

Education for All – Fast Track Initiative

Accelerating progress towards quality universal primary education

FTI CATALYTIC FUND

STATUS REPORT

**CAIRO, EGYPT
NOVEMBER 12, 2006**

Prepared by the FTI Secretariat for the CF Strategy Committee Meeting

Abbreviations and Acronyms

ACP	African, Caribbean and Pacific
CF	Catalytic Fund
DOSE	Department of State for Education
EC	European Commission
ECF	Extended Catalytic Fund
EFA	Education For All
EPDF	Education Program Development Fund
FTI	Fast Track Initiative
ODA	Official Development Assistance
PNDSE	Education Sector Development Program
SWAP	Sector-Wide Approach

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Executive Summary

1. **Introduction and background.** The Catalytic Fund (CF) is a multi-donor trust fund launched in 2003, designed to complement and supplement normal donor channels, particularly in FTI-endorsed countries that have a limited number of donors working with the country. The CF provides transitional grant financing over a maximum of two to three years to enable such low-income countries to scale up implementation of their sector programs and establish a track record that may leverage longer-term support.
2. **Initial expectation.** The initial expectation was that CF financing would be short term (maximum three years) and that bilateral and multilateral donors would step at the end of this period with new programs to continue to support the education sector. This expectation has not been met, and a proposal has been developed by a Task Team led by the Netherlands and the UK and under the guidance of the FTI Steering Committee. This work has produced a Concept Note for an Expanded Catalytic Fund (ECF) under which longer term and more predictable financing could be provided as long as the country could demonstrate continuing commitment and strong performance, has been approved in principle by CF donors.
3. **Brief overview.** Since its inception in 2003, the Catalytic Fund (CF) has received a cumulative amount of US\$231 million from donors. These funds have been fully allocated to the 14 FTI-endorsed that are CF-eligible. Grant agreements have been signed for US\$148 million, of which US\$110 million has been disbursed to date. Grant agreements to be signed in coming months will account for all the remaining funds in hand; much more will be needed as new countries come on board (Annex 5).
4. **CF Status.** Overall, donors have pledged a total of US\$1.1 billion, of which US\$996 million represent financial pledges for the period 2006-08. This is a significant ramping up of donor pledges, amounting to about 10 percent of ODA commitments to basic education in low-income countries in this period. Yet, it is projected that even more support will need to be provided through the CF as FTI expands. Three additional CF-eligible countries are expected to join in 2006 with financial needs averaging US\$70 million per annum. In 2007, ten more CF-eligible countries are expected with financial needs totaling US\$291 million per annum. The estimated financing needs for current and expected CF-eligible countries over the next few years are summarized in Table 4. If approved, it is expected that the allocations recommended for 2006 in this report will be disbursed over 2006/07. Pledges will be called in as needed depending upon the liquidity position of the fund.
5. **Main progress since Moscow.** Highlights in the past six months and since the CF Strategy Committee meeting in Moscow in March 2006 include:
 - ❖ Grant disbursements of \$US26 million, for a cumulative total to date of US\$109.5 million;
 - ❖ Donor payments of US\$66 million, for a cumulative total to date of US\$231 million; and
 - ❖ Establishment of the US\$80 million (EUR 63 million) EFA FTI Catalytic Fund –European Union for grants to African, Caribbean and Pacific (ACP) countries.
6. **The proposed Expanded Catalytic Fund (ECF).** Agreement was reached in Brussels to expand the CF beyond the original three years for countries that merit the extension (see Minutes posted on the FTI website at www.fasttrackinitiative.org). The FTI Secretariat has

prepared scenarios showing implications for the expansion of CF coverage using different eligibility criteria. Results of these scenarios have been included in the Revised Concept Note of the ECF already sent to donors for comments and approval. A final decision on the eligibility criteria is expected to be made in Cairo. Apart from the eligibility criteria and the extension of the period covered, the ECF will retain the same rules, governance and documentation as the existing Catalytic Fund. On that basis, the World Bank will start updating its internal document for trust funds; and Administrative Agreements signed with donors will follow right after the Cairo meeting. The ECF is expected to operational in early 2007.

