

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

TUESDAY, JANUARY 22, 2008 – 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)

UNAMA

- Mr. Shakti Sinha (Kabul)

ISLAMIC DEVELOPMENT BANK

- Mr. Kunrat Wirasub

MINISTRY OF FINANCE (OBSERVER)

- Deputy Minister Shahrani
- Ms. Tia Raappana

WORLD BANK (MC MEMBERS)

- Mr. Alastair McKechnie (Washington)

World Bank

- Ms. Mariam Sherman (Kabul)
- Ms. Ludmilla Butenko (Kabul)

- Mr. Paul Sisk (Kabul)

- Mr. Amit Ramchandani (Kabul)

- Ms. Karlene C. Phillips (Washington)

- Ms. Sheila Musiime (Washington)

- Ms. Melinda Good (Washington)

- Mr. Hugh Riddell (Washington)

- Mr. Stephen Rasmussen (Washington)

- Ms. Brigit Hansl (Kabul)

- Mr. Yoichiro Ishihara (Kabul)

- Ms. Shekeba Muheb (Kabul)

AGENDA

1. Approval of draft Minutes of the Management Committee meeting of Dec. 11, 2007;
2. Administrator's Report on ARTF Financial Status as of Dec. 21, 2007;
3. Proposal for allocation of USD 14 million to the Micofinance program;
4. Update on ARTF evaluation;
5. Proposed Meeting Schedule for the coming three months:
 - February 2008 (Tuesday February 12, 2008)
 - March 2008 (Tuesday March 11, 2008)
 - April 2008-01-30 (Tuesday April 8, 2008)
6. Any other business

1. APPROVAL OF MINUTES

The MC approved the draft Minutes of the MC meeting of December 11, 2007.

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

The ARTF coordinator on behalf of the Administrator summarized the information contained in the financial status report as of December 21, 2007. Highlights of the summary included:

- donors continue to contribute substantial amounts to the Fund, totaling US\$489 million thus far in SY1386 – already more than SY1385 total;

- total sources of funds thus far in SY1386 amounted to US\$793 million;
- total disbursements of funds thus far amounted to US\$360 million;
- cash balance at the end of the third quarter stood at US\$432 million of which US\$189 million was unallocated. Since December 21 further funds of US\$113 million had been paid in by donors, resulting in an up-to-date unallocated cash position of US\$302 million.
- The ARTF coordinator noted that two transfers were pending totaling US\$129 million leaving net unallocated cash balance of US\$173 million.

Members of the MC discussed the utilization of the remaining unallocated cash balance of US\$173 million. The ARTF coordinator noted that investment proposals worth an estimated \$114 million would come to the MC for approval before the end of the solar year. The Deputy Minister of Finance noted that a further proposal for Kabul Urban Reconstruction would also be presented.

3. PROPOSAL FOR ALLOCATION OF US\$ 14 MILLION TO THE MICROFINANCE PROGRAM.

World Bank Task Team Leader, Mr. Stephen Rasmussen, briefed the MC members with the progress of the Microfinance Support for Poverty Reduction project. He noted that the recent approval by the Board of the World Bank of an IDA grant of US\$30 million was fully aligned with the ARTF's own support for the project and that both sources of finance were advancing the project towards its unified set of objectives.

He further noted that this request for US\$14 million was within the government's budgeted amount of US\$47 million for SY1386 and would supplement the US\$33 million that the MC approved in June and which would be fully disbursed by January 2008.

MC members including the government as observers discussed the progress towards financial sustainability of microfinance institutions under MISFA. They also discussed for how long financial support, in the form of ARTF contributions for example, would be required. Mr Rasmussen noted that while four MFIs had achieved operational sustainability, further financial support would be required to encourage vibrant growth across the sector.

The MC approved Request for allocation of US\$ 14 million to the Microfinance Program.

4. UPDATE ON THE UP-COMING ARTF EVALUATION:

The Administrator updated MC members on the progress of the ARTF Evaluation Mission led by Mr. Arne Disch. The mission planned to be in Kabul on January 26 – February 2, 2008 after which a further follow up mission was scheduled for March 2008. Beyond the broader scope of the evaluation the team will look in detail at five investment projects: National Solidarity Program, National Rural Access Program, Urban Water Supply and Sanitation, Management Capacity Building (which covers AEP/LEP) and Micro-finance.

5. Meeting Schedule

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

MC meeting February:	Tuesday, February 12, 2008
MC meeting March:	Tuesday, March 11, 2008
MC meeting April:	Tuesday, April 8, 2008

7. ANY OTHER BUSINESS

Next Donors Meeting:

It was proposed that the next meeting of the Donor Committee will take place in March. At this meeting the draft Evaluation Report of ARTF may be distributed (to the extent it is ready). This schedule is subject to the government fixing the date for ADF meeting.

Prepared by Shekeba Muheb
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