

AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Strategy Group Meeting June-July 2019

Wednesday, July 10, 2019

3:30-5:00 PM

Hindukush Meeting Room, World Bank Office, Kabul

MEETING SUMMARY

The ARTF Strategy Group (SG) met Wednesday, July 10, 2019.¹ Representatives of 11 donor partners,² the Ministry of Finance (MOF) (Deputy Minister for Policy ██████████ ██████████ and Director of Aid Management Ms. ██████████ ██████████) and the ARTF Administrator (World Bank) attended. The World Bank and Ministry of Finance co-chaired the meeting.

Summary

The ARTF Strategy Group reviewed the past year and discussed priorities looking ahead as the partnership begins to prepare its post-2020 plans. Partners thanked outgoing Country Director Shubham Chaudhuri and appreciated the World Bank team's efforts to strengthen the ARTF partnership and information dissemination over the last year. Members welcomed the incoming World Bank leadership team, Country Director Henry Kerali and Operations Manager Homa Fotouhi, and identified key priorities for the next phase of PFFP planning.

Prioritization is at the heart of PFFP planning, and the WB suggested that discussions not focus on ARTF investments as a starting point, but rather consider needs across the development agenda and consider where the ARTF can best deliver value for money with an appropriate balance between, e.g., core service delivery and growth promotion. An indicative sense of the financing envelope donor partners expect to be in a position to support will be essential to enabling GoIRA planning, given the importance of the ARTF to GoIRA's civilian budget.

1. Introduction of incoming World Bank leadership team

- Outgoing WB Afghanistan Country Director Shubham Chaudhuri introduced newly arrived Country Director Henry Kerali and Operations Manager Homa Fotouhi. Strategy Group members introduced themselves and welcomed the new leadership team.

2. Reviewing the year and looking ahead

- Mr. Chaudhuri reflected on the strong partnership developed through the ARTF Partnership Framework and Financing Plan (PFFP). At the mid-point of the PFFP period, stakeholders can begin now to plan for the post-2020 financing cycle. Key to the planning will be the need to prioritize the use of limited ARTF resources, to ensure value for money. The GoIRA-led Country Portfolio and Performance Review (CPPR) process played a valuable role in clarifying operational value for money in existing programs, but as the partnership looks ahead, prioritization will need to consider both 1) opportunity cost (will a good investment in one area prevent a more important investment elsewhere?) and 2) the prospect that individual prospective investments will achieve their objectives/potential.

¹ The Strategy Group typically meets on the third Wednesday of the month. Meetings for June and July 2019 were combined to allow the outgoing and incoming World Bank Country Directors to participate jointly.

² Australia, Canada, Denmark, Germany, Italy, Korea, Netherlands, Norway, Sweden, United Kingdom, and United States.



- Donors offered appreciation to Mr. Chaudhuri and the ARTF team for the strengthened partnership and expanded openness under the PFFP, and highlighted planning priorities.
- Germany appreciated the smooth flow of information under the PFFP and highlighted the CPPR and discussion of post-settlement economic initiatives as key achievements in the last year. Germany concurred with the importance of sectoral coordination and expressed interest in continuing the discussions of how best to operate under uncertain conditions/operations. Italy observed the importance of the ARTF as a forum for both operational coordination and also for strategic alignment among donors, appreciated the World Bank's economic and other analytical capabilities, and observed that these are foundational for prioritization and planning.
- Denmark commended the WB's leadership in the difficult context of Afghanistan and noted that it is crucial that the Strategy Group continue to be a forum that can surface, discuss, and resolve challenging issues under the leadership of GoIRA. Noting that WB leadership, improved donor outreach, openness, donor engagement in program design and strengthened monitoring had been crucial in its decision to increase ARTF contributions from US\$ 267 to US\$ 900 million, USAID seconded the importance of GoIRA leadership and encouraged MOF to take an active role in coordinating off-budget financing with ARTF-financed programming.
- Sweden stressed the importance of the partnership. In addition to receiving half of Sweden's aid, the ARTF plays a key role in fighting fragmentation. Looking ahead to future priorities, Sweden stressed the importance of human development, where Afghanistan's indicators continue to lag. Canada noted that in line with its feminist international assistance policy, it will also continue to favor human development as an ARTF priority, with an emphasis reaching as many beneficiaries as possible. That said, Canada recognizes the need to balance human capital and economic growth investments and suggested that the ARTF partnership might increase discussions around the Sustainable Development Goals as one means of balancing priorities. Canada also noted that the protocols agreed on in early 2019 to engage donors in the project preparation cycle had been a highlight in the last year, together with the CPPR.
- The UK observed that most Strategy Group members had not been present when the partnership struggled with challenges around information flow and communications; those that had likely would not recognize the program as it currently stands. Enhanced monitoring on a uniquely large scale, collaboration, innovative programming such as the IP-DPG and the pipeline PLACED initiative, all have contributed to recent achievements. The UK looks forward to seeing how the data visualization initiatives progress; these could be useful tools for harnessing the significant information generated through the partnership. The UK noted that during preparation of the PFFP, the Strategy Group debated the merits of infrastructure investments versus human development; the latter received priority in the end. A similar discussion will be required as plans for the next PFFP begin, and the UK encouraged partners not to delay that debate.
- Mr. Chaudhuri thanked partners for the supportive comments. Looking ahead, he encouraged partners to approach planning for the next PFFP not just as an ARTF question, but rather as part of the overall development assistance package, identifying the critical development priorities and overall mix of needed investments, seeking an appropriate balance of safety net, human development and growth priorities, and considering where the ARTF can achieve value for money. He expressed the personal view that the partnership could be "tweaked" for additional emphasis on growth. He stressed the challenge to GoIRA of planning in an



