

REVISED
EFA FAST TRACK INITIATIVE (EFA-FTI)
EDUCATION PROGRAM DEVELOPMENT FUND (EPDF)
CONCEPT NOTE

October 30, 2005.

1. Strategic Context

The proposed multi-donor Education Program Development Fund (EPDF) is established by the Education for All Fast Track Initiative (EFA-FTI) donor partnership. The Partnership was formed in 2002 to support countries to achieve the MDG for Primary Education. A main goal of the FTI is to mobilize resources for low-income countries with sound education sector plans and domestic commitment to achieve this goal. For this, the FTI has a consultative mechanism to increase financing for countries with credible plans through a global consultative platform. It has also put in place the Catalytic Fund, established in 2003 to provide transitional financing to countries with few donors present to enable these countries to scale up their programs while leveraging more sustainable financing from bilateral and multilateral donors.

2. Development Objectives

The development objectives of the EPDF are to:

- Support the development of sustainable national education sector programs developed through a broad based participatory process and embedded in Poverty Reduction Strategies, which prioritize the achievement of the MDG for primary education with gender equity by 2015, HIV/AIDS and other critical bottlenecks; focusing in particular on low-income and lower middle income countries that could benefit from increased technical and analytical support to develop a national education sector program. Priority should be given to countries with insufficient donor support.
- Strengthen Government technical and institutional capacity to develop and implement policies and national education sector program with special attention to ensuring that capacity is strengthened to allow all children to complete at least a full cycle of primary education
- Improve the understanding of issues that are key constraints to reaching EFA through support for regional studies, analytical work and strategies, which includes synthesizing and disseminating cross-country knowledge on what works and what works less well, and to ensure that findings of regional work is transmitted to countries;
- Strengthening governments' political commitment, consensus and ownership through policy dialogue and consensus building: (i) at the country level between internal stakeholders and with external partners; and (ii) at regional level through between senior policy makers in international, regional, national, donor and non-donor agencies..

3. Key performance indicators

See attached Logframe.

4. Eligible Activities

The fund would be used to support:

- Technical and analytical assistance to national teams for country-driven and country-led development of education policies, strategies and national education sector programs to achieve education for all, including but not limited to strategic analyses of the status of the sector which can be used by all partners, the costing of national education plans, and the assessment of their fiscal impact. The support could include: (i) assisting countries with an ongoing sector or a sub-sector program that is being upgraded or expanded with new components; (ii) conducting impact evaluations of promising strategies, approaches or pilot activities; and (iii) addressing specific implementation bottlenecks;
- Support for activities through analytical and strategic work to generate knowledge about key constraints to achievement of the education MDGs and to facilitate knowledge-sharing and capacity- and consensus-building within the country and across countries among key policy makers and in partnership with key regional and sub-regional agencies, donors and non-donors.

5. Operational Principles and Implementation Modalities

- At *country level* support will be provided for direct inputs to preparation of education sector programs. The support should, as much as possible, be *additional* and not substitute for other available financing including resources from the country, Bank credits, donor grants or other support. Cost sharing with other partners should be sought and the work should be identified and defined in close collaboration between government and its partners in the sector. The work is to be *led by government*, and the key interlocutor between the country and the Fund is the World Bank task team leader who organizes the practical arrangements of the support according to *World Bank operational and fiduciary requirements*. *Flexibility and responsiveness* to accommodate uncertainty with country circumstance conditions should be an objective. Use of *local capacity* should be sought and the fund is not tied to use of consultants from any particular nationality. The Fund is not tied to preparation of specific financial support instruments from the World Bank or other donors, but it would be important to ensure *sustainable follow-up and implementation* of the work supported by the Fund through the sector program;
- Support for *regional work* will be provided for areas where sustained follow-up and integration of findings into country programs can be ensured e.g. that there is post-workshop follow-up at country level. The work should promote strong synergy between the World Bank and other international and regional agencies within the context of preparation and implementation of national education sector programs. The work will be led by the World Bank regions, but to the extent possible be conducted in collaboration with other international and regional agencies.
- The FTI donors have requested Bank execution of the Fund in 2003 due to its widespread coverage of countries, technical capacity as well as its successful experience in the operation of the Norwegian Education Trust Fund (NETF) in the Africa region on which the EPDF is modeled.

6. Governance Structure and Management

The Fund will be governed by the principles set forth in this Concept Note and in the associated legal documents which are to be based upon this Note. The governance and management structure will include:-

Strategy Committee

The Strategy Committee will be composed of: (i) a representative from each contributing donor; and (ii) the Director of the World Bank Human Development Network who will chair the committee.

A Strategy Committee will agree on regional allocations. It will meet annually to review progress of the previous year and approve on a non-objection to the regional plans for the coming year. Allocations will be transferred in a single annual tranche to the Regional Funds.

Regional Reference Group

As appropriate, the contributing donors will agree on a lead agency for each Regional Fund. This agency will constitute a regional reference group (RRG) to facilitate dialogue and coordination for region-specific issues. Following the operational model of the NETF, the RRG may organize an annual consultation and open seminar on the Regional Fund and its activities, in order to present work supported by the Fund to a broader constituency, stimulate discussion on critical policy issues affecting the progress of education in the region, and encourage cross-country learning. As appropriate the various RRGs may combine forces to organize a single seminar to foster cross-regional learning and exchange.