7. **Recommendations for the Strategy Committee** (see Annex 1 for details). There are three recommendations that are being submitted to members of the CF Strategy Committee. Each of these recommendations is made by the FTI Secretariat based on consultations with the in-country Donor Group. These are as follows:

- **Recommendation 1:** The FTI Secretariat recommends that the SC allocate the amounts totaling US\$166.3 million to Mongolia, Cameroon, Kyrgyzstan and Rwanda as indicated in Annex 1, Table 6. It is further recommended that funding for Cameroon which is an ACP country, be taken out of the EC's Window of the CF. Supporting evidence is provided in the accompanying completed templates for each country.
- **Recommendation 2: Top up Year 3 allocations for five countries.**¹ The FTI Secretariat recommends that the Strategy Committee give its approval for topping up individual country allocations for Ghana, the Gambia, Yemen, Kenya and Nicaragua as shown in Annex 1 (Table 7, column 5). Additional allocations requested for Year 3 by these five countries amount to US\$61.8 million.
- **Recommendation 3: Top up Year 2 allocations for Timor Leste.** The FTI Secretariat recommends that the Strategy Committee give its approval for topping up individual country allocations for Timor Leste only as shown in Annex 1 (Table 8, column 5). Djibouti, Lesotho, Madagascar, Tajikistan and Moldova have either no unmet needs for now or face implementation capacity constraints. The additional allocation requested for Timor Leste in Year 2 amounts to US\$3.7 million.

¹ We have adjusted our recommendations for Kenya and Nicaragua from the SC meeting in Brussels as a result of further discussions with these country teams. In particular, the top up recommendations have been changed from Year 2 to Year 3 in this report because these countries are expected to sign their Year 2 Grant Agreements before the Strategy Committee meets in Cairo.

EFA-FTI Catalytic Fund Status Report

A. Introduction

1. **Introduction and background.** The Catalytic Fund (CF) is a multi-donor trust fund launched in 2003, and designed to complement and supplement normal donor channels, particularly in FTI-endorsed countries that have a limited number of donors working with the country. The CF provides transitional grant financing over a maximum of two to three years to enable such low-income countries to scale up implementation of their sector programs and establish a track record that may leverage longer-term support. Over the past few years, there has been a good indication that CF has added value to the FTI Partnership. Amongst others, it has been instrumental in providing additional resources to credible plans as well as in promoting stronger aid coordination. Nonetheless, a brief review of CF grants modality currently used by most recipients shows mixed results in the critical areas of aid harmonization and alignment.

2. **Initial expectation.** The initial expectation was that CF financing would be short term (maximum three years) and that bilateral and multilateral donors would step at the end of this period with new programs to continue to support the education sector. This expectation has not been met, and a proposal has been developed by a Task Team for an Expanded Catalytic Fund (ECF). This proposal, in which longer term and more predictable financing could be provided as long as the country could demonstrate continuing commitment and strong performance, has been approved in principle by CF donors. It is expected to be operational by early 2007.

3. **The CF Trust Fund.** Since its inception in 2003, the CF has received a cumulative amount of US\$231 million from donors. The US\$231 million received has been fully allocated to the 14 FTI-endorsed countries that are CF-eligible. Grant agreements have been signed with all beneficiaries for US\$148 million, of which US\$109.5 million has been disbursed to date (a disbursement rate of about 74%). Grant agreements to be signed in coming months will account for all the remaining funds in hand; much more will be needed as new countries come on board (see Annex 5).

4. Donors have pledged a total of US\$1.1 billion, of which US\$996 million represent financial pledges for the period 2006-08. Total receipts to date amount to US\$231 million; and funds are called in as needed. This is a significant ramping up of donor pledges, amounting to about 10 percent of ODA commitments to basic education in low-income countries in the same period.

5. **Operational issues.** It is projected that more support will need to be provided through the CF as FTI expands. Operationally, two key challenges will need to be addressed: (i) increase disbursement rates into country programs; and (ii) reduce the lag time between country allocation and first tranche disbursement. To address these challenges, the following improvements to the implementation of the CF have been adopted: (a) the CF application template adopted recently is expected to shorten disbursement delays; (b) a more programmatic approach with quicker disbursement and better alignment is being promoted gradually in all CF recipient countries; (c) a more proactive stand has been adopted by the FTI Secretariat in pre-allocation meetings with country teams; and (d) new streamlined procedures with donors such as automated calls of funds will facilitate resource mobilization.

6. **Progress since Moscow.** Since the CF Strategy Committee meeting in Moscow, donor disbursements and grants disbursements into country programs have both increased substantially. Two FTI partners (Russia and Canada) have also become donors to the CF since Moscow. Highlights since the FTI Meetings in March 2006 include:

- ❖ Grant disbursements of \$US26 million, for a cumulative total to date of US\$109.5 million;
- ❖ Donor payments of US\$66 million, for a cumulative total to date of US\$231 million; and
- ❖ Establishment of the US\$80 million (EUR 63 million) EFA FTI Catalytic Fund –European Union for grants to African, Caribbean and Pacific (ACP) countries.

