

AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

MANAGEMENT COMMITTEE (MC) MEETING

THURSDAY, MAY 24, 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)
- Mr. Henri F. Nourad (Kabul)
- Ms. Anita Nirody (Kabul)

UNAMA

- Mr. Shakti Sinha (Kabul)

OBSERVERS

MINISTRY OF FINANCE

- H. E. Minister Ahady
- H. E. Mr. Wahidullah Shahrani
- Mr. Paul Banerjee
- Ms. Joanna Veltri

WORLD BANK (MC MEMBERS)

- Mr. Alastair McKechnie (Washington)

World Bank

- Ms. Mariam Sherman (Kabul)
- Mr. David Freese (Kabul)
- Mr. Hugh Riddell (Washington)
- Ms. Karlene Phillips (Washington)
- Ms. Annemarie Mecca (Washington)
- Ms. Susanne Holste (Kabul)
- Ms. Ludmilla Butenko (Kabul)
- Mr. Paul Sisk (Kabul)
- Mr. Amit Ramchandani (Kabul)
- Ms. Shekeba Muheb (Kabul)

AGENDA

1. Approval of draft minutes of Management Committee meeting held on April 24, 2007
2. Administrator's report on ARTF financial status as of April 20, 2007
3. Governors' Fund – Government's Request for an Additional US\$6 million in recurrent cost financing for 1386
4. Financial proposal for Second National Solidarity Project
5. Proposed meeting schedule for the next three months

Tuesday, June 12, 2007

Tuesday, July 10, 2007

Tuesday, August 14, 2007; and

6. Any Other Business

1. APPROVAL OF MINUTES

The MC approved the draft Minutes of the MC meeting of April 24, 2007 with a change regarding the text on the Government's request for US\$ 27 million for a new power sector investment. The revised and final minutes will reflect the breakdown of this amount as US\$10 million for power dispatching networks and US\$17 million for Aibak and Charikar substations.

2. APPROVAL OF ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF APRIL 20, 2007

Contributions:

As of April 20, 2007 total donor pledges for SY1386 were US\$483 million of which US\$ 43 million had been received.

Sources and Uses of Funds:

Receipts of US\$ 43.05 million, less an IDA fee of \$360,000, combined with cash carried over (both allocated and unallocated) of US\$ 300.36 million provide a total combined source of funds of US\$343.06 million.

Disbursements total US\$16.77 million (investment financing) and US\$ 0 on recurrent cost financing at April 20, 2007. The ARTF cash balance at the end of the reporting period was US\$326.28 million. Of this amount, US\$ 223.73 million was committed (US\$ 125.03 million for recurrent cost financing; US\$ 91.38 million for investment financing; and US\$ 7.32 million for fees to the Monitoring Agent). The uncommitted cash balance at April 20, 2007 was US\$102.55 million, with a prior MC approval for US\$ 10 million for the Management Capacity Program not yet having been transferred out of this balance.

Since April 20, 2007 (end of the reporting period) an additional US\$ 38.36 million in contributions was received. Thus as of May 24, 2007, ARTF's unallocated cash balance totaled US\$ 140.91 million (with US\$ 10 million pending allocation to the afore-mentioned MCP).

3. GOVERNORS' OUTREACH FUND – GOVERNMENT'S REQUEST FOR AN ADDITIONAL US\$6 MILLION IN RECURRENT COST FINANCING FOR 1386:

A summary of the May 20 ARTF Donors meeting regarding the Governors' Outreach Fund was provided. Subject to approval from the IMF, ARTF Donors are willing to increase the level of recurrent cost financing by up to US\$6 million for SY1386. This increase would bring the total anticipated recurrent cost financing ceiling to \$276 million, and allow the Government to finance expenditures of the Governors' Outreach Fund from other Government sources, entirely outside the ARTF. Though ineligible for ARTF reimbursement, the expenditures would be subject to monitoring by the Monitoring Agent, and reporting on these expenditures would be shared with ARTF Donors. Once Government has confirmed IMF approval for such an increase, a note will be submitted to the Management Committee for review and approval.

4. FINANCIAL PROPOSAL FOR THE SECOND NATIONAL SOLIDARITY PROJECT:

Government's request for US\$90 million from ARTF for 1386 (as per the national budget) to co-finance the Second National Solidarity Project was presented and discussed. The additional contribution will co-finance the roll-out aimed to cover all 34 provinces. The following points were raised:

- On gender, the CDCs' female committees are playing a vital role in the formulation of the community development plans. These committees are particularly concerned with capacity development and skills' development for women. This area will continue to receive due attention in the NSP II rollout to remaining villages. Feedback from the women's shuras indicate that they wanted a larger voice in development project plans; more human capacity development, including especially literacy programs and income-generating skills training.
- Linkages of the NSP to the district, provincial, and national planning system need to be strengthened. These linkages should feed into the ongoing upward planning at the provincial and ultimately national levels. Spontaneous federation, above the CDC level, is occurring, strengthening community networks. Government (provincial and district) is increasingly relying on the CDCs. There is a need for more systematic monitoring.
- As of April 30, 2007, there are 16,753 CDCs. Initial survey data indicated that there were 21,600 villages in Afghanistan. To roll out NSP to remaining villages an additional \$525 million is required over three years. The Ministry of Interior now estimates that there are 43,000 villages but this figure is not yet confirmed. NSP roll-out continues on the basis of 21,600 villages that need to be covered. . Government needs to clarify the definition of a 'village' and the definite number.

The MC approved US\$ 90 million for the Second National Solidarity Project (as co-financing of the Government's National Solidarity Program) with US\$ 60 million to be made available immediately. The MC agreed that an additional US\$ 30 million be made available upon their approval of a brief project implementation status note (one to two pages) at the time additional funds are needed.

5. PROPOSED MEETING SCHEDULE

The revised upcoming meeting schedule is as follows (June meeting shifted back by one day). If MC members are on absent in July, that meeting may be shifted or cancelled.

Wednesday, June 13, 2007

Tuesday, July 10, 2007

Tuesday, August 14, 2007

6. ANY OTHER BUSINESS

No other business was raised.

Prepared by Shekeba Muheb

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 Afghanistan Country Management Unit
 Kabul, Afghanistan

Updated ARTF cash position as of 22 May 2007	
<i>(in US\$ million)</i>	
Balance as of 20 April 2007	96.82
Sources of Fund	
Denmark	8.43
Norway	15.12
Sweden	14.81
Uses of Fund	
Updated Balance as of 22 May 2007	140.91
To be transferred to MCP (prior MC decision)	(10.00)
Updated Balance as of 22 May 2007	125.18