

FAC/2011/05—DOC 3

Meeting of the EFA FTI Financial Advisory Committee  
Kigali, Rwanda, 16 May 2011

**EDUCATION FOR ALL FUND GOVERNANCE  
DOCUMENT**



**For the FAC and for Final Recommendation by the FAC to the EFA FTI Board of Directors**

---

**1. Purpose**

The purpose of this paper is to seek agreement of the EFA FTI Financial Advisory Committee (FAC) to recommend to EFA FTI Board of Directors approval of the Education for All Fund Governance Document.

**2. Background**

2.1 At the last meeting of the EFA FTI Board of Directors in November 2010 in Madrid, Spain, the EFA FTI Board of Directors approved the name of the new single trust fund as the “Education for All Fund” (BOD/2010/11-6). At that time, the EFA FTI Board of Directors requested the EFA FTI Secretariat to proceed with finalization of all the necessary actions to establish the Education for All Fund, which will be managed by the World Bank as trustee. The EFA FTI Board of Directors also requested the EFA FTI Secretariat to present to the Financial Advisory Committee the Education for All Fund Governance Document, reflecting the inputs made at the November 2010 meeting, as well as the results of consultations with prospective donors to the Education for All Fund, for the FAC’s review and recommendation for approval by the FTI Board of Directors. (BOD/2010/11-7).

2.2 Over the course of the last few months, the standard terms and conditions for the Contribution Agreement for the Education for All Fund have been negotiated with potential donors. The Contribution Agreement sets out how the World Bank as trustee will manage the contributions to the Education for All Fund. The Contribution Agreement refers to the Education for All Fund Governance Document, which in turn sets out how the various parts of the EFA FTI’s governance structures participate in decision-making with respect to allocations from the new trust fund.

2.3 On 18 April 2011, a copy of the draft Education for All Fund Governance document was sent to FAC members for comment by 29 April 2011. A table listing the comments (including any comments received by potential donors outside of the FAC process), and the responses to them, are attached in Annex 1. The revised document is in Annex 2.

2.4 A copy of the latest draft of the Contribution Agreement, sent by the Trustee to potential donors, was provided to FAC members. As some constituencies are not represented on the FAC, and because this document is being provided to all Board members at the same time as the FAC, the Contribution Agreement is also provided as Annex 3. This will enable review by Board members before the meeting of the EFA FTI Board of Directors on 18-19 May 2011. It should be noted that under the terms of the Contribution Agreement, no allocations may be made from the Education for All Fund until this document is adopted by the EFA FTI Board of Directors.

### 3. Proposed Decision

3.1 The EFA FTI Secretariat recommends that the FAC propose to the EFA FTI Board of Directors at its meeting in Kigali on 18-19 May 2011 to approve the following decision:

**BOD/2011/05-XX – Approval of Education for All Fund Governance Document: The EFA FTI Board of Directors approves the Education for All Fund Governance Document attached as Annex 2 to FAC/2011/05-DOC 3.**

#### 4.1 Reasons for Recommendation

4.1.1 The document is relatively straightforward in terms of the content; it matches the obligations that have already been generally agreed by the potential donors in the Contribution Agreement and other decisions already taken by the FTI Board of Directors, including:

- The “Eligible Activities” for the Education for All Fund reflected are those that were

already approved by the FTI Board of Directors in Madrid (as presented in the paper “The EFA Fund Structure and Operational Design”) (BOD/2010/11-8); and

- The eligible Supervising Entities and Implementers reflected are those that were already approved in Madrid (BOD/2010-11-9), i.e., multilateral and bilateral partners only.

4.1.2 With respect to how the EFA FTI Board of Directors will make decisions on allocations, the Education for All Fund Governance Document incorporates by reference the provisions of the EFA FTI Governance of the Partnership document, which includes the following provision:

“4.2.8 The FTI Board of Directors makes funding decisions for the FTI Trust Funds, monitors their utilization and ensures that they are being used in line with FTI objectives and policies, upon recommendations of committees established by the Board of Directors as relevant.”

4.1.3 It should be noted that a further paper will be delivered to the EFA FTI Board of Directors for its consideration at its meeting on 18-19 May 2011 recommending several revisions to the Governance of the Partnership document, including a change in section 4.2.8 above to refer to the Education for All Fund Governance document.