Table 1: Catalytic Fund pledges made and payments by donor (in US\$ millions)

Country	2003-2004	2005	2006	2007	2008	Total pledges 2003-08	Total Payments
Belgium	1.2	2.5	1.2	1.2		6.1	3.7
Canada			20			20	0
EC 1/	-	-	40.3	20.2	20.2	80.7	0
Ireland	-	1.5	4.5	11.8	19.2	37.0	1.5
Italy	2.4	2.4	1.2	-		6.0	4.8
Netherlands	39.5	54.3	192	168	168	621.8	158.6
Norway	6	8.1	25.6	-		39.7	39.7
Russia			1	2	1	4	1
Spain	-	6.0	8.9	6.4	6.4	27.7	6.0
Sweden	-	5.3	10.4	0	0	15.7	15.7
UK	-	-	125.3	124.4	16.8	266.5	0.0
TOTAL	49.1	80.1	430.4	334.0	231.6	1,125.2	231.0

1/Note: The accounts for the EC contribution to the Catalytic Fund (known as EFA-FTI CF-EC) are held separately; however and for reporting purposes, they are treated as one fund in this report.

Norway has announced an additional US\$32 million for CY06; however, the breakdown between the Catalytic Fund and the EPDF is not yet finalized.

7. **Resource flows into existing beneficiary countries.** A cumulative total of US\$109.5 million has been disbursed to date into 14 country programs (Table 2) out of total receipts of US\$231.0 million. Projected disbursements to current beneficiaries were prepared, excluding newly endorsed and CF-eligible countries such as Mongolia, Cameroon, Kyrgyzstan and Rwanda. Table 3 provides a planned disbursement schedule against existing allocations over the next 12 months.

Table 2: Summary of disbursements to date (in US\$ millions)²

	Allocations 2003-2006	Grant Agreements signed to date	Cumulative Disbursements till date
Djibouti	6.0	6.0	3.0
Ghana	19.0	19.0	8.0
Guyana	12.0	8.0	8.0
Kenya	48.4	24.2	24.2
Lesotho	7.2	7.2	1.8
Madagascar	35.0	10.0	10.0
Mauritania	9.0	9.0	8.0
Moldova	4.4	4.4	0.0
Nicaragua	21.0	7.0	7.0
Niger	21.0	13.0	9.0
Tajikistan	9.2	9.2	1.0
The Gambia	12.0	8.0	8.0
Timor Leste	3.0	3.0	1.5
Yemen	30.0	20.0	20.0
Total	237.2	148.0	109.5

Table 3: Projected disbursements over next 12 months (in US\$ millions)

Countries	Undisbursed balance from Grant agreements already signed	Grant agreements expected to be signed by September 2007	Projected disbursements over next 12 months				Total Projected disbursements from Oct. 06- Sept. 07
			Oct.- Dec. 2006	Jan. – March 2007	April- June 2007	July - September 2007	
1. Djibouti	3.0	2.0	-	3.0	-	1.0	4.0
2. Ghana	11.0	11.0	6.0	-	5.0	6.0	17.0
3. Guyana	-	4.0	-	4.0	-	-	4.0
4. Kenya	-	24.2	24.2	-	-	-	24.2
5. Lesotho	5.4	4.7	1.8	3.6	-	3.0	8.4
6. Madagascar	-	25.0	-	15.0	-	10.0	25.0
7. Mauritania	1.0	-	1.0	-	-	-	1.0
8. Moldova	4.4	-	3.0	-	1.4	-	4.4
9. Nicaragua	-	7.0	4.0	-	3.0	-	7.0
10. Niger	4.0	8.0	-	4.0	-	4.0	8.0
11. Tajikistan	8.2	0.0	3.6	-	4.6	-	8.2
12. The Gambia	-	4.0	-	2.5	-	-	2.5
13. Timor-Leste	1.5	3.0	-	1.5	-	1.5	3.0
14. Yemen	0.0	10.0	-	7.0	-	3.0	10.0
Total	38.5	102.9	43.6	40.6	14.0	28.5	126.7

Note: These projections relate to allocations made to date; but do not include potential allocations to these countries or to those that are newly endorsed (see topping-up in section B).

² In general, discrepancies between grant agreements signed and disbursements are explained by the timing of “tranche releases” in accordance with country needs. In the case of Niger (as the SC is aware), disbursements have been put on hold pending decisions on follow up to the investigation into financial irregularities. For Tajikistan, low disbursements are a result of project implementation procedures.

B. Meeting the financial needs for CF countries

8. **Background.** Due to limited funding, the Catalytic Fund Strategy Committee decided to allocate to most countries less than their estimated needs over the 2004-06 period. Table 5 summarizes each country's unmet financial needs at the time of endorsement. As indicated earlier, the financial position of the CF Trust Fund has strengthened over the past year with donors such as the Netherlands and UK more than doubling their commitments. We are therefore recommending that the Strategy Committee top up allocations previously made to selected countries based on needs and implementation capacity as assessed by the in-country local donor groups.

