



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

Strategy Group Agenda

Wednesday, December 18, 2019

Meeting Summary

The ARTF Strategy Group met on Wednesday, December 18. Representatives of 13 donor partners,¹ the Ministry of Finance (MOF) and the ARTF Administrator (World Bank) attended. 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 the ongoing response to allegations of abuse in six schools of Logar Province, reviewed ARTF financials and commitments as a predicate to planning the next Partnership Framework and Financing Program, and discussed the conclusion of follow-up on the EQUIP II in-depth fiduciary review. The SG also received regular financial and Gender Working Group updates together with the written report of the Portfolio Operational Status review conducted in October, an update on the status of resilience work begun in 2018 in partnership with the government and humanitarian and development actors, and information on the status of the ARTF third-party monitoring contracting arrangements, which have now been completed for the next phase of monitoring.

1) Discussion of follow-up on GBV allegations in Logar schools

- World Bank Program Leader Jane Ebinger provided an update on the response to abuse allegations in Logar province schools. The WB is deeply concerned about recent reports that around 546 boys may have been sexually abused in six Logar province schools. Reports of this nature can unfortunately indicate a problem that extends beyond one sector or one province; for example the WB is also concerned about emerging concerns and exposure of children seeking services in the health sector. The WB is focusing its engagement with the government around three main themes:
 - Emphasizing the need for a survivor-centric approach to investigations
 - Understand what resources are available or will be provided to survivors in the short- and medium-term
 - Providing support to develop roadmaps for how to strengthen GBV safeguards in the education and health sectors in the medium-term
- Since the last meeting of the SG, the WB has held two discussions with the Minister of Education (November 25 and December 9) together with DFID, USAID, Canada, Australia, EU and Germany. Letters documenting these discussions have followed.

¹ Australia, Canada, Denmark, European Union, Finland, Germany, Italy, Japan, Republic of Korea, the Netherlands, Sweden, United Kingdom, United States.

- The WB was also invited by the Minister of Finance to a multi-ministry meeting on December 16. Participants included the Ministries of Justice, of Labor and Social Affairs, of Education, and of Public Health, together with the Attorney General's Office and the Afghanistan Independent Human Rights Commission. The Attorney General's Office indicated that, based on their investigations to date, about 20 percent of the 546 boys are confirmed cases of abuse. The AGO indicated that it has processes in place to ensure that investigations are survivor-centric. The AGO and Ministry of Justice gave an overview of the Criminal Act and Child Protection Law. The definition of what constitutes a minor is under discussion. Important next steps will include raising awareness on the provisions in the law, rolling out appropriate regulations and procedures, and enforcement measures. The Ministry of Public Health and Afghanistan Independent Human Rights Commission emphasized the importance of ensuring that mental health and psychosocial services are available to survivors. Participants also discussed how to leverage existing structure like the parent councils in schools to strengthen safeguards, and discussed options for pursuing support through the existing EQRA and Sehatmandi programs. As a next step, the Ministry of Finance will work with others to convene a technical working group comprising ministry representatives (tentatively) planned for January 12; the group will be charged with developing a roadmap going forward.
- In addition to engaging with the government, the WB has been working intensively on its own response, including: 1) forming an internal SWAT team to streamline engagement and ensure timely response; 2) in the short-term, mobilizing GBV specialist to be in Kabul for three weeks from January 11 to work with government and other partners on developing a way forward and, on a longer-term basis working to engage GBV experts to join the WB in Kabul/ Dubai to strengthen capacity in this area; 3) having completed an initial mapping of survivors' support services with an initial primary focus on services for adult women, the WB has reached out to UNICEF to help identify additional childrens' services. The updated list could potentially be shared with government; and 4) continuing to implement the WB's GBV roadmap for ARTF/ IDA projects rated Substantial or High Risk.
- In response to a request from the SG, the WB confirmed that it would disseminate a written summary of the update by email following the meeting. (Completed.)
- In response to a question, the WB explained there may be indirect exposure of ARTF financing: 1) technical staff at the Ministry of Education have said one of the six schools where allegations have been raised appears to have received construction funding under the now-closed EQUIP project, although the Minister has indicated this fact remains to be confirmed; and 2) costs supported through the ARTF Recurrent Cost Window/IP DPG include a portion of civil servant salaries. While contributions cannot be traced to individual civil servants, given that teachers comprise the largest group in the civilian service, it is fair to say there is some indirect exposure, but no exposure of funds under ARTF/WB oversight or management.
- Expressing appreciation for the work done to date, the EU noted that the allegations are attracting international attention, with an emergency hearing scheduled to be held in the European parliament on December 18.
- While noting the systemic nature of the concerns and the need for a long-term engagement, Sweden and Finland asked about actions and measures for the alleged victims in the Logar case specifically. The WB replied that UNICEF supports various child focused initiatives and hotlines and has expertise in this subject, but does not appear to have been approached for specific services as yet. (The WB is liaising with UNICEF to work on jointly updating its list of service providers who may be able to support response.) The WB has mobilized an internal

team in the Kabul office but none of the members are GBV experts specifically. A GBV specialist will arrive on January 11th, and the WB team intends to work through the specialist, with the aim of sending clear signals but ensuring that its approach to the response is guided by relevant expertise and appropriately attentive to victims.

