

**AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)**

**MANAGEMENT COMMITTEE (MC) MEETING  
TUESDAY, APRIL 24, 2007 – 8:30 A.M. WASHINGTON D.C. (5:00 P.M. KABUL)**

**DRAFT MINUTES OF MEETING**

**MEETING PARTICIPANTS**

**MC MEMBERS**

**ASIAN DEVELOPMENT BANK**

⌚ Mr. Brian Fawcett

**UNITED NATIONS DEVELOPMENT  
PROGRAM**

⌚ Ms. Akiko Suzuki (New York)  
⌚ Mr. Henri F. Nourad (Kabul)

**UNAMA**

⌚ Ms. Ameerah Haq (Kabul)

**OBSERVERS**

**MINISTRY OF FINANCE**

⌚ Mr. Wahidullah Shahrani  
⌚ Mr. Richard Bontjer  
⌚ Ms. Joanna Veltri  
⌚ Mr. Farid Tanai  
⌚ Mr. Hamid Rohilai  
⌚

**WORLD BANK (MC MEMBERS)**

⌚ Mr. Alastair McKechnie (Washington)

**World Bank**

⌚ Ms. Mariam Sherman (Kabul)  
⌚ Mr. David Freese (Kabul)  
  
⌚ Mr. Amit Ramchandani (Kabul)  
⌚ Mr. Martin Serrano (Washington)  
⌚ Ms. Karlene Phillips (Washington)  
⌚ Ms. Annemarie Mecca (Washington)  
⌚ Mr. Hugh Riddell (Washington)  
⌚ Mr. Stephane Guimbert (Washington)  
⌚ Ms. Brigit Hansl (Washington)  
⌚ Mr. Edreess Sahak (Kabul)  
⌚ Ms. Shekeba Muheb (Kabul)

**AGENDA**

1. Approval of draft Minutes of Management Committee Meeting held on March 13, 2007.
2. Administrator's Report on ARTF Financial Status as of March 20, 2007.
3. Agenda for Annual Donors Meeting of May 1, 2007.
4. Proposed Meeting Schedule for the next three months

5. Tuesday, May 22, 2007  
Tuesday, June 12, 2007  
Tuesday, July 10, 2007  
Any Other Business

**1. APPROVAL OF MINUTES**

The MC approved the draft Minutes of the meeting of March 13, 2007.

**2. FINANCIAL STATUS OF ARTF AS OF MARCH 20, 2007**

As of March 20, 2007 total donor pledges were US\$497.69 million of which US\$ 453.92 has been received, an increase of US\$60 million over last year.

**Sources and Uses of Funds:**

Total donor contributions of US\$453.92 combined with net investment income of US\$6.07 million provide a total combined resource of US\$459.99 million. With cash carried forward from previous years of US\$303.52, the total consolidated ARTF fund as of March 20, 2007 was US\$763.51 million. Disbursements total US\$468.92 million of which US\$300 million was under the Recurrent Window; US\$166.17 million under the Investment Window and US\$2.53 million in fees to the Monitoring Agent. The cash balance at March 20, 2007 was US\$294.59 million of which US\$228.14 million was allocated based on prior MC decisions (US\$125.0 million to cover recurrent cost financing and US\$95.4 million to investment projects with US\$7.7 million set aside for future Monitoring Agents fees). The uncommitted cash balance at March 20, 2007 was US\$66.45 million. The ARTF cash position as of April 22, 2007 was presented to the MC and is provided at Attachment 1.

**3. AGENDA FOR ANNUAL DONORS MEETING – MAY 1, 2007**

The Agenda for the Annual ARTF Donors' Meeting was reviewed by the MC and it was agreed that the meeting will be chaired by Mr. Praful Patel, World Bank VP for South Asia Region and H. E. Anwar-ul Haq Ahady, Minister of Finance. The invitation letter, the agenda, financial data and projection for SY1386 will be sent to the donors. The timing of the donors' meeting was shifted by half an hour later i. e. 3:30 pm.

A discussion was held on carrying forward the ongoing results dialogue discussions (PAM) and the importance of coming to closure on the issue to allow the discussions at quarterly Donors meeting to be more results-focused. There was consensus that the discussions of differences in views on the results dialogue and associated performance assessment matrix (PAM) should not occupy too much time and detract from other pressing, substantive issues.

The Deputy Minister requested a modification to the Draft Background note, (paragraph 2 of item 4) regarding government capacity building.

#### **4. PROPOSED MEETING DATES**

The next meeting is scheduled for May 22, 2007

#### **5. ANY OTHER BUSINESS**

(i) The Deputy Minister delivered a Government request for financing for a new US\$ 27 million power sector investment (Aibak and Charikar substations) and a new US\$18 million investment in Kabul city roads. The Bank acknowledged the request and the importance of both sectors. The Bank indicated that implementation in both sectors has been problematic. The Administrator, in consultation with the Government, would need to agree upon effective implementation arrangements to maximize the chance of successful delivery of both projects. A thorough and satisfactory appraisal of both projects, including implementation arrangements, would be a pre-condition for submission to the MC for consideration. For all other (new or ongoing) investments for which funds will be requested from the MC in SY1386, the Administrator emphasized the need to receive a written request identifying the national programs and projects, and amounts to be requested.

(ii) The Government raised the issue of the Governors' operational fund and inquired about the likelihood of additional donor contributions for this fund, given that there is no provision for the fund in the national budget. The Management Committee indicated that there may be little additional financial support by Donors for such a fund and that the nature of the expenditures financed could be incompatible with the eligibility criteria agreed upon for recurrent cost financing. It was noted that a careful consideration of the fiduciary arrangements would need to be undertaken.

(iii) Islamic Development Bank raised two points - Government's priorities for ARTF financing and mitigating fiduciary risk. The Government reiterated that the priority for 1386 remained US\$270 million in recurrent financing and which is appreciated by the Government, and additional investments which will be communicated to the Bank.

Prepared by Shekeba Muheb  
Executive Assistant  
Afghanistan Country Management Unit  
Kabul, Afghanistan

## Attachment 1

<b>Updated ARTF cash position as of 22 April 2007</b>		
<i>(in US\$ million)</i>		
<b>Balance as of 20 March 2007</b>	<b>66.45</b>	
<b>Sources of Fund</b>		
<b>Preferred</b>		
Canada/HLP	3.53	
Germany/NSP	10.64	
UK/HLP	1.98	
UK/MF	9.85	
<b>Sub-total</b>		<b>26.00</b>
<b>Unpreferred</b>		
Luxembourg	1.07	
Germany	15.96	
<b>Sub-total</b>		<b>17.03</b>
<b>Uses of Fund</b>		
Transferred to NSP	(13.10)	
To be transferred to MCP (prior MC decision)	(10.00)	
IDA Income/Fee	(0.30)	
<b>Sub-total</b>		<b>(23.40)</b>
<b>Updated Balance as of 22 April 2007</b>	<b>86.08</b>	
<i>of which</i>		
<b>Preferred:</b>	<b>41.60</b>	
National Solidarity Program	17.90	
Microfinance	15.00	
Horticulture & Livestock Project	5.50	
Private Sector Development	3.20	
<b>Unpreferred</b>	<b>44.48</b>	

