



**AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)**  
Strategy Group Meeting September 2019

**Wednesday, October 30, 2019**  
**2:00-4:00 PM**  
**Hindukush Meeting Room, new World Bank office, Kabul**

**MEETING SUMMARY**

The ARTF Strategy Group (SG) met Wednesday, October 30, 2019.<sup>1</sup> Representatives of 12 donor partners,<sup>2</sup> the Ministry of Finance (MOF) and the ARTF Administrator (World Bank) attended. The Ministry of Finance was represented by the Director of the Aid Management Department. The World Bank Country Director co-chaired the meeting.

**Summary**

The SG discussed outcomes of the Afghanistan-focused discussion hosted on October on the margins of the World Bank-IMF Annual meetings, heard updates on the collaborative peace planning research initiative being supported by Australia through the Overseas Development Institute, and discussed the MOF-led quarterly Portfolio Operational Status Review outcomes, as well as regular updates. The WB agreed to present an indicative timeline for preparation of the next PFFP, and an overview of ARTF finances and commitments, in coming meetings.

*The co-chairs welcomed newly arrived donor representatives before turning to the agenda.*

**1. Readout from Afghanistan: Next Steps in Post-Settlement Planning meeting on the margins of the WB-IMF Annual meetings.**

- On October 19, the WB hosted a meeting on the margins of the WB-IMF Annual Meetings in Washington, DC, with a video connection for UN principals in Kabul. The SG reviewed discussions and key messages from the meeting. While much progress has been achieved against development indicators, economic growth is currently too slow to generate adequate employment or improve standards of living. Afghanistan will continue to require substantial grant assistance under any future scenario, and the security sector remains unsustainable. Political and economic uncertainties are high, but continued use of government programs to deliver development results will support coordination and alignment and remains viable and desirable under most potential future scenarios. Discussion highlighted priorities for Afghanistan and its international partners, including:
  - Commitment to continued international grant support, linked to accelerated progress with reform, institutional strengthening, and anti-corruption;

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<sup>1</sup> The ARTF Strategy Group typically meets on the third Wednesday of the month. The regular meeting was shifted because the regular date overlapped with commitments linked to the WBG-IMF Annual Meetings.

<sup>2</sup> Australia, Canada, Czech Republic, Denmark, Germany, Italy, Japan, Republic of Korea, Norway, Sweden, United Kingdom, United States.



- Ensuring that future peace negotiations are informed by an accurate understanding of development realities; and
- Ensuring coordination between humanitarian and development actors following any improvement or deterioration in security conditions.
- H.E. Minister ██████ explained that to minimize the risk of confusion and overlap, GoIRA is developing a comprehensive reform and public investment plan to establish clear development priorities for economic growth, self-reliance, and the sustainment of a potential political settlement. The vision could inform any 2020 pledging conference and actions included in the plan could be used to develop the next set of mutual accountability indicators and targets. The plan will aim to accelerate progress towards Afghanistan's self-reliance and reduce current reliance on grants, achieve significant and sustainable reductions in poverty through private-sector driven job-creation and economic development and help to consolidate and support any political settlement by providing new livelihood opportunities, delivering a short-term peace dividend to signal change, and taking advantage of new economic opportunities arising from improvements in security.
- He highlighted potential priorities for immediate, short- and medium-term priorities for growth drivers and enabling factors, and outlined a financing approach aimed at improving self-reliance. The approach will seek to promote increased private investment, gradually and sustainably mobilize domestic and highly concessional debt, and reduce costs through efficiency improvements, over time reducing Afghanistan's dependence on aid. A key component of efficiency improvements will be the government's efforts to accelerate anti-corruption initiatives—the Minister presented a time-bound list of key anti-corruption priorities for focus in 2020.
- Discussion confirmed shared priorities, including four that highlighted in the September 2019 meeting hosted in London by the United Kingdom highlighting the importance of: 1) an Afghan-international partnership aligned behind an Afghan-led vision for development focused on poverty reduction; 2) a renewed commitment and demonstrable action to tackle corruption; 3) a conducive and enabling environment for all development actors; and 4) an aid management architecture that drives coordination DFID – donor messaging around 4 areas. The Finnish representative at the Washington meeting confirmed that Finland is considering its availability to co-host the 2020 pledging conference; in the SG meeting the Finnish Embassy confirmed no decision has been taken.

## **2. Discussion of workshop facilitated by Overseas Development Institute “Lessons for Peace” team**

- Representatives of the Overseas Development Institute (ODI) updated the SG on a series of workshops held during the week ahead of the SG meeting. The Australian government is financing ODI to conduct an independent “Lessons for Peace” initiative aimed at drawing from global experience to provide practical guidance for ongoing Afghanistan planning exercises. In coordination with the Australian government, the WB hosted ODI researchers for several days, and invited international community representatives from the GMCA Development Partners working group to attend two days of workshops to discuss themes and issues relevant to planning for a post-settlement environment,



including what is known about Taliban governance and potential implications for war to peace transitions. Work is preliminary at this stage, but in discussions with stakeholders will aim to draw from historical/global examples to discuss options for Afghanistan.

### 3. Updates

- a. **ACReMAP deferred.** The ACReMAP quarterly report was disseminated ahead of the meeting; discussion of the report was deferred.
- b. **Portfolio Operational Status Review.** On October 30-31, the MOF and World Bank conducted a portfolio operational status review covering 11 portfolio projects, three pipeline initiatives and four cross-cutting issues. The review, the first conducted since the PFFP committed to periodic POSRs, considered progress/bottlenecks since the first Country Portfolio Performance Review held in the spring, and found that many that had problematic status in CPPR are progressing well. A small number are being restructured or closed. Projects selected for review were those designated as “problem projects”, those with questions regarding extension, and several scheduled for closure soon.

As this was the first time a POSR had been organized and scheduling was tight, the WB and MOF took detailed notes, and will share a readout, but did not invite donors to participate. The aim, though, is to undertake bottleneck reviews more regularly, and to that end MOF noted it would be open to engaging donors in the future if there is interest. Donors including Denmark, Germany, Sweden, the UK and the US indicated an interest in participating in future reviews.

- c. **Gender Working Group.** Australia thanked the WB facilitating a recent discussion with ministry gender units, after discussion in the GWG revealed some concerns about the operational effectiveness of the units, and offered support to follow up on these issues. MOF echoed the importance of active and highly engaged gender units, and encouraged discussions aimed at shaping the gender units into “power centers”, particularly in ministries with large ARTF investments. In response to a question about the relationship between gender units and the Ministry of Women’s Affairs, MOF explained that gender unit staff are tashkiel staff of their respective line ministries, but have a “dotted line” to the Ministry of Women’s Affairs for policy coordination and various types of committee work. Ensuring the effectiveness of this relationship is a priority that can be worked on jointly,
- d. **AOB**
  - Canada noted its interest in promoting MOF-MOE-World Bank-donor dialogue around the approach to be taking in planning for the MOE’s use of additional funds of up to US\$ 25 million that may be made available through the Global Partnership for Education. An initial MOE plan proposed investments in several areas including teacher training and community-based education. Donors would generally prefer that any additional GPE funds be used to support/expand initiatives already identified in the EQRA project, rather than a new initiative, and MOF concurred that this is also its preferred approach. A follow up discussion was proposed to coordinate views give the GPE application due date in February 2020.
  - SG members agreed that the next meetings should review PFFP planning timelines and ARTF finances.