

**FTI Steering Committee Meeting
Copenhagen, Denmark—April 19, 2009
Minutes**

The following decisions were agreed by the Steering Committee:

SC/2009/4-01 – Third CSO seat: Approval of the proposed selection process of the third CSO seat on the FTI Board and Secretariat to move forward with the implementation. The Secretariat will develop TORs that outline responsibilities and clarify what resources will be made available to the selected CSO representative.

SC/2009/4-02 – Scope of FTI: Approval, in principle, to consider expansion of the scope of the FTI to a whole sector approach. A small Task Team will be created, with support of the FTI Secretariat, to explore the implications for the FTI indicative framework and the analytical tools necessary to broaden the scope of FTI, including financial needs and mechanisms. A proposal of the Task Team will be presented to the Board of Directors at its next meeting in September/October 2009.

SC/2009/4-03 – Education Transition Fund: Approval that the FTI Secretariat be empowered to work with UNICEF, under the guidance of the co-chairs, to prepare documentation, including a Final Concept Note, an Administrative Agreement, a Grant Agreement, and Operational Guidelines, by June 30, 2009. These documents will be approved by the Board of Directors through non-objection. A process action plan should be drawn up for this process, during the coming week, between UNICEF, the FTI Secretariat and the co-chairs (based on consultation with the donors). The ETF Task Team will be disbanded, having completed its mandate.

SC/2009/4-04 – Replenishment Mechanism (Issue 1): Approval that the replenishment process be launched in Copenhagen 2009. The independent Chair should be mandated to play a leading role in the replenishment as soon as s/he is appointed, and consideration should be given to the ongoing results of the evaluation of FTI.

SC/2009/4-05 – Replenishment Mechanism (Issue 2 & 4): Approval that the replenishment should be phased:

- Phase 1 covering the financing needs of the 18 months or so from the Copenhagen meeting until the end of 2010, focusing on replenishing the Trust Funds
- Phase 2 covering three years (2011 – 2013), with the understanding that there will be further replenishments at least through 2015

SC/2009/4-06 – Replenishment Mechanism (Issue 3): Approval that the replenishment should cover FTI Trust Funds and also bilateral aid which is relevant to FTI objectives.

SC/2009/4-07 – Replenishment Mechanism (Issue 5): Approval that donors should be strongly urged to pledge resources (through signed agreements) to cover the full 18 months of allocations expected in Phase 1 and the full 3 years of Phase 2, accepting that for Phase 2 there needs to be some flexibility about how the commitment is made based on the laws and financial procedures of each donor. Further work should be commissioned by the World Bank and Secretariat to develop detailed guidance on these issues and alternative technical commitment methodologies (e.g., promissory notes).

SC/2009/4-08 – Replenishment Mechanism (Issue 6): Approval that the target for Phase 1 should be to raise \$1.2 billion for the FTI Trust Funds. The targets for phase 2 will depend on a number of variables on which more information is required and should be specified nearer the time, but for the FTI Trust Funds the choice should be between 3 broad, illustrative scenarios:

- A pessimistic scenario
- A middle scenario
- An optimistic scenario

A separate target for relevant bilateral support should also be established for Phase 2. Further work should be commissioned by the World Bank and Secretariat to develop detailed figures for Phase 2 targets in 2010.

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.

SC/2009/4-10 – Replenishment Mechanism (Issue 8): Approval that for Phase 2 of the replenishment, the Secretariat, including the costs of the independent Chair, should be funded by a set-aside arrangement. For example, a percentage “tax” on the other Trust Funds could be held pending agreement on say, a three year Secretariat budget and work program. The amount needed to cover the budget and work program could be released for those costs and any balance would be available for reallocation to the other purposes (CF or EPDF or the Transition Fund). The Secretariat should prepare a detailed proposal which will, inter alia, need to cover how donations in kind (e.g., secondees) are counted. For Phase 1, the full costs of running the Secretariat and Chair, including the costs of the Phase 2 replenishment exercise, would continue to be covered on an ad hoc basis with extra effort from the Steering Committee/Board to mobilize the additional resources on the basis of more equitable burden sharing than previously.

SC/2009/4-11 – Replenishment Mechanism (Issue 9): Approval that Phase 1 of the replenishment should be implemented without any one-off, dedicated events, but existing events should be used to build momentum.

- The Copenhagen FTI meetings should be the formal start of the process and the SC and biggest donors should be seen as endorsing the replenishment targets
- The proposed side event at the IMF/IBRD Spring Meetings would also be useful in launching the replenishment at political level
- The IMF/IBRD Annual Meetings provide an opportunity to build on these, but this would be too late to generate commitments sufficient to allocate funds to the CF proposals lined up for the second FTI meeting of 2009

Phase 2 should involve a launch event, some intermediate events and road-shows and a final Replenishment Conference in mid to late 2010. This will involve careful, detailed planning and the new Chair should be asked to prepare a detailed proposal as soon as s/he is appointed. CE and other civil society organizations should be invited to help campaign.

SC/2009/4-12 – Replenishment Mechanism (Issue 10): Approval that the Secretariat should be asked to develop the preliminary table of roles, other actions and milestones in Annex 1 in more detail and then update at regular intervals as the replenishment progresses.

SC/2009/4-13 – Replenishment Mechanism: Approval that the Replenishment task team develop a standalone document to summarize the replenishment mechanism as soon as possible and that the task team then be disbanded upon completion of the report.



SC/2009/4-14 – Prioritization of FTI Countries: Approval that the recommendations (with further clarifications) from the prioritization task team will be coordinated with the work of the replenishment task team.

SC/2009/4-15 – Financing of the Secretariat and Chair: The Steering Committee was reminded that the Secretariat Trust Fund, already under funding pressure, will be further affected by the upcoming replenishment process and the recruitment of the new chair. Current estimates show funds running out by approximately September 2009.

SC/2009/4-16 – The New EPDF: Approval that the EPDF v2 concept presented in the task team's concept note is approved in its broad lines, to allow for funding through a virtual window, as an option.

SC/2009/4-17 – The New EPDF: Approval that a recommendation be made to the EPDF Committee that the EPDF v2 task team be asked to proceed with design of the Program, based on the Concept Note and input from the EPDF Committee. This will include a process of broader consultation, including with representatives from LEGs.

SC/2009/4-18 – The New EPDF: Approval that a fixed funding amount be made available for CF/ETF preparation and transferred directly to the agency responsible to deliver these services.