- USAID supported the WB's focus on protecting survivors, but also noted the potential importance of criminal justice processes and indicated that this will be an additional area of focus from the US. USAID encouraged partners to remain coordinated on the overall approach, on inputs to the response, and on direct support. Noting the importance of strengthening safeguards measures across the portfolio, DFID said it is considering how it might support current initiatives and/or justice-related follow-up, and suggested that ARTF SG members agree on the next point for joint/collective engagement on the issue.

The SG concluded that donors should aim to convene at the technical level during the first week of January to confer on resources and compare information ahead of the MOF's planned government technical meeting the following week. Following the meeting, the WB disseminated its current list of GBV response resources to donors and invited contributions of supplemental information on or before January 7, 2020, in particular with respect to organizations providing services to children. The SG noted that it may, at a future date, plan additional discussions around the Elimination of Violence Against Women and Child Protection laws.

2) Preparing for next ARTF Partnership Framework and Financing Program (PFFP)

- As part of the continuing preparations for the next ARTF Partnership Framework and Financing Program, the WB offered donors a presentation on current ARTF finances and programming/financial commitments.
- A total of US\$ 2.503 billion has been pledged to the ARTF during the current PFFP period (2018-2020), of which US\$ 1.6 billion had been paid in as of the date of the meeting. Actual and planned commitments to new program financing during the period total US\$ 2.413². Thus, if all pledges and pipeline commitments materialize as planned, virtually all ARTF resources for the PFFP are fully committed (apart from US\$ 10 million). As in past financing periods, the current portfolio of ARTF-supported operations comprises *both* programming approved and financed during earlier financing periods (totaling approximately US\$ 1.5 billion) *and* programming approved and financed during the current PFFP period (approximately US\$ 1.1 billion). The SG reviewed seven projects currently in the development pipeline, and their expected commitments from the ARTF, and a graphic demonstrating which currently financed programs would continue into the next financing period, and for how long.
- Partners appreciated the image showing current ARTF commitments during the PFFP period and into the next financing period, and suggested that it would also be helpful to show 1) the relative size of commitments to each program and 2) a similar graphic presentation of IDA, Global Partnership for Education, and Global Financing Facilities commitments. The WB affirmed that as work progresses on the PFFP development, the graphics can and will be updated; the aim of the current presentation was to focus on ensuring joint clarity on an overview of ARTF commitments specifically. In response to a question, the WB confirmed that

² As of the meeting date, the ARTF MC had approved US\$ 1.4 billion in actual commitments, US\$ 0.233 billion in planned future tranches was pending, and programming valued at roughly US\$ 0.822 billion was under development in the ARTF pipeline.

the graphics do not show financial commitments under the much smaller Bank-executed ASIST and ACRéMAP windows of the ARTF, though the SG does receive regular semi-annual (for ASIST) and quarterly (for ACRéMAP) updates on the activities in these windows. In addition, the WB planned an update on the largest financial component of the Bank-executed activities – contracting for third-party monitoring arrangements.

- Several comments noted donors' interest in discussing prioritization of the ARTF portfolio and raised questions about when, practically, donors would have opportunities to engage on prioritization/streamlining. The UK reiterated priorities that emerged at the donors' meeting hosted in London in September 2019 with respect to 1) the commitment to align assistance behind an Afghan-international partnership aligned behind an Afghan-led vision for development focused on poverty reduction; 2) the need for a renewed commitment and demonstrable action to tackle corruption; 3) the importance of a conducive and enabling environment for all development actors; and 4) the need for an aid management architecture that drives coordination.
- MOF acknowledged the interest in discussing prioritization, and observed that for ARTF pipeline projects, donors have an agreed procedure for engaging with the government and with task teams on planning, endorsed by the ARTF Steering Committee in the FY1398 (2019) Update to the Partnership Framework and Financing Program: FY1397-FY1399 (2018-2020) (and attached as Annex 1 to the meeting summary for reference). Prospective projects currently in the pipeline are not likely to be presented until the middle of the next calendar year, and as such substantial time remains for partners to engage on the design. In addition, the Country Portfolio and Performance Review planned for early 2020 will review the entire portfolio of both operational and pipeline projects, and will provide a further opportunity to consider consolidation and priorities. Planning is underway for the CPPR, and the MOF and WB will update donors in January.
- DFID observed that at a recent briefing, the WB team had discussed risks of politicization and corruption that had been highlighted in previous Aide Memoires and Implementation Status and Results reports, and requested an update on related discussions, which would be useful ahead of the CPPR.
- Engagement/task team leader Janmejy Singh explained that the issues relate to ongoing differences of views between Ministry of Rural Rehabilitation and Development leadership and Citizens Charter program management teams. Among other issues, ministry leadership offices have tended to favor larger, higher-level operations, and earlier Aide Memoires had noted that subproject proposal costings were too high. A number of controls were established to prevent cost overruns, some of which were allowed to lapse during a leadership change in the project. The issues were technical and development oriented (e.g., how can projects comply with a government approved WASH policy that requires more household connections than originally envisioned without exceeding allocated funds), with room for technical counter argument, rather than obvious cases of fiduciary non-compliance that could generate a more immediate correction. The Ministry has developed a package of sector-specific limits as well as cross-cutting measures to reduce overall CDC costs. The next step is for the Minister to develop a simulation that considers whether implementing the measures for all pending projects would bring costs within budget range or not, which should be completed by next month.
- That leaves open the question of counterpart (government) funding for the project, which will be discussed in some detail during the mid-term review planned for late January to early