## 4.2 Note on Reasons for Requirement of Three Separate Documents

4.2.1 Comment were received from two Board members regarding the need for having three separate documents (Contribution Agreement, Education for All Fund Governance document, Governance of the Partnership document) each with their own defined terms, which made review and comment difficult.

4.2.2 After careful consideration and review of best practice in other “Financial Intermediary Funds” for which the World Bank serves as Trustee, the Trustee agreed with the EFA FTI Secretariat that it is appropriate to separate the Education for All Fund Governance document from the Contribution Agreement. The Contribution Agreement refers to both the EFA FTI Governance of the Partnership document and to the Education for All Fund Governance document, indicating that the former provides the governance arrangements for the overall EFA

FTI Partnership, and the latter provides the operational framework and decision-making rules for the Education for All Fund. Neither is shown as an integral part of the Contribution Agreement, which allows the Board flexibility to change the other documents without requiring amendments to each of the Contribution Agreements. It should be noted, however, that to avoid confusion between the documents, the EFA FTI Secretariat is recommending renaming the Governance of the Partnership document as the ***Charter of the Education for All Fast Track Initiative***.

## 5. Next Steps

The FAC is requested to recommend the approval of the Education for All Fund Governance document to the EFA FTI Board of Directors.

**Annex 1: Summary of Comments Received on the Draft Education for All Fund Governance Document**

Comment	Response
<p><b>Multilateral and Regional Banks:</b> Two small edits on page 10 (6a last line). There is an "its" too much. Same page 6c last line "or Activities" should be deleted as this is part of the definition of the "Allocations".</p>	<p>Both corrections made in Annex 2.</p>
<p><b>Multilateral and Regional Banks:</b> The role of the Secretariat is defined too narrow, but that is probably stuff to be discussed with the Board. The new roles that may come out of a revised EQR would in my view make it necessary to change this document.</p>	<p>The External Quality Review process will be discussed with the FAC at the meeting on 16 May 2011. At that time, we may consider whether the new process would require any changes to the Education for All Fund Governance document.</p>
<p><b>Denmark/Norway/Sweden/Ireland:</b> Our first comment is to question the need for both a Governance Document <i>and</i> a Governance of the Partnership Document. The <i>Standard Provisions</i> of the Contribution Agreement defines 35 defined terms which are then redefined in the <i>Governance Document</i> but need to be understood to read the <i>Partnership of the Governance Document</i>. Would it not be better if all definitions were dealt with in the standard provisions as Annex I to the Agreement? One Governance Document could then incorporate roles and responsibilities of how the partnership works as an Annex II to the agreement. For the purposes of non-contributing partners, the Governance Document (Annex II to the agreement) could be a stand-alone.</p> <p><b>Belgium/Luxembourg/Netherlands/Switzerland:</b> We agree with the Nordic group that it is somewhat confusing to have (a) Standard Provisions to the Grant Agreement, (b) the Governance Document and (c) the Governance of the Partnership Document. Is the Nordic proposal to have standard provisions and one governance document feasible?</p>	<p>Please see note in paragraph 4.2 in the cover to this paper.</p>

