2020 IP DPG to better respond to the crisis. Agreed reform measures were retained, but program preparations were expedited,

allocations were shifted to increase the sums available for early disbursement³ and moderate flexibility was introduced into the program to account for increased uncertainty.

30. Next, the IPWG began immediately to prepare a second, emergency, development policy grant under expedited procedures. The COVID 19 Emergency Development Policy Grant supports policy actions linked to GoIRA's response to the health, social, and economic aspects of the pandemic. With input from the IPWG, the Gender Working Group (GWG), and the SG, the MC approved ARTF financing for the the COVID-19 Emergency Development Policy Grant on July 6. The WB Board of Executive Directors approved the project on July 9, 2020.

What we are asking of the Steering Committee

- Implementation of this commitment can continue under the PFFP as structured. **NO CHANGES** to the PFFP are recommended at this time. Addition of the COVID-19 Emergency Development Policy Grant to the portfolio is addressed separately, in section D.5.

D.3. Providing more hands-on extended TA and implementation support

31. 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.

32. New proposals to access ASIST window funds 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). This approach helps SG members ensure that new technical assistance aligns with their bilateral support. 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.

Where things stand

33. In 2018, the SG approved three ASIST initiatives. One provides technical support to the Fiscal Performance Improvement Plan. A second offers support to the Ministry of Mines and Petroleum on extractives sector issues, and the third supports the National Statistics and Information Authority. Each of these initiatives continued implementation in 2019 and reported semi-annual progress to the SG.

³ At its February 2020 meeting, the SG also endorsed a WB recommendation to increase the IDA allocation to the 2020 IPDPG by US\$ 50 million and reduce the ARTF allocation to the program by the same amount, with the aim of ensuring full use of available IDA resources, because two other endorsed pipeline projects, the Opportunities for Maximizing Agribusiness Investments and Development (OMAID) and the Afghanistan Water Supply and Sanitation Services Institutional Support (AWSSIS), had encountered preparation delays. As of February, the SG planned a dedicated discussion to consider how to direct the US\$ 50 million in ARTF resources made available by this decision. With the emergence of COVID-19 at the end of the month, emphasis shifted to securing funds to support the portfolio wide response, and the US\$ 50 million was incorporated into this effort.

34. No new proposals to use ARTF allocations for ASIST were presented to the SG in 2019. No donors proposed supplemental contributions to finance technical assistance for GoIRA through ASIST in 2019. In discussions with the WB and ARTF donors in late 2019, MOF noted that the ASIST window appeared somewhat underutilized.

35. 2020 began to see renewed interest in using the ASIST Window. In February 2020, the SG considered two proposals. It endorsed an initiative to finance the Afghanistan Energy Study 2.0. It deferred decision on a proposal to finance a transactions advisor to support the public-private partnerships unit in MOF. In July 2020, the SG endorsed a proposal to provide technical support to assist GoIRA in completing complex procurements necessary to improve bandwidth in Afghanistan, seen as a priority in light of the increased reliance on remote connectivity during the COVID-19 pandemic.

What we are asking of the Steering Committee

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

D.4. Ramping up monitoring and strengthening anti-corruption mechanisms

36. In the PFFP, the SC endorsed a proposal to establish a new Anti-Corruption and Results Monitoring Action Program (ACReMAP) WB-executed window in the ARTF. The WB uses ACReMAP resources – representing two percent of the overall PFFP resource envelope – to intensify the focus on accountability and “value for money” across the portfolio. ACReMAP supports a range of analytical activities including in-depth fiduciary reviews and third-party monitoring, and pilots other data collection and analyses to promote learning. ARTF donors receive quarterly updates on all ACReMAP activities in the SG forum and discuss fiduciary considerations frequently in regular meetings and project briefings.

Where things stand

37. In 2018 and the initial months of 2019, the ARTF took steps to prepare for future ACReMAP activities, amending the ARTF Administration Agreement to create the ACReMAP window, extending the third-party monitoring contracts in place at the time so that TPM services could eventually be consolidated in a single contract, and beginning two in-depth fiduciary reviews focused on the (now closed) EQUIP II basic education program and the National Horticulture and Livestock Program (NHLP). In the later months of 2019 and the first months of 2020, these measures advanced considerably.

38. The WB has concluded the in-depth fiduciary review of EQUIP II and has briefed donors on the outcomes of its review of NHLP. In-depth fiduciary reviews assess the robustness of fiduciary controls in an individual project. Each assessment aims to generate lessons to enhance fiduciary oversight across the portfolio in general and to shape the design and fiduciary controls of future programs within the sector specifically. When review teams identify potential gaps in the application of controls, the responsible line ministry is provided an opportunity to respond with documentation and clarifications. If the response does not address the concern, final measures can include declaring portions of project funding ineligible and seeking a refund of the sum. The reviews may also generate referrals to the WB’s Integrity Vice Presidency for further assessment and potential investigation. These measures help to reinforce the stakes of the in-depth fiduciary review exercises, but the primary objective, and main value, of the reviews is in identifying and applying lessons for enhancing control effectiveness.

a Initial work on the in-depth fiduciary review of EQUIP II, a US\$ 438,000,000 program, began in December 2017. The WB briefed donors on preliminary findings in July 2019 and updated partners periodically as it reviewed the Ministry of Education’s responses to follow-up queries. The final conclusions found weaknesses in records-keeping, asset and contract management; inconsistencies in project data and information, and irregularities in individual consultant hiring. The WB ultimately notified GoIRA of its decision to declare US\$ 3,995,663 in project expenditures ineligible. MOF has refunded the sum. After final reporting to ARTF donors in February 2020, the EQUIP II in-depth fiduciary review is now considered closed.

b Initial work on the in-depth fiduciary review of NHLP, a US\$ 187,500,000 program, began in December 2018. The WB briefed donors on its findings in August 2020 after

it had reviewed the Ministry of Agriculture, Irrigation and Livestock's responses to follow-up queries. The review identified issues in procurement and contract management, human resources and payroll, and operational advances/cash payments. The WB expects to declare ineligible expenditures of US\$ 1,963,398 arising from the review. A final summary report is being prepared and will be shared with ARTF donors.

c As intended, the in-depth reviews have generated lessons both for the specific sectors assessed specifically and for the portfolio more broadly.

- Within the education sector, the design of the follow-on EQRA program was shaped by findings of the review. The project moved responsibility for oversight of school construction from the Ministry of Education to the Ministry of Rural Rehabilitation and Development, which employs a larger roster of field engineers. A third-party verification agent provides independent verification that disbursement linked indicators have been achieved. Fiduciary elements of the program were considerably strengthened, with attention to improving fiduciary capacity of the Ministry of Education and providing significantly enhanced implementation guidance and oversight.
- Within the agriculture sector, the design of the Emergency Agriculture and Food Supply (EATS) project incorporates eight lessons from the in-depth review on a range of procurement, human resources, information management, monitoring, and community selection issues that are designed to respond to sector-specific challenges and to improve implementation of the new emergency response project.
- Portfolio-wide, the WB introduced the Enhanced Fiduciary Control Framework in October 2019. The document describes the full complement of GoIRA, standard WB, ARTF- and ACRéMAP-enhanced, and programmatic measures in place to ensure that ARTF resources are used for their intended purpose. The Enhanced Fiduciary Control Framework is intended to be a dynamic resource. As a product of learning from the in-depth fiduciary reviews, the WB updated the framework in 2020. To address gaps in documentation of expenditures, the WB now requires projects to submit more detailed documentation before each new disbursement is authorized. At the same time, the WB introduced a supplemental measure unique to Afghanistan. The ARTF third-party monitoring agent reviews projects' submissions for completeness, helping to sustain discipline in documenting and justifying expenditures. Other measures, including a range of procurement improvements, continue to be developed in consultation with GoIRA and the SG.

d Recognizing the importance of integrity and the need for practical measures to sustain it, the MOF, WB and ARTF donors regularly discuss the enhanced fiduciary control framework in ARTF governance bodies, project briefings, and through the Country Portfolio Performance Review process, and continue to work jointly to refine the controls. The process, while critically important for sustaining confidence in donor capitals, is also highly technical. As support for the preparation of the next PFFP, the WB is preparing streamlined that aim to explain the role of fiduciary controls across the portfolio for a range of audiences.

39. The bulk of ACRéMAP financial resources support the costs of the extensive ARTF-financed third-party monitoring program for the Afghanistan portfolio. A key objective of ACRéMAP was to consolidate the separate Monitoring (financial) Agent and Supervisory (field/site) Agent contracts into a single, integrated program. In 2019, the WB completed its plan to restructure the third-party monitoring program in place for Afghanistan. In May 2019, the WB began a public, competitive procurement for the next

phase of ARTF third-party monitoring services. Separate contracts for financial (“Monitoring Agent”) and field (“Supervisory Agent”) monitoring services concluded in December 2019. In the same month, the WB awarded the new contract, consolidating all third-party monitoring activities under one contract award, to a consortium led by BDO LLP. The new third-party monitoring agent (TPMA) began operations on January 1, 2020, ensuring continued coverage of monitoring services without a gap.

