

Concluding Remarks ARTF Meeting

ARTF donors met in Paris on 5 June, 2008, with the Management Committee, and government representatives. A representative of AFD welcomed participants and opened the meeting. He commended the role of the ARTF in Afghanistan's development.

The Minister of Finance noted that ARTF was a success story in supporting Afghanistan's development. ARTF provides both budget support to government and a valuable and reliable mechanism for donors. He emphasised that ARTF donors can also engage in policy debate through this mechanism. Channeling resources through the budget helps build capacity in government, strengthens government's legitimacy largely through its role in service delivery and improves accountability. He also noted that capacity improvements in financial management, especially in MOF, can be linked directly to ARTF support. He requested that donors allow for more flexibility in the use of resources through the Investment Window, based on ANDS priorities.

The chair endorsed the views of the Minister with respect to capacity development. He also noted the role of the ARTF in donor coordination and policy dialogue, improving public financial management, and encouraging anti-corruption measures and mutual accountability.

The ARTF Administrator reported on the financial status and achievements of the fund. There was a particular focus on the development impact of ARTF investments, set out in the 1386 Annual Report. It was noted that the ARTF strengthens country financial management systems. The Administrator also outlined focus areas for supporting greater aid effectiveness through ARTF, including: coordination with the development budget & ANDS, developing sector-wide programming and a stronger policy dialogue.

In this regard, MC members and ARTF Donors raised some issues such as:

- the role of the PAM for tracking performance and government's plans for domestic revenue generation. The Administrator noted that the PAM served as a proxy for broader effectiveness on the core budget.
- The UN raised the issue of whether the government could or would request financing directly to UN programs.
- Preferencing was discussed – donors noted that the system was important for visibility. Others noted that a move towards sector-wide programming may relieve the pressure on donors to preference. The Minister of Finance noted that because ARTF pools financing, donors can take credit for concrete results across the whole portfolio. It was also noted that with stronger government prioritization of ARTF resources, donors may feel less need for preferencing.
- Donors requested that ARTF reporting also indicate challenges, including problems around the timely flow of funds to programs.

Other comments raised questions about the name of the fund, speed of fund flows through government and addressing salary issues within the justice sector. It was noted that specific sector interventions are dealing with these issues: particularly the Mid Term Review of the NSP and the Phase 1 of the Justice program. Regarding sector approaches it was noted that the government's pilot in program budgeting could provide a good basis to move forward in this regard.

Arne Disch, ARTF evaluation team leader, presented preliminary findings – supporting in particular the ARTF's transition from emergency reconstruction to longer-term development. Among other things, he noted:

- best practice on the recurrent window and proposed a review of the role of the Monitoring Agent;
- the positive and national impact of national rural development programs;
- the potential for ADTF to set best practice for technical assistance
- the adoption of an explicit funding policy for the investment window; and
- a stronger role for donor engagement on the oversight of ARTF.

The Administrator provided a preliminary response outlining the follow up process. Some issues raised by donors and government included:

- Appreciation of the evaluation and the issues it raises including the need to address issues of increased insecurity, management and governance issues of the fund, the need for impact evaluation, and moving to sector programming. The need to change and adapt based on the findings of the review. A paper on sector funding and how to move forward on that topic was requested. In addition donors noted the need for joint discussion with government on follow up to the evaluation.
- Government noted its hopes that ARTF might play a larger role in financing ANDS particularly in power, agriculture and irrigation
- Other issues were: potential donor engagement on the Management Committee and comparison with other models as this is an important interface with government on funding and priorities; schedule meetings on the PAM; development of a communications strategy; and developing a funding policy.
- Donors endorsed the need for assessing synergies between different programs eg CDCs and IDLG.
- The Administrator welcomed the preliminary comments and will take them on board in follow up.

The Administrator thanked donors for their active participation and ongoing contributions and looked forward to further engagement on building on the recommendations of the evaluation.