9. **Estimated financing needs for CF countries.** Table 4 below presents the current and projected financing needs for CF countries over the next few years. These figures show that the CF is expected to have a surplus of about US\$97 million in donor pledges this year. But as FTI expands over the next 2-3 years and a larger number of countries become eligible for funding, the combined CF/ECF Fund will come under strong financial pressure. Since a final decision on the eligibility criteria for the ECF has not yet been agreed upon, it is difficult to simulate its financial impact; but Table 4 below contains estimated funding needs for CF countries. However, these estimated funding needs have been calculated using the existing "Donor Orphan" criteria. If the SC agrees on making more countries eligible for CF/ECF funding, this will significantly increase the demand on the Fund's resources in the next few years.

10. **Potential impact of the Expanded Catalytic Fund.** As indicated earlier, one of the major changes from the existing CF to the new ECF instrument is the more inclusive eligibility criteria. If and when a larger number of countries become eligible for funding over a longer period of time under the new rule, financial demands on CF/ECF resources are projected to increase sharply. Illustrative scenarios indicating possible levels of funding required from the CF will be prepared for the SC meeting.

11. **Recommendations** for CF allocations made by the FTI Secretariat are summarized in Annex 1. Major achievements in some current Catalytic Fund beneficiary countries are outlined in Annex 2. Annex 3 provides details of pledges and receipts from donors. The un-audited Catalytic Fund financial statements are provided in Annex 4. Finally, the schedule of FTI countries endorsements is provided in Annex 5.

Table 4: Estimated funding needs for CF countries

US\$ millions	2006	2007	2008	TOTAL 2006-2008
Financing needs				
Current CF countries	267	363	436	1,066
Countries endorsed in 2006	66	101	107	274
Countries pending for 2006		71	69	140
Countries pending for 2007		291	291	582
Total	333	826	903	2,062
Pledges and commitments	430	334	232	996
Remaining Gap	(97)	492	671	1,066

Table 5: Estimated financing needs for FTI countries

Countries		US\$ millions		
		2006	2007	2008
<i>Djibouti</i>	Financing gap pre-CF	6.4	1.7	5.9
	Catalytic fund allocation	6	2	0
	Financing gap post-CF	0	0	6
<i>Gambia</i>	Financing gap pre-CF	5.4	5.3	5.3
	Catalytic fund allocation	4	0	0
	Financing gap post-CF	1.4	5.3	5.3
<i>Ghana</i>	Financing gap pre-CF	14.2	14.2	3.2
	Catalytic fund allocation	11	11	0
	Financing gap post-CF	3.2	3.2	3.2
<i>Guyana</i>	Financing gap pre-CF	4	4	4
	Catalytic fund allocation	4	0	0
	Financing gap post-CF	0	4	4
<i>Kenya</i>	Financing gap pre-CF	85.4	144.5	133.1
	Catalytic fund allocation	24.2	24.2	0
	Financing gap post-CF	61.2	120.3	133.1
<i>Lesotho</i>	Financing gap pre-CF	7.2	4.7	6.9
	Catalytic fund allocation	7.2	4.7	0
	Financing gap post-CF	0	0	6.9
<i>Madagascar</i>	Financing gap pre-CF	35.0	35.0	84.3
	Catalytic fund allocation	25	25	0
	Financing gap post-CF	10.0	10.0	84.3
<i>Mauritania</i>	Financing gap pre-CF	6.2	6.2	6.2
	Catalytic fund allocation	0	0	0
	Financing gap post-CF	6.2	6.2	6.2
<i>Moldova</i>	Financing gap pre-CF	4.4	4.4	4.4
	Catalytic fund allocation	4.4	4.4	-
	Financing gap post-CF	-	-	4.4
<i>Nicaragua</i>	Financing gap pre-CF	31.4	24.4	24.4
	Catalytic fund allocation	7	0	0
	Financing gap post-CF	24.4	24.4	24.4
<i>Niger</i>	Financing gap pre-CF	7.7	49.6	79.5
	Catalytic fund allocation	0	0	0
	Financing gap post-CF	7.7	49.6	79.5
<i>Timor-Leste</i>	Financing gap pre-CF	3	6.7	8.2
	Catalytic fund allocation	3	3	0
	Financing gap post-CF	0	3.7	8.2
<i>Tajikistan</i>	Financing gap pre-CF	9.2	25.9	34.3
	Catalytic fund allocation	9.2	9.2	0
	Financing gap post-CF	0	16.7	34.3
<i>Yemen</i>	Financing gap pre-CF	47.2	37.2	37.2
	Catalytic fund allocation	10	-	-
	Financing gap post-CF	37.2	37.2	37.2
TOTAL	Financing gap pre-CF	267	363	436
	Catalytic fund allocation	115	83	0
	Financing gap post-CF	152	280	436

Source: National Education Sector Plans

Annex 1: Recommendations for CF Allocations

1. Following the Brussels meeting, the Secretariat has prepared a template which shows the amount of unmet financial needs for each country over the next three years, the amount of CF funding requested and some key education sector indicators. These templates have been prepared for newly endorsed countries as well as existing CF beneficiaries for which allocation increases are sought. These templates form a complement to this report, which is provided in a separate document to the Strategy Committee.

