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

TUESDAY, MAY 13, 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. Joji Tokeshi (Kabul)

UNITED NATIONS DEVELOPMENT PROGRAM
- Ms. Anita Nirody (Kabul)

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

ISLAMIC DEVELOPMENT BANK
- Mr. Kunrat Wirasub

MINISTRY OF FINANCE (OBSERVER)
- H. E. Anwar-ul Haq Ahady (Minister)
- Deputy Minister Shahrani
- Ms. Tia Raappana (Advisor)

WORLD BANK (MC MEMBERS)
- Mr. Alastair McKechnie (Washington)
- Ms. Birgit Hansl (Washington)
- Ms. Vivian Mendoza (Washington)
- Ms. Marcia Whiskey (Washington)

- Ms. Mariam Sherman (Kabul)
- Mr. Paul Sisk (Kabul)
- Mr. Hugh Riddell (Kabul)
- Ms. Anna Cestari (Kabul)
- Mr. Edreess Sahak (Kabul)
- Ms. Shekeba Muheb (Kabul)

1. APPROVAL OF MINUTES

The MC approved the draft Minutes of the MC meeting of April 14, 2008.

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

The ARTF coordinator, on behalf of the Administrator, presented the financial status report as of April 19, 2008. Highlights of the summary included:

- Contributions paid in thus far in 1387 totaled US$127 million. ARTF has recorded a total pledge for the year of just over $638 million of which 53 percent was preferenced.
- Cash balance at the end of the period stood at US$545 million of which US$233 million was unallocated.
- A number of allocations have been approved by the MC but the funds are pending transfer. Once these do transfer, there will be US$177 million in unallocated cash balance.

The Administrator introduced the new reporting format for annual investment commitments. This format had been discussed and developed in close consultation with the budget department in the Ministry of Finance. The design is intended to set out the plan for investment allocations over the year across the ARTF portfolio. It also sets out the budgeted disbursements of these projects based on the government's own budget allocations.

MC members discussed the new format. In particular they noted why no disbursements were budgeted for some projects. The Administrator and Ministry of Finance clarified that these projects would have budgeted disbursements figures once the government's supplemental budget was approved by the Parliament – after which time, undisbursed balances from 1386 would be carried over into 1387.

Members of the MC noted high levels of pledges for 1387. The Administrator noted that this was not expected to increase significantly during the year because there had been strong effort made to get the best information from donors at the start of the year.

The Administrator also noted that the largest five donors provided the bulk of the pledges and noted that discussions with some of the smaller donors would be useful in the run-up to the Paris ARTF donors meeting, 5 June.

3. REQUEST FOR APPROVAL OF BLANKET PROPOSAL FOR THE NATIONAL SOLIDARITY PROGRAM OF US$178 MILLION WITH IMMEDIATE DRAW DOWN OF US$20 MILLION

The National Solidarity Program (NSP) task team presented the proposal to the members of the MC. The proposal sets out a request for blanket approval of this year's budgeted allocation to NSP II: US$178 million. Further, the proposal requests that of the total blanket, US$20 million is made available immediately to the project. These funds are in line with what is currently available in ARTF for NSP. The task team clarified that during the year, as funds are received from donors into ARTF, they will present implementation progress updates to the Management, to draw down the further funds, up to the total blanket level. The team noted that the construction season had now begun – and timely financing would be critical to achieve efficient and effective results.

Some members of the MC requested clarification on the selection process for the NSP evaluation team. The World Bank indicated that the choice had been made on the basis of capacity to undertake the evaluation, and was according to World Bank procurement procedures. It was noted that the evaluation was critical and a more comprehensive process to identify possible evaluators should have been undertaken.

Members of the MC also raised the issue of sustainability of community-driven programs such as NSP. The NSP team outlined the various studies currently planned to monitor such aspects as sustainability & impact of sub-projects and gender mainstreaming.

The food crisis was also raised by members of the MC. In relation to the crisis, it was asked whether more money might not be channeled through NSP for critical irrigation projects which could have a major impact on agricultural yields in vulnerable communities. The chair agreed that this would be looked into in relation to the international response to the food crisis in Afghanistan.

The MC approved the proposed blanket allocation of US$178 million as well as the immediate draw-down of US$20 million.

4. DISCUSSION ON UPCOMING NRAP PROPOSAL (JUNE MC MEETING)

As requested by the Ministry of Finance, the task team briefed the members of the MC on the preparation progress of NRAP. The team noted that the two implementing ministries had yet to decide on the list of roads to be upgraded. This meant the application was still not prepared. In addition, the Implementing Consultant (IC) for IDA's NERAP was still not yet in place – meaning the IDA project was not yet effective. The Deputy Minister of Finance, and the task team, clarified that both the roads selection and the IC would shortly be in place.

5. UPDATE ON THE ARTF EVALUATION REPORT

The Administrator noted that first draft of the ARTF Evaluation was still pending submission. Given the high demand from donors to see the evaluation findings, it was agreed that the Bank would try to facilitate a presentation on the findings at the potential meeting in Paris (see next item).

6. DISCUSSION ON ARTF DONORS MEETING IN PARIS

The MC discussed the potential for holding an ARTF meeting in Paris on the sidelines of the Paris Conference in Support of Afghanistan. MC members concurred that the opportunity to meet with headquarters-based staff in donor agencies was important. A draft agenda would be shared with the MC for no-objection in advance.

7. DISCUSSION OF ARTF STANDARD TERMS & CONDITIONS

The Administrator noted that several donors had requested an amendment to the standard terms and conditions appended to the agreements signed with the World Bank. Given that there were elements of the standard terms and conditions that needed to be updated, a process of revision of the terms and conditions was under consideration by the World Bank's legal department. Given the ARTF is a multi-donor trust fund, all donors must sign up to a standard set of terms and conditions. Therefore, any process to revise these would have to be inclusive and comprehensive and may take some time. The United Nations representative noted that the UN agencies were currently not able to present funding proposals to the ARTF MC for approval, unlike in some other contexts. He noted that with the pending corporate agreements between the World Bank and United Nations agencies, this situation should be reviewed. The Chair noted this point. MC members noted that the government would need to request this funding channel given the existing arrangements to channel ARTF funds through the national treasury system.

8. Up-coming MC Meetings Schedule:

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

MC meeting June:	Tuesday, June 17, 2008
MC meeting July:	Tuesday, July 15, 2008
MC meeting August:	Tuesday, August. 12, 2008

9. ANY OTHER BUSINESS

Alastair McKechnie, the Country Director for the World Bank in Afghanistan, announced to the MC that this was his last ARTF MC meeting that he is chairing. He thanked the Minister and Deputy Minister of Finance for their commitment, cooperation and full participation in the work of the MC of the ARTF. H.E. Minister Ahady and MC members expressed their appreciation for Mr McKechnie's work through ARTF and the World Bank over the past six years.

By approving these minutes at the MC meeting, the MC also agrees to retroactively adjust the minutes from the MC meeting March 18, 2008. The minutes currently wrongly record an approval of US$27 million for the ARTF justice project. This figure should be $27.75 million, as per the proposal that was tabled at the meeting.

Prepared by Shekeba Muheb
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