

**The Ethiopian Diaspora Trust Fund
(EDTF)
Terms of Reference**

15 September 2018¹

¹ See page 13 for date of revisions made to the Terms of Reference

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“Diaspora, here is a call to you! A dollar a day to help children get education, our brothers and sisters, fathers and mothers get health service, and above all, consider this as ‘paying back’ to your people who gave you future while they had no one.”

Prime Minister Dr. Abiy Ahmed, Statement to Parliament, 6 July 2018

I. Background to the Ethiopian Diaspora Trust Fund

1- Responding to the Prime Minister Dr. Abiy Ahmed’s call for action and in support of his message of love, forgiveness, reconciliation, unity and peace, the Ethiopian Diaspora has enthusiastically accepted his challenge and is ready to contribute at least 1 US dollar a day to fund vital unmet inclusive economic and social development projects in Ethiopia.

2- The Ethiopian Diaspora supports the bold peaceful political democratization reform launched by the Prime Minister and his Government with the goal of achieving a durable solution to Ethiopia’ socio-political and economic challenges that meets the legitimate aspirations of all of Ethiopians, irrespective of ethnicity, language, religion, and gender. Including;

- A life of dignity, freedom, equality, justice and economic opportunity;
- Equitable and inclusive social and economic development;
- National unity based on peaceful cooperation among Ethiopia’s diverse communities;

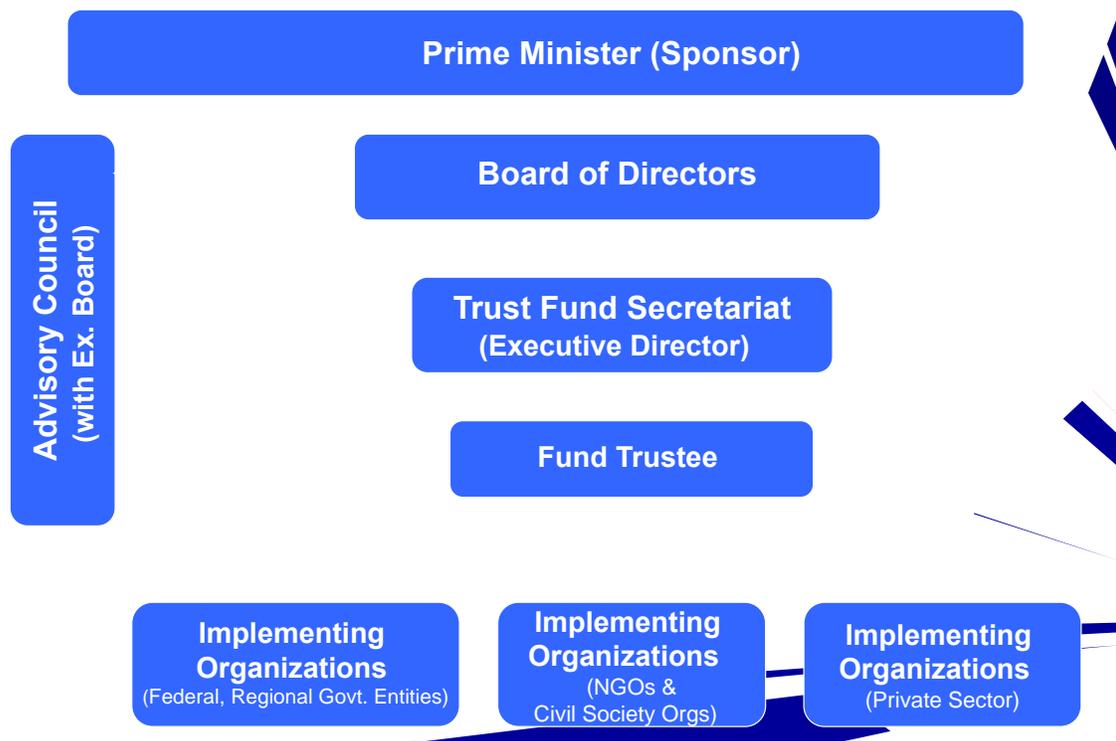
3- The Ethiopian Diaspora Trust Fund (EDTF) Terms of Reference (TOR) provides the rationale, guiding principles and operating procedures, including the EDTF’s governance, project approval, implementation, reporting monitoring and evaluation. It responds to the Prime Minister’s call for action through a funding facility that will enable the Ethiopian Diaspora world-wide to contribute to the improvement of their fellow citizens.

4- The EDTF will be guided by inclusiveness in contributions and effectiveness, maximum impact and transparency in operations.