A. Newly endorsed and CF-eligible countries: Mongolia and Cameroon

2. Since the CF Strategy Committee meeting in Moscow, four CF-eligible countries have been endorsed. These are Mongolia, Cameroon, Kyrgyzstan and Rwanda. Table 6 below summarizes the financial needs for these four countries.

Table 6: Estimated financial needs for newly endorsed countries (in US\$ millions)

Country	2007/08	2008/09	TOTAL
1. Mongolia	8.2	8.8	17.0
2. Cameroon	22.5	24.8	47.3
3. Kyrgyzstan	9.0	6.0	15.0
4. Rwanda	26.0	61.0	87.0
TOTAL	65.7	100.6	166.3

3. **Recommendation 1.** The FTI Secretariat recommends that the SC allocate the amounts totaling US\$166.3 million as indicated in Annex 1, Table 6. It is further recommended that funding for Cameroon which is an ACP country, be taken out of the EC's Window of the CF. Although Rwanda is also member of ACP, funds currently available under the EC's Window are insufficient to cover the cumulative needs for both countries. This recommendation is consistent with the decision made in Moscow in March 2006. Donors agreed that ACP countries that are CF-eligible will access first the EC's Window, unless funds in this Window are insufficient to cover their aggregated needs. Supporting evidence is provided in the accompanying completed templates for each country.

4. **Decision 1:** *Does the Strategy Committee agree with the recommendation to allocate Catalytic Fund resources to Mongolia, Cameroon, Kyrgyzstan and Rwanda as indicated in Table 6 above? Furthermore, does the Strategy Committee agree with the recommendation that Cameroon's allocation be drawn from the EC's Window of the Catalytic Fund?*

B. Topping up the allocations for existing CF beneficiaries

5. Table 5 shows that the estimated financial needs for all 14 CF beneficiary countries amount to US\$267 million in 2006/07; US\$363 million in 2007/08; and US\$436 in 2008/09. The Strategy Committee has already allocated US\$115 million for 2006 and US\$83 million for 2007; leaving unmet needs in the next two years of US\$152 million for 2006/07, US\$280 million for 2007/08, and US\$436 million for 2008/09. This section of the CF Status Report recommends

that Strategy Committee top up CF allocation for the existing CF countries. These current CF beneficiaries can be divided into three sub groups as follows:

- **Category 1: Countries that have already signed their third and final year grant agreement:** There is only one country in this category, i.e., Mauritania. The Closing Date for its final allocation is June 30, 2007. Mauritania is not eligible for an additional CF allocation under existing Catalytic Fund guidelines, but it is expected that the proposed Expanded Catalytic Fund (ECF) will be effective at that time; and this country could benefit from ECF funding.
- **Category 2: Countries that have signed their second year grant agreement:** A summary of the financing needs for countries in the second year of their grant agreement is provided in Table 7 below.

Table 7: Third year allocations and unmet financing needs (in US\$ millions)

Country	Current Year 3 allocations	Unmet financing needs	Total financing needs	Proposed amounts for Year 3 allocations
1. Ghana	11.0	3.2	14.2	14.2
2. Guyana	4.0	0.0	4.0	4.0
3. The Gambia	4.0	1.4	5.4	5.4
4. Yemen	10.0	37.2	47.2	20.0 a/
5. Kenya	24.2	120.3	144.5	48.4 a/
6. Nicaragua	7.0	23.0	30.0	30.0
SUB-TOTAL	60.2	185.1	245.3	122.0
Memo: Niger 1/	8.0	7.7	15.7	15.7
Total (incl. Niger)	68.2	192.8	261.0	137.7

1/ Note: For Niger, we suggest that its case be re-examined at a later date when a good progress has been made in resolving the financial irregularities.

a/ Amounts determined on the basis of implementation capacity constraints expressed by the local donor groups in these two countries.

6. **Recommendation 2:** The FTI Secretariat recommends that the Strategy Committee give its approval for topping up individual country allocations for Ghana, the Gambia, Yemen, Kenya and Nicaragua as shown in Annex 1 (Table 7, column 5). Additional allocations requested for Year 3 by these five countries amount to US\$61.8 million.

7. **Decision 2:** Does the Strategy Committee agree with the recommendation to increase the third year allocation for Ghana, the Gambia, Yemen, Kenya and Nicaragua as shown in Table 7 (column 5) above?

