



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)
Incentive Program Working Group Meeting

December 20, 2018
Meeting Summary

1. IPWG Terms of Reference

- IPWG Donors reported that they broadly agreed with the direction and contents of the draft TORs
- Donors requested additional clarity in ToRs regarding the process of verification and the role of the IPWG relative to the Bank
- IPWG Donors requested additional time to provide detailed written comments. IPWG agreed that final comments could be provided over the next seven days, with a finalized TOR to be circulated in early January.
- In addition to ToR, IPWG agreed that a short note should be produced by the Bank providing: i) a more-detailed description of the policy action and its relevance to key challenges and constraints; and ii) the evidence and process steps that will be used to verify completion.

2. IP DPG Preparation Schedule

- World Bank tabled an updated preparation schedule reflecting comments received from IPWG donors at the last IPWG meeting and in writing
- IPWG agreed that submission of the final draft matrix to the ARTF Strategy Group for information should be reflected in the schedule. Bank clarified that Management Committee would approve overall program design and ARTF resources as per standard procedures for ARTF-financed projects.
- IPWG agreed that verification documents should be collected on a rolling basis as actions are completed, and the IPWG should be constantly updated on progress achieved and evidence collected.
- IPWG agreed that Government should be able to seek early disbursement against Tranche Release Conditions (TRC) if several TRCs are completed prior to the November completion date. IPWG (including MOF) agreed that early disbursement would be predicated on cash-flow needs and completion of at least 3 TRCs.
- World Bank will table a final preparation schedule at the next IPWG meeting

3. Fiscal Stability Facility

- World Bank tabled an options paper exploring the costs and benefits of various FSF design options and recommending the merger of FSF with IP DPG
- IPWG donors voiced broad support for the proposal and committed to providing final feedback in early January.
- Bank clarified that the proposal to merge FSF and DPG would be submitted to Strategy Group for discussion and as an input to the revisions of the ANPDF Financing Strategy being



undertaken in March. Formal approval of the merger would be reflected in any revisions to the ARTF financing strategy and via Management Committee approval of the overall program

- IPWG donors noted that it will be important to focus on implementation and results under the IP DPG if the merger with FSF proceeds. Bank agreed and proposed:
 - Tabling of a detailed results matrix by mid-January through which specific results to be achieved under the IP DPG can be articulated and communicated
 - Working further to emphasize implementation steps in the policy matrix, including for any additional actions
 - Potential further discussion of the potential to utilize results-based disbursement mechanisms during 2019
- Bank noted that monitoring and evaluation of the program will include assessment against results indicators through part of the World Bank standard project cycle, including production of an Implementation Completion Report and review by the World Bank Independent Evaluation Group

4. IP Benchmarks

- Bank tabled current draft of the IP DPG policy matrix, including proposed actions to facilitate management of macro-fiscal risks.
- Comments provided by DFID were noted and Bank committed to exploring options for incorporating all comments, including reflection of disability issues.
- Bank requested that IPWG donors provide detailed comments and any suggestions for potential additional policy actions, especially in relation to management of macro-fiscal risks associated with the election period
- Bank will hold a technical discussion focused on the policy matrix and results indicators in mid-January.