

# The EFA Fund

## Proposal for a Single (or Virtual) Fund

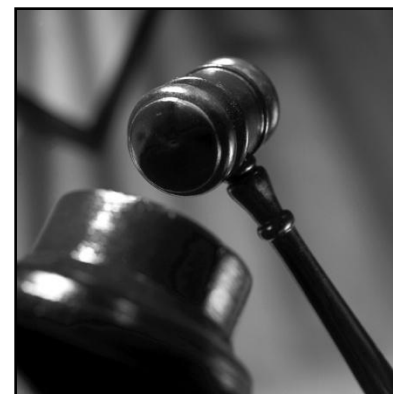
---



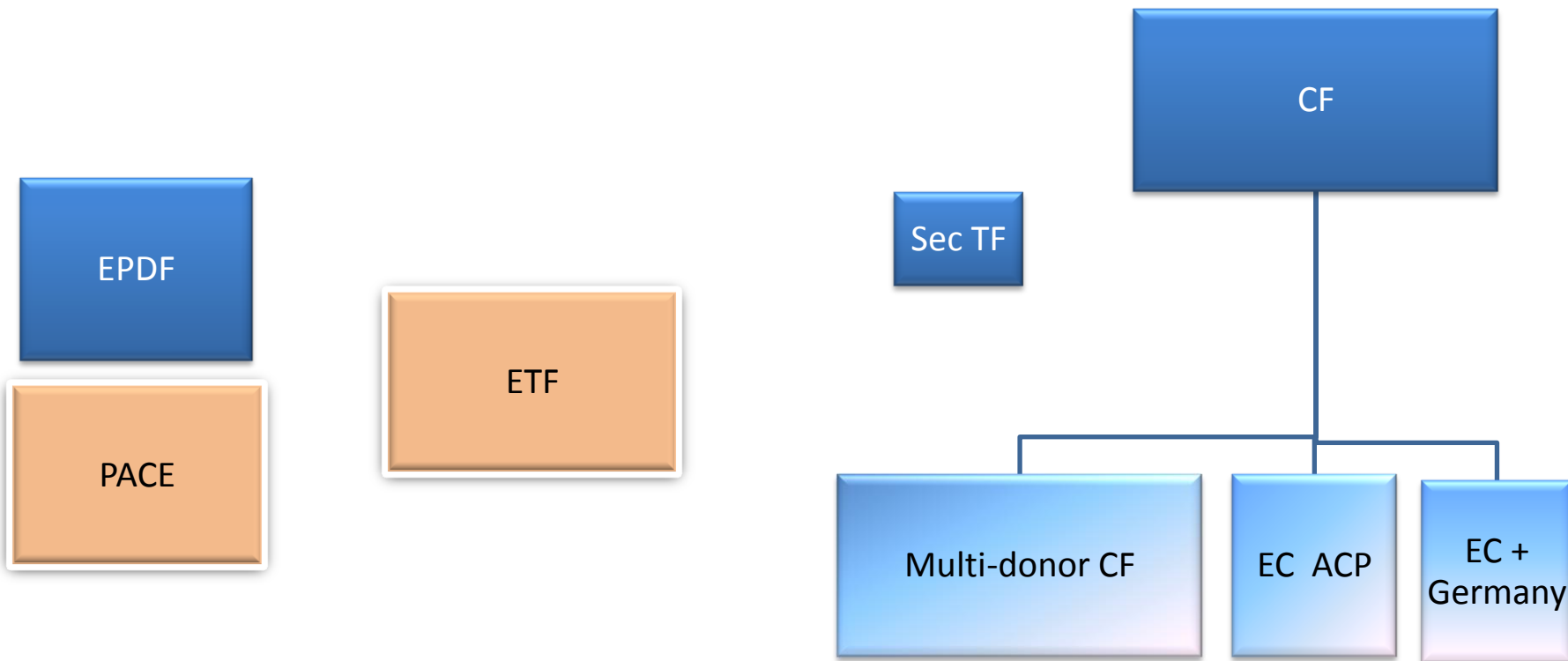
# Board Decision

---

**SC/2009/4-09** – Replenishment Mechanism (Issue 7): Approval that the longer term objective should be to merge the various FTI Trust Funds into a single facility. The Secretariat and Bank should develop a proposal with a process and timetable for this as part of the preparations for Phase 2 of the replenishment. In the medium term and starting with Phase 1, **donors should be urged to make commitments to a “virtual” single Trust Fund by not earmarking their funding to any Trust Fund**. The Board should then provide strategic guidance at least annually as to how to allocate funds among the Trust Funds depending on evolving need.



