Action Plan and Timetable for Transition to a Single Fund

April 2010



BACKGROUND AND OBJECTIVES

At the request of the FTI Board of Directors, the FTI Secretariat developed this action plan and timetable to guide the transition of direct FTI funding from multiple, separately-governed arrangements to a single fund governed by a single decision-making body.

ASSUMPTIONS USED IN PLANNING FOR THE NEW SINGLE FUND

- The "Trustee" for the single fund will be the World Bank (the same organizational unit that provides financial administration services for the Global Fund, GAVI, and the Global Environment Facility).
- The new single fund is projected to be established in early September 2010 and all new FTI donor pledges would be made to it thereafter.
- The closing date of the new fund will be December 31, 2018. *[This date to be determined based on guidance from the FTI Board on the duration of FTI itself.]*

ELIGIBLE ACTIVITIES

The single fund will cover allocations for all FTI interventions including:

- The country level:
  - Support capacity to develop and implement results-oriented programs with realistic budgets.
  - Help increase the effectiveness of education investments by drawing on evidence and sharing knowledge.
  - Help the Local Education Group (LEG) to coordinate support to the education sector, engaging a broad constituency, and advancing country leadership and accountability.
  - Implementation of an agreed tranche of a country's Education Sector Plan (ESP) or Interim Education Plan (IEP).
- The global/regional level:
  - The FTI Secretariat core work program including management, monitoring and evaluation, country support, external relations, fundraising, communications.
  - Research/ knowledge development and dissemination on topics identified as the result of Monitoring and Evaluation exercises or requested by the Board of Directors.
  - The FTI Chair and related expenses.

- Financial administration including management of donor contributions and customized reporting services.

ELIGIBLE FUND RECIPIENTS

Based on instruction from the FTI Board of Directors, allocations would be transferred by the Trustee to the bi-lateral or multi-lateral organizations responsible for either supervision or implementation. An organization supervising an allocation (e.g. a grant to a partner country) is a *Supervising Entity;* an organization implementing activities funded by an allocation is the *Implementing Entity*.

DECISION-MAKING

- The FTI Board of Directors will make resource allocation decisions.
- The FTI Board of Directors' funding decisions will be supported by technical reviews of fund requests. FTI Board members will consult their constituencies prior to taking allocation decisions and will make technical review documentation available to their constituents.
- To the extent possible, decisions will be made on a rolling basis outside of face-to-face FTI Board of Directors meetings.

APPLICATION FOR USE OF FTI FUNDS

- The process of applying for FTI funds for country-level activities will be consistent with the Country Process Guidelines and will be documented in the Operational Guidelines.
- Application for funds to support the FTI Secretariat and the FTI Chair will be presented to the Board as three-year work programs, with annual updates.
- Application for funds to support research/knowledge product development and dissemination will be presented by the FTI Secretariat to the FTI Board of Directors annually or as needed.
- Application for funds to cover the cost of Trustee services will be presented to the Board as a three-year work program, with annual updates.

TREATMENT OF EXISTING FUNDS AND EXISTING ALLOCATIONS

- Donor contributions and pledges up to July 15, 2010 [date to be confirmed by donors] to existing FTI funds will be administered under existing agreements/arrangements.
- Allocations from existing FTI funds will be administered under the terms and conditions of the current arrangements.
- No new allocations will be made from the Catalytic Fund after the November 2010 allocation round.
- No new allocations will be made from the Education Program Development Fund.
- No new allocations will be made from the FTI Secretariat Trust Fund after approval of the work plan and budget at the May 2010 Board meeting.
- At the close of the CF, the EPDF and the FTI Secretariat Trust Fund, donors to those funds will be requested to direct uncommitted balances to the new single fund.

NEXT STEPS AND PROPOSED TIMETABLE

The following activities will influence the operation of the single fund:

1. The findings of the Working Group on FTI Board composition, roles, and responsibilities. This work will inform in particular, how Board members consult with donor Partners who are not Board members.
2. Development of FTI Board procedures on fund decision-making.
3. Board decision on fiduciary and procurement standards for Supervising Entities and Implementing Entities.
4. The decision of the FTI Board of Directors on scope.
5. The Country Process Guidelines, including integration of PACE concepts.
6. Mechanisms for quality assurance.
7. Mechanisms for technical reviews of applications.
8. Application of rolling approvals.
9. Use of the Needs and Performance Framework.
10. Guidelines for annual reporting.

What	***When***	***Who***	***Details***
Draft terms and conditions of the proposed fund circulated to current donors to CF, EPDF, Secretariat TF plus FTI Board with request for comments by end-June 2010	End-May 2010	FTI Secretariat	The Secretariat work with Trustee to develop staffing and work plan, ToRs.
Donor comments collected, including through arranged audio/video conferences	End-May – end June 2010	Donors provide comments to FTI Secretariat	Donor follow-up will continue through mid-July
Donor/other comments integrated into revised draft	Mid-July 2010	FTI Secretariat	
Fund establishment procedures – including terms and conditions with donor inputs and fee arrangement – negotiated with Trustee	Mid-July 2010	FTI Secretariat, WB/Trustee	The projected size and duration of the fund will be a key factor in determining the procedures and fee arrangement
Terms of reference for Technical Review drafted for review by Board	Mid-July	FTI Secretariat, Working Group on FTI Board	The Working Group on FTI Board composition will provide Board models for consideration. Board models will inform how technical reviews will be undertaken (e.g. Board subcommittee, Executive Committee)
Draft full agreement, including contribution letter and terms and conditions, circulated to the donors for final sign-off on terms	End July 2010	FTI Secretariat	
Donors sign on to single fund terms for all new pledges/contributions	Sept 2010 target for new contributions	Donors	
Allocations made from the single fund starting January 2011 (or earlier if using rolling approvals)		FTI Board	Pending finalization of items listed before this timetable, the Board would be able to make allocations from the new fund as soon as funds have been received, and are available for allocation.