40. The TPMA has sustained monitoring services during the COVID-19 pandemic, making some adjustments for the safety of its monitoring staff and the individuals and communities with whom monitors engage. Key changes to the monitoring program have included converting in-person community interviews to remotely conducted telephone interviews (with some loss in access to female community members as a result), and suspending physical monitoring of civil servants while GoIRA offices have operated on limited hours and schools have been closed. Regular monitoring will resume as conditions allow. Since contract inception in January 2020, TPMA teams have visited projects in 214 districts across all 34 provinces of Afghanistan, interviewing 14,553 individuals (12,397 male and 2,156 female) and visiting 2,450 infrastructure sites in 2,285 communities. An online data portal allows WB and GoIRA teams to communicate about findings from site visits and follow-up measures. Final reports of the outgoing Supervisory Agent, and initial formal reports from the new TPMA, have been made available on the ARTF website and through regular ARTF communications.

What we are asking of the Steering Committee

- To **REAFFIRM** the need for effective application of the Enhanced Fiduciary Control Framework and timely responses to findings of regular and in-depth fiduciary monitoring findings.

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

41. The PFFP emphasizes monitoring, performance and value-for-money in ARTF programs. It reflects a consensus among GoIRA, the WB, and ARTF donors that GoIRA should lead regular, structured, reviews of portfolio performance as a complement to the enhanced monitoring provided through the ACREMAP window – and as a means of ensuring that ACREMAP-related findings are operationalized. That shared view among the ARTF partners also aligns with recommendations from the 2017 external review of the ARTF. ARTF partners agreed on Quarterly Portfolio Operational Status Reviews (POSRs) and annual Country Portfolio Performance Reviews (CPPRs) of the ARTF portfolio led by GoIRA, with participation from line ministries, the WB, and ARTF donors, as the mechanisms by which the portfolio would be regularly reviewed.

Where things stand

42. No quarterly Portfolio Operational Status Reviews (POSR) were conducted in 2018 despite considerable interest in holding the discussions. Quarterly reviews again proved challenging to schedule in 2019. However, in late October 2019, a GoIRA-led POSR was held over two days, focusing on solutions-oriented technical discussions aimed at resolving implementation bottlenecks. On the first day, the POSR reviewed 11 portfolio projects which either remain in problem-status or were advised to make course-corrections during the last CPPR. It also reviewed three pipeline projects that required immediate advice and decisions to accelerate the preparation. On the second day of meetings, the POSR reviewed four systemic issues that affect project implementation.

The discussions observed that procurement issues remain among the most serious bottlenecks affecting projects across the portfolio. While some positive progress had been observed since the CPPR discussions in early 2019, limited ministry/staff capacity and weak coordination between line ministries and the National Procurement Authority were observed to be a source of significant delays. Improving procurement performance has been a core focus area of the enhanced fiduciary control framework developed under the ACRReMAP window.

a MOF staff have observed that given the pace of other meetings and implementation support missions, holding formal reviews quarterly may be too ambitious a target. MOF has informally suggested that one CPPR and one POSR at the mid-point of the year might be a more realistic goal. The 2019 POSR was held as a working meeting with GoIRA and WB personnel, with donors updated at SG discussions that followed. At the time, donors expressed a preference for POSR meetings to be held with donors present.

43. The first round of Country Portfolio Performance Review was completed in 2019, and has already been considered by the SC. In 2019, MOF led the first annual CPPR and POSRs. The former Minister of Finance launched the first CPPR in January 2019, emphasizing the importance of self-reliance. 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 first CPPR concluded in March 2019 at a meeting co-chaired by the former Minister of Finance and the WB, which reviewed recommendations from the process. The SC endorsed these recommendations at its last meeting, held May 2019, adopting five changes to the ARTF portfolio. Four of these changes have been implemented:

a The proposed second (2019) and third (2020) phases of the Fiscal Stability Facility were dropped as recommended, with the funds instead being used to increase ARTF financing for the IP DPG.

b The Recurrent and Capital Costs investment project (RCC-IPF) instrument closed in December 2019, and with it the AHP, which had allowed donors to transfer funds to GoIRA's budget through the ARTF, benefitting from ARTF fiduciary controls but otherwise retaining bilateral control over specific measures to be incentivized. The AHP transferred the final payments associated with donor bilateral programs in June 2020. As a result of this change, the ARTF agreed to add a pipeline justice project to accommodate the European Union justice program, which had been designed in anticipation of relying on the AHP but with a timeline that extended beyond the SC-endorsed closure date. Preliminary work on that initiative has begun.

c Proposals for a sub-national governance project; and for the proposed Kajaki Electrification and Benefit Sharing Support Project were removed from the pipeline.

d MOF and the WB prepared to close the Women's Economic Empowerment National Priority Program Project Preparation Grant (WEE NPP PPG) and fold its activities into the Fiscal Performance Improvement Support Project as endorsed in the 2019 PFFP Update, but before these plans could be implemented, discussions around the COVID-19 focused portfolio adjustments began. These discussions have resulted in a recommendation to reverse the earlier SC-endorsed proposal, extending it rather than closing it and consolidating it with the Fiscal Performance Improvement Support Project. The recommendation is detailed in Paragraph 48 below.

44. MOF led a second CPPR in January 2020. The process convened 49 separate meetings over 11 days to review each WB-financed project in Afghanistan, including all ARTF-financed initiatives. ARTF partners were invited to all the portfolio discussions, including those that discussed projects financed only by IDA. 2020 CPPR meetings took place in a context of uncertainty. Just over half of the CPPR meetings had concluded before February 18, when the Independent Electoral Commission announced final results of the September 2019 presidential election. CPPR meetings had concluded before the February 29 Joint Declaration by the Islamic Republic of Afghanistan and the United States of America for Bringing Peace to Afghanistan. Recognizing that election results and progress on peace discussions were likely to advance during this period, and could require further reassessment of the portfolio at a later date, MoF, the WB and ARTF partners focused the CPPR meetings on technical issues. The technically-focused discussions yielded recommendations for addressing systemic portfolio-wide challenges, as well as project-specific recommendations. **Overall, the 2020 CPPR generated three key messages: 1) The portfolio continues to align with GoIRA priorities; 2) At the program level, there were some opportunities for streamlining projects; and 3) Both GoIRA and donors expressed interest in further consolidation of the portfolio moving forward.** The CPPR process and recommendations, including inputs from donors to the report itself are documented in a 2020 CPPR Assessment Report disseminated with this 2020 PFFP Update.

45. A third, unexpected, element of uncertainty emerged as the CPPR was concluding. On February 24 GoIRA announced the first confirmed case of COVID-19 infection in Afghanistan. The World Health Organization declared the rapidly spreading COVID-19 outbreak a pandemic 16 days later. Events developed quickly and in a way that had not been anticipated during the CPPR exercise, requiring rapid action. The initial CPPR findings and draft report enabled GoIRA to re-assess the portfolio and reach consensus on how best to adjust programming to support the COVID-19 response. The re-assessment took several months, a comparatively fast adjustment period when considered relative to other, similar, exercises, including the 2017-2018 process of developing the current PFFP. **Decisions from the supplemental review are documented in a 2020 CPPR Supplement Report, also disseminated with the 2020 PFFP Update. The supplemental 2020 CPPR review generated four sets of recommendations:**

a ***Release funds from current programs to support the response.*** The supplemental review process recommended that US\$ 335.72 million in undisbursed funds should be released from 17 ongoing projects to help finance the COVID-19 response. Six projects⁴ would release both undisbursed IDA and ARTF resources. Five⁵ would release only IDA funds, and six⁶ projects would release only ARTF funds.

⁴ Tackling Afghanistan's HRM and Institutional Reforms (TAGHIR), Public Private Partnerships and Public Investment Advisory Project (PPIAP); Afghanistan Land Administration System Project (ALASP); Afghanistan Irrigation Restoration and Development Project (IRDP); Cities Investment Project (CIP); and Payments Automation and Integration of Salaries in Afghanistan (PAISA).

⁵ EQRA; Afghanistan Strategic Grain Reserve; Trans-Hindu Kush Road Connectivity Project (THRCP); Urban Development Support Project (UDSP); Modernizing State-Owned Banks Project (MSOB). Of these projects, only EQRA is financed by both IDA and ARTF. The remaining four projects are IDA-only.

⁶ Fiscal Performance Improvement Support Project (FSP); Women's Economic Empowerment National Priority Project Preparation Grant (WEE-NPP PPG); Afghanistan: Eshteghal Zaiee - Karmondana (EZ-Kar); DABS Planning and Capacity Support; National Horticulture and Livestock Productivity Project (NHLP); and Kabul Urban Transport Efficiency Improvement

Altogether, 12 projects would release ARTF financing totaling US\$125.08 million. Restructurings to support these changes are currently in process.