<p><b>Denmark/Norway/Sweden/Ireland:</b> The role of the Operational Manual referred to in two of the documents needs to be clarified. Where the Governance document conflicts with the Operational Manual for example, which takes precedence?</p>	<p>All documents prepared by the EFA FTI Secretariat, such as the Operational Manual, will need to be consistent with any document approved by the EFA FTI Board of Directors.</p>
<p><b>Denmark/Norway/Sweden/Ireland:</b> The role of the secretariat and Board Of Directors in ensuring an <b>audit trail</b> still needs strengthening in the documents. Section 8.2 of the <b>Contribution Agreement</b> outlines what each Transfer Memorandum or Transfer Agreement will provide. There is no mention of Audit. It deals adequately with what the SE should do if it becomes aware of an incident of fraud. But there needs to be a more proactive and systematic way of watching and checking that procedures are adhered to. This is where the role of Audit should be highlighted. Section 8.6 of the same document notes that the Trustee shall require periodic financial reports, audited or unaudited. Is the Trustee therefore happy to receive unaudited accounts in every case? Should it not define in what instances audited reports are required? Section 6 (c) of the Governance Document again refers to combating fraud and corruption but again this is only one function of Audit. In reviewing the Grant Agreement, The Governance Document and the Governance of the Partnership Document, we believe that regular audits of the funded activities is a requirement that should be made explicit.</p>	<p>Section 8.2 of the Contribution Agreement states that each Transfer Agreement or Transfer Memorandum shall provide that each Supervising Entity or Implementer shall be responsible for both “the use of the Trust Fund funds transferred to it and Activities carried out therewith in accordance with....its own policies and procedures...and its framework to combat fraud and corruption” and “(iii) provision of certain periodic financial reports for both individual Activities for which an Allocation was approved and for its portfolio of Activities, as agreed between the Trustee and the EFA FTI Board of Directors.” Therefore, the need for audit of financial statements at the level of the developing country partner and/or Implementer will depend on the policies of the Supervising Entity or Implementer (including, for the purposes of the United Nations and its subsidiary organs, the Fiduciary Principles Accord). The Operational Manual will provide that each Supervising Entity report on audit compliance (including the timeliness of provision) according to their own procedures and in turn pass that reporting on to EFA FTI Secretariat.</p> <p>The Trustee will accept whatever form of reports that are within the Supervising Entity or Implementer’s usual practices. This is in line with the harmonization and alignment principles of the EFA FTI.</p>

<p><b>Belgium/Luxembourg/Netherlands/Switzerland:</b> The set of documents is not very specific what authority the Board has to take action in case of fraud and corruption. The Board can "require the Supervising Entity or Implementer to promptly return funds to the Trustee", but it is not clear how the Board can enforce this. In that regard, the proposed "Protocol regarding Mismanagement of FTI Funds", which will be discussed in the Board, is relevant. Perhaps some of the language adopted in this protocol could be included in the Governance documents.</p>	<p>The EFA FTI Board of Directors can require a return of funds in cases where the Supervising Entity or Implementer has violated the Transfer Agreement or Transfer Memorandum. The EFA FTI Board of Directors can make this decision by approving a decision to direct the Supervising Entity or Implementer to do so.</p>
<p><b>UNICEF:</b> In the glossary "(j) Education Sector Plan (ESP)" it is noted that the ESP is endorsed by the Local Education Group. While we support this point, we note that it is NOT aligned with the Partnership Governance Document, which states that endorsement of the ESP is made by the Local Donor Group. We also highlight this issue in our comments on the Partnership Governance Document.</p>	<p>A change has been made to the EFA FTI Governance of the Partnership document.</p>
<p><b>UNICEF:</b> The Document makes no reference to the Coordinating Agency and the Local Donor Group in the governance of the EFA Fund at the country level.</p> <p>As per the Partnership Governance Document, the Coordinating Agency plays a key "facilitating role with respect to the timely and efficient disbursement of all funds supporting implementation of the ESP or IEP" and the Local Donor Group "supports, as appropriate, the Government's application for use of EFA FTI funding instruments". It is therefore important to add the responsibilities of these two instances in the Fund Governance Document.</p> <p>Furthermore, we think that it is key to clarify the working relationship between the Supervising Entities/Implementers and the Coordinating Agency.</p>	<p>This document is not meant to describe the country-level processes. This document is only about the Education for All Trust Fund. Country-level processes and governance, which apply when a developing country wishes to join the Partnership, irrespective of whether there will be an application for funding, are set out in the Governance of the Partnership Agreement.</p> <p>The Coordinating Agency's role regarding timely and efficient disbursement relates to all funds supporting the education plan, and is not reserved to those from the Education for All Fund.</p>

