

AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF)

MANAGEMENT COMMITTEE (MC) MEETING

TUESDAY, NOVEMBER 13, 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)

UNAMA

- Mr. Shakti Sinha (Kabul)

ISLAMIC DEVELOPMENT BANK

WORLD BANK (MC MEMBERS)

- Ms. Mariam Sherman (Kabul)

World Bank

- Mr. Paul Sisk (Kabul)

- Mr. Amit Ramchandani (Kabul)

- Ms. Sheila Braka Musiime (Washington)

- 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)
- Mr. Naseer A. Shafaq (MOF)

AGENDA

1. Approval of draft Minutes of the Management Committee meeting of Oct. 4, 2007;
2. Administrator's Report on ARTF Financial Status as of Oct. 22, 2007;
3. Request for allocation of US\$72 million to the Recurrent Cost Financing Trust Fund;
4. Proposed Meeting Schedule for the coming three months:
 - December 2007 (Tuesday, December 11, 2007)
 - January 2007 (Tuesday, January 8, 2007)
 - February 2007 (Tuesday February 12, 2007)
5. Any other business

1. APPROVAL OF MINUTES

Subject to corrections in the list of participants for the October 4, 2007 MC meeting, the MC approved the draft Minutes of the MC meeting of October 4, 2007.

2. APPROVAL OF ADMINISTRATOR'S REPORT ON FINANCIAL STATUS OF ARTF AS OF OCTOBER 22, 2007

Contributions:

As of October 22, total donor pledges for SY1386 amount to US\$664 million comprising US\$377 million (57%) without preference and US\$287 million (43%) with preferences. Paid-in donor contributions were USD 424 million - 64% of the total pledges.

Sources and Uses of Funds:

Paid-in contributions of US\$ 424 million, with net income of US\$ 5 million (investment income less IDA fees) and the balance carried forward from SY1385 of US\$ 294 million provides a total of US\$ 723 million in sources of funds for 1386.

ARTF investment project disbursements for SY1386 are projected to be USD 185 million. As of October 22, 2007 a total of USD 96 million had been disbursed from various investment projects.

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 fund¹ to the estimated disbursement requirement for the quarter in question, plus a reserve equal to the next quarter disbursement requirements.

¹ This excludes an advance of US\$50 million for working capital which must be maintained at all time.

As of October 22, 2007 the unallocated balance stood at USD 203 million of which, subsequently, USD 10 million was allocated to the Management Capacity Project (MCP) and USD 57 million was pending allocation for the Kabul / Aybak and Mazar-e-Sharif power project. The projected year end unallocated balance of USD 165 million does not reflect the proposed allocations of USD 60 million (additional) for NSP II, and other monies requested by the MoF for existing / new programs.

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 USD291 million for the recurrent cost financing TF, USD15 million was for SY 1385 and USD276 for 1386.

5. UPCOMING MEETING SCHEDULE

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

MC meeting December:	Tuesday, December 11, 2007
MC meeting January:	Tuesday, January 15, 2007
MC meeting February:	To be decided in accordance with the JCMB meeting in Japan

7. ANY OTHER BUSINESS

ARTF Evaluation

The MC approved an amount of up to USD 100,000 for the proposed ARTF evaluation. The consultant is likely to make a pre-assignment visit in the first / second week of December 2007.

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