The Fiscal Performance Improvement Plan Support Project (FSP) is one of the projects releasing funds to support the COVID-19 response. This decision will affect implementation of the SC's 2019 recommendation to fold the Women's Economic Empowerment National Priority Program Project Preparation Grant (WEE-NPP PPG) into FSP. Initial steps towards that objective were achieved, with the WEE-NPP team moved from the Ministry of Labor, Social Affairs and the Disabled to the Ministry of Finance. Plans to close the WEE-NPP PPG and transfer staff to FSP had been developed. **However, the US\$ 40 million cancelled from FSP leaves the project unable to absorb the activities of the WEE-NPP PPG as recommended in the FY 1398 (2019) PFFP Update.** Instead, the CPPR Supplement proposes that WEE-NPP PPG be retained in the Ministry of Finance through June 2021 to enable staff to continue planning WEE-NPP programming. Actual implementation responsibility for the WEE-NPP programming rests with approximately 12 ministries, including the Ministry of Rural Rehabilitation and Development as the implementing agency for the Women's Economic Empowerment Rural Development Program, which continues to be implemented. Closure of the PPG in 2021 will not affect other ongoing WEE-NPP initiatives led by line ministries.

b Add new projects to the ARTF portfolio to address the impacts of COVID-19.

Afghanistan's COVID-19 Emergency Response and Health Systems Preparedness Project was one of the first two response projects (with Ethiopia's) presented for WB Board approval. The WB financed the project exclusively from IDA and COVID-19 Fast Track Facility funds, using no ARTF resources. ARTF donors were, however, briefed on the design process and project rollout. The project was approved April 2. Other elements of the COVID-19 response do incorporate ARTF resources, in each case in ways that were not anticipated in the updated "pipeline" of future ARTF projects that the SC endorsed in the FY1398 (2019) PFFP Update. Customarily, the WB works with MOF to request the SC's endorsement of pipeline adjustments before finalizing affected projects, though there is no specific requirement to proceed in this order. In 2020, by contrast, the WB finalized several COVID-19 response initiatives before presenting this update. This choice, taken in consultation with the SG and the MC, reflected both the need to move quickly in developing the COVID-19 responses, and the fact that planning parameters shifted frequently as the response evolved over a compressed period. With this update, the WB requests the SC to endorse changes to the ARTF portfolio and pipeline, as follows:

- **Approved (new). COVID-19 Response Development Policy Grant.** MC approval of ARTF US\$ 100 million July 6, 2020. WBG Board approval of US\$ 100 million IDA July 9, 2020. The project supports GoIRA to strengthen policies that promote faster recovery and keep basic infrastructure such as water, electricity, and telecommunications afloat and running. It supplements the 2020 IP DPG approved by the MC on May 4, 2020 and by the WBG Board on May 7, 2020.
- **Approved (new). COVID-19 Relief Effort for Afghan Communities and Households (REACH).** MC approval of ARTF US\$ 125 million July 6, 2020. WBG Board approval of US\$ 155 million IDA August 4, 2020. The project will help provide relief to Afghan households through grants to Community Development Councils

Project (KUTEI). Three of these projects (WEE-NPP PPG, DABS Planning and Capacity Support, and NHLP) are financed solely by ARTF. The remainder are co-financed by IDA and by ARTF.

(CDCs) to purchase food and sanitation packages for households in their respective communities.

- **Approved (re-purposed pipeline initiative). Emergency Agriculture and Food Supply Project (EATS).** MC approval of ARTF US\$ 45 million August 4, 2020. WBG Board approval of US\$ 55 million IDA August 4, 2020. The project aims to improve food security by increasing local food production and strengthening critical commercial food supply chains and provide short-term employment in rural areas in the development of productive assets. The project takes the place of the earlier-planned Afghanistan Agro-Water and Climate Resilience Program.

- **Planned project (new). Early Warning, Early Finance, Early Action (ENETAWF).** This initiative grew out of a Famine Action Mechanism proposal first discussed in the ARTF SG in December 2018. Though it is not included among the endorsed pipeline projects in the FY1398 (2019) PFFP Update, planning was discussed in the SG, in a variety of ARTF donor briefings and in Humanitarian Country Team meetings in 2019 and in early 2020. Preparations have been expedited to provide a longer-term recovery focused complement to the relief-focused REACH project. Approval is tentatively envisioned for October 2020 and indicative ARTF financing of US\$ 85 million is anticipated.

- **Planned project (re-purposed pipeline initiative). COVID-19 Water Sanitation and Hygiene Project.** This initiative will re-focus the endorsed pipeline Afghanistan Water Supply and Sanitation Services and Institutional Support Program project on key COVID-19 response priorities related to WASH. Approval is currently envisioned for December 2020 and indicative ARTF financing of US\$ 180 million is anticipated.

- **Planned (additional financing to current project). Citizens' Charter Afghanistan Project Additional Financing (CCAP).** CCAP funding was repurposed to provide COVID-19 emergency relief support in communities covered by CCAP as a complement to the REACH project. The repurposing has put the COVID-19 response at the forefront, delaying elements of the regular CCAP implementation. Additional financing is planned to add back the sums repurposed for COVID-19 together with adding additional funds required to finance a new subcomponent aimed at supporting Kuchi communities. Approval is currently envisioned for October 2020 and indicative ARTF financing of US\$ 128 million (combined with IDA resources of US\$ 65 million, for a total commitment of US\$ 193 million) is anticipated.

c Adjust the pipeline of endorsed projects to reflect the portfolio changes required by COVID-19: Three projects planned for delivery in FY1399/CY 2020 have been delayed, either re-purposed to support the COVID-19 response or put on hold temporarily while the pandemic-focused programs are being implemented. These are:

- **Delayed. Opportunity for Maximizing Agribusiness Investments and Development.** The project envisioned as implementation support for the Agri-Business Charter has been delayed to enable a short-term focus on implementation of EATS. The EATS program incorporates elements of support for private sector agribusinesses.

- **Repurposed. The Agro-Water and Climate Resilience Action Program (AWCRP).** Preparations for the AWCRP program began in early 2020, and in March the MC approved a US\$ 1 million project preparation grant to support AWCRP preparations. As the pandemic, and GoIRA's response, accelerated, planning for AWCRP was re-purposed to support EATS.

- **Repurposed. The Afghanistan Water Supply and Sanitation Services and Institutional Support Program.** As noted above, this pipeline project has been re-focused, and preparations will be advanced as the COVID-19 Water Sanitation and Hygiene Project.

d **Re-focus elements of the existing portfolio to support COVID-19 responses.** In addition to the new projects introduced and the planned projects delayed or repurposed, remaining projects in the existing portfolio have re-purposed funds to support the COVID-19 response, including six projects with ARTF financing, which are re-purposing a total of US\$ 115 million. These changes are detailed in the 2020 CPPR Supplement Report, provided to SC members as a supplement to this FY 1399 (2020) PFFP Update.

What we are asking of the Steering Committee:

- To **REAFFIRM** ARTF support for regular Portfolio Operational Status Reviews but **ADJUST** the expected frequency to once per year as a complement to the lengthy Country Portfolio Performance Reviews, with a focus on engaging ARTF partners in the process. Note that given the extensive discussions around the COVID-19 related portfolio adjustments, no further POSR would be expected in FY 1399/CY 2020, although a discussion could be arranged if partners concluded that a POSR covering elements of the portfolio would be either necessary or helpful.
- To **ADOPT** the outcomes of the January-February 2020 Country Portfolio Performance Review, as updated and modified by the August 2020 Country Portfolio Performance Review Supplement that described portfolio adjustments to support the COVID-19 response, including to:

REVISE the SC's 2019 recommendation to combine the Women's Economic Empowerment National Priority Program Project Preparation Grant (WEE-NPP PPG) with the Fiscal Performance Improvement Support Project, continuing WEE-NPP PPG in MOF as a separate project through June 2021. The WEE-NPP PPG was originally scheduled to close in July 2020, so this adjustment represents an *extension* of the original WEE-NPP PPG timelines.

ENDORSE the addition of three approved COVID-19 emergency relief projects and two pipeline COVID-19 projects, as well as a second additional financing for the existing Citizens' Charter Afghanistan Project to the ARTF portfolio; and

ENDORSE the adjustments to the ARTF pipeline recommended in the Country Portfolio Performance Review processes and outlined in Table 6 of this FY 1399 (2020) PFFP Update.

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

46. 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 in line with the ARTF Administration Agreement, which sets out the WB's obligations to donors as the ARTF Administrator.

47. The proposals align with recommendations from the 2017 ARTF External Review. Beginning in 2018, 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. In its 2019 meeting, the Steering Committee endorsed an SG-recommended process for standardizing donor engagement during project preparation, and commended the improvements in ARTF communications.

Where things stand

48. The enhanced communication measures continued throughout 2019. The measures included convening regular ARTF governance body meetings, sharing mission-related correspondence with GoIRA's permission, applying the SC-endorsed process to engage donors in project preparation, and promoting direct interaction between WB teams and donor representatives both during project preparation and implementation support. Donors and GoIRA participated regularly in ARTF governance mechanisms, portfolio reviews and project engagements, providing valuable input into project designs and ARTF-specific products. Seniority levels of participants varied between agencies and within agencies across time.

49. Partners largely sustained enhanced communications were largely sustained in 2020, even as COVID-19 affected work modalities for GoIRA, the WB and donor partners. In March 2020, ARTF partners began shifting increasingly to remote work as a result of COVID-19 related restrictions. GoIRA, the World Bank and embassies closed offices or limited office hours. Many international staff returned to their home countries. Stakeholders across the ARTF partnership began to observe social distancing requirements and limit in-person meetings, even when staff were in the same location. At the same time, the WB and GoIRA began a rapid re-assessment of the 2020 CPPR recommendations to identify resources that could be freed up across the portfolio to finance needed relief, and relief projects were designed on a highly expedited basis.