<p><b>UNICEF:</b> We note the importance of having the Trustee monitor fiduciary processes closely. We have a comment on paragraphs 5 (c),3ib, 3c,iii where the “Board in consultation with the Trustee” is mentioned . We cannot anticipate circumstances where the Trustee might disagree with the Board, but if that happens, the disagreement needs to be resolved in same time (i.e. when Board and Trustee are sitting together).</p>	<p>Agreed. Representatives of the Trustee will be invited to all meetings of the EFA FTI Board of Directors and to any other decisions taken by email involving issues to which the Trustee has a role in the Education for All Fund Governance document (regarding contributions from non-governmental donors and approval of a Supervising Entity or Implementer).</p>
<p><b>UNICEF:</b> Under sections 6 and 7, we suggest to add the following: “In cases, where the Supervising Entity or Implementer is an organisation or subsidiary organ of the United Nations System signatory of the Fiduciary Principles Accord (FPA), the same Terms and Conditions of the FPA shall apply”.</p>	<p>There is no need to invoke FPA arrangements under the Education for All Fund. UNICEF’s own procedures will apply.</p>
<p><b>UNICEF:</b> The Local Donor Group should be added in the glossary.</p>	<p>The Local Donor Group is not used in the document and therefore is not in the defined terms. Its role is described in the Governance of the Partnership document (to be renamed Charter).</p>
<p><b>UNICEF:</b> In section 3 (c) points iii. through vii, it is not clear why at some points an "and" links Supervising Entities and Implementers and at other points it is an "or". If there is not reason for this there needs to be consistency and the link be rather "and/or".</p>	<p>The use of “or” is used when there is a choice between the Supervising Entity or the Implementer. The word “and” is used when it applies to both.</p>

## Annex 2: Education for All Fund Governance Document

The Education for All Fund is a multilateral financing mechanism to support the work of the Education for All Fast Track Initiative (EFA FTI), a global partnership of developing and donor countries and agencies, civil society organizations, private foundations and the private sector, focusing on accelerating progress towards the Education for All goals.

The purpose of the Trust Fund is to manage contributions in support of the “Eligible Activities” described in Section 1 as approved from time to time by the EFA FTI Board of Directors. This Governance Document establishes the operating and decision-making procedures for the Trust Fund. In case of any conflicts, the provisions of the EFA FTI Governance of the Partnership Document, as may be amended from time to time, shall supersede the provisions of this Trust Fund Governance Document.

Capitalized terms used hereinafter shall have the meanings ascribed to them below:

- (a) **“Activity” or “Activities”** means an activity, a set of activities, or a part thereof, to be financed with funds from the Trust Fund, as approved by the EFA FTI Board of Directors based upon a Proposal;
- (b) **“Agency Fees”** means the fees charged by a Supervising Entity or Implementer and agreed by the EFA FTI Board of Directors when approving an Allocation in order to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of Transferred Funds;
- (c) **“Allocation”** means the portion of the Trust Fund funds that has been approved by the EFA FTI Board of Directors for allocation to Activities and associated Agency Fees and, where applicable, a Supervision Allocation;
- (d) **“Contribution”** means each Contributor’s respective contribution to the Trust Fund, and **“Contributions”** means the aggregate of all the contributions to the Trust Fund;
- (e) **“Contribution Agreement”** means any agreement or arrangement entered into between the Trustee and any Contributor in respect of the Contributor’s Contribution;
- (f) **“Contributor”** means any country (including any ministry and agency thereof) or, if agreed by the EFA FTI Board of Directors and the Trustee, such other public or private entity that provides a Contribution;
- (g) **“Coordinating Agency”** means the agency or organization within the Local Education Group responsible for coordinating members of the Local Education Group and serving as communications link with the EFA FTI Secretariat;
- (h) **“Developing Country Partner”** means a country: (i) that receives Trust Fund funds from a Supervising Entity through a Grant Agreement, or (ii) on whose behalf an Implementer implements an Activity;

