



ARTF Financing Strategy

SY1389 – SY1391

Ministry of Finance, Islamic Republic of Afghanistan
ARTF Donor Meeting, London 29 January, 2010

ARTF established for the following objectives:

- Position the national budget as the key vehicle to align the reconstruction program with national development objectives;
 - Promote transparency and accountability of the reconstruction assistance;
 - Reduce the burden on limited government capacity while promoting capacity building over time;
 - Enhance donor coordination for financing and policy dialogue.
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Progress to date

- ANDS finalized
 - Sector Strategy and programs developed and costed;
 - Result Monitoring Framework built up and in function;
 - PFM significantly improved;
 - Revenue generation more than target;
 - Policy reform benchmarks achieved;
 - Coordination Mechanisms developed and agreed;
 - New cabinet in place;
 - longer term commitments needed.
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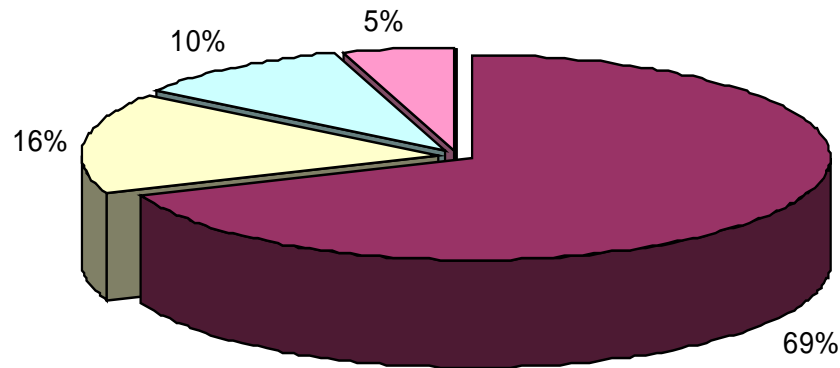
Why a Financing Strategy?

- The first priority was always Recurrent Cost;
 - Allocation was on annual basis and more on a bilateral agreements;
 - Investment window could only focus on individual projects or program that were not well connected to each other;
 - Predictability was not more than a year;
 - Government did not have a stronger role in deciding the amount or projects;
 - preferencing was frequent;
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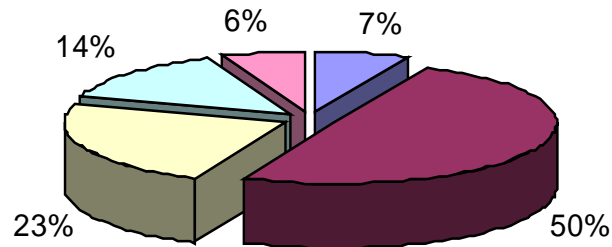
New Financing Strategy

- A strong base for the continued mandate;
 - Enhances government's ownership;
 - Support MTFE and provide multiyear predictability;
 - Reduces preferencing;
 - Attract increased funding through core Budget;
 - Promotes more multilateral decision making approach;
 - Prepare platform to support policy reforms through incentive program;
 - A way towards sector/programmatic approach
 - Pave the way for recurrent cost phase out.
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Sectoral share in ARTF



← since 2002



Next three years →

- Agriculture
- Rural Development
- Infrastructure
- Human Development
- Public Sector Governance

Agriculture and livestock (USD 150 m)

- One of the top priorities of ANDS, Paris and London;
 - Programs developed/restructured and costed
 - Still not well funded
 - More investment is needed in irrigation, on farm water management and credit to farmers;
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Rural Development (USD 1 billion)

- Continuation of previous programs;
 - Consideration of other bilateral donors and absorption capacity of programs;
 - NSP still on top (more USD 700 million);
 - National Rural and Access Program (NRAP) to get more attention
 - Rural Electrification to be started
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Infrastructure (USD 470 m)

- The central pillar in our agenda;
 - Got less attention so far
 - To extend ARTF involvement in Irrigation and transportation too;
 - Three medium size irrigation projects proposed to start soon;
 - Other Medium size projects and programs to be developed soon.
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Human Development (USD 300 m)

- Slight increase in funding;
 - EQUIP and SHEP will continue as before;
 - Basic Package Health of health Services included;
 - Basic Package of Hospital services should come next.
 - National Skills Development Program needs more funding;
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Conclusion & next steps

- Working group (Germany, US, UK, EC, Canada, Norway, Netherlands, WB, GoA) to finalise the framework
 - For approval at the Kabul Conference (Spring 2010)
 - Introduction into the MTFF and budget process
 - Working group to review implementation through SY1389
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