II. Objectives and Scope

5- The primary objective of the EDTF is to finance people-focused social and economic development projects. The Fund aims to finance projects that meet critical needs selected based on their potential to make the highest positive impact on groups and communities in Ethiopia in such areas as health, education, water and sanitation facilities, habilitation and rehabilitation of persons with disability, agricultural development, technology, small scale entrepreneurship and other income and employment generating projects. The EDTF will give priority attention to projects focusing on youth, women, small holder farmers, small enterprises and entrepreneurs, who can be agents of inclusive social and economic development.

III. Setup, Governance and Operational Structure



IIIa) Advisory Council:

7. An 18 member EDTF Advisory Council is appointed by the Prime Minister with a global mandate. Its principal functions are:

- a) Mobilize the Ethiopian Diaspora Community in the United States and globally to make financial contributions to the EDTF Account on a timely and sustained basis to ensure the realization of the EDTF objectives;
- b) Authorize the Advisory Council's Executive Board to transfer contributed funds expeditiously and in a cost-efficient manner to the EDTF Bank Account in Ethiopia in accordance with the provisions of paragraph 28;
- c) Strengthen the inclusiveness of the Advisory Council by expanding its membership to include Ethiopian Diaspora in other Regions outside of the United States;
- d) Promote establishment of EDTF Chapters in cities and countries with significant presence of Ethiopians to increase the EDTFs outreach and resource mobilization;
- e) Establish a mechanism for regular input from the Diaspora communities around the globe to ensure that their views are heard in the establishment, operation and management of the Fund;
- f) Serve as a forum for discussing and helping formulate strategies for resource requirements and allocation for development projects within the mission of the EDTF;
- g) Recommend to the Board of Directors the Diaspora members of the EDTF Board;
- h) Recommend to the EDTF Board of Directors activities of special interest to the Diaspora Community that are consistent with the objectives of the Fund;
- i) Provide advice to the EDTF Board of Directors to improve the EDTF's efficiency, effectiveness and transparency;
- j) Undertake an annual review meeting with the EDTF Board of Directors to exchange views and lessons learnt on the operations of the EDTF; and
- k) Carry out an annual review of the general functioning of the EDTF and recommend to the EDTF Board necessary adjustments to its operations.

8. The Advisory Council shall have an Executive Board comprising of at least seven members that includes a President, Secretary, Treasurer and four members.

These officers will be responsible for the management of the EDTF US Bank Account, through the Treasurer, on behalf of the Advisory Council. The Executive Board will expeditiously, and in a cost-effective manner, transfer to the EDTF Bank Account in Ethiopia the funds contributed by Diaspora Ethiopians in accordance with the provisions of paragraph 28 and duly inform the Advisory Council.

IIIb) Board of Directors;

9. The EDTF will have the Board of Directors, which is the apex governance body. It will comprise of eleven 11 persons, who will be drawn from the global Ethiopian Diaspora who are recommended by the Advisory Council, Civil Society and the Ethiopian Government, as follows:

- i. Two members of the Ethiopian Diaspora from North America;
- ii. Three members of the Ethiopian Diaspora from Regions such as Africa, Australia, Europe and Middle East with significance Ethiopian Diaspora presence;
- iii. A representative of the Ethiopian public chosen for her/his integrity, reputation, relevant professional qualifications, and commitment to the cause of the Fund;
- iv. A representative each of Women and Youth and;
- v. Three members of the Ethiopian Government;

10. The Executive Director of the Secretariat shall participate in the Board of Directors as an ex-officio non-voting member and shall serve as Secretary to the Board.

11. The Board shall periodically review its size in relation to its existing composition and range of expertise against its functions and increase its membership as necessary to address skill gaps.

12. The Board of Directors shall appoint the Chairperson and Deputy Chairperson of the Board from among its members.

Meetings of the Board of Directors:

13. The Board of Directors shall meet once every three months provided that extraordinary meetings might be held at any time at the call of the Chairperson.

14. There shall be a quorum where more than half of the members of the Board of Directors are present at a meeting.

15. Members of the Board of Directors may participate in a meeting by means of a telephone conference or similar communications equipment, which shall constitute presence in person at a Board of Directors meeting.

16. Decisions of the Board of Directors shall be made by a simple majority vote of the members present. In case of a tie, the Chairperson shall have a casting vote.