# Existing Structure



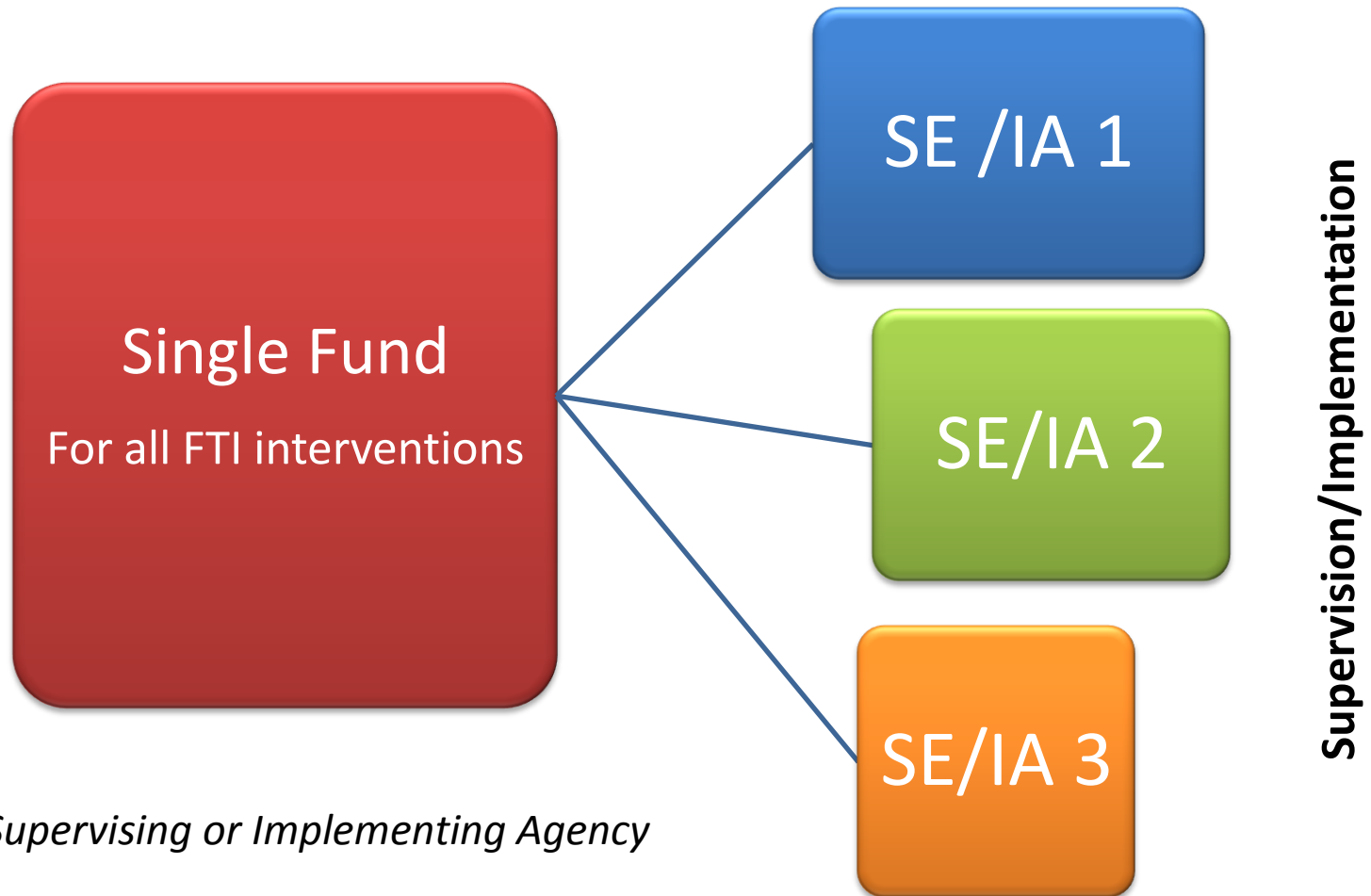
Donors currently contribute into multiple separate funds  
*and more are proposed*