50. ARTF governance bodies continued to meet regularly during this period. The WB could not fully observe the protocols for engaging donors in the project design of the COVID-19 relief measures because of the compressed timelines. ARTF stakeholders approached the process with significant flexibility, and partners contributed inputs to the design of the COVID-19 Emergency Development Policy Grant, the Relief Effort for Afghan Communities and Households, and the Emergency Agriculture and Food Supply Project through a series of ad hoc engagements and exchanges, as well as more formal dialogue in ARTF governance body meetings. .

51. Nordic+ group donors have requested an update to the ARTF Administration Agreement. The current Administration Agreement text is based on a 2012 model form of agreement. In 2016, capitals and WB headquarters agreed on a new model form of agreement to be used globally. The new agreement applies only to trust funds established after 2016. In 2018 and again in early 2020, Nordic+ partners informed the WB that the current form of the ARTF Administration Agreement is inconsistent with their domestic requirements. While the model form of agreement cannot be retroactively applied to the ARTF, the WB agreed, on an exceptional basis, to introduce language from the 2016 model into the ARTF agreement.

52. The changes aim to bring the document in line with the Nordic+ members' requirements. Changes would provide for a results framework to be developed and used in ARTF reporting, set out donor actions in the event of a material breach of the Administration Agreement by the World Bank, enhance language around prevention and investigation of fraud and related practices, and clarify expectations around confidentiality and disclosure, visibility and dispute resolution. A summary of the changes, together with a fully restated text reflecting the proposed amendments, has been presented to the SC with this update.

53. The SG reviewed the proposed revisions in June 2020, and in July 2020, recommended that the changes be presented to the SC. With the SC's endorsement, the WB will proceed to approach each current and former ARTF donor to solicit their signature on the refreshed agreement. The amendments will become effective only once all 34 donors have signed the document.

What we are asking of the Steering Committee:

- To **ENDORSE** the Nordic+ proposal for the WB to present a refreshed ARTF Administration Agreement to current and former donors for signature.

E. Conclusion

54. Considerable uncertainty affected the operating context in 2019 and the first half of 2020, but the ARTF delivered the PFFP program at a steady pace and continued to address challenging thematic priorities of the PFFP. Even as it sustained attention to core priorities, the ARTF partnership remained agile, flexibly considering options to support peace and rapidly providing assistance in response to the emerging pandemic. The partnership also continued to look ahead to the next Partnership Framework and Financing Program for the FY1400-FY1403 (2021-2024) period. Planning for the next PFFP cycle will continue to advance amidst both historic opportunities and historic challenges. As it builds on the initial planning exercises begun in 2019 and earlier this year 2020, sustaining an ability to offer steady delivery over time and a readiness to adapt to evolving circumstances will continue to serve the ARTF partnership well.

ANNEXES



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

(Status as of July 21, 2020)

ARTF PARTNER	CORE-ARTF CONTRIBUTIONS (USD million)										AD HOC PAYMENTS (USD million)		
	PLEDGES ⁷ (USD million)				PAID-IN ⁸						BALANCE ⁹	PLEDGES	PAID-IN
	2018-20	2018	2019	2020	2018-2020	2018	2019	2020	INDICATED ⁵	2018-20			
UNITED STATES ¹⁰	900.0	300.0	300.0	300.0	700.0	300.0	240.0	160.0	0.0	200.0	100.0	100.0	
EU-EC	400.0	122.0	148.0	130.0	210.8	79.8	85.1	45.9	44.8	144.4	95.0	92.9	
UNITED KINGDOM	369.0	127.3	128.7	113.0	256.0	127.3	128.7	0.0	117.0				
GERMANY	184.0	92.0	92.0		159.7	71.3	88.4	0.0	0.0	24.4			
SWEDEN	164.1	52.1	56.0	56.0	125.5	52.1	49.9	23.5	24.6	14.0			
CANADA	126.9	36.3	41.5	49.1	126.9	77.8	49.1	0.0	0.0				
NORWAY	73.2	24.4	24.4	24.4	83.3	35.2	26.3	21.8	0.0				
AUSTRALIA	55.9	19.0	19.0	17.9	55.9	24.1	19.9	12.0	0.0				
NETHERLANDS	68.3	22.7	22.8	22.8	61.8	22.7	22.5	16.6	5.3	1.2			
DENMARK ¹¹	61.4	29.5	16.4	15.5	80.5	34.0	31.5	15.0	4.4				
FINLAND	34.8	11.6	11.6	11.6	36.4	11.6	13.8	11.0	0.0				
ITALY	37.7	14.7	11.5	11.5	26.0	11.4	2.9	11.8	0.0	11.7			
SWITZERLAND	9.1	2.5	3.3	3.3	9.2	4.8	1.0	3.4	0.0				
REPUBLIC OF KOREA	12.0	5.0	7.0		12.0	5.0	7.0		8.0				
JAPAN	4.6	2.3	2.2		6.0	2.3	2.2	1.4	0.0				
ESTONIA	1.3	0.5	0.5	0.3	1.0		1.0		0.0	0.3			
POLAND	0.5	0.3	0.2		0.5	0.3		0.2	0.0	0.0			
CZECH REPUBLIC	1.8	0.9	0.9		1.8		1.8		0.0				
LUXEMBOURG	0.0				0.0				0.0	0.0			
TOTAL	2,504.4	863.0	886.0	755.4	1,953.3	859.7	770.9	322.7	204.1	347.1	195.0	192.9	

⁷ Indicative PLEDGES made when the PFFP was finalized have been updated in some instances based on more recent communications.

⁸ Contributions are recorded as PAID-IN when the funds have been transferred to the ARTF, converted into US\$ from original currency.

⁹ The BALANCE remaining from the initial indicative pledge, after the paid-in and indicated contributions are taken into account.

¹⁰ US\$ 60 million of this contribution relates to contributions pledged in 2019 that were received in early 2020.

¹¹ Denmark made a supplemental contribution of US\$ 14.7 million in December 2019.



TABLE 2. ARTF PARENT FUND CASH BALANCE STATEMENT

ARTF Parent Trust Fund Cash Position as of June 21, 2020 with projections for FY1399 (2020)					
	2018 (FY1397)	2019 (FY1398)	2020 (FY1399)		
	1397/2018 Actual	1398/2019 Actual	As of Jun 21 2020	1399/2020 Projection	Reference
CASH CARRIED OVER (from previous year)	446.92	359.00	756.14	586.14	
Donors Contributions Received	1,011.63	789.28	294.91	596.13	
- Ad Hoc Payment Facility under Recurrent Capital Cost (closed)	161.46	9.46	22.00	0.00	
- Core Donor Contribution	859.64	770.92	270.91	604.13	*Note 1
- Admin Fees minus Investment Income	(9.47)	8.90	2.00	(8.00)	
Total Sources of funds [A]	1,458.55	1,148.28	1,051.05	1,182.27	
USES OF FUNDS (ALLOCATIONS)					
Investment Window [1]	486.43	235.00	396.00	423.00	*Note 2
	SEHAT \$60m	EQRA \$100m	CCAP (#2) \$100m		
	Higher Educ \$5m	TAGHIR \$50m	CCAP (#3) \$100m		
	Mazar Gas PPG \$6.5m	EZ-Kar \$50m	Sehatmandi (#2) \$160m		
	FSP \$75m	CIP \$25m	PAISA \$35m		
	Sehatmandi (#1) \$130m	ALASP \$10m	AWCRP PPG \$1m		
	EQRA PPG \$3.43m				
	CCAP (#1) \$100m				
	PPPIA \$30m				
	WEE RDP \$75m				
ASIST Window [2]	4.16	1.35	0.43	9.06	
ACReMAP Window [3]	0.50	11.53	25.48	7.50	
- Third Party Monitoring Agent	0.00	9.00	23.40	0.00	
- Other ACReMAP related allocations	0.50	2.53	2.08	7.50	
Research & Analysis Program (closed) [4]	0.21	(0.27)	0.00	0.00	



ARTF Parent Trust Fund Cash Position as of June 21, 2020 with projections for FY1399 (2020)					
	2018 (FY1397)	2019 (FY1398)	2020 (FY1399)		
	1397/2018 Actual	1398/2019 Actual	As of Jun 21 2020	1399/2020 Projection	Reference
Recurrent Cost Window: (a+b) = [5]	622.00	300.00	73.00	300.00	
- <i>Fiscal Stability Facility & IP DPG = (a)</i>	310.00	300.00	40.00	300.00	*Note 3
- <i>Recurrent and Capital Cost IPF = (b)</i>	312.00	0.00	33.00	0.00	
- <i>Disbursements Baseline</i>	0.00	0.00	0.00	0.00	
- <i>Disbursements Incentive Program</i>	225.83	0.00	0.00	0.00	
- <i>Disbursements Ad Hoc Payments</i>	159.24	9.53	33.00	0.00	
- <i>Balance used that was available in the RCW IP CTF</i>	(73.07)	(9.53)	0.00	0.00	
Total uses (allocations) minus refunds to the ARTF Parent Account [B]	1,099.55	392.14	464.91	739.56	
<i>Refund to the ARTF Parent Account</i>	(13.75)	(155.47)	(30.00)		
Total uses (allocations) out of ARTF Parent Account (1+2+3+4+5)	1,113.30	547.61	494.91	739.56	
Unallocated Cash Balance = (A-B)	359.00	756.14	586.14	442.71	*Note 4



Explanatory notes on Table 2

Note 1: Core ARTF contribution is the expected donors contribution (excluding Ad Hoc Payment contributions) based on the latest Pledges

Note 2: Investment Window (\$ 423m) projection includes:

\$135m Sehatmandi tranche payment

\$288m represents the updated Investment Window pipeline discussed with the SG.