17. Functions of the Board of Directors shall include:

- a) Provide overall leadership and set the strategic direction, policy, oversight and accountability of the EDTF;
- b) Appoint the EDTF Secretariat Executive Director (ED) and Deputy Executive Director of the EDTF;
- c) Approve an appropriate executive compensation for the EDTF Secretariat leadership, the Secretariat's staffing and its annual budget;
- d) Approve the EDTF Operational Manual detailing project submission procedures, formats, report submissions...etc. prepared by the Secretariat;
- e) Review and approve project funding requests of Implementing Organizations;
- f) Authorize the Trustee to release EDTF funds following approval of projects submitted by Implementation Organizations;
- g) Establish appropriate Board Committees (Executive Committee, Nominations and Governance Committee, Audit and Compliance Committee, ...etc.) that will assist the Board to function smoothly and ensure proper accountability;
- h) Commission periodic reviews of the EDTF;
- i) Secure the cooperation of Regional and appropriate Federal government organs for the efficient and smooth implementation of EDTF 's overall objectives and activities;
- j) Liaise with the EDTF Advisory Council to support resource mobilization and advocacy efforts for the EDTF; and
- k) Review and consult with the Advisory Council the case for opening up EDTF representative offices in other countries;
- l) Adopt its own rules of procedure; and
- m) Perform an annual evaluation the Executive Director.

IIIc) The Secretariat:

18. The EDTF Secretariat will be headed by an Executive Director appointed by the Board of Directors. The Secretariat includes Deputy Executive Director who is a direct report to the Executive Director, as well as staff with appropriate qualifications, among others, in Planning & Programme Design, Procurement, Monitoring & Evaluation and Communication.

19. The Secretariat's functions shall include:

- a) Provide administrative, technical and management support to the Board of Directors;
- b) Prepare the EDTF Operational Manual detailing project submission procedures, formats, report submissions...etc. for Board approval;
- c) Undertake capacity assessment of Implementing Organizations and provide them support in proposal submissions;
- d) Review project proposals for submission to the Board after ensuring EDTF requirements are met;
- e) Prepare 'Guidance Notes' to Implementing Organizations on project preparation, implementation, monitoring and reporting;
- f) Monitor agreed procurement, recruitment and implementation, practices of Implementing Organizations;
- g) Prepare of Consolidated Quarterly and Annual EDTF Progress Reports based on reports received from Implementation Organizations for submission to the Board; and
- h) Ensure timely summary postings of project information (project pipelines, approved projects, progress and evaluations reports, ...etc.) on the EDTF website;

The Executive Director (ED) and Deputy Executive Director.

20. The Executive Director (ED) shall, subject to the overall direction of the Board, be responsible for the proper execution of the activities of EDTF in accordance with the objectives of the EDTF and the EDTF Operational Manual.

21. The Executive Director (ED) (and in her/his absence, the Deputy Executive Director) shall exercise the powers and duties of the Secretariat provided for in paragraph 19 above, as well as;

- a) Employ and administer employees of the Secretariat in accordance with the budget approved by the Board and the relevant laws of the country;

- b) Disburse the EDTF administrative expenditure in accordance with the budget approved for the Secretariat;
- c) Represent the EDTF in all its dealings with third parties at the level of the Secretariat;
- d) Delegate his/her authority to employees of the Secretariat as necessary for the efficient performance of the Fund's activities;
- e) Open and manage an EDTF Administrative Bank Account that will hold, separate from the EDTF Bank Account, funds contributed to the EDTF to meet its administrative, overhead and related expenses; and
- f) Submit to the Board of Directors quarterly and annually the receipt and use of the funds in the EDTF Administrative Account.

IIIId) Fund Trustee

22. The Commercial Bank of Ethiopia or any other legally registered Bank in Ethiopia approved by the Board of Directors, shall serve as the EDTF Trustee and its responsibilities will include;

- a) Receive contributions from EDTF Contributors and Bank transfers from the principal EDTF Bank Account in the United States;
- b) Administer contributions and Bank transfers in an efficient and timely manner, including maintaining separate records and ledger accounts with respect to deposited contributions and fund disbursements;
- c) Transfer funds to Implementing Organizations for projects approved by the Board of Directors;
- d) Provide the Board of Directors with quarterly and annual fund use reports, which will be publicly disclosed to Contributors through postings on the EDTF website;

IIIe) Implementing Organizations

23. Organizations with demonstrated record in project implementation whose field level operations could support the implementation of EDTF financed projects would be considered EDTF eligible Implementing Organizations. In addition to Federal and Regional Government Entities, such Implementing Organizations could include Civil Society Organizations (CSOs), Non-Governmental Organizations (NGOs) and the Private Sector.

24. Eligible EDTF Implementing Organizations shall be determined by the Board of Directors on the basis of a transparent assessment by the Secretariat of their managerial and operational capacity such as staffing strength and financial management, procurement practices, ...etc.