# Consequence of Fund Fragmentation

---

- Weakened linkages between FTI Board decision-making and country allocation decisions
- Blunted impact of recent governance reforms giving voice to Partner Countries
- Increased cost of doing FTI business
- Diffusion of political leadership needed for successful replenishment
- Loss of focus on Partner Countries as center of FTI process

# Virtual Fund Structure

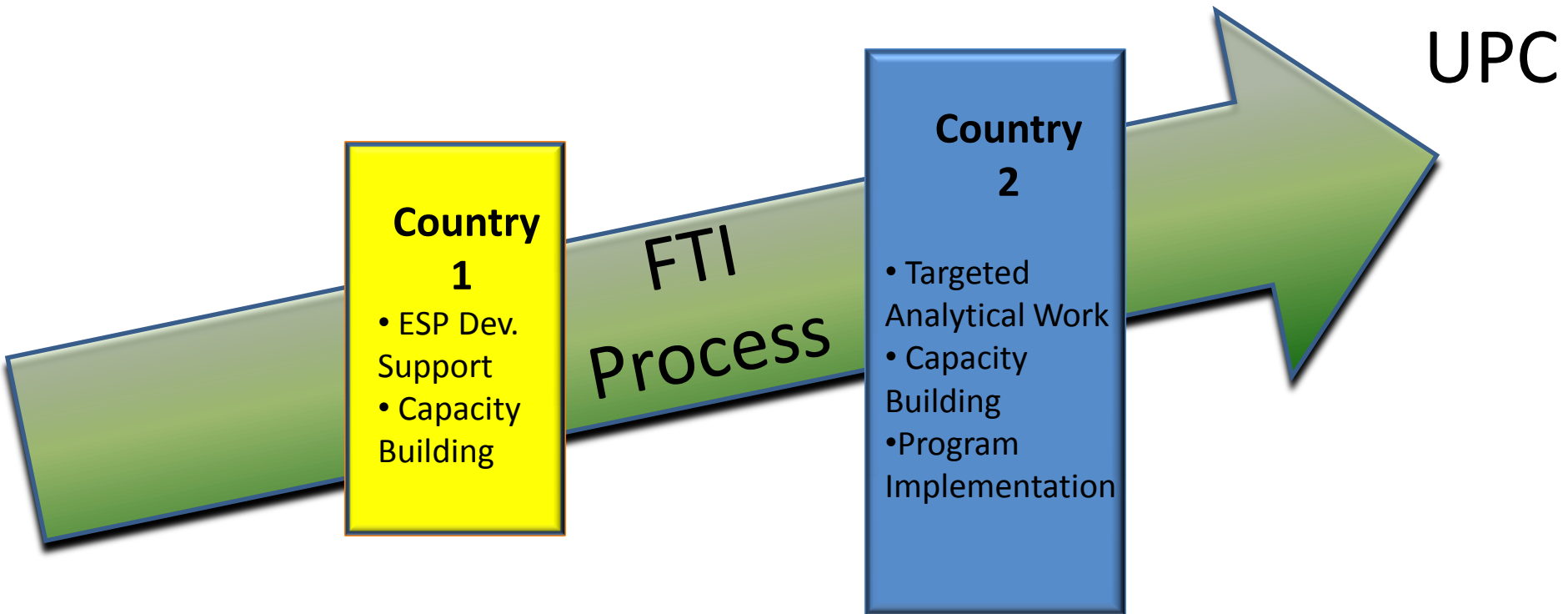


*No "Default" Supervising or Implementing Agency*

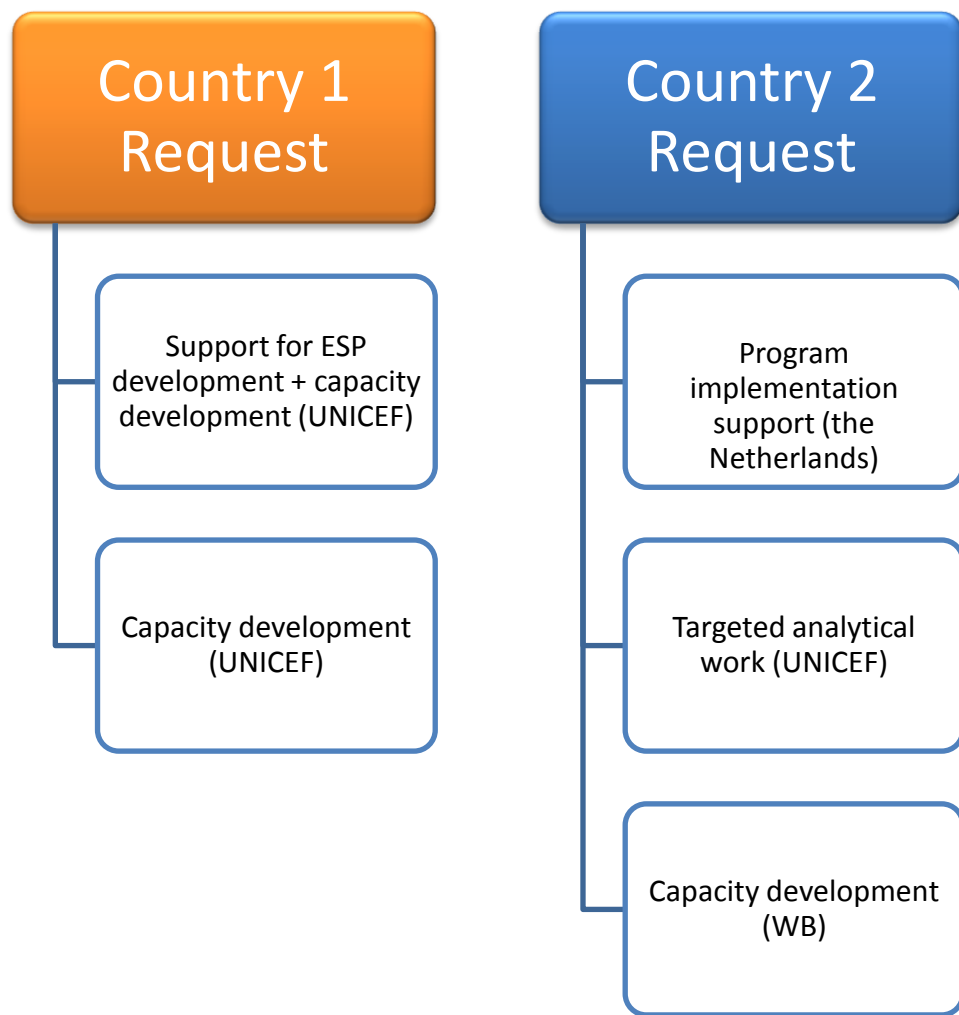
## Support Countries based on Where They Are, What They need

---

Countries are at different places in their efforts to achieve UPC & require different interventions



# How EFA Fund Could Work



Partner country with LEG would prepare funding request covering multiple intervention areas

In this example, EFA Fund would provide funds directly to UNICEF, WB & the Netherlands (acting as SEs or IAs) from one fund

# Financial & Progress Reporting

---

- ❑ Financial and progress reporting on delivery of activities would be required at least annually from each SE/IA
- ❑ Coordinating Agency in the LEG would report via Joint Annual Reviews overall delivery of funded activities



# Benefits for Donors

---

- ❑ Reduced processing & tracking of Administration Agreements (AA) – donors would contribute under the terms of a single AA
- ❑ Fewer Fund Committees
- ❑ More “holistic” view of country support
- ❑ More equitable burden-sharing re. support to the Secretariat



# Benefits for Trustee

---



- ❑ Segregated Trustee Role carried out by WB's Multilateral Trustee & Innovative Financing Department (MTI)

- ❑ Trustee deals with WB in same way it does with all other Supervising Entities: Acts on instruction from Finance Committee, transfers agreed allocations through transfer agreements

# Challenges of Single Fund Approach

---

- Fund objectives must be sufficiently broad to accommodate all FTI services covered by existing trust funds & donors must agree to same set of objectives
- Donors must agree to allow Transfer Agreement mechanism
- Country level guidelines and processes, including clear articulation of and LEG & CA roles, must be formalized and communicated. LEGs must be supported by their HQs
- Donors must agree to delegate financial decision-making to Funding or Finance Committee – but how do they remain engaged at the global level if there are no more specific fund committee meetings?

# Decision for Board

---

“The Board adopts the recommendation for establishment of a single EFA fund.”