- (i) **“Donor Country Partner”** means a country represented in a donor country constituency of the EFA FTI Board of Directors as described in the EFA FTI Governance of the Partnership Document;
- (j) **“Education Sector Plan (ESP)”** means a Developing Country’s national comprehensive education sector plan, endorsed by the Local Education Group;
- (k) **“EFA FTI Board of Directors”** means the Board of Directors of the Education for All Fast Track Initiative, as described in the EFA FTI Governance of the Partnership Document;
- (l) **“EFA FTI Chair”** means the independent, non-voting Chair of the EFA FTI Board of Directors and of the FTI Partnership as a whole, as described in the EFA FTI Governance of the Partnership Document;
- (m) **“EFA FTI Chair Work Program and Budget”** means the work program and budget resources associated with delivery of the EFA FTI Chair’s roles and responsibilities, as described in the EFA FTI Governance of the Partnership Document;
- (n) **“EFA FTI Governance of the Partnership Document”** means the document adopted by the EFA FTI Board of Directors, as may be amended from time to time in accordance with its terms, which establishes the governance arrangements and roles and responsibilities of the partners in the EFA FTI Partnership;
- (o) **“EFA FTI Partnership”** means the global partnership, established in 2002, of developing and donor countries, agencies, civil society organizations, the private sector and private foundations and other development stakeholders, with the aim of accelerating progress toward the Education for All goals;
- (p) **“EFA FTI Secretariat”** means the unit established within IBRD to support the work of the EFA FTI Board of Directors and EFA FTI Partnership, as described in the EFA FTI Governance of the Partnership Document;
- (q) **“EFA FTI Secretariat Work Program and Budget”** means the work program and budget resources associated with delivery of the EFA FTI Secretariat’s roles and responsibilities as approved by the EFA FTI Board of Directors;
- (r) **“End Transfer Date”** means the last day on which transfers can be made from the Trust Fund to Supervising Entities or Implementers, as determined by the EFA FTI Board of Directors in consultation with the Trustee;
- (s) **“Grant Agreement”** means an agreement or other arrangement entered into between a Supervising Entity and a Developing Country Partner or other entity

in respect of an Activity;

- (t) **“IBRD”** means the International Bank for Reconstruction and Development;
- (u) **“IDA”** means the International Development Association;
- (v) **“Implementer”** means any Multilateral Agency Partner or any Donor Country Partner designated to receive Transferred Funds and implement Activities as approved by the EFA FTI Board of Directors in consultation with the Trustee;
- (w) **“Interim Education Plan (IEP)”** means the plan endorsed by the Local Education Group that targets parts of a Developing Country’s education system;
- (x) **“Local Education Group”** means the Developing Country Partner government officials, Multilateral Agency Partners, Donor Country Partners, Civil Society Organizations (CSOs) and others supporting the education sector at the country level;
- (y) **“Multilateral Agency Partner”** means any multilateral agency represented in the multilateral agency constituencies of the EFA FTI Board of Directors as described in the EFA FTI Governance of the Partnership Document;
- (z) **“Operational Manual”** means the manual prepared by the EFA FTI Secretariat in consultation with the Trustee, comprising the detailed procedures for accessing, and reporting on use of, Trust Fund funds as may be amended from time to time;
- (aa) **“Proposal”** means any proposal submitted to the EFA FTI Board of Directors seeking an Trust Funds for an Activity;
- (bb) **“Supervising Entity”** means any EFA FTI Multilateral Agency Partner or any EFA FTI Donor Country Partner designated to receive Transferred Funds and supervise an Activity, as approved by the EFA FTI Board of Directors, in consultation with the Trustee;
- (cc) **“Supervision Allocation”** means the portion of the Trust Fund allocated to a Supervising Entity to offset costs associated with supervising an Activity, as approved by the EFA FTI Board of Directors at the time of approving an Allocation to a Supervising Entity;
- (dd) **“Transfer Agreement”** means any agreement or arrangement entered into between the Trustee and Supervising Entity or Implementer that is not the IBRD in respect of Transferred Funds;
- (ee) **“Transfer Memorandum”** means a memorandum specifying the applicable procedures for the transfer of funds from the Trust Fund by the Trustee to other units of the IBRD for each of: (i) the EFA FTI Secretariat Work Program

and Budget; and (ii) Activities for which the IBRD is acting as the Supervising Entity or Implementer;

- (ff) “Transferred Funds”** means Trust Fund resources transferred to a Supervising Entity, Implementer, or to IBRD for the approved EFA FTI Secretariat Work Program and Budget;
- (gg) “Trustee Costs”** means the administrative and other costs incurred by the Trustee in connection with the performance of its financial administration services in support of the Trust Fund;
- (hh) “Trust Fund”** means the trust fund entitled the “Education for All Fund”;
- (ii) “Trust Fund Governance Document”** means this document adopted by the EFA FTI Board of Directors, as may be amended from time to time in accordance with Article 8 of this document; and
- (jj) “World Bank”** means IBRD and IDA.

