



MINUTES
ARTF Incentive Program Working Group Meeting
14th October 2020

Agenda item #1: Update on Policy Actions

- The **World Bank** provided an update on progress against policy reform actions. World Bank noted significant concerns that several policy actions remain off-track for completion by the November 15 deadline (see policy reform tracking matrix and summary sheet attached)
- The **World Bank** raised with ARTF partners the possibility of extending deadline for completion of two policy actions.
 - **Land reform policy action.** ARTF partners agreed that recommending an extension to the ARTF Management Committee might be possible, given that delays in fielding World Bank consultant support to drafting of the new Land Survey Law which were clearly beyond the control of Government. However, for such an extension to be recommended, Government would need to provide a clear explanation of how those delays impacted progress against the policy action.
 - **O&M reforms.** Completion of the policy action requires the submission to the National Assembly of a draft executive budget including O&M allocations consistent with the new policy. Submission of the draft executive budget to the National Assembly, however, may be delayed. ARTF partners recognized that the delay reflected broader issues than those covered directly by the policy action but considered that submission dates were still fully under the control of the executive. ARTF partners agreed that an extension should not be provided for the O&M policy reform.

Agenda item #2: Presentation of emerging findings from the Evaluation Report for the Recurrent Cost Window

- **World Bank** presented the initial findings of an ongoing evaluation of the Recurrent Cost Window. The presentation is attached. ARTF were generally comfortable with the scope and initial findings of the review. (Presentation is attached).
- **IPWG members** requested access to the full document as soon as possible, given the importance of integrating findings with the ongoing ARTF Partnership Framework and Financing Plan process.
- **World Bank** noted that an initial draft should be available for review within two to three weeks. The World Bank noted that the Implementation Completion Report for the 2018 Incentive Program Development Policy Grant has been finalized and is publicly available.

Agenda item #3: Focus for the 2021-2024 Incentive Program

- **World Bank** invited comments or suggestions regarding the policy focus and design of the 2021-2024 Incentive Program.
- **ARTF partners** noted:



- **Policy reforms should continue to focus on fiscal sustainability issues.** While substantial progress has been achieved in this area, gains remain fragile (as shown by the impacts of the COVID-19 crisis).
- **Policy reforms should continue to focus on anti-corruption and governance** given the current concerns of ARTF partners and the need to ensure that recurrent cost support resources are used effectively.
- **The Incentive Program should continue to support critical reforms in land administration,** given the importance of improved land governance in addressing fragility.
- Views were divided regarding a focus on private sector investment. Some **IPWG members** argued that mobilizing private investment will be critical in the context of declining aid support. Others noted the need for realistic expectations in this regard, given the context of likely continuing political uncertainty and insecurity.
- **ARTF partners** noted the need for Incentive Program reforms to remain aligned with broader ARTF / PFFP priorities and the overall ARTF intervention logic. The Incentive Program should also align with the Afghanistan Partnership Framework as far as possible.
- **ARTF partners** suggested that the initiation of a new program of reforms may provide an opportunity to reconsider governance arrangements on the Ministry of Finance side. ARTF partners and World Bank agreed to invite Government to discuss options for improving governance arrangement to ensure: i) full government ownership of reforms; ii) strong coordination across government agencies and between policy reform agendas (SRBC, IMF, World Bank, APF); and iii) timely completion of all policy reform actions.

Attachments:

- Policy action tracking matrix
- Policy action tracking summary
- Presentation of initial findings from the Evaluation of the RCW
- Implementation Completion Report for the 2018 Incentive Program DPG

All attachments are available in the shared folder.