



AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)
Special Strategy Group Meeting Summary
Wednesday, April 22, 2020

March-April 2020 Meeting Summary

The ARTF Strategy Group (SG) met Wednesday, April 22. Representatives of 12 donor partners,¹ the Ministry of Finance (MOF) and the ARTF Administrator (World Bank) attended. The World Bank Country Director chaired the meeting.

Summary

ARTF governance continues despite the disruption of COVID-19-related relocations. This ARTF Strategy Group (SG) meeting held in a virtual format, connecting ARTF donors in Kabul and those working from capitals or elsewhere owing to COVID-19 measures. COVID-related travel had made it difficult to schedule the SG's March meeting,² so the agenda combined agenda items from both months. The SG discussed issues along three timelines: 1) in immediate business, the SG offered guidance on proposed portfolio adjustments being considered to release funds for the COVID-19 response and provided feedback on the evolving design of the proposed Relief Effort for Afghan Communities and Households (REACH) project; 2) in routine business, the SG committed to provide comments on the report of the 2020 Country Portfolio Performance Review; and 3) in forward-looking business, the SG provided input on an initial draft outline for the next ARTF Partnership Framework and Financing Program. The SG also received regular standing updates, including the quarterly update on progress under the ARTF Anti-Corruption and Results Monitoring Action Program (ACReMAP). Whilst there was insufficient time to discuss

1. COVID-19 response

- The WB outlined that immediate measures undertaken to respond to the COVID-19 pandemic had included 1) the emergency COVID health project financed by IDA, on which the health team had briefed partners on April 9, and 2) the Incentive Program Working Group's decision to expedite preparations of the 2020 Incentive Program Development Policy Grant (2020 IPDPG). As reform prior actions have now been concluded, the 2020 IPDPG is scheduled for presentation to the ARTF Management Committee on May 4 and the WB Board of Executive Directors on May 8, which will release needed funds to support GoIRA's fiscal position.
- While these are important short-term resources, the WB anticipates that economic impact of the pandemic will require a broader response, including additional fiscal support for GoIRA and socio-economic support for vulnerable communities. The WB has been undertaking a review of undisbursed balances in current portfolio projects to identify funds that could potentially be released to finance the effort; a preliminary draft had been disseminated to donors ahead of the meeting. MOF has been undertaking a similar exercise in consultation with the WB and GoIRA partners. The recently concluded Country Portfolio Performance Review (CPPR) had largely concluded before Afghanistan identified its first COVID-19 case,

¹ Australia, Canada, Czech Republic, Denmark, EU-EC, Finland, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, UK, and US/USAID.

² Though no regular monthly meeting was held in March, the group held five meetings from March 8-12 to offer feedback on policy notes being prepared for the Government by WB teams.

and so while the CPPR itself had not generated these changes, the thorough review had been useful in enabling MOF rapidly to identify options for adjusting the portfolio.

- Comments appreciated the efforts by MOF and the WB to identify resources, and noted that as the consultations and work progressed the tables presented should increasingly be supplemented both to elaborate on the operational impacts of any partial/full cancellations (necessary to enable donors to assess whether their own programming documents require adjustment) and to assess the impact on longer term development objectives if/as activities are curtailed to address the short-term implications of COVID-19. It will be necessary to balance the short-term needs and the medium and longer-term goals and known risks, including procurement-related issues that have been identified as systemic challenge across the portfolio. Clarity on how responses align with the Government's own planning for COVID-19 will also be valuable as the work progresses.
- The WB also provided a brief overview of plans for a second Development Policy Operation through the Incentive Program Working Group and the ongoing dialogue with GoIRA to plan the proposed design of the proposed Relief Effort for Afghan Communities and Households (REACH) project, designed to provide support to vulnerable communities. On the latter, high levels of household vulnerability indicate the need for a nationwide response. The WB is hoping the effort can deliver a minimum package to 4 or 4.5 million households in CCAP and non CCAP areas. The aim would be to redeploy US\$ 100 million from existing CCAP resources in rural areas covered by the program and to finalize preparations for REACH to finance the response elsewhere. The WB is collaborating with humanitarians on the design and the overall effort to ensure closer linkages between humanitarian and development work in Afghanistan. The effort is moving rapidly, with many changes, and the team aims to develop an initial draft project document within the next two weeks.
- Comments applauded the effort to coordinate with humanitarians and build on the CCAP platform, but noted ongoing concerns about the CCAP platform's ability to manage contractual relations (about which partners had recently written to GoIRA, highlighting concerns) and, as discussed above, potential challenges related to financial management, procurement, and equity/reach, all of which would require resolution before finalization. The WB team offered to provide a more detailed brief on April 29, which would enable the team both to update donors on the rapidly evolving design and to address some of the questions flagged, which the team is considering closely, in more depth.