\$45m Covid-19 Emergency Food and Water Supply (EATS)- [Approved by MC on August 4, 2020. Presented for SC endorsement](#)

\$128m Citizens Charter Afghanistan Project additional financing – [Presented for SC endorsement](#)

\$115m Early Warning Early Action Early Finance (ENETAWF) project – [Presented for SC endorsement](#)

The ARTF's \$125 million support for the Relief Effort for Afghan Communities and Households (REACH) was financed from portfolio cancellations and as such is not presented as a pipeline transfer. – [Approved by MC on August 4, 2020. Presented for SC endorsement.](#)

Note 3: Fiscal Stability Facility and IP DPG (\$ 300m) projection includes:

\$200m IP DPG 2020 (tranche condition payments)

\$100m COVID-19 Emergency DPO – [Approved by MC on July 6, 2020. Presented for SC endorsement.](#)

Note 4: Other pipeline projects expected to require financing in 2021 Q1&Q2 - \$380m

\$50m IP DPG 2021 (against prior actions)

\$150m Sehatmandi additional financing

\$180m COVID-19 WASH – New pipeline initiative [presented for SC endorsement.](#)

PLUS \$60+m contingency in case donors cannot fulfill pledges

TABLE 3. ARTF-IDA PORTFOLIO: ACTIVE AND APPROVED PROJECTS AS OF DECEMBER 21, 2019

ACTIVE AND APPROVED PORTFOLIO AS OF DECEMBER 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹²	ARTF	IDA	OTH
POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)					300	100	
Governance and state effectiveness	2019 DPG - Incentive Program	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2019	300	100	
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)					2,307.5	1983.5	143
GOVERNANCE AND STATE EFFECTIVENESS							
Effective governance NPP					193	82	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.	MoF	2017	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	22	
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	
Reforming the public sector	Payments Automation and Integration of Salaries in Afghanistan (PAISA)	Support the development of digital government-to-person payments in Afghanistan.	DAB, MoF	2019	35	10	
Justice and Legal sector NPP					10	25	
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL		2019	10	25	
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION							
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
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		
Women's Economic Empowerment NPP					80	25	0

¹² Refers to the Afghan fiscal year.



ACTIVE AND APPROVED PORTFOLIO AS OF DECEMBER 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹²	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	75	25	0
Women's economic empowerment	WEE-NPP Support Project Preparation Grant.	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					344	228	0
Citizen engagement	Citizens' Charter Afghanistan Project	Continuing support for flagship Citizens' Charter NPP.	MoRRD, IDLG	2016	344	228	0
ECONOMIC GROWTH AND JOB CREATION							
Comprehensive Agricultural Development NPP					260	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 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
Strengthening agricultural value chains	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		
Infrastructure and connectivity NPP					525.5	977.5	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	
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	



ACTIVE AND APPROVED PORTFOLIO AS OF DECEMBER 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹²	ARTF	IDA	OTH
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		
Energy	Mazar-e-Sharif Gas-to-Power Project	increase the amount of reliable indigenous electricity generated, and to mobilize private capital, in Afghanistan.	MoEW	2019		12	
Energy	Sheberghan Gas to Power Project	increase the amount of electricity generated in Afghanistan and to leverage private financing for the country's energy sector.	MoEW	2019		13	
Energy	Afghanistan Gas Project (AGASP)	facilitate a sustainable supply of gas through targeted investments in gas infrastructure and enhanced gas sector governance.	MoEW	2019		52.5	
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)					0	136	0
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 4. ARTF-IDA PORTFOLIO: ACTIVE AND APPROVED PROJECTS AS OF JULY 21, 2020

The table below reflects approved projects in the portfolio as of July 21, 2020. Since that date, the ARTF MC approved ARTF financing for two additional projects, each a component of the overall COVID-19 response: 1) the COVID-19 Relief Effort for Afghan Communities and Households (REACH, ARTF US\$ 125 million and IDA US\$ 155 million); and 2) the Emergency Agriculture and Food Supply Project (EATS, ARTF US\$ 45 and IDA US\$ 55 million). Both projects were approved by the WB Board of Executive Directors on August 4. This FY 1399 (2020) PFFP update asks the SC to endorse the addition of these emergency projects to the ARTF portfolio.

ACTIVE AND APPROVED PORTFOLIO AS OF JULY 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹³	ARTF	IDA	OTH
POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)					340	260	0
Governance and state effectiveness	2020 DPG - Incentive Program	Vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies.	MoF	2020	240	160	
COVID-19 Response	COVID-19 Response DPG		MoF	2020	100	100	
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)					2,167	1,800	143
GOVERNANCE AND STATE EFFECTIVENESS							
Effective governance NPP					108.8	59	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.	MoF	2017	35	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	17.8	10	
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	19.4	5.6	
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	36.6	18.4	
Justice and Legal Sector Reform NPP					7.14	18.76	0
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	ARAZI	2019	7.14	18.76	
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION							
Human capital development NPP					555.5	395	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

¹³ Refers to the Afghan fiscal year.



ACTIVE AND APPROVED PORTFOLIO AS OF JULY 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹³	ARTF	IDA	OTH
COVID-19 Response	Afghanistan COVID-19 Emergency Response and Health Systems Preparedness Project	Respond to, and mitigate the threat posed by COVID-19 and strengthen national systems for public health preparedness in Afghanistan.	MoPH	2020		100.4	
Basic education	EQRA	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	75.5	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		
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.	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					83.75	150	0
Returnee-IDP reintegration	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	2018	43.75	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					444.3	228	0
Citizen engagement	Citizens' Charter Afghanistan Project	Continuing support for flagship Citizens' Charter NPP.	MoRRD, IDLG	2016	444.3	228	
ECONOMIC GROWTH AND JOB CREATION							
Comprehensive Agricultural Development NPP					178.5	1.3	9.7
	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		1.3	9.7
Strengthening agricultural value chains	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	177.5		
	AWCRP PPG	PPG to prepare Agriculture and Water project, which also helped develop COVID-19 Response project to support food supply and supply chain development	MAIL	2020	1		
Infrastructure and connectivity NPP					503.4	843.5	0
Transport connectivity	Trans-Hindukush Road Connectivity Project	Improve road transport connectivity across the Hindukush mountain range.	MoPW	2015		150	
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	



ACTIVE AND APPROVED PORTFOLIO AS OF JULY 21, 2019 (ARTF AND IDA COMBINED)							
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹³	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	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		284	
Energy	Afghanistan Gas Project (AGASP)	facilitate a sustainable supply of gas through targeted investments in gas infrastructure and enhanced gas sector governance.	MoEW	2019		52.5	
Energy	Mazar-e-Sharif Gas-to-Power Project	increase the amount of reliable indigenous electricity generated, and to mobilize private capital, in Afghanistan.	MoEW	2019		12	
Energy	Sheberghan Gas to Power Project	increase the amount of electricity generated in Afghanistan and to leverage private financing for the country's energy sector.	MoEW	2019		13	
Water	AF Irrigation Restoration and Development Project	Improve access to irrigation in targeted areas and strengthen capacity for water resources management.	MoEW	2011	108.4	96	
Urban Development NPP					206	17.5	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	78.5		
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	17.5	17.5	
Private Sector Development Program (PSD NPP)					0	62	0
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		12	

TABLE 5. SUMMARY OF ARTF PIPELINE DELIVERY FROM JANUARY 2019 TO JULY 2020

PROJECT NAME	BASIC IDEA	GOIRA AGENCY	Approval	Status	ARTF	IDA
POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)						
2019 DPG – Incentive Program		MoF	MC: Jun-2019 IDA: Jun-2019	Closed	300	100
2020 DPG - Incentive Program		MoF	MC: May-2020 IDA: May-2020	Active	240	160
COVID-19 Response DPG		MoF	MC: Jul-2020 IDA: Jull-2020	Active	100	100
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)						
GOVERNANCE AND STATE EFFECTIVENESS						
Effective governance NPP						
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
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
ECONOMIC GROWTH AND JOB CREATION						
Comprehensive Agriculture Development NPP						
Agro-Water & Climate Resilience Project [Project Preparation Grant]	The PPG is to prepare a project that improves land and water productivity and climate resilience of agricultural systems in selected areas	MAIL	MC: Mar-2020	Active ¹⁴	NA	1
National Mineral and Resource Development NPP						
Afghanistan Gas Project (AGASP)	To facilitate a sustainable supply of gas through targeted investments in gas infrastructure and enhanced gas sector governance	MoMP	IDA: Nov-2019 (IDA only)	Active	NA	52.5
Mazar-e-Sharif Gas-to-Power Project	WB-IFC-MIGA to jointly help increase the amount of reliable indigenous electricity generated and to mobilize private capital for Afghanistan	MEW /Afghan Power Plant Company	IDA: Oct-2019 (IDA only)	Active	NA	12
Sheberghan Gas to Power Project	To increase the amount of electricity generated in Afghanistan and to leverage private sector financing for the country's energy sector.	DABS	IDA: Oct-2019 (IDA only)	Active	NA	13
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION						
Human Capital Development NPP						
COVID-19 Emergency Response and Health Systems Preparedness Project	To respond to, and mitigate the threat posed by COVID-19 and strengthen national systems for public health preparedness in Afghanistan.	MoPH	IDA: Apr-2020 (IDA only)	Active	NA	100.4

¹⁴ The PPG has supported the development of COVID-19 Emergency Agriculture and Food Supply (EATS)



TABLE 6. DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 2019 AND JULY 2020

Rows with **grey** text indicate IDA-only pipeline initiatives, which are included in this PFFP FY 1399 (2020) Update for information purposes only. The list does not include Project Preparation Grants (PPGs).

DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 2019 AND JULY 2020 (ARTF AND IDA COMBINED)									
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹⁵	Status		ARTF	IDA	OTH
					Dec 2019	Jul 2020			
POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)							1,121	450	0
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	Delivered/ Closed	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	Delivered/ Closed	Delivered/ Closed	171		
Governance and state effectiveness	2018 DPG - Incentive Program	New vehicle for RCW-IP benchmarks. More visibility and alignment with WBG policies	MoF	2018	Delivered/ Closed	Delivered/ Closed	210	90	
Governance and state effectiveness	2019 DPG - Incentive Program		MoF	2019	Delivered/ Active	Delivered/ Closed	300	100	
Governance and state effectiveness	2020 DPG - Incentive Program		MoF	2020	Pipeline	Delivered/ Active	240	160	
COVID-19 Response	COVID-19 Response DPG	COVID-19 emergency budget support	MoF	2020	N/A	Delivered/ Active	100	100	
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)							1,681	1,408	133
GOVERNANCE AND STATE EFFECTIVENESS									
Effective governance NPP							233	142	0
Improving fiscal performance	Public-Private Partnerships and Public Investment Advisory Project ¹⁶	Establish fund to support upstream development of infrastructure and PPP pipeline of feasible private and publicly funded projects.	MoF	2018	Delivered/ Active	Delivered/ Active	33	22	
Reforming the public sector	Payments Automation and Integration of Salaries in Afghanistan	Support the development of digital government-to-person payments in Afghanistan.	DAB, MoF	2019	Delivered/ Active	Delivered/ Active	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	Delivered/ Active	50	25	
Improving government readiness to disasters	Early Warning, Early Finance and Early Action Project	To increase the food and nutrition security of the most vulnerable households living in drought prone rural areas and	MoF	2020	Pipeline	Pipeline	115	85	

¹⁵ Refers to the Afghan fiscal year

¹⁶ Project name revised from PIM-PPP Support Facility to Public-Private Partnerships and Public Investment Advisory Project.



DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 2019 AND JULY 2020 (ARTF AND IDA COMBINED)									
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹⁵	Status		ARTF	IDA	OTH
					Dec 2019	Jul 2020			
Justice and Legal Sector Reform NPP									
Reforming land administration	Afghanistan Land Administration System Project	Support institutional strengthening of land administration system (and ARAZI), aligned with IDPL.	MUDL/ ARAZI	2019	Delivered/ Active	Delivered/ Active	10	25	0
Improving fiscal performance	Incentivizing Reforms in the Attorney General's Office	To assist EU to finish up its support to the AGO through the ARTF Ad Hoc Payment project. Financing is through the transfer of EU's Ad Hoc Payment fund.	AGO	2020	N/A	Pipeline	20		
POVERTY REDUCTION, SERVICE DELIVERY, CITIZENS' ENGAGEMENT AND SOCIAL INCLUSION									
Human capital development NPP									
Primary healthcare	Afghanistan Sehatmandi Project	Continue support for provision of primary health care but with greater emphasis on performance management.	MoPH	2018	Delivered/ Active	Delivered/ Active	425	140	35
COVID-19 Response	COVID-19 Health Response	Prevent, detect, and respond to the threat posed by COVID-19 and strengthen the national systems for public health preparedness	MoPF	2020	N/A	Delivered/ Active		100.4	
Basic education	EQRA ¹⁷	Continue support for access to quality basic education but with greater emphasis on governance dimensions of service delivery.	MoEd	2018	Delivered/ Active	Delivered/ Active	100	100	98
Basic education	EQRA (PPG)	PPG to "support" preparation of EQRA.	MoEd	2018	Delivered/ Closed	Delivered/ Closed	5		
Youth engagement & skills	Afghan Economic Resilience through Informal Employment	Support to develop skills for youth to support expanding employment opportunities	MoLSA	2021	Pipeline postponed until 2021	Pipeline postponed until 2021	40	10	
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	2020	Pipeline	Pipeline		6	
Women's Economic Empowerment NPP									
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.	MRRD	2018	Delivered/ Active	Delivered/ Active	75	25	0
Social cohesion									
Returnee-IDP reintegration	Eshteghal Zaiee - Karmondena (EZ-Kar) ¹⁸	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/ Active	Delivered/ Active	50	150	0
Citizen' charter NPP									
Citizen engagement	Additional Financing to CCAP	Continued support, expansion, and peace pilots for CCAP NPP	MoRRD-IDLG	2020	Pipeline	Pipeline	128	65	
COVID-19 Response	REACH	Provide emergency support to selected households through communities in project areas during the COVID-19 outbreak.	MoRRD-IDLG	2020	N/A	Delivered/ Active	125	155	

¹⁷ Initial financial contribution was ARTF US\$ 125 million and IDA US\$ 75 million but later changed to ARTF US\$ 100 million and IDA US\$ 100 million.

¹⁸ Project name revised from Economic response to regional displacement in Afghanistan to Eshteghal Zaiee - Karmondena (EZ-Kar).



DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 2019 AND JULY 2020 (ARTF AND IDA COMBINED)									
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹⁵	Status		ARTF	IDA	OTH
					Dec 2019	Jul 2020			
ECONOMIC GROWTH AND JOB CREATION									
Comprehensive Agricultural Development NPP									
Strengthening agricultural value chains	Opportunity for Maximizing Agribusiness Investments and Development ¹⁹	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	2023	Pipeline	Pipeline postponed until 2023	125	50	
COVID-19 Response	Emergency Agriculture and Food Supply Project		MAIL	2020	N/A	Delivered/Active	45	55	
National Mineral and Resource Development NPP									
Promoting extractives for development	Afghanistan Sustainable Management of the Mining Sector Project (ASMSP)	Improve the business environment for investments in the mining sector by strengthening sector governance and institutional capacity.	MoMP	2021	Pipeline	Pipeline postponed until 2021	10	35	
Infrastructure and connectivity NPP									
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/Active		51	
Energy	Afghanistan Gas Project (AGASP)	facilitate a sustainable supply of gas through targeted investments in gas infrastructure and enhanced gas sector governance.	MoEW	2019		Delivered/Active		52.5	
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	Delivered/Active	Delivered/Active		6.5	
Energy	Sheberghan Gas to Power Project ²⁰	Provide IDA Partial Risk Guarantee (PRG) for pioneer proof-of-concept power generation PPP.	MoEW-MoMP	2019	Delivered/Active	Delivered/Active		3.75	
Energy	Kajaki Hydroelectric Dam - Second Phase	Provide IDA Partial Risk Guarantee (PRG) for PPP to complete 2nd phase of Kajaki Dam project, which should have significant development impact.	MoEW	2020	Pipeline	Pipeline		3.75	
Water	Agro-Water Management and Climate Resilience	Strengthen agro-water management and climate resilience.	MoAIL	2020	Pipeline	Pipeline for future PFFP	85	15	
Urban Development NPP									
Urban services and infrastructure	COVID-19 WASH	Support water and sanitation program to respond to COVID-19 health emergency.	MoEW/AUWSSC	2020	N/A	Pipeline	180	52	
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/Active	Delivered/Active	25	25	
Private Sector Development Program (PSD NPP)									
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/Active	Delivered/Active		40	

¹⁹ Project name revised from Agribusiness Charter to Opportunity for Maximizing Agribusiness Investments and Development

²⁰ Project name revised from Bayat Mobile Gas Plant PRG to Sheberghan Gas to Power Project.