World Bank, Regional Education/HD Department

The World Bank's Regional Education/HD departments will manage and be responsible for the operation of the Regional Funds including: (i) funding decisions on individual activities; (ii) implementation and monitoring of activities; (iii) presenting an annual report on implementation progress, outcomes and resources; (iv) proposing an annual program that indicates: (a) what countries that are expected to be supported over the next year and the total level of funding for these; (b) a program of regional analytical activities and total level of expected funding for these; and (c) a partnership program for support to activities in collaboration with other key international and regional activities and its cost. Annual plans will be circulated to the Strategy Committee on a non-objection basis. The World Bank regional managers will be invited to present reports of past years activities and plans for the next year during the annual EPDF Strategy Committee meetings. However they would not take part in resource allocation discussions.

FTI Secretariat:

The FTI Secretariat will serve as the Secretariat to the Strategy Committee. In this capacity, it will organize the annual Strategy Committee meeting, and provide support as required to the Strategy Committee and the regional managers. It will also post the regional plans for public access to facilitate coordination with other partners.

7. Expected Benefits (see log frame)

- More low-income countries have credible national education sector plans, endorsed by the donor community supporting that country
- Key systemic/endemic constraints are being addressed in more countries in supply, demand and finance,
- Stronger donor partnership at the country level and greater use of harmonized procedures (with those of the Government where possible),
- Ultimately, most countries progressing at a pace that will enable them to reach MDG #2, and

- Knowledge sharing and dissemination of good practice.

8. Major risks and risk mitigation

Broad consultations were held with all stakeholders – the donors, and all concerned Bank managers and overseers. There are no obvious major risks.

9. Expenditure categories to be financed

All categories of expenditure are allowable excluding goods.

10. Management Costs and Fees

Central World Bank Management costs will be met by the Bank's normal 5% Trust Fund administration charge, the standard for all Trust Funds under US \$30 million. Two percent of this fee covers the central costs of the Trust Fund, Accounting, Legal and other Bank offices involved in the administration of the Fund. The other 3% is transferred to the Regional Departments responsible for Regional Fund management. In addition, the Fund may cover reasonable World Bank staff costs related to implementing the annual programs funded by the EPDF in the regions. A separate budget line item will be created for this purpose; regions would propose the amount of reasonable costs in their annual plans, which will be included as part of the annual plan non-objection process.

11. Estimated Funding

Regional allocations will depend on the level of contributions to the Fund and the ability of the regions to utilize the financing which is expected to increase over time. Allocations shall be prioritized to the Africa region where the challenges are greatest. Norway currently funds the NETF at about \$10 million, increasing from \$5 million three years ago. Therefore up to 60 percent of total allocations in any given year should be allocated to the Africa region. Norway and DfID have made contributions to the EPDF. Several countries (Canada, Sweden, Netherlands, Ireland, Japan and France) have expressed interest and are exploring possibilities of contributing to the fund.

Based on input from the regions, we would expect an absorptive capacity of about \$ 7 million in 2005, excluding the Africa region which will continue to be financed from the NETF. As the EPDF gets implemented, absorptive capacity will likely rise, say to \$12 million per year for purposes of an estimate, excluding the Africa Region, and to \$21-22 million including the Africa region. :

	<u>US \$ millions for 2005</u>	<u>Beyond 2005</u>
East Asia	1	2
South Asia	4.5	5
Middle East & North Africa	0.5	1
Latin America	1	2
ECA	.5	1
Sub-Total	7.5	11
Africa	10 (current level)	15
TOTAL	17.5	26

12. Audit requirements

The Bank will provide to all Donors to the EPDF trust fund the standard yearly Management Assertion along with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole (the "Single Audit"), and the Quarterly un-audited statements of receipts, disbursements and fund balance for the "Fund for Program Preparation" trust fund.

13. Plans for Supervision/M&E/Progress Reporting

Regional Offices will be responsible for setting up arrangements to manage and monitor Fund activities, including discharge of the Bank's fiduciary responsibilities and financial monitoring and reporting. Bank Regional Offices will report annually to the Donors through the FTI Secretariat on:

- Fund allocations by activity, country and purpose
- Financial summary of activities, commitments and disbursements
- Assessments of effectiveness and results

The FTI Secretariat will convene an annual meeting of regional sector managers to discuss progress in Fund implementation, issues arising and priorities for the future. Based on these reports and discussions the FTI Secretariat will compile a global report on Fund operations for submission to the Fund's Strategy Committee for consideration at its annual meetings.

14. Fund Architecture

There will be a Parent multi-donor EPDF with children for each region, each with a unique TF number. One manager in each region would be the designated manager which involves making the funding decisions in consultation with the regional management team, and approving commitments against the child trust fund.

Logical Framework

Narrative Summary	Key Performance Indicators	Means of Verification
Objective		
Accelerate progress towards the achievement of the education MDGs	Increased net enrolment and completion rates in countries receiving support	FTI Annual reports
Outcomes		
1. Increased number of credible education sector programs endorsed by local donors over period 2005-7	20 additional countries with credible sector plans 2005-2007	FTI Annual reports EPDF Annual Reports
2. Increased knowledge about challenges across countries and results on the ground	FTI indicative framework indicators augmented with enrolment, intake and drop out rates More and better quality analytical diagnostic studies on policy options, financial requirements and impact evaluations	FTI Annual Reports EPDF Annual Reports
3. Knowledge sharing enhanced, and partnerships strengthened	International fora on relevant topics organized in collaboration with other international and regional agencies with participation from relevant actors; Increased body of knowledge on country experience with scaling up Greater sharing of information and experience across countries	EPDF Annual Reports