environment of fiscal uncertainty and observed that the sooner donors can offer an indicative sense of the financing envelope available to GoIRA, the better. Mr. Kerali assured partners of the WB's commitment to supporting the planning process through provision of background and resource materials that could assist in communications with capitals.

- Deputy Minister ██████ seconded the importance to GoIRA of receiving early indications of the available financing envelope. She concurred that prioritization is critical and stressed that processes are improving overall. She observed that HE President ██████ has indicated that help on the growth strategy and poverty reduction should be priorities in forward planning, and noted her view that a particular advantage of the WB is in its contribution to building the core institutions that will enable GoIRA to attract investment and do more with its resources; the ARTF partnership is thus fundamental not only to service provision but also for institutional strengthening.

3. Updates

- **Gender Working Group** – In its June 2019 meeting, the GWG advanced discussions around the WB's new gender-based violence risk assessment tool, and efforts to customize it for the Afghan context. The GWG invited UN Population Fund (UNFPA), the World Health Organization (WHO), UN Women, and the Afghanistan Capacity Development and Educational Organization (ACDEO) to join the discussion, generating a useful exchange around the scope of existing programming and areas of potential need. In July, the GWG reviewed two ARTF pipeline initiatives. The GWG commended the Afghanistan Extractives Sector for Development (AESD) draft PAD for its very well-developed attention to gender. The GWG discussed the complexities of addressing requirements of the new WB Environmental and Social Framework in a manner that is responsive to the actual needs in the context. The GWG also met with the Afghanistan Water Supply and Sanitation Services and Institutional Support Program project preparation mission and heard an overview of how the project team hopes to incorporate gender into the design, underscoring the criticality of drinking water to household and family health. With both teams, the GWG discussed the difficulties of encouraging women to move into technical fields such as extractives and engineering and considered options for supporting women in these fields.
- The GWG thanked Juliet Walton of DFID for twice serving as co-chair and welcomed the European Union's Grazia Redolfi interest in assuming the role of co-chair over the next six months. USAID has indicated its willingness to serve as GWG co-chair in the subsequent six-month cycle, beginning in 2020.
- **Financial update**
- The Administrator presented the financial status of the trust fund as of May 21, 2019. The statement highlighted two main aspects: (i) Actuals which covers the period December 22, 2018 – May 21, 2019 and, (ii) Projections covering May 22, 2019 – July 21, 2019. The total actual and projected contributions between December 22, 2018 – July 21, 2019 amount to US\$321 million and the total actual and projected commitments during the period amount to US\$315 million. The actual cash balance as of May 21, 2019 is US\$374 million and the projected cash balance as of July 21, 2019 will decrease to US\$339 million.



- The Administrator noted that the financial report includes both current cash position, commitments, as well as projections for the next 2 months to ensure that the ARTF finances are managed well, and funds are available for pipeline programs.
- 4. AOB**
- The Strategy Group joined members of other ARTF working groups and technical partners for an informal reception to welcoming the incoming WB leadership team and offer goodbyes to the outgoing Country Director.