

**AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)
MANAGEMENT COMMITTEE (MC) MEETING**

MONDAY, APRIL 14, 2008 – 8:30 A.M. WASHINGTON D.C. (5:00 P.M. KABUL)

**DRAFT MINUTES OF MEETING
MEETING PARTICIPANTS**

MC MEMBERS

ASIAN DEVELOPMENT BANK

- Mr. Grant Curtis (Kabul)

UNDP

- Mr. Ian Holland (Kabul)

ISLAMIC DEVELOPMENT BANK

- Mr. Kunrat Wirasub

MINISTRY OF FINANCE (OBSERVER)

- Deputy Minister Shahrani
- Dr. Mustafa Mastoor, DG Budget
- Mr. Richard Bontjer (Advisor)

WORLD BANK (MC MEMBERS)

- Ms. Mariam Sherman (Washington)
- Ms. Birgit Hansl (Washington)
- Ms. Karlene Phillips (Washington)
- Mr. Martin Serrano (Washington)
- Ms. Soraya Goga (Washington)
- Mr. Paul Sisk (Kabul)
- Mr. Hugh Riddell (Kabul)
- Ms. Scherezad Latif (Kabul)
- Ms. Anna Cestari (Kabul)
- Mr. N. K. Thondaiman (Kabul)
- Ms. Shekeba Muheb (Kabul)

1. APPROVAL OF MINUTES

The MC approved the draft Minutes of the MC meeting of March 18, 2008.

2. APPROVAL OF ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF MARCH 19, 2008

The ARTF coordinator summarized the information contained in the financial status report as of March 19, 2008. The report summarized the picture for the full solar year 1386. Highlights of the summary included:

- Donors paid in a total of US\$634.8 million in SY1386. Total pledges were just over \$719 million of which 45 percent was 'preferenced'. The outstanding pledges will be carried over and paid in during SY1387.
- Total sources of funds in SY1386 amounted to US\$948 million;
- Total funds disbursed amounted to US\$522 million; of which US\$291 million was for recurrent expenditures (in line with the agreed ceiling of US\$276 million plus US\$14.5 million of last year's expenditures) and US\$227 million was for investments.
- The cash balance of the ARTF at the end of SY1386 stood at US\$426.5 million of which US\$120 million was unallocated.

The Administrator noted that since the end of the reporting period in question a further US\$111 million of donor contributions had been received. In addition, investment allocation of US\$14 million to Microfinance Support for Poverty Reduction, approved at the MC of January 15, 2008, had been transferred and allocations for the justice project and the horticulture project totaling US\$38 million were pending. Therefore the updated cash balance as of 14 April was just under US\$180 million.

The coordinator also introduced a new format for Table 4 in the financial status report. The new report included both the allocation targets by project for the new year as well as the government's budgeted amount by project. The Management Committee suggested that a further meeting be held with the Ministry of Finance to reach a common understanding of these figures. A revised table would then be presented at the next meeting, to be held May 13, 2008.

3. PROPOSAL FOR ALLOCATION OF US\$ 12 MILLION TO THE EDUCATION QUALITY IMPROVEMENT PROGRAM

World Bank Task Team Leader, Ms. Scherezad Latif, briefed the MC on the first on-going comprehensive Education Quality Improvement Program (EQUIP I), School Infrastructure Project which is active in all 34 provinces. The total commitment for this project is US\$79 million which is expected to disburse by June 2009 (closing date).

The objective of this program is to improve the quality education inputs and processes as the foundation for a long-term strategy to enhance the quality of educational outcomes. The implementing agency for this project is Ministry of Education.

Target results for this project include the construction of 800 schools. In addition, through the quality grant mechanism, community-based School Management Committees (SMCs) have purchased much needed teaching, learning materials (telescopes, readers guides, library books etc). An excellent Education Management Information System (EMIS) is now in place in the Ministry of Education. A district-based teacher training scheme (USD55m over 4 years) to be funded by the EQUIP I and II is in the process of being launched.

The MC approved the request for allocation of US\$ 12 million to the EQUIP program with the note that the task team would modify the paperwork to reflect the current status of the project which is satisfactory as opposed to Moderately Satisfactory (rated six months ago).

4. PROPOSAL FOR ALLOCATION OF US\$ 5.6 MILLION TO THE KABUL URBAN RECONSTRUCTION PROGRAM (KURP):

Ms. Soraya Goga, Task Team Leader for the KURP presented the proposal, explaining the background and components of this project:

upgrading of the four neighborhoods, a) Da Afghanan, b) Murad Khana, c) Darwaze Lahori, and d) Andarabi, covering basic services including water supply and sanitation, drainage, solid waste management, street lighting, repairing the wall of people's houses and upgrading works within the gozars/civil areas in the old city of Kabul,

Engineering and Project Management Support, and *Support on Cultural Heritage*.

The implementing agency for this project is Ministry of Urban Development. The project is under implementation and the cost is US\$ 5.6 million.

Management Committee members queried whether the investment cost per capita represented value for money. The task team clarified that based on the target of 8,800 beneficiaries, the investment per capita would be higher than for the main KURP – but that this was to be expected given that engineering to upgrade the historical city is more complex and even closer supervision is required.

The government highlighted the delay in hiring a specialized consultant to provide technical assistance for this project; the Chair requested for this point to be addressed immediately to prevent delay in implementation of the project.

The MC approved US\$ 5.6 million for KURP.

5. Investment Window Draft Pipeline for SY 1387

The ARTF Coordinator introduced the consolidated cash flow to the MC members with the Consolidated Estimated Cash Flow for the ARTF Parent Account for SY 1387. The cash flow model is intended to track the cash balance in the fund at any one time in the year. The objective is to;

- Ensure sufficient funds are available for the intended allocations
- Monitor the pipeline of contributions and allocations

It was clarified that the model is based on assumptions about the level of contributions. As more predictability about contributions is made available, this may change. The ARTF team will maintain the cash flow updated and will attach the model for information on all MC invitations in the future.

6. Up-coming MC Meetings Schedule:

Changes were made in the proposed schedule. The new meeting dates are as follows:

MC meeting May:	Tuesday, May 13, 2008
MC meeting June:	Tuesday, June 17, 2008
MC meeting July:	Tuesday, July 8, 2008

7. ANY OTHER BUSINESS

The ARTF Evaluation Mission Report was raised by the MC members. It was reported that task teams were providing their comments on the Annexes of the report . The final Evaluation Report will be shared to all MC members once finalized in May.

Prepared by Shekeba Muheb
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