## 1. Eligible Activities

The following activities are eligible for support from the Trust Fund:

### (i) Country Level

- Support for development/revision of a national Education Sector Plan (ESP) or Interim Education Plan (IEP) for a Developing Country Partner;
- Support for development of a Proposal for ESP or IEP implementation;
- Support for Local Education Group and Joint Sector Review strengthening; and
- Support for ESP and IEP implementation.

### (ii) Global and Regional Level

- Knowledge and/or practice gap-filling initiatives and programs that address EFA FTI's priority thematic areas and enhance the capacity of EFA FTI Developing Country Partners to meet their education goals;
- Activities enabling scale-up of identified evidence-based good practices relevant to the EFA FTI ; and
- Activities focused on improving EFA FTI partnership accountability by strengthening availability and quality of data.

### (iii) Other Costs

- The EFA FTI Secretariat Work Program and Budget;
- The EFA FTI Chair Work Program and Budget;
- Trustee Costs;
- Agency Fees

- Supervision Allocations; and
- Any other activity approved by the EFA FTI Board of Directors.

## 2. Governance and Organizational Structure

The governance and organizational structure of the Trust Fund includes the EFA FTI Board of Directors, the EFA FTI Secretariat, the Trustee and the Supervising Entity or Implementer.

## 3. EFA FTI Board of Directors

### *(i) Roles and Responsibilities*

Pursuant to the EFA FTI Governance of the Partnership Document, the EFA FTI Board of Directors makes funding decisions for the Trust Fund, monitors Trust Fund utilization and ensures that the Trust Fund is being used in line with EFA FTI objectives and policies, upon recommendations of committees established by the EFA FTI Board of Directors as relevant. The EFA FTI Board of Directors may exercise its roles and responsibilities as set out in the EFA FTI Governance of the Partnership Document and such other functions as the EFA FTI Board of Directors may deem appropriate to fulfill the purposes of the Trust Fund, including, but not limited to the following:

- (a) developing and/or amending this Trust Fund Governance Document, the EFA FTI Governance of the Partnership Document or any other document setting out the governance of the EFA FTI Partnership and the operating procedures of the EFA FTI Board of Directors and its committee(s);
- (b) approving, in agreement with the Trustee, all Contributors to the Trust Fund that are not countries (including any ministry and agencies thereof);
- (c) For Allocations in support of all country-level and global and regional level activities listed in Section 1. “Eligible Activities” above:
  - i. approving operational guidelines relating to the eligibility and prioritization of Developing Country Partners and global and regional organizations to submit Proposals;
  - ii. approving all Allocations and informing the EFA FTI Secretariat and Trustee thereof;
  - iii. approving the Supervising Entity(ies) or Implementers for each Proposal, in consultation with the Trustee;
  - iv. deciding, in consultation with the Trustee, on the requirements for the content of and frequency for the periodic financial reports to be provided by Supervising Entities and Implementers for which an Allocation was approved and for the portfolio of Activities of the Supervising Entity or Implementer;

v. deciding on the requirements for the content of and frequency for the implementation reports to be provided by Supervising Entities and Implementers for which an Allocation was approved and for the portfolio of Activities of the Supervising Entity or Implementer;

vi. reviewing the financial and implementation reports referred to in paragraphs v. and vi. above, as consolidated by the EFA FTI Secretariat;

vii. deciding and informing the EFA FTI Secretariat, after consultation with the relevant Supervising Entity or Implementer, to direct the Trustee to: i. withhold transfers of the Trust Fund funds to a Supervising Entity or Implementer pursuant to a Transfer Agreement or Transfer Memorandum; and/or ii. require the Supervising Entity or Implementer to promptly return funds to the Trustee. The EFA FTI Board of Directors may make this decision in the event that the Supervising Entity or Implementer has used Transferred Funds in a manner inconsistent with the terms of the corresponding Transfer Agreement or Transfer Memorandum or the applicable decisions of the EFA FTI Board of Directors; and

viii. recommending to cancel funding for all or part of an Activity for reasons, but not limited to, the reasons set forth in paragraph viii above, and informing the EFA FTI Secretariat and the Trustee thereof;

- (d) approving Allocations for the EFA FTI Chair Work Program and Budget and the EFA FTI Secretariat Work Program and Budget on an annual basis;
- (e) approving the Trustee Costs budget on an annual basis;
- (f) approving any new Eligible Activities in addition to the activities listed in Section 1 above; and
- (g) determining the End Transfer Date in consultation with the Trustee and determining when to cease making Allocations from the Trust Fund.