- **Category 3: Countries that have signed their first year grant agreement:** A summary of the financing needs for countries in this category is provided in Table 8 below.

Table 8: Second year allocations and unmet financing needs (in US\$ millions)

Country	Current Year 2 allocations	Unmet financing need	Total financing needs	Proposed amounts for Year 2 allocations
1. Djibouti	2.0	0.0	2.0	2.0
2. Lesotho	4.7	0.0	4.7	4.7
3. Madagascar	25.0	10.0	35.0	25.0 a/
4. Moldova	4.4	0.0	4.4	4.4
5. Tajikistan	9.2	16.7	25.9	9.2 a/
6. Timor Leste	3.0	3.7	6.7	6.7
TOTAL	48.3	30.4	78.7	52.0

a/ Due to absorptive capacity constraints in the short-term, in-country donors have recommended that Year 2 allocations for Madagascar and Tajikistan remain unchanged for now; although the case for topping up could be re-examined in the future.

8. **Recommendation 3:** The FTI Secretariat recommends that the Strategy Committee give its approval for topping up individual country allocations for Timor Leste only as shown in Annex 1 (Table 8, column 5). Djibouti, Lesotho, Madagascar, Tajikistan and Moldova have either no unmet needs for now or face implementation capacity constraints. The additional allocation requested for Timor Leste in Year 2 amounts to US\$3.7 million.

9. **Decision 3.** *Does the Strategy Committee agree with the recommendation to increase the Year 2 allocation for Timor Leste as shown in the Table 8 (column 5) above?*

Annex 2: Achievements in some CF beneficiary countries

1. As highlighted in the recent Development Committee Report, the Education for All – Fast Track Initiative (FTI) has helped achieve strong results and improved education outcomes in many FTI-endorsed countries. With its emphasis on aid harmonization for added efficiency, FTI has used its modest funding (Catalytic Fund and EPDF) to supplement both donors as well government funding for education. Over the past few years, these are some of the major achievements in a few of Catalytic Fund beneficiary countries.

2. **The Gambia.** Despite the relatively small size of the country and its program, many important lessons have been learned and disseminated to other partners: (a) relatively small financial incentives were effective in attracting teachers to remote areas and in reducing requests for mobility out of those regions; (b) the absorptive capacity of the system was higher than was anticipated, as the Department of State for Education (DOSE) was able to program and execute all planned activities measures within the planned time period; and (c) the importance of addressing priority logistical problems (including lack of electricity or fuel for vehicles) as a means of attaining quality and management objectives, and of motivating staff through improving working conditions.

3. **Achievements.** To date the Gambia has disbursed US\$8 million. The funds were used for the following purposes: (i) expansion of the Child/Girl Friendly School Initiative in regions where the cost burden on the parents has been greatly minimized through the purchase of uniforms and variety of teaching and learning materials for the girls in those schools; and (ii) strengthening management and institutional capacity at the central and regional levels. The focus of this program is to strengthen the management and institutional capacities of the central and regional structures. The activities supported under this component range from capacity building in planning and implementation strategies for educational programs, data collection, analysis and validation, and Senior Management Team and Coordinating Committee meetings, and improving the quality of teaching and learning. Teaching and learning materials have been purchased and distributed to schools across the country.

4. **Guyana.** Guyana's program became effective in October 2004, and by early 2006, with support from EFA-FTI, the Government has already provided over US\$2.9 million worth of textbooks nationwide to all primary school children. This year another US\$1.8 million worth of textbooks are being procured, including selected culturally relevant books for Amerindian students and books for good health promotion (HIV/AIDS, etc.). The Government of Guyana has identified in its education strategy the needs of Amerindian children in the hinterland areas as being a priority for attention. To attract and retain teachers in these remote areas, it has used FTI funds to support the "Remote Areas Incentives" (RAI) monthly stipend for primary teachers.

5. In addition, the Government enacted a policy for all levels of teachers (nursery and secondary) working in the same hardship areas to receive the benefit and it is now a line item in the budget. Teachers indicate that student attendance has improved as a result. Furthermore, the Government has launched this year a major effort to garner local support for a community-based school feeding program in the four hinterland regions. Over 25 school communities serving about 4,000 students are ready with proposals to be funded this school year.

6. **Madagascar.** In this country, the FTI has led to a better donors' coordination under the leadership of the MOE. All donors' financial and technical assistance are aligned to the National

EFA Plan and integrated in a comprehensive implementation plan. In terms of monitoring and evaluation, the FTI has pushed the process of joint donors' review with agreed indicators and assessment arrangements. Following donors' endorsement of the Madagascar EFA Plan in May 2005, the GOM received a grant of US\$10 million from the Steering committee of the EFA-FTI for the year 2005. The grant covers the school year 2005/2006 and finances many activities, including reducing the teacher-student ratio and families' charges for primary education. The FTI funds support the increase of public contribution to monthly salary of about 25,800 primary community teachers, who were paid formerly by Student Parents' Association. As a result, the ratio improved from 1 to 60 to about 1 to 52 in 2005/06.

