



## AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Strategy Group Meeting June-July 2019

Wednesday, August 21, 2019

2:00-4:00 PM

Hindukush Meeting Room, World Bank office, Kabul

### MEETING SUMMARY

The ARTF Strategy Group (SG) met Wednesday, August 21, 2019. Representatives of 8 donor partners,<sup>1</sup> the Ministry of Finance (MOF) (Ms [REDACTED]) and the ARTF Administrator (World Bank) attended. The World Bank and Ministry of Finance co-chaired the meeting.

#### Summary

MoF and WB provided an update on the decisions of the Country Portfolio Performance Review (CPPR), which were endorsed by the Steering Committee (SC) in May 2019 and briefed SG members on the plans for the upcoming Portfolio Operational Status Review (POSR). The preliminary findings of the ongoing EQUIP In-depth Fiduciary Review were also shared with the SG members as well as the WB teams shared semi-annual updates on three engagements financed under the ASIST facility and briefed on the consultations on the Post-Settlement Economic Initiative Package.

#### 1. Update on next Portfolio Operational Status Review (POSR) and Implementation of the CPPR Decisions

One of the recommendations of the 2019 CPPR was to strictly avoid extension of closing date of any project that is planned to close including the following three projects which are scheduled to close by end of 2019. Not extending closing dates of projects is part of efforts to consolidate the portfolio.

2. Afghanistan Agricultural Inputs Project (AAIP),
3. On-Farm Water Management Project (OFWM),
4. Kabul Urban Transport Effectiveness Improvement (KUTEI).

Ministry of Agriculture, Irrigation and Livestock (MAIL) requests an extension to the closing date of AAIP to finish some incomplete civil work of labs that is behind the schedule and since the equipment for these labs have already been purchased while buildings are incomplete. MoF and the WB brought this to the attention of the SG members while the Bank informed that a solution will be sought for completing the incomplete work insisting that both AAIP and OFWM projects will close as planned as decided in the CPPR.

KUTEI is supposed to close by end of 2019 too, however the project team also requests an extension to the closing date as they have undisbursed balance in the project which they would like to use to finance more work in Kabul city. MoF to review activities under the project, hold further discussions with the project team, relevant line ministry and then decide accordingly.

MoF also mentioned that teams have been working to implement recommendations of the five cross-cutting issues identified in the CPPR, however, the timeline for implementation of some recommendations need to be adjusted. In the meantime, MoF and the Bank are preparing to

---

<sup>1</sup> Australia, Canada, Germany, Italy, Netherlands, Sweden, Japan, and the United States.



launch the Portfolio Operational Status Review (POSR) in September focusing on large-scale projects as well as on projects that are in problem status and pipeline operations. SG members largely welcomed the government's commitment to the implementation of the CPPR findings and the launch of the POSR process, however, they also urged MoF and the Bank to share the relevant documents with them well in advance so that they can schedule their attendance ahead of time to ensure that the right people are in the room for those meetings.

## **2. Preliminary Findings of the EQUIP In-depth Fiduciary Review**

The World Bank briefed SG members on the ongoing In-depth Fiduciary Review of the EQUIP project. Preliminary findings indicate that \$2.2 million might fall under the ineligible expenses category, which the government will have to reimburse the ARTF. Besides that, the review found insufficient documents for procurement worth of \$21 million. Ministry of Education is currently working on providing additional documentations by going back to historical records and document archives. Once additional documentation is provided, the auditors will see how much of that amount will be ineligible.

## **3. Semi-Annual Update on three ASIST Engagements**

Relevant World Bank teams provided semi-annual progress updates of their engagements under the following three areas funded through the ASIST facility:

1. The first progress update was made by the Extractives team for support to the Ministry of Mines and Petroleum financed under the Bank-executed ASIST facility. The engagement has supported the renegotiation process of the Aynak Mining Contract, helped convene a Symposium on the Integration of Mining at Aynak with the Preservation of Physical Cultural Resource, Aynak Financial Review Analysis and funded the EITI accreditation process in the country. The team shared that one of the main challenges faced by the team is the lengthy procurement process that delays most of the activities.
2. The second progress update was made by the Poverty and Equity team on its engagement with the National Statistical and Information Authority (NSIA) under "Evidence for Action" engagement. Support to NSIA has been focused on conducting the next round of poverty survey (the Afghanistan Living Condition Survey (ALCS)) particularly in training trainers on data checking, tracking systems, and reviewing methodology for the poverty line. A key concern right now is that the data entry software is not yet ready. NSIA is currently undertaking a pilot for the survey.

The team also shared its concerns over issues of donor engagement within NSIA. The scope of NSIA has changed and has come under new management with lots of organizational changes – the WB is doing an institutional assessment. The main concern with NSIA is that the scope of ambition does not keep up with the level of effort in terms of preparation. For example, NSIA is switching from paper-based data collection to tablet in a context like Afghanistan with such a large-scale survey - this is a difficult undertaking. MoF to share concerns of donor engagement issues with NSIA.

3. Another progress update presented to the SG was support to the FPIP Advisory Facility. The engagement supports the Supreme Audit Office (SAO) and the Supreme Court in appraising its strategic FPIP plans. The team updated that the Sukuk Framework has been



developed and is currently being rolled out, National Procurement Authority (NPA) has made tremendous progress but the problem right now is the sequencing of some system development, on which we are currently working. Also, around 175 small-scale projects (lower than \$7 million in value) have been screened through the “Strategic Fit” screening filter. The team also highlighted the fact that it has been coordinating with donors for synergies. MoF shared that there are no new proposals for financing under ASIST, but it will see if MAIL would need ASIST support to complete the remaining civil work once the AAIP project is closed.

#### **4. Post-Settlement Economic Initiatives Package**

The Bank informed SG members of its plans to conduct a number of consultation initiatives around the Post-Settlement Economic Initiative Package which will be posted on the Bank website. WB Country Director will also be briefing the UN country team as well as the regional ambassadors. The Bank will also hold consultations with the academia and if interested, the Bank can do a round of consultation with SG members too. In response to a question about government’s involvement in the consultation process of the Post-Settlement Economic Initiatives Package, the Bank explained that the MoF is more in the loop but not the line ministries. Some of the organizations such as the Human Rights Commission and Civil society groups were recommended by the SG as relevant entities to be included in the consultations. EU also stressed on the importance of consultation coordination.

#### **5. Financial Update**

The Administrator presented the financial status of the trust fund as of June 21, 2019. The statement highlighted two main aspects: (i) Actuals which covers the period April 21– June 21, 2019 and, (ii) Projections covering July 22, 2019 – August 21, 2019. The total actual and projected contributions between April 21 – August 21, 2019 amount to US\$260.97 million and the total actual and projected commitments during the period amount to US\$229.22 million. The actual cash balance as of June 21, 2019 is US\$305.42 million and the projected cash balance as of August 21, 2019 will increase to US\$364.25 million.