**(ii) *Composition and Voting Rights***

The composition and voting rights of the members of the EFA FTI Board of Directors and the procedures for decision-making by the EFA FTI Board of Directors shall be governed by the relevant provisions of the EFA FTI Governance of the Partnership Document, as may be amended from time to time in accordance with its terms.

The EFA FTI Board of Directors may delegate its responsibilities and decision-making authority over the Trust Fund to a committee of the EFA FTI Board of Directors, the EFA FTI Secretariat or to any other entity by means of a decision in writing approved by the EFA FTI Board of Directors in accordance with the terms of the EFA FTI Governance of the Partnership Document.

*(iii) Committees*

The EFA FTI Board of Directors may establish committees to assist it in its work from time to time. As of the time of the establishment of the Trust Fund, the EFA FTI Board of Directors has established a Financial Advisory Committee under terms of reference approved by the EFA FTI Board of Directors. The terms of reference of the FAC may be amended or rescinded by the EFA FTI Board Directors from time to time.

*(iv) EFA FTI Chair*

The role of the EFA FTI Chair is set out in the EFA FTI Governance of the Partnership Document, as may be amended from time to time. The EFA FTI Chair shall prepare Proposals for the EFA FTI Chair Work Program and Budget on an annual basis for the approval of the EFA FTI Board of Directors.

**4. EFA FTI Secretariat**

The EFA FTI Secretariat supports the work of the EFA FTI Partnership and the EFA FTI Board of Directors. The EFA FTI Secretariat is housed in the Washington, DC offices of the World Bank and comprises a small team of professional and administrative staff employed by the World Bank.

The responsibilities of the EFA FTI Secretariat are set out in the EFA FTI Governance of the Partnership Document as amended from time to time. In addition the EFA FTI Secretariat shall have the following responsibilities with regards to the Trust Fund:

- (a) preparing an Operational Manual, in consultation with the Trustee;
- (b) receiving Proposals for review by the EFA FTI Board of Directors and/or any committees established by the EFA FTI Board of Directors;
- (c) confirming that Proposals contain the necessary information for review by the EFA FTI Board of Directors or committees established by the EFA FTI Board of Directors, as appropriate;
- (d) notifying the Trustee of Proposals and associated Allocations as approved by the EFA FTI Board of Directors;
- (e) organizing meetings of the EFA FTI Board of Directors and committees thereof in connection with approval of Allocations;
- (f) drafting and circulating minutes of the EFA FTI Board of Directors and committees thereof in connection with approval of Allocations;
- (g) providing public information on the Trust Fund activities on the EFA FTI website;

- (h) providing guidance to Local Education Groups, Coordinating Agencies, Supervising Entities and Implementers on the processes and requirements for Proposals;
- (i) receiving and consolidating annual implementation results reports from Supervising Entities and Implementers in a format approved by the EFA FTI Board of Directors, for distribution to the EFA FTI Board of Directors and the Contributors;
- (j) collaborating with the Trustee to ensure that the Trustee has all the information necessary to carry out its responsibilities;
- (k) preparing Proposals for the EFA FTI Secretariat Work Program and Budget on an annual basis for the approval of the EFA FTI Board of Directors; and
- (l) performing any other functions assigned to it by a decision of the EFA FTI Board of Directors.

## 5. Trustee

- (a) The IBRD will serve as Trustee for the Trust Fund.
- (b) The IBRD, in its capacity as the Trustee, will establish the Trust Fund to receive Contributions, and will hold in trust, and administer the funds, assets and receipts that constitute the Trust Fund, pursuant to the terms of the Contribution Agreements.
- (c) The IBRD, in its capacity as the Trustee, shall: (i) agree, in addition to the EFA FTI Board of Directors to any Contributor to the Trust Fund that is not a country (or ministry or agency thereof); and (ii) be consulted by the EFA FTI Board of Directors on its approval of the Supervising Entity(ies) and Implementer for each Activity;
- (d) The Trustee will, subject to the availability of applicable funds held in the Trust Fund as determined by the Trustee and subject to the terms of the Contribution Agreements, commit, transfer and/or use the Trust Fund funds for any purpose approved and in the amount allocated by the EFA FTI Board of Directors, in accordance with the terms of this Trust Fund Governance Document and the Contribution Agreements. Commitments and transfers of the Trust Fund funds to the Supervising Entities and Implementers will be made pursuant to the applicable Transfer Agreement or Transfer Memorandum.
- (e) Upon the transfer of such funds to the relevant Supervising Entity or Implementer, the Trustee shall have no responsibility, fiduciary or otherwise, for the use of these funds including to the Supervising Entity, the Implementer, the Contributors or the EFA FTI Board of Directors.