7. **Achievements.** The FTI funds finance: (i) jointly with the Norwegian cooperation the publication and provision of new bilingual textbooks for 0.6million over 1,2million students at grade 3 at the rate of 1 textbook per student per subject, that is to address the issues on language of instruction; (ii) the provision of pedagogical kits to all the primary teachers (about 58,000 teachers); (iii) 16 community based sub-projects – for 166 schools serving around 44,300 students – which aim at increasing student enrollment, improving students' nutritional status and reducing drop out and repetition rates; (iv) the contracting with external contractor (the national mail company) for regular and faster payment of community teachers' salaries, that will reduce teachers' absenteeism; and (ii) the in-service training of all primary teachers in themes that are key in the context of Madagascar (big size classes and multigrades classes).

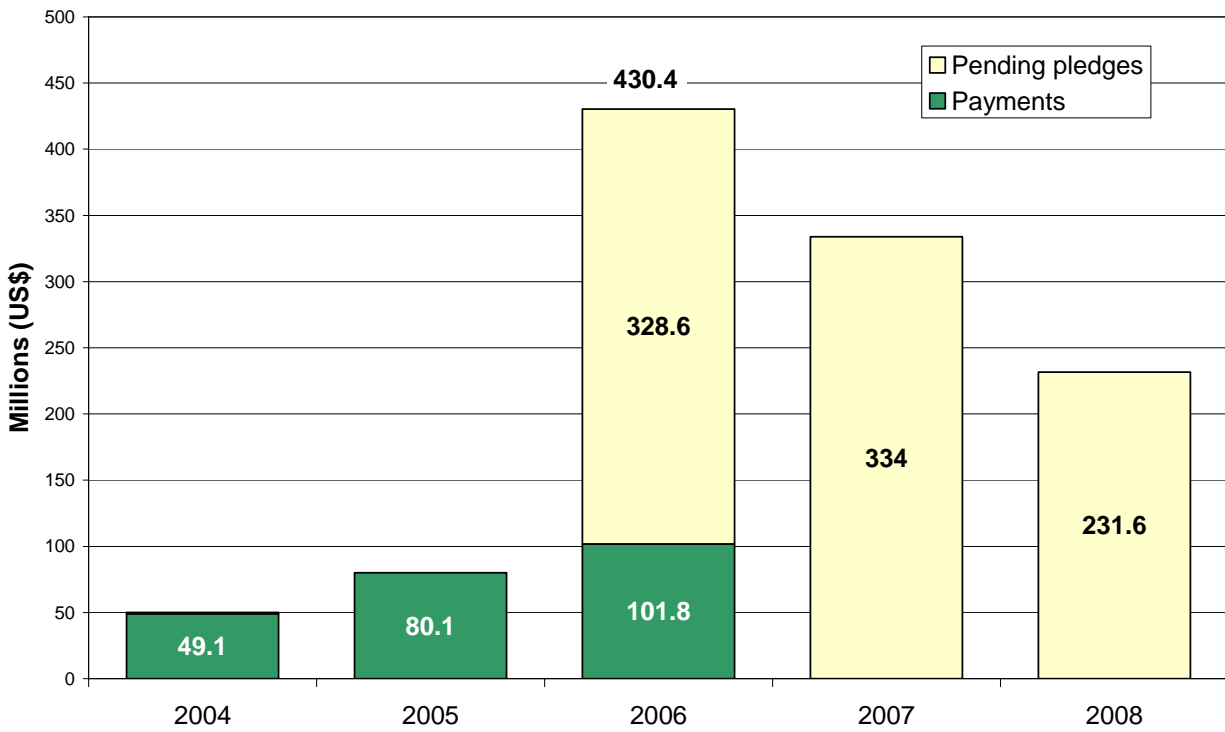
8. **Mauritania.** As one of the first FTI-endorsed countries, the country has achieved important progress towards reaching its development objectives as outlined in the Education Sector Development Program (PNDSE). These include: (i) improving the knowledge level of teaching staff and supervision personnel for the generalization of new programs, through the printing and distribution of teaching material, and printing of textbooks and manuals; and (ii) increasing enrollment capacity and improving the school learning environment by facilitating the renovation of classrooms and providing basic educational material.

