

AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

**MANAGEMENT COMMITTEE (MC) MEETING
TUESDAY, JULY 10, 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 (Kabul)

UNITED NATIONS DEVELOPMENT PROGRAM

- Ms. Akiko Suzuki (New York)
- Ms. Anita Nirrody (Kabul)

UNAMA

ISLAMIC DEVELOPMENT BANK

- Mr Kunrat Wirasubrata (Jeddah)

OBSERVERS

MINISTRY OF FINANCE

- H. E. Shahrani (MOF)
- Dr. M Mustafa Mastoor (DG Budget)
- Ms. Joanna Veltri (MOF)

WORLD BANK (MC MEMBERS)

- Ms. Nancy Zhao (Washington)

World Bank

- Mr Paul Sisk (Kabul)
- Ms. Mariam Sherman (Kabul)
- Mr. Hugh Riddell (Washington)
- Mr. Amit Ramchandani (Kabul)
- Ms. Annemarie Mecca (Washington)
- Ms. Scherezad Latif (Kabul)
- Mr. Yoichiro Ishihara (Kabul)
- Ms. Shekeba Muheb (Kabul)

AGENDA

1. Approval of draft Minutes of the Management Committee meeting of June 13, 2007;
2. Administrator's Report on ARTF Financial Status as of June 21, 2007;
3. US\$27 million proposal for review for EQUIP;
4. Proposed Meeting Schedule for the coming three months:
 - July 2007 (Tuesday, July 10, 2007)
 - August 2007 (Tuesday, August 14, 2007)
 - September 2007 (Tuesday, September 11, 2007)
 - October 2007 (Tuesday, October 9, 2007)
5. Any other business

1. APPROVAL OF MINUTES

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

2. FINANCIAL STATUS OF ARTF AS OF JUNE 21, 2007

As of June 21, 2007 total donor pledges for SY1386 amount to US\$513.84 million comprising US\$319.89 million (62%) without preference and US\$193.96 million (38%) with preferences.

Sources and Uses of Funds:

The sources of funds are net donor contributions (contributions less IDA fees plus investment income). Cash balance at the end of SY1385 is carried over to SY1386.

Uses of funds comprise: (a) disbursements to the recurrent budget, set at US\$285 million¹; (b) disbursements under the ARTF investment window, estimated at US\$175 million for the year; and (c) fees for the Monitoring Agent of about US\$4.75 million².

Finances as of June 21, 2007

As of June 21, 2007 the cash balance of ARTF stood at US\$365.58 million comprising: (a) a US\$110.48 million in the recurrent cost window; (b) combined undistributed balance of the ARTF active investment portfolio of US\$136.13 million; and (c) US\$5.51 million reserved for the Monitoring Agent, leaving unallocated cash balance of US\$113.47 million. Of the unallocated balance, the ARTF Management Committee has already approved allocation of:

- US\$10 million for the Management Capacity Project
- US\$70 million for the Recurrent Cost Financing Trust Fund
- US\$33 million for the Microfinance for Poverty Reduction Project.

These funds will be transferred once the legal amendments/agreements have been signed by the Administrator and the Government.

¹ Includes disbursement of US\$ 14.55 million for SY1385 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.

The table below sets out the ARTF cash position as of July 9, 2007.

Updated ARTF cash position as of 9 July 2007
(in US\$ million)

Balance as of 21 June 2007	113.47
Sources of Fund	
Netherlands	4.00
UK	10.00
Uses of Fund	
Transfer to Recurrent Cost Financing Trust Fund	(70.00)
To be transferred to Microfinance project (prior MC decision)	(33.00)
To be transferred to MCP (prior MC decision)	(10.00)
Updated Balance as of 9 July 2007	14.47

3. EDUCATION QUALITY IMPROVEMENT PROGRAM – US\$27 MILLION PROPOSAL FOR REVIEW:

As per the Task Team’s discussions with the Government, the ARTF budget for EQUIP will be increased to US\$27 million of which US\$12 million will be allocated upon approval of the proposal, and the remainder upon revision of the budget.

4. PROPOSED MEETING SCHEDULE

The revised upcoming meeting schedule is as follows:

Tuesday, August 14, 2007
Tuesday, September 11, 2007
Tuesday, October 9, 2007

5. ANY OTHER BUSINESS

The Chair briefed the MC on the conference on Rule of Law held in Rome on July 3, 2007. She related that the conference laid the foundation for potential funding, both ARTF and bi-lateral, for an eventual Law and Justice Sector national program. This program would likely be funded in large part through the ARTF. The MC expressed its support and endorsement of the work thus far. The World Bank will provide resources to appraise and design a Justice Sector Program for which Government would then request ARTF financing.

The Chair also reported that some donors requested a second independent evaluation of the ARTF. This work has been tentatively scheduled for September 2007.

Power Supply Proposed Project: In response to ADB's query on the urgency for this project, the Deputy Minister reported that discussions were ongoing with Ministry of Energy and Water on additional funds for the Dispatching System in Kabul.

Prepared by Shekeba Muheb
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