25. The Implementing Organizations shall assume the following responsibilities:

- a) Conclude a Memorandum of Understanding (MOU) with the Secretariat;
- b) Develop and submit Project Concept Note or Project Proposal to the Board of Directors through the EDTF Secretariat;
- c) Implement approved projects in accordance with National Regulatory Framework (national regulations, rules, directives and procedures) or the implementation arrangement approved by the Board;
- d) Monitor & Evaluate projects;
- e) Submit brief Quarterly Progress and full Annual Reports to the Secretariat, and
- f) Assume programmatic and financial accountability for funds received

IV. Contributions to EDTF

26.. While the primary source of funds to the EDTF is expected to be from Ethiopian Diaspora Contributors, the EDTF will also accept contributions from the following:

- a) Ethiopian Diaspora;
- b) Ethiopians residing inside Ethiopia who are willing to support the EDTF;
- c) Non-Ethiopians who wish to support the Fund;
- d) Private Companies;
- e) Non-Governmental Organizations;
- f) Foundations; and
- g) Ethiopia's Development Partners.

27. Contributions to EDTF will be made as un-earmarked contributions, utilization of which will be approved by the Board of Directors on the basis of a transparent fund allocation criterion that will be agreed to by the Board.

28. Contributions to EDTF would be accepted in United States dollars or in any other convertible currency. Such contributions shall be deposited into the EDTF Principal Account established in the United States, the CBE EDTF Account or any other account that may be established by the Advisory Council in other countries where the Ethiopian Diaspora live. These accounts will serve as “holding accounts’ and will be transferred to the Ethiopian EDTF Bank Account established in the Commercial Bank of Ethiopia (CBE) as expeditiously as possible. Frequency of transfers from the EDTF Foreign Accounts to the EDTF CBE Account shall be made taking into account amounts to be transferred against the cost of transfer charges.

V. Use of EDTF Contributions

29. No portion of the EDTF contributions received shall be used for administration or overhead of the EDTF structure and 100 per cent of the financial contributions made by the Ethiopian Diaspora shall be used to fund projects identified and approved by the Board of Directors.

30.. The budget for administration and overhead expenses shall be covered by the Ethiopian Government or other funding source, such as private contributions corporate sponsorship, Ethiopia’s Development Partners, NGOs, ...etc.

31. Additional resources may be made available to EDTF, in the form of office space, equipment and materials by the Federal Government and/or other funding sources.

32. EDTF resources will be exclusively utilized to meet the costs of projects managed by the EDTF Implementing Organizations, consistent with the scope and objectives of the EDTF. Details of such projects, including respective budgets will be set out in the relevant project documents that will be reviewed by the EDTF Secretariat and subsequently approved by the Board of Directors.

33. Based on Ethiopian Government’s procurement and financial utilization procedures, the Secretariat will include for each project approved for implementation specific directive on how goods and services will be procured and personnel recruited. In the case of Government Implementing Organizations, they will utilize funds disbursed to them in accordance with the Ethiopian Government’s applicable regulations, rules, directives and procedures and the proposal approved by the Board of Directors.

VI. Avoidance of Corruption, Money Laundering and

Terrorism Financing

34. In connection with contributions made to the EDTF and the selection, evaluation, funding or implementation of EDTF projects, all the concerned EDTF organs shall take all prudent measures to ensure they periodically review their internal operational standards to avoid being used as a vehicle for corruption, money laundering or terroristic activities.

VII. Reporting, Transparency and Accountability

35. For each project financed by the EDTF, each Implementing Organization shall provide the Secretariat with the following reports prepared in accordance with the reporting format and timetable approved by the EDTF Board of Directors:

- (a) Quarterly progress reports that will allow the EDTF Secretariat to assess the progress of project implementation;
- (b) Annual narrative reports after the end of the calendar year;
- (c) Final narrative reports, after the completion of the implementation of the approved project, giving summary of results and achievements compared to the goals and objectives of the project.

36. The Trustee shall provide to the Board and Contributors, through posting on the EDTF website, (a) quarterly interim financial statements and (b) annual certified financial statement on its activities as Trustee ('Report on Sources and Use of Funds') in the timetable approved by the EDTF Board of Directors.

37. The Secretariat will prepare consolidated quarterly progress reports, annual narrative progress and financial reports, based on the reports submitted by the Implementing Organizations and the Trustee for submission to the Board, a summary of which will be posted on the EDTF website for the information of Contributors

VIII. Public Disclosure

38. The Advisory Council, Board of Directors, Secretariat and Trustee shall collaborate to ensure full transparency and accountability of the EDTF operations. The Advisory Council, Board of Directors and Secretariat will ensure that operations of the EDTF are publicly disclosed on the website of the EDTF (<https://www.ethiopiaintrustfund.org>).

39. Website postings will include Contributions data, a summary record of

decisions of the Board of Directors, summary sheets of pipeline and approved projects, project and fund level financial and progress reports and other relevant information on the EDTF and its operations.

Revisions made to the EDTF Terms of Reference

1- First Revision, 14 August 2019