The SG noted its support for the ongoing portfolio restructuring exercise and requested more details as the process evolves. It agreed to support preparations of a supplemental development policy operation through the Incentive Program Working Group, and requested a more detailed brief on the REACH project, now planned for April 29.

2. Report of 2020 Country Portfolio Performance Review

- Adjusting the portfolio for the COVID response is requiring the MOF and WB to revisit/reconsider some of the outcomes/recommendations of the Country Performance Portfolio Review (CPPR). Completing the CPPR nevertheless fulfilled an important PFFP commitment. Technical elements of CPPR discussions were valuable, including in positioning GoIRA and the WB rapidly to assess programs for adjustments as the COVID-19 needs arose, and as such and are useful to document. MOF and the WB have prepared a draft report, which donors received ahead of the meeting.
- The WB briefly outlined the structure of the report, and noted that donor comments would be

welcomed by COB April 29. The WB and MOF stressed that final decisions on COVID-19 related adjustments will be appended to the report, but that the CPPR document itself will reflect the discussions held during the portfolio review process held January-February 2020.

The SG agreed to provide comments on the draft 2020 CPPR report.

3. Planning for the next ARTF Partnership Framework and Financing Program

- The WB noted that along with preparations for the COVID response, work continues on a longer-term horizon for planning. The current ARTF Partnership Framework and Financing Program (PFFP) expires in December 2020. Initial planning work on the next PFFP has begun, with the aim of developing an outline by May of the document to be used to guide preparations for the remainder of the year.
- At this stage, no post 2020 commitments to the ARTF are confirmed. GoIRA's development strategy must guide PFFP investments, but a second Afghanistan National Peace and Development Framework (ANPDF 2) may require additional time to prepare. In the absence of certainty around either the ARTF envelope or the development priorities it is to address, there are some limits to the amount of specificity the outline can include. The draft framework distributed ahead of the meeting instead focuses on scenarios and the approach to planning and prioritizing investments. The WB walked ARTF partners through the presentation and invited feedback.
- Comments supported the conceptual and operational framing offered "scenario-based" planning approach given the uncertainty of donor funding. The approach could help guide prioritization discussions in the months ahead and offers some inspiration that the challenging prioritization exercise can be undertaken successfully. Alignment with ANPDF-2, which would help ensure an effective results framework, as well as integration of post-peace planning, will be critical. Comments requested that the next draft of the PFFP outline devote more specific attention to key cross-cutting issues that have been a focus of SG discussions: 1) environment; 2) gender; 3) transparency/corruption. Comments also flagged that depending on how planning processes evolve in the
- The WB noted that it will continue to revise and update the draft in consultation with internal WB stakeholders and partners, with the aim of presenting the draft at an ARTF-focused meeting for capitals of major donors, tentatively planned for late May (as an alternative to the ARTF-focused discussion originally planned for the WB-IMF Spring Meetings, which were moved to a virtual format).

The SG endorsed the initial preparatory work on the draft PFFP outline, and requested that the next draft incorporate comments and inputs offered

3. Updates

- The WB called donors' attention to the regular standing updates from the Gender Working Group and on ARTF finances, and noted that the quarterly Anti-Corruption and Results Monitoring Action Program (ACReMAP) update had been disseminated ahead of the meeting. Though the agenda did not allow time for discussion of each item, the ARTF team remains available to answer any donor questions or respond to comments as needed.