February. The team will be working with the new third-party monitor on transaction reviews to respond to MOF's request for audit procedures, which are aimed at ensure the Citizens' Charter platform is stable in a way that limits risks to related programs such as EQRA, EZ-Kar, and CASA-1000 CSP. In response to a question regarding the status of payments to facilitating partners, the WB explained that US\$ 14.5 million is in the process of being paid. Another US\$ 4-6 million was pending because of ministry concerns on acceptance of invoices; the WB intervened because the concerns were not valid in the context of an output-based contract.

- The EU noted that the ARTF remains a highly appreciated instrument, and that under the current PFFP it is exceeding its original pledges. Looking ahead, the EU asked if MOF could provide more details information on the timeline for the government to produce the next iteration of the Afghanistan National Peace and Development Framework (ANPDF)? MOF explained that timing will depend on the election outcomes, and the steps required for the new government to determine its priorities. If the next administration elects to build on the current ANPDF the process may be somewhat faster than if an entirely new strategy were to be developed, because much of the costing and planning work is partially or entirely in place already. Government staff are prepared to begin planning work at the right time and await guidance from political leadership on when the work may appropriately begin.

The SG agreed to continue discussion of existing and future commitments in the CPPR and pipeline preparation processes, which will in turn feed into the next PFFP.

3) Updates:³

- **Early Warning/Early Finance/Early Action prototype.** In late 2018, the WB briefed ARTF SG members on initial discussions on how better to address water scarcity, food insecurity, and drought. The importance of the humanitarian-development nexus has been receiving increased attention from donor partners, and so the timing appeared ripe to provide an update on the work.
- Following high-level roundtables in November 2018 and February 2019, the High Poverty Council requested WB support to develop a prototype with input from key line ministries, humanitarian and development stakeholders. Work has been progressing supported by the WB in partnership with FAO, WFP, UNICEF and OXFAM among others since that time. On December 17, 2019, the WB and partners met with the High Poverty Council, which approved the prototype to be taken forward for implementation. The prototype builds on existing early warning and targeting mechanisms, data generated by ministries, agencies and other stakeholders (like ALCS, FEWS-NET, OCHA, UNICEF, IOM, etc), existing institutional mandates, and existing project implementation mechanisms such as Community Development Councils and FAO's SCOPE beneficiary registration system. It aims to enable early notification of a drought event and evidence-based decision-making that would authorize an automated release of funds for pre-agreed actions. It also aims to increase communities' coping capacities and to strengthen the sustainability of interventions. The WB will continue

³ Regular updates are normally presented as the last item on the monthly agenda but were moved up in December to accommodate WB Integrity Vice Presidency staff who were dialing in to the meeting from Washington DC to provide an update on reviews of issues identified in the EQUIP II in-depth fiduciary review.

to update the SG as work progresses, and agreed to disseminate a summary presentation following the meeting (completed).