- (f) The Trustee will require, and accept from, the Supervising Entities and Implementers certain periodic financial reports, as agreed between the Trustee and the EFA FTI Board of Directors.
- (g) The Trustee will provide to the EFA FTI Board of Directors regular reports on the financial status of the Trust Fund, as set forth in the Contribution Agreements.
- (h) The Trustee will prepare a Proposal for the Trustee Costs on an annual basis for the approval of the EFA FTI Board of Directors;
- (i) The Trustee will be accountable to the EFA FTI Board of Directors for the performance of its functions.
- (j) The Trustee will collaborate with the EFA FTI Secretariat to ensure that the EFA FTI Board of Directors has all the information necessary to carry out its responsibilities.

## 6. Supervising Entities

Supervising Entities may be appointed for country-level activities and for global and regional activities described in Section 1. (i) and (ii) above. For country-level activities, the Supervising Entity is proposed by Developing Country Partner and the Local Education Group. and is subject to approval by the EFA FTI Board of Directors in consultation with the Trustee.

Each Supervising Entity will be responsible for:

- (a) appraising the Proposal of the Developing Country Partner, with consideration for its alignment with the Developing Country Partner's ESP or IEP, country and sector circumstances, and capacity concerns, according to the Supervising Entity's own policies and procedures;
- (b) entering into Grant Agreements with the selected recipients, including but not limited to, Developing Country Partners and/or global or regional organizations that will implement the Activities;
- (c) use of the Trust Fund funds transferred by the Trustee and Activities carried out therewith in accordance with: (i) its own policies and procedures including those related to eligible expenditures, employment and supervision of consultants and the procurement of goods and works and its framework to combat fraud and corruption; and (ii) the applicable decisions of the EFA FTI Board of Directors, including the purpose for which the specific Allocations have been approved by the EFA FTI Board of Directors;

- (d) maintenance of books, records, documents and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Transferred Funds;
- (e) provision of certain periodic financial reports for both individual Activities for which an Allocation was approved and for the portfolio of Activities of the Supervising Entity, as agreed between the Trustee and the EFA FTI Board of Directors; and
- (f) provision of certain periodic implementation reports for both individual Activities for which an Allocation was approved and for the portfolio of Activities of the Supervising Entity, as approved by the EFA FTI Board of Directors.

## 7. Implementers

Implementers may be appointed for country-level activities and for global and regional activities described in Section 1. (i) and (ii) above. For country-level activities, the Implementer is proposed by the Developing Country Partner and the Local Education Group and is subject to approval by the EFA FTI Board of Directors in consultation with the Trustee.

Each Implementer will be responsible for:

- (a) use of the Trust Fund funds transferred by the Trustee and delivery of the Activities carried out therewith in accordance with: (i) its own policies and procedures including those related to eligible expenditures, employment and supervision of consultants and the procurement of goods and works and its framework to combat fraud and corruption; and (ii) the applicable decisions of the EFA FTI Board of Directors, including the purpose for which the specific Allocations have been approved by the EFA FTI Board of Directors;
- (b) maintenance of books, records, documents and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Transferred Funds;
- (c) provision of certain periodic financial reports for both individual Activities for which an Allocation was approved and for the portfolio of Activities of the Implementer, as agreed between the Trustee and the EFA FTI Board of Directors; and
- (d) provision of certain periodic implementation reports for both individual Activities for which an Allocation was approved and for the portfolio of Activities of the Implementer, as approved by the EFA FTI Board of Directors.

## 8. Amendments

This Trust Fund Governance Document may be amended by agreement of the EFA FTI Board of Directors, in accordance with the provisions of the EFA FTI Governance of the Partnership Document.