

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

TUESDAY, DECEMBER 11, 2007 – 8:30 A.M. WASHINGTON D.C. (6:00 P.M. KABUL)

**DRAFT MINUTES OF MEETING
MEETING PARTICIPANTS**

MC MEMBERS

ASIAN DEVELOPMENT BANK

- Mr. Joji Tokeshi (Kabul)

**UNITED NATIONS DEVELOPMENT
PROGRAM**

- Ms. Anita Nirody (Kabul)
- Ms. Akiko Suzuki

UNAMA

- Mr. Shakti Sinha (Kabul)
- Mr. Bo Asplund (Kabul)

ISLAMIC DEVELOPMENT BANK

WORLD BANK (MC MEMBERS)

- Mr. Alastair McKechnie (Washington)

World Bank

- Mr. Paul Sisk (Kabul)
- Mr. Amit Ramchandani (Kabul)

- Ms. Ludmilla Butenko (Kabul)
- Ms. Karlene C. Phillips (Washington))
- Ms. Melinda Good (Washington)
- Mr. Hugh Riddell (Washington)
- Ms. Marcia Whiskey (Washington)
- Ms. Shekeba Muheb (Kabul)

OBSERVERS

MINISTRY OF FINANCE

- Deputy Minister Shahrani (MOF)

AGENDA

1. Approval of draft Minutes of the Management Committee meeting of Nov. 13, 2007
2. Administrator's Report on ARTF Financial Status as of Nov. 21, 2007
3. Request for allocation of US\$72 million to the Recurrent Cost Financing Trust Fund
4. Update on ARTF evaluation – revised timeline
5. Proposed Meeting Schedule for the coming three months:
 - January 2008 (Tuesday, January 8, 2008)
 - February 2008 (Tuesday February 12, 2008)
 - March 2008 (Tuesday March 11, 2008)
6. Any other business

1. APPROVAL OF MINUTES

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

2. APPROVAL OF ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF NOVEMBER 21, 2007

Contributions:

As of November 21, total donor pledges for SY1386 amount to US\$687.53 million comprising US\$374.34 million (54%) without preference and US\$313.19 million (46%) with preferences. Table 1 reflects, as of November 21, 2007, the paid-in donor contributions (amounting to US\$455.32 million – 66% of the total pledges).

Sources and Uses of Funds:

Uses of funds comprise: (a) disbursements to the recurrent budget, set at US\$291 million¹; (b) disbursements under the ARTF investment financing, estimated at US\$185 million for the year; and (c) fees for the Monitoring Agent of about US\$4.75 million².

As of November 21, 2007 the cash balance of ARTF stood at US\$460.90 million comprising: (a) a US\$93.35 million cash balance in the recurrent cost financing; (b) combined undisbursed balance of the ARTF active investment portfolio of US\$133.10 million; and (c) US\$7.86 million reserved for the Monitoring Agent, leaving an unallocated cash balance of US\$226.58 million.

Transfer of US\$57 million for the Mazar-e-Sharif & Kabul / Aybak Power project and US\$72 million for the Recurrent Cost Financing Trust Fund is still pending. Therefore, effectively, the unallocated available cash balance as of November 21, 2007 is US\$98 million.

In SY1386, a total cash amount of US\$291 million must be made available to the Government (via the Recurrent Cost Trust Fund account) to finance (a) the agreed amount of US\$ 276 million (which assumes the entirety of this amount is actually disbursed in SY1386), and (b) US\$ 14.55 million in SY1385 expenses for which cash disbursement was made in 1386. Given the opening cash carried forward from SY1385 to SY1386 was US\$ 75 million, the amount of cash to be transferred totals US\$ 285.5 million whereas cash disbursements during SY1386 are projected to be US\$ 290.5 million.

Quarterly transfers of US\$ 72 million each are projected, the exact timing of which may be at the beginning of the quarter or mid-quarter, depending on a timing which best suits the Government. Making transfers in line with the transfer schedule set out in the table below will ensure also that at the end of the Solar Year the Recurrent Cost Trust Fund account balance will be equal to the agreed buffer of US\$70 million. The estimate of funding allocations to the recurrent cost financing for a specific quarter is determined by comparing the balance of the Recurrent Cost financing trust fund³ to the estimated disbursement requirement for the quarter in question, plus a reserve equal to the next quarter

¹ Includes disbursement of US\$ 14.55 million for SY1385 expenses and US\$ 276 million for SY1386 recurrent expenses.

² This includes US\$ 1 million for the special Internal Control Framework job, US\$ 2.25 million for services rendered till September 2007, and US\$ 1.5 million for services from October 2007 till the end of SY1386.

disbursement requirements. As such, actual quarterly transfers may vary somewhat from the schedule below. For SY1386, the forecast appears below.

As of November 21, 2007, the ARTF investment financing comprised of 11 active investment projects, with combined commitments of US\$394.05 million, of which US\$262.65 million had been disbursed (67%). **Disbursements for SY1386 are projected at US\$ 185 million (SY1386 disbursements as of November 21, 2007 were US\$107.94).**

3. PROPOSAL FOR APPROVAL OF US\$ 72 MILLION TO THE RECURRENT COST FINANCING TRUST FUND:

The MC approved Request for allocation of USD 72 million to the Recurrent Cost Financing Trust Fund. The Administrator explained out of total requirement of US\$144 million for the recurrent cost financing TF, US\$72 million was for SY 1386.

4. UPDATE ON THE ARTF EVALUATION, REVISED TIMELINE:

Due to the recent suicide bombing behind the World Bank office, Mr. Arne Disch's first ARTF evaluation mission is postponed for January 19 – 26, 2008. A further follow up mission is scheduled for February 16 – March 1, 2008.

5. Meeting Schedule

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

MC meeting January:	Tuesday, January 22, 2008
MC meeting February:	Due to the JCMB Meeting in Tokyo in February 6, 2008 a meeting has been provisionally scheduled for February 12.
MC meeting March:	Tuesday, March 11, 2008

7. ANY OTHER BUSINESS

Replacement for David Freese:

The Chair shared with the MC members that Mr. Hugh Riddell is selected to replace Mr. David Freese as ARTF coordinator based in Kabul. Mr. Riddell will officially start his assignment effective January 1, 2008.

With appreciation to Mr. Asplund's sympathy message re the bombing near the WB premises and his offer to use UNICA compound for the ARTF Evaluation Mission, the Chair added that he has reported the incident to the Board.

*Prepared by Shekeba Muheb
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