DETAILED STATUS OF PIPELINE INITIATIVES AS OF DECEMBER 2019 AND JULY 2020 (ARTF AND IDA COMBINED)									
ANPDF PILLAR, NPP, AND PRIORITY	PROJECT NAME	BASIC IDEA	GOIRA AGENCY	YEAR ¹⁵	Status		ARTF	IDA	OTH
					Dec 2019	Jul 2020			
Financial stability and deepening	Strengthening Afghanistan's Financial Intermediation	Strengthen institutional capacity for financial stability and to enhance access to finance for micro, small and medium enterprises.	DAB/MoF	2020	Pipeline	Pipeline		100	

TABLE 7. CURRENT PROJECTS WITH FUTURE TRANCHES

POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)						ARTF	IDA	Other
Governance and state effectiveness	2019 DPG – Incentive Program	Continuing policy reforms through budget support	MoF		Active ²¹	200	0	0
Human Capital Development NPP								
Primary healthcare	Afghanistan Sehatmandi Project	Continuing primary healthcare support under Human Capital Development NPP.	MoPF		Active ²²	135	0	0

²¹ 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 in 2019.

²² Reported in the PFFP because the future tranche in the amount of \$135 million remains.



TABLE 8. IMPLEMENTATION PROGRESS OF THE 2017 ARTF EXTERNAL REVIEW RECOMMENDATIONS

Taking Charge: Government Ownership in a Complex Context, completed in December 2017, was the fourth external review of the ARTF. The review made 23 recommendations to enhance the ARTF. 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.

RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
ARTF Governance			
	For the world's largest and longest running MTF to work efficiently and effectively, the team recommends that the Bank as the ARTF administrator, in consultation with its donors and GIRoA, consider the following steps:		
1A	Provide a rolling annual/semiannual 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.	Implemented/ Ongoing.	<ul style="list-style-type: none"> 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) weekly. Documents are shared by email at the close of each week. As of late-2017, the SG has a standing meeting date of the third Wednesday of every month. The SG met monthly in 2019 with one exception²³. The standing meeting date for the GWG is the first Tuesday of every month. Ten formal meetings were held in 2019; meetings in March and May 2019 were deferred at the request of GWG members to accommodate other special events. MC meetings are generally held on the first or second Monday of the month ahead of formal project approval. The MC held two in-person and two virtual meetings in 2019. A six-month GWG meeting schedule has been in effect since 2017, and continues to be developed and followed for the GWG. An initial effort to develop a six month agenda of meeting topics for the SG met limited success owing to the need to accommodate and address emerging issues on the monthly agenda; however,

²³ The June 2019 and July 2019 meetings were combined at the request of the World Bank to accommodate the transition between the outgoing and incoming Country Directors, allowing both to join the June-July meeting.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
			<p>regular updates on standing topics have added predictability to the agenda formulation.</p> <ul style="list-style-type: none"> • Meeting invitations, agendas and related documents are sent to the SG, GWG, MC a week prior to meetings whenever possible. • The SG decides on the issues to be tabled at the SC meeting, reflecting past discussions and forward-looking issues. • The IPWG terms of reference was discussed in December 2018 and updated in early 2019. • The SG agreed on ways to enhance ARTF partner engagement at different stages of ARTF project preparation. • SC, MC, and SG terms of reference are defined in the ARTF Administration Agreement Annex, Standard Terms and Conditions Governing Contributions to the ARTF. • Since late 2018, SG members have been invited to attend MC meetings as observers.
1B	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.	Implemented/ Ongoing.	<ul style="list-style-type: none"> • 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. • The standing meeting date for the GWG is the first Tuesday of every month. Ten formal meetings were held in 2019; meetings in March and May 2019 were deferred at the request of GWG members to accommodate other special events. • A six-month GWG meeting schedule has been in place since 2017, and continues to be developed and followed to plan GWG meetings. • A standing item on the monthly GWG agenda is agreement on issues to report to the SG. • 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



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
			<p>item for the SG meeting agenda. In practice, when SG meetings run long the updates are provided in writing in SG meeting summaries.</p> <ul style="list-style-type: none"> In late 2019, allegations of sexual exploitation and abuse in some provincial schools generated concern amongst GoIRA and donor leadership. A series of discussions were convened to develop a Gender Based Violence action plan with GoIRA in general and Ministry of Education in particular. These discussions engaged GBV experts from donor teams, a number of whom do not participate in GWG meetings. The GWG received briefings and provided feedback on the status of discussions as the work progressed.
1C	Consider establishing better linkages between the SC and High Development Councils.	Not implemented.	<ul style="list-style-type: none"> While ARTF donors retain a strong interest in implementing and supporting the aid architecture envisioned in the ANPDF, in practice not all High Development Councils are fully active. In 2020, ahead of an expected ministerial pledging conference, GoIRA and donors are expected to engage in dialogue regarding the governance architecture to be established under the ANPDF 2 and the next mutual accountability framework.
1D	Make the ARTF introduction courses for donors and GIRoA staff compulsory and on-line	Partially implemented/ Ongoing.	<ul style="list-style-type: none"> The ARTF introduction course continues to be offered face to face at this time. The WB aims to offer the course quarterly, but in practice donor rotation tends to be concentrated in the third quarter of the calendar year; “off-cycle” transitions are sometimes accommodated by sharing presentation materials via email in lieu of a detailed in-person briefing. The ARTF website will be re-designed in CY 2020. Once the new website is functional, in CY 2021 the WB can explore reformatting the course materials into an online format, though this will require weighing the relative merits of an in person briefing (with opportunities for Q&A) with remote learning. At its 2019 meeting, GoIRA and ARTF partners re-affirmed their commitment to well-structured handovers.
1E, F	Encourage, and coordinate with, GIRoA, to transfer to the extent possible, the ownership and responsibility of the agenda-setting, preparation, and, security permitting, hosting for the various governance bodies, provided that GIRoA is willing	Partially implemented/ Ongoing.	<ul style="list-style-type: none"> MoF hosted several CPPR technical working meetings and the CPPR wrap up meeting during the first quarter of 2019. ARTF SC meetings in 2017-2019 were hosted by GoIRA at the Palace. The agenda and planning for the SC, SG, IPWG meetings jointly managed by the WB and GoIRA.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
	and able to take on such a responsibility.		<ul style="list-style-type: none"> Security limitations made it difficult for MOF to host CPPR meetings in the first quarter of CY 2020; instead, these were hosted at the WB to enable donors to participate. MOF chaired the meetings.
1G	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.	Implemented/ Ongoing.	<ul style="list-style-type: none"> ACReMAP was approved as a programmatic approach by WB management in October 2017, with four main pillars: 1) Addressing corruption vulnerabilities & risks of resource misuse in the Afghanistan portfolio; 2) Supporting GoIRA's anticorruption strategy; 3) promoting open government and citizen engagement; and 4) strengthening safeguards. It was formally introduced into the ARTF structure as a Bank-executed window when the Steering Committee endorsed the current PFFP. As summarized elsewhere in this update, a wide range of activities, including in-depth fiduciary reviews, internal control assessments, and development of a compliance monitoring system are aimed at identifying and reducing vulnerabilities to corruption and enhancing value for money in the portfolio. ACReMAP has also piloted engagements with other partners active in the anti-corruption space, including with Integrity Watch Afghanistan, the Agency Coordinating Body for Afghan Relief, and the Aid Effectiveness Working Group. Throughout 2019, the MA and SA continued to cooperate on expanded physical verification of civil servants. A public competitive procurement was conducted over the year for a new arrangement that will integrate MA and SA functions under a single consolidated contract. The new contract was awarded to former Monitoring Agent BDO LLP in December 2019. TPM operations under the new contract commenced in January 2020. WB Governance Program Leader is the focal point responsible for coordinating and reporting on all the ACReMAP activities. Detailed ACReMAP progress implementation updates have been shared quarterly with partners since April 2018.
1H	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 videolinks, (ii) linking ARTF events to international meetings (biennial	Implemented/ Ongoing.	<ul style="list-style-type: none"> Since January 2018 WebEx/Video connections have been provided for all SG and GWG meetings to allow capitals to connect; Side meetings were held at the 2018 and 2019 World Bank/IMF Spring Meeting and at the 2019 Annual Meeting in Washington DC to engage with capitals on ARTF-related matters. The advent of COVID-19 required relocation of a number of international in early 2020; ARTF governance continued during this time, including