- **Portfolio Operational Status Review.** As promised in an earlier meeting, a detailed report of the October 2019 POSR review meetings was provided to donors. The team remains available to answer questions or provide additional background information.
- **ARTF third-party monitoring arrangements.** A key priority of the Bank-executed ACRMAP window and the ARTF, and the largest portion of its budgeted resources, aimed to expand the coverage of third-party monitoring services across the portfolio and to consolidate the management of two separate TPM contracts (one for fiduciary services and one for site visits, engineering, and social reviews) under a single arrangement. The effort proceeded in two phases, with a substantial expansion of the existing contractors' terms of reference over the last year whilst the WB undertook a fully competitive procurement for the new contract. That process has now been completed.
- A consortium led by current fiduciary Monitoring Agent BDO LLP, comprising local research firm Access Transform and Reach as the field monitoring lead and UK-based Integrity Consulting as the IT solutions lead, has won the award. The existing contracts end December 31, 2019, and the new contract is effective January 1, 2020, ensuring there will be no gap in monitoring coverage. Handover is now ongoing. Final internal approvals from WB headquarters required more time than originally projected, and so the handover period is compressed, but work is proceeding relatively smoothly. The WB anticipates that after roughly a month for contract inception-focused work, the new consortium will be able to return to pace and conduct a consistent level of field oversight during the first contract quarter relative to the same time in 2019 (the first calendar year quarter is typically a slower period for site visits), returning to regular pace in the second quarter of the CY. A comment observed that a joint presentation by the MA and SA on oversight processes and findings conducted earlier had been excellent, and asked if the new contract would continue to require similar presentations. The WB confirmed that it does, and that in fact a similar presentation had been planned for this fall but had to be deferred owing to demands on the contractors who were both responding to the WB Request for Proposals and responding to WB team requests under the existing contracts. After the initial inception period for the new contract, the WB anticipates that the monitors will be able to return to a more regular cycle of donor briefings.
- **ARTF December 2019 Gender Working Group meeting.** In December, the GWG received updates on issues discussed in earlier meetings: status of the Women's Economic Empowerment Program National Priority Program project transition to the Ministry of Finance and the World Bank's meeting with Ministry of Women's Affairs officials to update them on recent discussions with gender units. The World Bank also briefed participants on ongoing discussions regarding the allegations of abuse in six schools in Logar province. Participants discussed the 2018 ARTF Scorecard (an agenda item deferred from the previous meeting), and together participated in an event with Women's Economic Empowerment Rural Development program beneficiaries to mark the annual 16 Days of Activism against Gender-Based Violence campaign.
- **ARTF financials.** No separate financial summary was disseminated since ARTF financials had been discussed in depth during the main portion of the agenda.

4) EQUIP in-depth fiduciary review⁴

- The WB updated the SG on the remaining outstanding steps in the response to/follow-up on the EQUIP in-depth fiduciary review.
- Program Leader Yasuhiko Matsuda briefed SG members that the WB has completed its review of expense documentation not produced in the original in-depth fiduciary review but subsequently provided by the Ministry of Education. As a result of a very labor intensive process, at the final count, the WB has determined that additional expenditures totaling roughly US \$2.15 million remain unsupported. While the Ministry of Education believes it can retrieve the remaining documentation with additional time, the WB has determined that it cannot further extend the deadline for document production, which was originally agreed to be October. The WB is finalizing documentation/request for reimbursement of ineligible expenditures and will work with the government to ensure the net remaining balance is returned to the ARTF parent account.
- A second element of the follow-up was the referral of ten teacher training contracts to the WB's Integrity Vice Presidency (INT) to assess whether there was a basis for considering whether there had sanctionable practices in the contracting process. INT has completed its preliminary review of the case, and has concluded that there is not a case that can be pursued. Mamta Kaushal and Merly Khouw of INT joined the meeting from Washington DC to explain the reasoning, which will be provided to ARTF donors in writing by separate communication.
- In response to a question about the availability of "lessons learned" documentation following up on the review, the WB called donors' attention to Part II of the Fiduciary Control framework for World Bank-Financed projects disseminated earlier in the fall. Part II describes how lessons from the earlier review have been reflected in the design of the EQRA program. A final write-up on the fiduciary review is expected to be available in early 2020, pending last inputs from the validation team and INT.

⁴ Moved to the end of the meeting to enable Washington, D.C.-based Integrity Vice Presidency staff.

December 2019 Meeting Summary Annex 1

ARTF SC-Endorsed Protocol for Donor Engagement in Project Preparation



Engaging During Project Preparation

Government Request to WB
Sent by Ministry of Finance



World Bank response to MOF & Activity Initiation Note (AIN)
[NOTIFY PARTNERS OF AIN APPROVAL]

Project Identification
Bank teams have initial consultations with Government and partners
Partners share information on focal points and related programs



Project Concept Note (PCN) prepared



Internal PCN review Meeting

Final PCN shared with partners for comments after internal PCN review



Preparation
Discussions with GoA and partners on project design, implementation arrangements.
Partners to provide technical inputs on design, opportunities for collaboration etc.



Initial Draft of Project Appraisal Document



Internal Quality Enhancement and Safeguards Review Meetings



Pre-appraisal Discussions and briefings with partners & GoA to finalise project design



Draft PAD shared with partners for comments at least 5 days before DM

Decision Review Meeting



Appraisal
Final opportunity to fine-tune the project design.
Briefing to partners
Response Matrix to Partner Comments



Negotiations Preparation



Negotiations



Preparation of Board/MC approval packages



ARTF Management Committee & IDA Board Presentations