9. **Achievements.** All activities financed under the Grant either have been completed or progressing well, leading to an improvement of the quality and relevance of the system. Between 2004 and 2005, students/teachers ratios decreased from 42.5 to 40.3 students per teacher. In terms of in-service teachers' training, 13,711 trainings were performed from 2002 to 2006 as follows: (i) 20,777 teachers benefited from training in "*reconversion linguistique*;" (ii) 2,222 teachers were trained in managing multi-grade classes; and (iii) 9,344 teachers were trained in teaching the new program, 175 teachers and directors attended courses on library management and 794 inspectorates. In addition, 2 million textbooks and 10,400 teacher's guides were procured as planned and the process for procuring 4.5 million additional books is underway to cover the needs of the next two school years. In that context, 833,000 textbooks are financed by the grant.

10. **Nicaragua.** One of the main benefits from the EFA FTI in Nicaragua is that it has stimulated donor coordination and harmonization in country. All the FTI activities are programmed, costed and implemented within the overall Ministry's framework for planning and financing the education sector program. This is an important step forward in a country like Nicaragua, which for many years relied on a variety of project planning and implementation units with little coordination in their approach and limited synergy in the activities implemented. While there is some way to go before achieving a full SWAP, where FTI is lodged, the Government and the international community are moving in the right direction.

Annex 3: Facts and Figures in Graphs

Figure 1: Pledges and receipts from donor, 2004-2008



Note: Pledged funds are called in from donors following allocation decisions and based the liquidity situation of the CF Trust Fund.

Annex 4: Catalytic Fund Financial Statements

CATALYTIC FUND MULTI-DONOR TRUST FUND ACCOUNT SUMMARY OF CONTRIBUTIONS, DISBURSEMENTS AND FUND BALANCE	
For the period November 21, 2003 (inception) to September 30, 2006 <i>Expressed in U.S. dollars</i>	
	UNAUDITED
	November 12, 2003 to September 30, 2006
Receipts	
Contributions	\$
Belgium	3,757,190
Ireland	1,511,000
Italy	4,810,200
Netherlands	158,606,628
Norway	39,630,564
Russia	1,000,000
Spain	5,942,500
Sweden	15,665,822
Total contributions	230,923,904
Investment income	4,450,743
Total receipts	235,374,647
Disbursements	
Project disbursements	
Djibouti	3,000,000
Ghana	8,000,000
Guyana	8,000,000
Kenya	24,200,000
Lesotho	1,800,000
Madagascar	10,000,000
Mauritania	8,000,000
Nicaragua	7,000,000
Niger	9,000,000
Tajikistan	1,000,000
The Gambia	8,000,000
Timor Leste	1,500,000
Yemen	20,000,000
Supervision costs for grants to MENA countries	105,941
Supervision costs for grants to AFRICA countries	454,869
Supervision costs for grants to ECA countries	12,655
Supervision costs for grants to LAC countries	217,223
Total project disbursements	110,290,688
Administration fee	382,906
Total disbursements	110,673,594
Excess of receipts over disbursements	124,701,053
Fund balance, beginning of period	-
Fund balance, end of period	124,701,053

The above unaudited financial statement was prepared by the FTI Secretariat

Annex 5: Schedule of FTI Country Endorsements

Endorsed countries	Countries pending for 2006	Countries pending for 2007	Countries expected for 2008
28	3	14	14
2002 Burkina Faso	Mauritania	Benin	Angola
Guinea	Nicaragua	Bhutan	Bolivia
Guyana	Niger	Sierra Leone	Central African Rep.
Honduras			Congo (DRC)
Gambia,			Eritrea
2003 The	Vietnam	Congo, Republic of	India
Mozambique	Yemen, Rep. of	Georgia	Indonesia
2004 Ghana	Ethiopia	Guinea-Bissau	Lao PDR
2005 Kenya	Moldova	Haiti	Malawi
Lesotho	Tajikistan	Kiribati	Nigeria
Madagascar	Timor Leste	Liberia	Pakistan
2006 Albania	Mali	Papua New Guinea	Sri Lanka
Cambodia	Mongolia	Sao Tome & Principe	Tanzania
Cameroon	Rwanda	Solomon Islands	Togo
Djibouti	Senegal	Vanuatu	Uganda
Kyrgyz Rep.		Zambia	

Notes:

a) The table above does not include the following FTI eligible countries:

Fragile States: Afghanistan, Comoros, Cote d'Ivoire, Dominica, Myanmar (Burma), Nepal, Somalia, Sudan, Zimbabwe

Countries where UPC is achieved: Armenia, Azerbaijan, Bosnia-Herzegovina, Cape Verde, Grenada, Maldives, Saint Lucia, Samoa, Serbia & Montenegro, St Vincent & Grenadines, Tonga, Uzbekistan

b) Countries in bold are current recipients of Catalytic Fund support, or have been identified as eligible based on current eligibility criteria.