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
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	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.		<p>in a May 2020 capitals-focused meeting that was organized in lieu of an event that was originally planned to be held on the margins of the 2020 Spring Meetings and was cancelled when the meetings were moved to a virtual format.</p> <ul style="list-style-type: none"> 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. The Bank receives advance notice from some donors when staff visit from capitals and seek engagement with WB staff.
ARTF Financial Management			
	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:		
2A	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	Implemented/ Ongoing.	<ul style="list-style-type: none"> 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. A Portfolio Operational Status Review was held in October 2019 between GoIRA and the WB. Despite several attempts to regularize these meetings on a quarterly basis, the objective proved impractical, as detailed elsewhere in this PFFP update. MOF chaired ARTF-IDA CPPR discussions from January-February 2020 with participation by ARTF donors. Outcomes of the presidential elections were not final at that time, and as such CPPR discussions focused primarily on technical issues. With the emergence of Afghanistan's first COVID-19 cases as the 2020 CPPR meetings were concluding, portfolio needs changed rapidly. The 2020 CPPR assessment formed the basis for a further rapid review of the portfolio that enabled the WB and GoIRA to cancel US\$ 335.7 million (US\$ 210.66 million IDA and US\$ 125.08 million ARTF) from current projects and re-direct funds towards support of the COVID-19 response. In addition, US\$ 638.7 million (US\$ 398.7 million IDA and US\$ 240.1 ARTF) was re-programmed within current portfolio projects to support the COVID-19 response. Altogether, ARTF cancellations and re-programming completed within 5 months of the first documented COVID-19 case in Afghanistan totaled US\$ 365.18 million.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
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2B/C	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.	Implemented/ Ongoing.	<ul style="list-style-type: none"> The World Bank's Multiphase Programmatic Approach has been applied to the CIP and will continue to be applied where appropriate to future programs.
2C	Incentive based project disbursements should be applied more broadly, providing funding that is less inputs-determined, adding further fiscal flexibility for GIRoA.	Implemented/ ongoing.	<ul style="list-style-type: none"> 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. 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. The Recurrent Cost Window continued to be 100 percent incentivized in 2019 and into 2020. As donors look ahead to the next PFFP, some have indicated a preference for the ARTF to maintain its current balance between support to Recurrent Costs and Investment Window programming as expected ARTF resources decline.
2D	The Ad Hoc Payments facility should be maintained, but the conditions for all pass-through payments should be publicly available and harmonized with those for ARTF financing.	Not implemented.	<ul style="list-style-type: none"> In March 2019, the ARTF Strategy Group discussed the need to close the Recurrent and Capital Costs investment project (RCC-IPF), which until introduction of the Incentive Program Development Policy Grants (and, in 2018, the Fiscal Stability Facility) had served as the programmatic vehicle through which the ARTF supported recurrent costs of government. Existence of the AHP facility was linked to the RCC-IPF, and WB staff were unable to find an alternative instrument that could provide AHP functionality upon closure of the RCC-IPF. The SG recommended, and the SC later endorsed, a decision to close the AHP upon closure of the RCC-IPF in December 2019. RCC-IPF and AHP closure proceeded as planned in December 2019. At the request of the European Union, which continued to operate active bilateral AHP arrangements, the grace period was extended to June 2020, and final AHP disbursements were completed in June.
2E	The PFFP should provide specific gender equality and anti-corruption objectives for programs to be funded,	Implemented/ Ongoing.	<ul style="list-style-type: none"> The PFFP and ACREMAP documents outline the Bank's approach to integrating these aspects in its programs.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
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	ensuring funding levels that make foreseen results realistic and achievable.		
ARTF Results Reporting			
	<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 the extent one would expect for a program that disburses US\$ 800-900 million/year.</p> <p>With the new reporting officer in place, the ARTF should:</p>		
3A	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	Partially implemented/ Ongoing.	<ul style="list-style-type: none"> The WB discussed possible enhancements to the Scorecard with ARTF donors in 2018 and incorporated feedback in the 2019 Scorecard, substantially enhancing narrative content and attention to gender data. Delivering the report within three months of the calendar year end has proven impractical with currently available resources, given the scheduling of CPPR proceedings during the first quarter of the CY. The WB will continue to consult closely with ARTF partners on the Scorecard. Requests by the Nordic+ group to amend the ARTF Administration Agreement Annex on Standard Terms and Conditions Governing Contributions to the ARTF will for the first time formalize the WB commitment to produce annual program reporting, which has been an informal commitment to this point.
3B	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	Implemented/ Ongoing.	<ul style="list-style-type: none"> Some of the large ARTF programs (e.g. CCAP, Sehatmandi) incorporate several reviews and studies in program design. Studies are discussed in depth with partners during implementation support and mid-term review missions. In 2020, following closure of the Recurrent and Capital Costs instrument under the ARTF Recurrent Cost Window, the WB expects to develop an external review of RCW operations through the end of CY 2019. Also in 2020, once final deliverables are available from the previous phase of ARTF third-party monitoring contracts, the WB expects to commission an independent review of the third-party monitoring program as called for in the ARTF Administration Agreement.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
			<ul style="list-style-type: none"> The WB will continue to work with the GoIRA to explore opportunities to carry out more large-scale program evaluations where feasible.
3C	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.	Implemented/ Ongoing.	<ul style="list-style-type: none"> Citizen engagement, and community-based monitoring of programs across the portfolio in large-scale programs. In 2019, the ARTF Supervisory Agent included substantial attention to community-based monitoring. This focus continued under the new contract that began implementation in 2020. Following the 2019 CPPR observations regarding the systemic challenges of addressing safeguards considerations across the portfolio, the ACREMAP initiative was expanded to include support to safeguards (including grievance redress mechanisms). 2020 CPPR recommendations continued to build on the 2019 recommendations to strengthen safeguards. Bank teams continue to work with the GoIRA to strengthen this where applicable in the pipeline programs.
3D	Ensure that all ARTF funded activities, current and future, have a conflict sensitive design, and that all reviews/revisions contain a conflict analysis update.	Implemented/ Ongoing.	<ul style="list-style-type: none"> 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, though with some limitations on available space for addressing conflict sensitivity, noting in particular that there is no singly agreed understanding of the In 2019 the ARTF partnership undertook extensive discussions on how the portfolio might prepare to support a potential peace settlement, resulting in the Post-Settlement Economic Initiatives Report. The report was used as the basis for informing preparation of sectoral policy notes in 2020 and in developing scenarios for the next PFFP. In 2019 the ARTF partnership also provided consultations and inputs to the finalization of the World Bank Group's Strategy for Fragility, Conflict and Violence, which draws on lessons from the Afghanistan experience and articulates priorities that will continue to shape the ARTF portfolio.
3E	Define the indicators and set monitorable targets for important cross-cutting dimensions: gender	Implemented/ Ongoing.	<ul style="list-style-type: none"> The Bank continues to work closely with GoIRA agencies to identify and include indicators on these dimensions in new programs wherever possible.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
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	equality; conflict sensitivity, anticorruption efforts; use where possible indicators from the OECD-DAC work on SDG indicators; apply where relevant Central Statistics Organization [NB – now the National Statistics and Information Authority] data		<ul style="list-style-type: none"> Each program is assessed individually to see what indicators are most feasible to monitor in line with the Project Development Objective. The current PFFP does not set targets for portfolio-wide indicators but the annual Scorecard in 2019 provided both numerical and narrative reporting on these topics.
3F	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.	Partially implemented/ Ongoing.	<ul style="list-style-type: none"> ARTF donor technical teams are invited to join WB project implementation support missions (ISMs), notice of which is disseminated via weekly emails. As noted in 1H above, Bank teams receive notice from some but not all donors regarding visits/missions by technical staff. In some cases, donors are prevented by domestic procurement regulations from sharing details of planning exercises associated with bilaterally financed donor programs, which poses an ongoing challenge to coordination that the Bank and donor teams aim to offset by regular technical level cooperation.
3G	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.	Not implemented.	<ul style="list-style-type: none"> The preparation process and preliminary outline for the next PFFP has been developed and consulted with ARTF donors and GoIRA. Given timelines of past reviews and the preparation timelines required for the next PFFP, the process does not envision commissioning another external review as an input to this process. (The decision does not foreclose the possibility of additional external reviews in the future.)
3H	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	Partially implemented/ Ongoing.	<ul style="list-style-type: none"> The Bank's Poverty Monitoring and Evaluation engagement, with funding from the ASIST Window is supporting the National Statistics and Information Authority (NSIA, the successor to the Central Statistics Organization) 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). In 2020, GoIRA is expected to begin preparations of the next Afghanistan National Peace and Development Framework (ANPDF 2), a process which is expected to provide another opportunity to strengthen linkages between ARTF and GoIRA monitoring and evaluation capacities.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
Capacity Building			
	ARTF should develop a more comprehensive capacity building strategy that could guide the significant and important capacity building activities being funded.		
4A	With GIRoA, the IARCSC and perhaps the UN, develop a comprehensive strategy for Capacity Development in the public sector, based on a Theory of Change that will allow for hypothesis testing and improvements over time.	Implemented/ Ongoing.	<ul style="list-style-type: none"> The ongoing TAGHIR Program is working to address several aspects of GoIRA capacity building, including revision of the pay and grading scales, creation of cadres of key civil service professionals, and increasing recruitment of females into the civil service. These activities are closely linked to the Bank's program of analytic and advisory services, as well as the reforms supported through the incentive program. As noted the ACRoMAP is supporting capacity building for the government on safeguards, and for specific projects through the HEIS.
4B	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;	Implemented/ Ongoing	<ul style="list-style-type: none"> 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.
4C-4E	With the next phase CBR, consider taking a broad labor-market approach: (i) put priority on skills that the public sector needs across administrative boundaries (accounting, IT management, PFM, procurement etc.) – the supply side, (ii) carry out functional reviews of key public bodies that are to be supported – the demand side, (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	Implemented/ Ongoing.	<ul style="list-style-type: none"> The ongoing TAGHIR Program is working to address several aspects of GoIRA capacity building, including revision of the pay and grading scales, creation of cadres of key civil service professionals, and increasing recruitment of females into the civil service. These activities are closely linked to the Bank's program of analytic and advisory services, as well as the reforms supported through the incentive program.



RECOMMENDATIONS FROM THE 2017 ARTF EXTERNAL REVIEW			
IMPLEMENTATION STATUS			
NUMBER	RECOMMENDATION	STATUS	ACTIONS TAKEN
	<p>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>		